

# Key Investor Information Document

**Purpose** The following document contains key information about the investment product. This is not a marketing material. This information is required by law to help you understand the nature of this investment product and the risks, costs, potential profits and losses associated with it, and to help compare it to other products.

**Warning** You are about to buy a product that is complicated and may be difficult to understand.

## Product

**Product name** Contract for Difference (CFD) based on a Commodity Precious Metal.  
Full list of Instruments: <https://conotoxia.com/forex/trading/instrument-overview>

**ISIN/UPI number** Contract for Difference

**Product manufacturer** The manufacturer of the product is Conotoxia Ltd. Which is registered in Cyprus, authorized and regulated by the Cyprus Securities and Exchange Commission (license no. 336/17). The Company is regulated by the Investment Services and Activities and Regulated Markets Law 87(I) 2017

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**Competent Authority** Cyprus Securities and Exchange Commission (CySEC)

**Document date** May 2019

## What is this product?

**Product type** The derivative instrument being a Contract for Difference. It allows you to have an indirect exposure to an underlying product/financial instrument (commodity such as precious metals – gold or silver). You will have no direct interest in the underlying product/financial instrument. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure.

**Objectives** The purpose of the product is to give the possibility of active investing in the underlying instrument without owning it. The rate of return on investment in a product depends on the purchase price and the selling price of the offered product and the size of the position, as well as the costs associated with the product. The product reflects changes in the prices of the underlying instrument on which it is based. Both loss and profit when opening a position on the product are unlimited, however, the Company offers Negative Balance Protection ensuring that you will not lose more than you invested. When opening a position on a product, you are required to make a deposit, which is the percentage of the total value of the contract in your account which is called the initial margin required. You need to be aware that trading on margin may magnify your potential losses or gains. For example, you believe that there would be significant volatility on Gold, so you may decide to purchase (long position) a CFD on this commodity product, with the intention to sell it with the price higher than the initial level. The difference between the price at which you buy and sell equals your profit minus any relevant costs if applicable. The same works in other direction, if you believe that the price of Gold will drop you may sell the CFD (short position) with the intention to buy it later at the lower price, and the same as above the difference between the price at which you buy and sell equals your profit minus any relevant costs if applicable.

**Intended retail investor** The product is intended for retail and professional investors who understand the principles of derivative instruments and the risks associated with them, actively invests in such instruments and at the same time are aware of investment risks. The investor should become familiar with the applicable regulations, take part in available training and become acquainted with the demo version of the trading platform in order to obtain the sufficient knowledge, education and experience to be able to manage risks of leveraged trading. When trading this instrument, you are responsible for opening and closing your position as well as choosing the size of your position and any risk management tools we offer such as stop loss or take profit

**Term** Contract for Difference is an execution-only product and generally has no recommended holding period. Specific information on each underlying investment option can be found [here](#).

## Risks associated and possible benefits

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## Risk level

### RISK INDICATOR

1	2	3	4	5	6	7
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LOWER RISK

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HIGHER RISK

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 movements in the markets or because we are not able to pay you. We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from a future performance at a very high level. Be aware of currency risk.

An investor may lose all invested capital, understood as a deposit protecting the open position on the product. Therefore, you should ensure that your account possesses the necessary margin to avoid any stop outs. Before, deciding to trade on margin products you should take into consideration your investment objectives, risk tolerance and level of the experience you have obtained on these products. These products may not be appropriate for everyone, therefore you should ensure that you understand the risks involved and seek independent advice if required. There are a number of types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Factors that affect the performance of this product include but are not limited to:

- Leverage risk
- Risk of unlimited loss
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest

## Performance scenario

*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.*

This key information document is not specific to a particular product, but to the category of products CFD on Commodity Precious Metals. The table below represents outcomes of profits and losses under various scenarios. In this scenario, we assume you buy a CFD contract on Gold (XAU/USD) with a volume of 1 lot (100 ounces) at a price of \$1274.0. This means that your national exposure to the contract is \$127,400 (100 contracts x the price \$1274.0). However, keep in mind that you do not need to invest \$127,400, assuming that the initial margin is 5% you will only have to deposit \$6,370 which is 5% of the national exposure of \$127,400. The same pattern applies in the scenario when you wish to sell a CFD contract on Gold with the same volume, price and leverage.

