

**KEY INFORMATION DOCUMENT – CFDs on COMMODITIES****PURPOSE**

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

**PRODUCT**

**Name of Product:** Contracts for Difference (CFDs) on Commodities

**Product Manufacturer:** Stocks Forex AF Limited is a Cyprus Investment Firm, authorized, licenced, regulated and supervised by the Cyprus Securities and Exchange Commission (CYSEC) under licence number 283/15.

**Further Information:** Contact us on +357 (22) 007811 for more information.

**Date of production:** This Key Information Document was published on 1st January 2018

**ALERT**

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

**WHAT IS THIS PRODUCT?****Type**

The product is CFDs on Commodities.

CFDs are derivative products traded off-exchange (or Over-the-Counter ('OTC')); CFDs are arrangements to exchange the difference in value of a particular instrument or currency between the time at which the agreement is entered into and the time at which it is closed. CFDs allow the Company's Clients to replicate the economic effect of trading in particular currencies or other instruments without requiring actual ownership of those assets; Clients are not entitled to the physical delivery of the underlying instrument (or reference instrument) of the CFDs they are trading and they have no rights in the underlying instrument (such as voting rights in case clients are trading CFDs on shares). CFDs fluctuate in value during trading hours; the price movements of CFDs are determined by a number of factors including but not limited to availability of market information.

For more information regarding the CFDs on Commodities, please visit [www.forex4group.com](http://www.forex4group.com)

**Objectives**

The objective of trading a CFD is to speculate on price movements (generally over the short term) between two currencies. Your return depends on movements in the price of the underlying currency pair and the size of the entered position. For instance, if you think the value of a currency pair is going to increase, you buy standardized lot units on this specific CFD ("long position"), with the purpose to later sell ("close") the position when it increases in value. The difference between the buy and sell price equals the profit, after relevant costs are subtracted. If you believe the price of a currency pair is going to decrease, you sell lot units of the specific CFD ("short position"), with the intention to close the position at a lower value than previously. CFDs are a margin traded product. Margin is the minimum amount of money required by a trader in order to be able to open and/or maintain an open position through the use of leverage. Margin trading obliges additional caution; while you can earn large when the price moves on the selected direction, there is risk potential of losses if the price moves at a different direction.

**Intended Retail Investor**

Trading in CFDs is suitable only for clients with certain objectives, financial situation, knowledge and understanding. The product will generally be used persons who:

- Are looking mainly for the possibility of capital growth on a short-term horizon in risking an amount of their own funds in instruments of the financial markets
- Are utilizing own funds for trading in CFDs and have the ability to bear losses up to 100%
- Have the willingness to forego the benefits of diversification
- have a high-risk tolerance
- have an understanding of what factors drive the movement of instruments and of how the movement impacts the value of the product

It should be noted that all Clients that are on-boarded are offered a default leverage level of 1:50, and they may increase it up to maximum leverage level, based on their Knowledge and Experience.

**Term**

CFDs on Indices are execution only products and generally therefore have no fixed or suggested maturity date. It is up to the client to open and close the position, however the position will only be kept open to the extent of the available margin.

**WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?****Risk Indicator**

1	2	3	4	5	6	7
LOWER RISK						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. We have classified this product as 7 out of 7, which is the highest risk class. This classifies the possible losses from future performance at a very high level. Be cautious of foreign exchange risk. Due to payments in a different currency, the final return depends on the exchange rate between the two currencies. This foreign exchange risk is not acknowledged in the above indicator.

In certain circumstances, you may need to make additional payments to compensate for losses (i.e. margin payments). Trading risks are intensified by leverage – in any case, losses will never exceed your invested amount. y. In case the account balance of a Client enters in the negative territory for example due to a gap in the market, this amount will not be requested by the Company, and the Client's account will be brought back to zero (0). In times of high volatility or market/economic uncertainty, market price movements can fluctuate critically; such fluctuations are even more significant if your positions are leveraged and may also be adversely affected. Consequently, Margin calls can be made at that time or at a frequent basis. In case of default, opened positions can be closed out and any shortfall will be borne by the client. Proceed in trading in CFDs only after acknowledging and accepting related risks. Carefully consider whether trading in leveraged products is appropriate for you.

