

## Key Information Document – CFD on a FX Pair

This is an illustrative Key Information Document (KID) that is intended to contain a description of an example of this product, its performance, risks, and costs involved. The costs and performance of your actual transaction may differ from this example, depending on the details of your transaction.

### PURPOSE

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains, and losses of this product and to help you compare it with other products.

### PRODUCT

Product name: **Foreign Exchange (FX) Contract for Difference (CFD)**

Product manufacturer (the Company): ISEC Wealth Management Ltd. 254 Arch. Leontiou A, Maximos Court, Block B, 6-th floor, 3020-Limassol, Cyprus; phone +357 25 262 132; license number 356/18.

Competent authority: Cyprus Securities and Exchange Commission.

Date of the KID production/the latest revision: **23/08/2024**



**You are about to purchase a product that is not simple and may be difficult to understand.**

### WHAT IS THIS PRODUCT?

#### Type:

A Foreign Exchange (FX) Contract for Difference (CFD) is a leveraged financial instrument traded on OTC (over-the-counter) basis and not on the regulated market. Its value is determined based on the value of an underlying asset.

#### Objectives:

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without owning the physical FX pair. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin.

For example, if an investor buys 1 lot of CFD (1 lot equals 100,000) on EURUSD currency pair with an initial margin amount of 5 % and an underlying EURUSD price of 1.1133/1.1134, the initial investment will be €5,000 or the equivalent in your account's currency. The effect of leverage, in this case 20:1 (1 / 0.05). Based on the trade size above for each one-point change in the price of the underlying FX pair the value of the CFD changes by \$10. For instance, if the investor is short (selling) and the market decreases in value, a \$10 profit will be made for every one-point decrease in that market. However, if the market increases in value, a \$10 loss will be incurred for each one-point the market increases in value. Conversely, if an investor holds a long (buying) position, a profit is made in line with any increases in that market, and a loss for any decreases in the market.

#### How long should I hold it and can I take my money out early?

CFDs in general do not have a recommended holding period and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives. There are no product-specific restrictions on taking money out early.

#### Intended retail investor:

Trading in this product is not appropriate for everyone. This product is commonly used by investors who 1) want to gain short-term exposure to financial instruments; 2) trade with money they can afford to lose; 3) have a diversified investment and savings portfolio; 4) have a high tolerance for risk; and 5) understand the impact of and risks associated with leverage trading.

#### Environmental, Social and Governance (ESG Sustainable Factors) / Sustainability:

CFD products are non-sustainable/ESG instruments. Accepting the Terms and Conditions and all legal documentation of the Account Opening Application, the client understands and accepts to invest with non-sustainable/ESG instruments.

#### ISEC Wealth Management Ltd.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

### Risk Indicator:



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money as a result of price movements in the market or counterparty risk. This product has been classified as 7 out of 7, which is the highest risk class. This rating reflects a high probability that potential losses may occur. Trading risks are magnified by leverage (risk multiplier) – the total loss you can incur may significantly exceed the amount invested or deposited. Profit or loss may vary significantly in times of high volatility or market/economic uncertainty. Such fluctuations are even more significant if positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently. In the event of default, your positions may be compulsorily terminated, and you will bear losses. Trade only after you acknowledge and accept the risks. You should carefully consider whether trading leveraged products is right for you.

### Performance scenarios:

What you will get from this Product depends on future market performance. Markets development in the future is uncertain and cannot be accurately predicted. By committing to a currency transaction to take place in the future when the CFD is closed, you will need to assess in advance how much of the currency you will need. This may be difficult and could expose you to the risk of having to complete a transaction you don't need or having to enter a further transaction in the open market if you need to buy more or sell currency.

The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future. The stress scenario shows what you might get back in extreme market circumstances.

FX CFD	EURUSD
Opening price (P)	1.1133
Lot Size (LS)	1
Trade Size (TS)	100000
Margin% (M)	5%
Margin Requirement (MR=P*TS*LS*M) in USD	5566.9
Notional amount of the trade (N = P*LS*TS) in USD	111338

Long (BUY)	Price change	Closing price	Profit/Loss
Favorable	3%	1.1467	3340
Moderate	0.50%	1.1189	560
Unfavorable	-3%	1.0799	-3340
Stress	-6%	1.0466	-6670
Short (SELL)	Price change	Closing price	Profit/Loss
Favorable	-3%	1.0799	3340
Moderate	-0.50%	1.1077	560
Unfavorable	3%	1.1467	-3340
Stress	6%	1.1801	-6680

Regardless of the market loss in the stress scenario, it is not possible to lose more than has been deposited due to Negative Balance Protection policy in place.

### ISEC Wealth Management Ltd.

supervised and regulated by the Cyprus Securities and Exchange Commission (CySEC) License number: 356/18. Company registration number: HE 360500  
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## **COSTS:**

Before you start trading an FX CFD, you should familiarize yourself with all the one-off, ongoing and incidental costs you will bear. These costs will reduce any net profit or increase your losses.

One-off costs: spread (the difference between the bid (sell) price and the ask (buy) price). The spread depends on many different factors including, but not limited to, the underlying volatility and liquidity, the size of the notional trade, and the time of day), commission, currency conversion spread (the fee charged for converting realized profit/loss from the instrument currency to the account currency). An example above will incur 32.12 EUR monetary cost with a 0.03212% percentage.

Ongoing costs: portfolio transaction costs (the impact of the costs of us buying and selling underlying investments for the product), other ongoing costs (the impact of the costs that we take each year for managing your investments), financing or swaps costs (incurred when a trade is kept overnight, to reflect the cost of funding your trade). An example above will incur 81.80 EUR monetary daily cost for short (SELL) position with a 0.0818% percentage and will earn you 25.10 EUR for long (BUY) position daily with a 0.0251% percentage during current market conditions.

Daily aggregated costs will be 113.92 EUR for the short position (0.11392%) and 7.02 EUR (0.0702%) for the long position.

Incidental costs: performance fees (taken from your investment if the product outperforms its benchmark). Other fees aren't depending on the product, kindly check these on the [Company website on the Commission and Charges schedule](#).

## **What happens if we are unable to pay out?**

The Company is a member of the Investor Compensation Fund (the "Fund") for Customers of Cypriot Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions. The object of the Fund is to secure the claims of the covered customers against the members of the Fund (i.e. the Company) by the payment of compensation for their claims arising from the covered services provided by its members, so long as failure by the Company to fulfill its obligations has been ascertained. If the Company cannot meet its obligation regarding clients' funds, your investment is covered by the Investor Compensation Fund which covers eligible investments up to EUR20,000 per person.

## **How can I file a complaint?**

1. By sending by post or delivering in person the Complaints Form referred in the form at the Complaints Procedure webpage at the following address: 254 Arch.Leontiou A, Maximos Court, Block B, 6th floor, 3020 Limassol, Cyprus addressed to the Complaints Management.

2. By submitting the Complaints Form electronically at the following email address: **compliance@is-wm.com**

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman of the Republic of Cyprus. See [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy) for further information.

## **OTHER RELEVANT INFORMATION**

The information contained in this key information document does not constitute a recommendation to buy or sell the product and is no substitute for individual consultation with a financial advisor. For comprehensive terms surrounding this product that are not contained within the KID, please refer to the contract terms provided to you at the [Company website](#).