Long Performance Scenario	Opening Price	Closing Price	Price Change	Profit/Loss	Return in % on Invested Capital of \$6,370
Favourable	\$1274.0	\$1286.74	+1.00%	+\$1,274	+20.00%
Moderate	\$1274.0	\$1281.37	+0.50%	+\$637.50	+10.01%
Unfavourable	\$1274.0	\$1269.62	-0.50%	-\$638	-10.02%
Stress	\$1274.0	\$1225.92	-4.00%	-\$5,108	-80.19%
Short Performance Scenario	Opening Price	Closing Price	Price Change	Profit/Loss	Return in % on Invested Capital of \$6,370
Favourable	\$1274.0	\$1266.21	-1.00%	+\$1,279	+20.08%
Moderate	\$1274.0	\$1273.60	-0.50%	+\$640	+10.05%
Unfavourable	\$1274.0	\$1287.40	+0.50%	-\$640.50	-10.05%
Stress	\$1274.0	\$1333.28	+4.00%	-\$5,128	-80.50%

The scenario above represents the potential performance of your investment. Please bear in mind that a volatile price movement can rapidly lead either to profit or loss on your investment, and a small percentage

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of the price change could result in significant changes in your potential returns or losses due to the effect of the leverage.

### **What happens if Conotoxia is unable to pay out?**

Conotoxia Ltd is a member of the Investor Compensation Fund within the definition of Directive DI87-07 of the Cyprus Securities and Exchange Commission for the continuance of operation and the operation of the CIF Investor Compensation Fund.

The amount of compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relation of the covered client with the Company, subject to the setoff rules applied for the calculation of the claims between the covered client and the Company. The calculation of the payable compensation derives from the sum of total established claims of the covered client against the Company, arising from all covered services provided by the Company and regardless of the number of accounts of which the client is a beneficiary, the currency, and place of provision of these services. Currently, the maximum amount any claimant can receive as compensation is the sum of €20,000.

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## What are the costs?

Before you begin to trade Contract for Difference you should familiarize yourself with all commissions, fees, and other charges for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our [website](#).

### Possible costs associated with Contracts for Difference

<b>One-off costs</b>	<i>Spread</i>	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility and time of day.
	<i>Commission</i>	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
<b>Ongoing costs</b>	<i>Swap points</i>	The swap points used are calculated using the tom/next swap feeds from a Liquidity Provider plus/minus a mark-up.

## How long should I hold the product and can I take money out early?

The product has no recommended holding period. Provided that Conotoxia and the underlying market is open for trading you can enter and exit your positions at any time. You can open and close your positions at any time during market hours which can be found on our website. Such a decision does not entail any extraordinary costs, other than the standard costs of closing the position. Your position will expire only when you decide to close it or in the event, you do not have the available margin to hold your opened position. You are responsible for monitoring the product at all times in order to determine whether it is an appropriate time to open or close your position. However, please bear in mind that we may close your position without the prior consent in case you do not maintain a sufficient margin, or your position may be closed automatically due to the set of stop loss or take profit.

## How can I complain?

Complaints about the products and services offered by Conotoxia may be submitted in writing (by post) or in electronic form (by e-mail). If you are not satisfied with the Company's final decision then you can submit a complaint to the Financial Ombudsman at <http://www.financialombudsman.gov.cy>.

Detailed information on the rules of submission, acknowledgment and processing of complaints can be found in the Client Complaint Procedure available on Company's website.

## Other relevant information

Additional information on regulations, services and financial instruments traded on the OTC market are available at Company's [website](#).