A number of types of trading risk, to be aware of before proceeding to trade. Below is found information on factors affecting the performance of this product – including but 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 SCENARIOS

The performance scenarios show how the changes in the prices of CFDs on Commodities impact the client's investment.

The below example is based on the purchase of 1 lot on Brent Oil (1 lot = 1000 units of the quoted share):

Open price: \$ 60.0000

Leverage 1:100

Notional Value: \$60,000

Margin Requirement: \$600

Transaction costs are not included in this example (e.g. Spread, which is the difference between Bid and Ask price, is charged when the client opens the position and is automatically calculated and subtracted from client's balance account).

Performance Scenario	Close Price	Price change (%)	P&L in USD
<b>Favourable Scenario</b> When the direction of the market moves to the direction of the client order.	<b>60.300</b>	<b>0.5%</b>	<b>300</b>
<b>Moderate Scenario</b> When the market moves are minimal	<b>60.000</b>	<b>0%</b>	<b>0</b>
<b>Unfavourable Scenario</b> When the direction of the market moves against the direction of the client order	<b>59.700</b>	<b>-0.5%</b>	<b>-300</b>
<b>Stress scenario</b> When the market moves against the client and the client loses more than 50% of his capital	<b>60.600</b>	<b>-1%</b>	<b>-600</b>

### WHAT HAPPENS IF STOCKS FOREX AF LIMITED IS UNABLE TO PAY OUT?

Stocks Forex AF Limited is a fully licensed Cyprus Investment Firm (license number 283/15) and is a member of the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 144(I)/2007, as subsequently amended from time to time ("the Law").

For more information please visit the Company's website <https://www.forex4group.com/en/investor-compensation-fund>

Stocks Forex AF Limited segregates your funds from its own money in accordance with the CySec’s Client Asset rules.

#### WHAT ARE THE COSTS?

Before proceeding to trade in CFDs, it is recommended to become acquainted with all one-off, ongoing, and incidental costs for which the client will be responsible. These costs will decrease any net profit or expand occurred losses.

Different types of costs for Commodities:

Type of cost	Payable	Definition	Applicable Asset Class
<b>Spread</b>	One-off costs	Difference between Bid (sell) and Ask (buy) charged when the client opens the position, which is automatically calculated and subtracted from client balance account	Commodities
<b>Commission</b>	None	None	Commodities
<b>Ongoing costs</b>	Overnight Financing	If you hold a long or short position open after the market close, you will be subject to an Overnight Financing charge, i.e. roll-over fees, billed when the client maintains a position overnight.	Commodities

All costs can be found at the Company’s website.

#### HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

For CFDs on Commodities there is no recommended or minimum holding period. A sufficient margin has to be maintained in the account to keep positions open. It is recommended to oversee the product to find out an appropriate time to close opened position(s), during the market trading hours.

#### HOW CAN I COMPLAIN?

If a client or a prospective client wishes to make a complaint, has a question or an issue with Stocks Forex AF Limited, please contact our customer support team at [support@forex4group.com](mailto:support@forex4group.com). There is also the possibility to proceed with a “Complaint Form” <https://www.forex4group.com/en/complaints-handling-policy>

#### OTHER RELEVANT INFORMATION

For more detailed information regarding the CFDs on Commodities, please visit [www.forex4group.com](http://www.forex4group.com), by reviewing the “Products” section in our website or by reviewing the “Market Watch” section on the platform. Please make sure to read:

- Terms & Conditions <https://www.forex4group.com/en/terms-conditions>
- Order Execution Policy <https://www.forex4group.com/en/order-execution-policy>
- Risk Disclosure <https://www.forex4group.com/en/risk-disclosure>
- Leverage Policy <https://www.forex4group.com/sites/default/files/LEVERAGEPOLICY.pdf>
- Client Categorization Policy <https://www.forex4group.com/en/client-categorisation>
- Conflicts of Interest Policy, <https://www.forex4group.com/en/conflicts-interest>

This information is also available on request.