KEY INVESTOR INFORMATION
COMPLEX FINANCIAL PRODUCTS
A responsible investment requires that you know all the implications and are willing to bear said implications

Product:
Contracts for Difference (**'CFDs'**)

Counterparty:
FxPro Financial Services Ltd. ('**FxPro'**) is registered at 1 Karyatidon, Ypsonas 4180, Cyprus and is authorised and regulated by the Cyprus Securities and Exchange Commission (licence no. 078/07) and the Financial Services Board (authorisation no. 45052).

Specific Investor Warning Notices

This 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 (FxPro);
Implies the incurring of costs, fees or charges;
This is subject to any potential conflict of interests in the calculation agent's performance (FxPro);
Is not tantamount to the acquisition or initial transaction of underlying assets;
The investor position may be closed at any time by the Counterparty in certain situations;

FxPro is not subject to the direct supervision of the CMVM, it is directly supervised by the Cyprus Securities and Exchange Commission ('CySEC'). FxPro passports its services to Portugal subject to the provisions of the applicable European Union legislation.

After reading the above warnings, please handwrite the following: 'I have taken note of the warnings.'
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Date: _ _ / _ _ / _ _ _ _ Time: _ _: _ _

Signature: ________________________

Description of the main features of the Product

Product description and operation
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 market. CFDs, which are agreements to exchange the difference in value of a particular underlying instrument between the time at which the agreement is entered into and the time at which it is closed, allowing the investors to replicate the economic effect of trading in particular currencies or other asset classes without requiring actual ownership. When trading CFDs there is no physical exchange of assets; therefore, financial settlement results from the difference at the time the position is closed and the price of the underlying asset (formulated by the Counterparty) at the time the position is opened. The underlying assets of the CFDs fall under the following categories (i) forex, (ii) futures, (iii) shares, (iv) indices, (v) metals and (vi) energies. CFDs, allow investors to speculate on the short-term movements in the price of financial instruments. CFDs are speculative products and incorporate product features, such as leverage and automatic close-out.

How, when and on what basis the investor pays or may pay:

CFDs are traded at a price provided by the Counterparty, based on the price of the underlying, but may differ due to mark-up on spreads applied by the Counterparty (see 'Charges' section) below.
In order for a position to be opened an investor should have sufficient funds in the trading account to cover the required margin for that position. The margin required for the various CFDs can be found on our website. When a position is closed, the investor pays the difference between the market value of the underlying asset at the time of closing and opening a position, if:
When holding a long position (buying a CFD), the price at the time the position closes, is lower than the price at the time the position was opened, which is automatically converted to the trading account currency; or
When holding a short position (selling a CFD), the price, at the time the position closes, is higher than the price at the time the position was opened, which is automatically converted to the trading account currency.

A position on a CFD held for more than one day may be debited (the investor has to pay the Counterparty) an amount corresponding to the daily cost to maintain the position open ('swap rate'). The swap charges can be reviewed here.
CFDs do not confer any rights on the underlying assets.

How, when and on what basis the investor receives or may receive:
When a position is closed, the investor receives the difference between the price at the time of closing and opening if:
When holding a long position (buying a CFD), the price at the time the position closes, is higher than the price at the time the position was opened, which is automatically converted to the trading accounts currency; or
When holding a short position (selling a CFD), the price the time the position closes, is lower than the price at the time the position was opened, which is automatically converted to the trading accounts currency.

A position on a CFD held for more than one day may be credited (the Counterparty has to pay the investor) an amount corresponding to the daily cost to maintain the position open ('swap rate'). The swap charges can be reviewed here and described below. CFDs do not confer any rights on the underlying assets.

Negative Balance Protection ('NBP')
The Counterparty offers NBP, which is a CySEC regulatory requirement. This means an investor will not be liable to the Counterparty for losses beyond the available amount in the investors account (for all account types) as these losses will be written off by the Counterparty. The Counterparty does not offer guaranteed stop loss. NBP is offered subject to non-abusive behaviour conditions. More information or the NBP can be found on our website and legal documentation.

