

Key Information Document – CFD on Futures

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

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You are about to purchase a product considered to be very complex and may be difficult to understand.

What is this product?

Type

A CFD on Futures is a leveraged contract entered into with **Squared Financial (CY) Limited** (the “Company”) on a bilateral basis, settled in cash. It allows an investor to speculate on rising or falling prices of an underlying Future. An investor has the choice to buy (or go “long”) the CFD to benefit from rising Future prices; or to sell (or go “short”) the CFD to benefit from falling Future prices. The price of the CFD on a Future is derived from the price of the underlying Future, which may be either an equity, a commodity or an index.

CFDs are leveraged products and leverage is customized and set by the client. At the end of the day any open positions are rolled over and changed a daily swap fee. Please note that margin trading requires extra caution because whilst you can realize large profits if the price moves in your favor, you risk extensive losses if the price moves against you. Failure to deposit additional funds in order to meet the maintenance margin requirement as a result of a negative price movement may result in the CFD being auto-closed. This will occur when your remaining account equity falls below the maintenance margin requirement.

CFDs on Futures will expire each month and will be cash settled on the expiry date of the underlying future. Front month (current contract) and back month (following contract) will be offered to enable clients to manually close positions from one contract and open positions to the next. The specific expiry date and time for individual CFDs on Futures can be found in the trading platforms.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the price movement of the underlying Share (whether up or down) without owning it. The exposure is leverages since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. The rate of return on the product investment depends on the opening price and the closing price of the position. The product reflects the changes of prices of the underlying instruments it is based on. The profit and risk profiles for this product are symmetric. Opening a transaction on the product, the investor makes a deposit, but can lose more than the deposited amount. There is no product maturity date. 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.

Intended Retail Investor

CFDs are intended for investor who have knowledge of, or are experience with, leveraged products and that understand how the prices of CFDs are derived, the key concepts of margin and leverage, the fact that losses may be of total invested amount and have the appropriate financial means to bear losses of the entire amount invested. CFDs are also intended for investors who can allow themselves to take a high risk and intend to use the product for short-term investment and/or speculative trading.

What are the risks and what could I get in return?

Risk Indicator

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← Higher Risk

Lower Risk →

The risk indicator assumes that you may be able to buy or sell your CFD at the price you wanted to due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.

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 because of the market movements.

We have classified this product as **7 out of 7**, which is the highest risk class. This rates the potential losses from future performance of the product at a very high level.

The investor can lose the entire investment capital taken as the security deposits for opening a trade on the product item. There is no capital protection against market, credit or liquidity risk.

- **Be aware of Currency Risk:** It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.
- **Leverage Trading:** It magnifies the losses of price movements and failure to deposit additional funds may result in the CFD being auto-closed.
- **Force Closure Risk:** Investing in CFDs runs the risk of positions being force closed by the Company without the investor's consent, due to abrupt movements in the underlying financial instrument alongside the use of leverage (margin trading), in the event an investor's margin level reaches a pre-determined rate (for more information see 'Costs & Charges' section below).
- You are also subject to risks related to internet failures, communication failures and delays or account password theft.

This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section '[What happens if the Company is unable to pay you](#)'). The indicator shown above does not consider this protection.

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

Performance Scenarios

The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the market performs and how long you hold the CFD. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The following assumptions have been used to create the scenarios in Table 1 assuming current balance of a retail clients is under EUR 500:

Future CFD		
Leverage:		1:20
Margin		494.69
Units amount:		60
Exchange Rate (JPYEUR)		134

Table 1:

LONG Performance Scenario	Closing Price	Price Change	Profit/Loss	SHORT Performance Scenario	Closing Price	Price Change	Profit/Loss
Favourable	23200.8	5%	494.69	Favourable	20991.2	-5%	494.69
Moderate	22316.96	1%	98.94	Moderate	21875.04	-1%	98.94
Unfavourable	21875.04	-1%	-98.94*	Unfavourable	22316.96	1%	-98.94*
Stress	19886.4	-10%	-500*	Stress	24305.6	10%	-500*

* The loss is restricted to your account balance as we offer Negative Balance Protection.

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

The scenarios presented are not an exact indicator of future performance, but an estimation to that effect. What You will get will vary depending on how the market performs and how long You keep the investment/product. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the Company is unable to pay out?

The Company is a member of the Investor Compensation Fund ("ICF" - private legal entity) which if the Company categorized You as a Retail Client and fails to return to Your funds owed in case of insolvency of the Company, you may direct to the ICF. ICF may

compensate You for claims up to €20,000. If Your claim exceeds the €20,000 then You will be only entitled to receive a maximum of the equivalent of €20,000. Further information on ICF can be found in our ICF policy [here](#).

What are the Costs & Charges?

Pricing and other Related Information

Before you begin to trade CFDs on Indices, you should familiarise yourself with all one-off and recurring costs for which you will be liable. These charges will reduce any net profit or increase your losses. More information on these can be found on our website.

One Off Costs		[LINK]
Spread	The difference between the bid and the ask price at the time of the conclusion of the transaction. The cost can be different depending on market conditions.	
Currency Conversion Fees	The fee charged for converting realised profit/loss from the instrument currency to the account currency.	
Transactional Fee	The fee related to the conclusion of the transaction in selected Equity CFD instruments, connected with transactional fees on the underlying market.	
Recurring Costs		
Swap Rates	<p>Holding positions for another day results in the charge of fee</p> <p><i>The calculation for swaps is as follows: Swap = (one pip / exchange rate) * (trade size) * (swap value in points).</i></p>	

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

CFDs are intended for short term trading, in some cases intraday and are generally not suitable for long-term investment. There is no recommended holding period and no cancellation period. You can open and close a CFD on Futures at any time during the market trading hours of each CFD.

How can I complain?

An Online Complaint Form is available at the Company's [website](#), which shall be filled and submitted by You to the Company's Compliance department directly from the website. For more information please see our Complaints Procedure.

Other relevant information

We draw your attention to the following information documents to be made available by Law, which are available [here](#).

Client Agreement – the contract based on which we provide investment services to you and contains the terms and conditions that govern our business relationship.

Best Interest and Order Execution Policy – summarizes the process by which we execute your orders.

Risk Disclosure – summarizes the main risks investing in CFDs

Conflicts of Interests Policy – outlines the manner in which we identify, manage or control any conflicts of interest that may arise during the course of our business activities

Privacy Policy – explains how we deal with certain information you provide us with.