

## Key Investor Information Document ("KIID")

This document provides you with key investor information about Contracts for Difference ("CFD") and is applicable for Retail clients. It is not marketing material. You are about to purchase a product that is not simple and may be difficult to understand.

### A. General Information

Royal Financial Trading (CY) Ltd 'ROYAL' is registered at Iris House, Office 340, Kanika Complex, 3106 Limassol and is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") with license no 213/16. The Company passports its services to (Countries in the EU and other Third Countries where the Company is allowed to provide services,) subject to the provisions of the applicable European Union legislation.

### SPECIFIC INVESTOR WARNING NOTICES

- A CFD is complex financial product;
- May lead to the sudden total loss of capital invested;
- May provide zero return;
- Is subject to the credit risk of the issuer – The Company
- Implies the incurring of costs, fees or charges;
- The investor position may be closed at any time by the Company in certain situations; (refer to T&C for more info)

### ASSESSING YOUR APPROPRIATENESS

We may make an initial assessment of your appropriateness to invest in such financial products based on the information you give us and based on the result of your tests. You should always make your own assessment of your appropriateness to trade with our financial products and services. You should carefully consider the features of our products and services and their significant risks before investing in them.

### TARGET MARKET FOR CONTRACTS FOR DIFFE

- CFD's trading is appropriate for the Retail clients when the following criteria is satisfied:
- Practical knowledge and experience in trading
- Ability and willingness to bear 100% capital loss
- High-risk and high-reward profiles.

### DESCRIPTION OF THE PRODUCT

CFDs are complex financial products in accordance with the applicable law. They are traded on an 'over-the-counter ('OTC') basis and not through a regulated exchange. CFDs, allow investors to exchange the difference in value of an underlying instrument between the time at which the agreement is entered and the time at which it is closed. This allows the investors to replicate the economic effect of trading currencies or other asset classes without acquiring actual ownership. Trading CFDs does not carry any physical exchange of assets; therefore, financial settlement results are obtained after closing the position by calculating the difference between the price at the time the position was closed and the price at the time the position was opened. The underlying assets of CFDs fall under the following categories (i) forex, (ii) futures, (iii) shares, (iv) indices, (v) metals and (vi) energies. CFDs, allow investors to engage in both short-term and long-term trades. CFDs are speculative products and incorporate substantial risk features, such as leverage and automatic close-out.

#### Time span of an investment in a CFD:

An investment in a CFD position ends when the position is closed. The closing of a position may occur:

- At any time, at the investor's initiative, provided the market for the underlying instrument is open. More info is available in the T&C;
- When the investor's account equity reaches the stop-out level, also known as liquidation level, which is set to 50% of margin requirement.

*Margin Requirement Calculation: 'No. of lots\*Contract Size ÷ Leverage' Quoted in the base currency of the instrument. For example, trading 3 lots of EUR/USD with 1:50 leverage with an account denominated in EUR would require EUR 6000 as a margin requirement. Calculation: 3\*100,000/50= 6,000 EUR. (In case the trading account had a different base currency, then the margin will be converted to the account base currency based on the current exchange rate available on the platform.*

### Financial Leverage

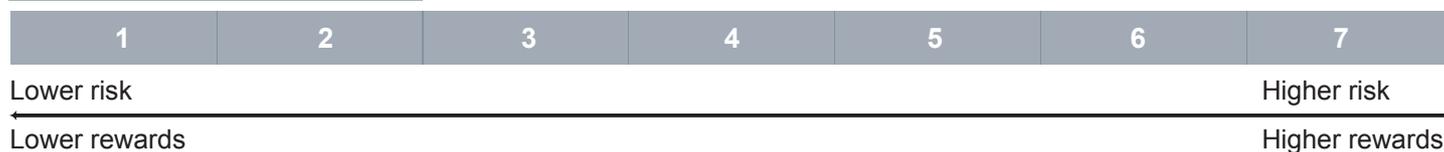
When the company provides the investor with a financial leverage, it is actually allowing the investor to invest in an underlying asset worth much more than his actual capital invested. In other words, the company will be requiring from the investor to provide a small margin requirement to enter a trade. A higher leverage means a lower margin requirement. It is the responsibility of investors to ensure that the margin level of their trading account is higher than 100% to avoid force closure of any positions due to stop-out. All relevant information (margin level/margin requirement/free margin/equity) is clearly visible on the trading platform.

### Underlying Assets

The value of a CFD (a financial derivative instrument), changes depending on the behavior of the underlying asset's price, and reflects the changes in the price of the underlying asset, at each moment.

CFDs on shares and indices are affected by corporate events that cause an adjustment to the price of the relevant underlying asset (corporate actions), such as: (i) dividends, (ii) stock-splits, (iii) reverse stock-splits and (iv) rights issue. Dividends paid by companies are treated as if the investor was holding the actual share. Clients holding long positions on the ex-dividend date will receive a dividend in the form of a cash adjustment (deposit). Clients holding short positions on the ex-dividend date will be charged the dividend amount in the form of a cash adjustment (withdrawal).