When, how, under which circumstances and the consequences resulting from the investment ending or coming to an end:
The investment in a CFD ends with the closing of an investor's position. The closing of a position may occur:
At any time, at the investor's initiative, provided the market for the underlying instrument is open, information on which can be found on the website;
By the Counterparty, when the investor's account balance falls below the required margin level for the specific trading platform. The platform margin levels are:
MetaTrader4: discretionary right to close the position when margin level reaches 25% and force closure when margin level reaches 20%;
MetaTrader5, cTrader and FxPro Markets: discretionary right to close the position when margin level reaches 40% and force closure when margin level reaches 30%.

> **Example:** The required margin calculation for forex equals to the 'Trade Size ÷ Leverage * account currency exchange rate' (if different from the base currency of the pair traded). For example, trading 3 lots of EUR/USD using 1:200 leverage with an account denominated in USD, trade size: 300,000 and account currency exchange rate: 1.13798 would have a required margin of USD1706.97 calculated by 300,000 / 200 * 1.13798 = $1706.97. For more examples click here.

At the initiative of the Counterparty in the event the underlying asset of a CFD (i.e. CFDs on shares) is no longer admitted to trading. This might occur where, for instance, a share is de-listed from the underlying stock exchange or the share is no longer offered by the Counterparty.
At the maturity of the underlying asset, where applicable (i.e. CFDs on futures). For instance, the DAX future has a maturity date in December 2017, any position still open after the expiration date will be force closed by the Counterparty, if not closed by the investor before that.
In other ad-hoc circumstances as outlined in the legal documentation.

Financial Leverage
CFDs are leveraged financial derivative instruments, which allow the investor to obtain a higher exposure on an underlying asset compared by the investor's deposited capital. Initial margin is the amount required by the investor to open a certain position in CFDs and is expressed as a percentage of the nominal exposure. The lower the percentage the higher the financial leverage. This

percentage may be changed by the Counterparty at any time. This implies that the investor only needs to maintain a percentage of the notional value of open positions (margin required). The investor should note that the use of leverage carries high risk.
It is the responsibility of each investor to ensure the equity of the trading account and ensure that it is always greater or equal to the margin required for the open position in order to avoid force closure of any positions due to stop-out. All relevant information is clearly visible on the trading platform.

> Example: An investor wishes to purchase 1,000 CFD on shares of company XYZ at EUR 50, with margin requirement4% (which is equal to 1:25 leverage) for that instrument. This requires for the investor to place a margin of EUR 2,000 (calculated by EUR 1000 * 50 /25).

> Example: An investor wishes to buy 100 oz gold at price of USD 1,300 with margin requirement 0.5% (which is equal to leverage 1:200) for that instrument. This requires for the investor to place a margin of USD 650 (calculated by 100 * 1,300 / 200).

Margin Reinforcement

Margin reinforcement (i.e. making additional deposits) might be required by the investor in order to avoid the trading account's margin level falling below the margin level that would trigger the force closing of the position by the Counterparty (see 'Financial Leverage' section above).
It is the responsibility of each investor to ensure they regularly review and monitor the margin level of their trading account, which is visible through the trading platform and ensure that it is always greater than the margin levels disclosed above. When the percentage of use is below 100% the investor will no longer be able to open new positions. If the investor does not take any action and the margin reaches stop-out levels (as described above) the positions will be closed. In the event margin levels of open positions fall below the levels mentioned above, the discretionary and/or force closure of the positions by FxPro shall be undertaken automatically in the following manner for each platform:
MT4- at market price, starting from the most unprofitable (highest unrealised loss) position;
MT5- at market price, by fair stop-out (starting from the position requiring the highest margin);
cTrader and FxPro Markets: at market price, by smart stop-out (may close partially starting from the position requiring the highest margin, until the margin level reaches above the smart stop-out level)**.**
The Counterparty does not notify investors when margin level is close or breaches the margin levels above.
Margin level formula is 'Equity ÷ initial margin' where Equity is the account balance including unrealised profit and loss from open positions. Initial margin is the margin required to open a certain position.

> **Example**: An investor purchased 1,000 CFD on shares of company XYZ at EUR 50 by depositing the initial margin requirement of 4% (EUR 2,000). At margin level of 20% on MetaTrader4, which means an unrealised loss of EUR 1,600 if the share price drops to EUR 48.4, the investor will need to deposit more funds to keep his position open.