### RISK AND REWARD PROFILE



- **Market Risk:** Investing in CFDs carries the risk resulting from fluctuations (appreciation/ depreciation) of the value of an asset or a group of assets (such as fluctuating exchange rates, interest rates, prices or commodity prices) affecting the value of the CFD offered by the Company.
- **Capital Risk:** Investing in CFDs may lead to a total loss of the invested capital. The Company offers Negative Balance Protection; therefore, an investor will not lose more than the actual funds invested.
- **Credit Risk:** Investing in CFDs is an OTC transaction, hence investors are exposed to the risk that the Company may be unable to meet its obligations in full and/or in a timely manner in the event of bankruptcy or insolvency.
- **Rollover Fees:** Investing in spot CFDs may incur an additional charge (rollover fee) on a position if it was kept open overnight.
- **Foreign Exchange Risk:** Investing in CFDs, is subject to currency risk in some cases where the underlying asset is being quoted in a currency different than that of the account's base currency.
- **Liquidity Risk:** Liquidity behind financial instruments vary based on several factors. Having less liquidity during some volatile markets, may lead to a delay in the execution of an order which might also lead to receiving a price different than the one desired initially.
- **Technical Risk:** Technical errors may occur where the trading platform or part of it is not functioning properly. In such cases, investors will still be able to access their accounts and execute orders via phone.

**There may be other risk factors with significant direct impact on the capital and return of investing in CFDs.**

### COSTS & CHARGES

#### Pricing and Other Related Information

Trading parameters, including the minimum and maximum trade size, average spread and overnight swaps can be found on our website.

**Spreads:** for any financial instrument, two prices are quoted: the higher price ('Ask'), at which the investor can buy (go long) and the lower price ('Bid'), at which the investor can sell (go short). The difference between the 'Ask' and the 'Bid' is called the Spread. Spreads vary depending on the liquidity behind each instrument. More information can be found on our website.

\***Example 1:** UK100 is quoted at 6446.7/6447.7 - spread in this case is 1.0, calculated by subtracting 6446.7 (sell price) from 6447.7 (buy price).

\***Example 2:** GBPUSD is quoted at 1.65364/1.65373 - spread in this case is 0.00009 or 0.9 pips.

**Swaps:** Also known as rollover fees are charges incurred when a trade is kept open overnight. Both long and short positions are subject to daily swap charges, which may be in favor of the investor or against. For more information please visit our website or contact one of our many market specialists available 24/5.

**\*Example:** A position on a CFD held for more than one day may be debited (the investor has to pay the Company) an amount corresponding to the daily cost to maintain the position open ('Rollover Fee'). The swap charges can be reviewed on the trading platform or on your client portal.

**Commissions:** Also known as a ticket fee and is a fee the company charges its client when trading Pro spreads.

General Commission: USD 7 per lot rt

Investors may also be subject to other charges relating to the deposit and withdrawal methods, which can be viewed here <https://www.rfxt.com.cy/deposit-funds.php>

### Margin Reinforcement

An additional deposit might be required by the investor to avoid having a position liquidated due to insufficient margin. In such cases, if the investor doesn't wish to fund his account and to support its trades, the account might reach the stop-out level and trades will be liquidated accordingly.

*Example: A client with \$2000 equity buys 1 lot of Crude Oil (1000 Barrel) at 58.70 and he pays 2% as a margin requirement ( $0.02 \times 1000 \times 58.70 = \$1,174$ ). Later, the price of crude oil goes down to 57.10 causing a trading loss of  $(57.10 - 58.70) \times 1000 = \$1600$  which leaves the account with an equity equal to  $(2000 - 1600) = \$400$ . This means the account is at  $(400 / 1174) \times 100 = 34\%$  Margin Level and hence requires a margin reinforcement or the position will be closed by the company depending on the liquidation level of the account.*

## SCENARIOS AND PROBABILITIES

### Loss Scenario:

An investor may lose money and even all his invested capital, depending on the direction of the CFD being traded and which side the investor has taken.

For instance:

- i. a long position (buying a CFD) is open, and the price at the time the position closes is lower than the price at the time the position was opened; or
- ii. short position (selling a CFD) is open and the price at the time of the position closes is higher than the price at which the position was opened.

### Profit Scenario:

Profits can be unlimited unless specified otherwise by the client using a predetermined order that will close the trade at a specific price. Profits are made where the market is moving in favor of the investor for instance:

- i. investor has a long position (buying a CFD), and the price at the time the position closes is higher than the price at the time the position was opened; or
- ii. investor has a short position (selling a CFD) and the price at the time of the position closes is lower than the price at the time the position was opened.



This is an example graph showing possible profit (on the left) and loss (on the right).

## CHANNEL OF DISTRIBUTION

Principal distributor, marketing and custody entity and calculation entity: Royal Financial Trading (Cy) Ltd, authorized and regulated by the Cyprus Securities and Exchange Commission ('CySEC') (license no. 312/16) and the with a registered office at John Kennedy Street, Kanika Complex, Iris House 3rd floor, office 340, 3106 Limassol.

## COMPLAINTS

Our Company would like to know about any problems you may have with the products or investment services provided to you so we can take steps to resolve any issue which might occur. If you have a complaint about the financial product or service provided to you contact one of our customer representative by email or phone number at the contacts available on our website or by sending an email directly to [complaints@rfxt.com.cy](mailto:complaints@rfxt.com.cy). Furthermore, please see the "the complaints handling procedure" available at <https://rfxt.com.cy/account-forms.php>