Underlying Assets

The value of a CFD (a financial derivative instrument), varies depending on the behaviour of the underlying asset's price, so as to reflect the changes in the price of the underlying asset, at each moment. More specifically, the underlying of each type of CFD is as follows:

- 'CFDs on forex', the underlying asset is the spot rate of the relevant currency pair.
- 'CFDs on indices', the underlying asset is respective stock market index.
- 'CFDs on futures', the underlying asset is the respective futures contract.
- 'CFDs on metals', the underlying asset is the spot rate of the relevant metal.
- 'CFDs on energies', the underlying asset is the spot rate of the relevant energy.
- 'CFDs on shares', the underlying asset is the actual share listed in the primary exchange.

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).

> Example: On the ex-dividend day, the adjustment of USD 10 per index point is expected.
> Scenario (1): investor A holds 10 indices long in US30. This investor will be credited with 10*10= 100 USD as a cash adjustment for the dividends declared.
> Scenario (2): investor B holds 10 indices short in US30. This investor will be debited 10*10=100 USD as a cash adjustment for the dividends declared.

Regarding dividend adjustments for CFDs on indices, on the ex-dividend day, the expected adjustment (i.e. the calculated dividend based on the weight the specific share has on the index) will be credited (if long) or debited (if short) to the trading account.

Example: Stock Splits and Reverse Stock Splits

A 2:1 stock-split would be adjusted by increasing the number of CFDs as per the split ratio and adjusting the price by dividing the closing price with the split ratio. For instance, if the investor holds 100 CFDs on the specific share and the closing price was USD 50, after the adjustment the investor will hold 200 CFDs on the specific share at the adjusted price of USD 25.

If the example above was a reverse split 1:2 then the investor, after the adjustment, would have 50 CFDs at an adjusted price of USD100.

Pricing and Other Related Information

As CFDs are traded OTC (i.e. not on a regulated exchange), the prices are formulated after being aggregated by the Counterparty and disseminated on the trading platform. The Counterparty acts as a market maker; so, during trading days (market open times) the Counterparty quotes its own 'Bid' and 'Ask' prices for CFDs on financial instrument via the available trading platforms. The spread always corresponds to the difference between the 'Bid' and 'Ask' price (see 'Charges' section below). The trading conditions, including the minimum and maximum transaction amounts, average spread and overnight swaps can be found on our website.

CFDs are not physically settled (there is no delivery/ receipt of the underlying instrument), thus the investor either receives or pays the difference between the CFDs opening price and closing price. If the difference is in a currency other than the trading account currency, the conversion rate will be calculated using the appropriate cross (spot) rate.

Example: A Client, has a long position of 100 000 EUR against USD open for weekend and his account is denominated in GBP on a Friday. The swap rates are -7.86 points for short position and 4.78 for long position. Over the weekend swap is tripled; therefore, the calculation will be as follows: Swap = ((0.00001/1.3189) *100 000* 4.78) * 3= GBP 10.87.

Costs of Maintaining a Position

If an investor maintains a position open overnight then a swap (or, rollover fee) may be credited or debited to their account, whereby the swap amount corresponds to the amount required to maintain a position open.

Key Risk Factors

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 FxPro.

Capital Risk: Investing in CFDs incurs the risk of the amount that the investor is to receive proves to be lower than the invested capital. FxPro offers NBP, therefore an investor will not lose more than the initial amount invested.

Credit Risk: Investing in CFDs is an OTC transaction, so investors are exposed to the risk FxPro may be unable to meet its obligations in full and/or in a timely manner in the event of bankruptcy or insolvency. There is also a risk that the bankruptcy or insolvency of a third party may affect the profitability of FxPro.

Counterparty Risk: Investing in CFDs carries the risk FxPro, as the counterparty to all trades, may be unable to fulfil its commitments resulting in the loss of the value of the CFD even if the subsequent price movements of the underlying asset may favour the direction of the investor's position.

Interest Rate Risk: Investing in CFDs carries the risk resulting from adverse movements in interest rates, as these movements affect the investor when considering the swap rates related to open positions held overnight.

Foreign Exchange Risk: Investing in CFDs, as with any financial instrument, involves exposure to currency risk because it is denominated in a particular currency and its appreciation or depreciation can affect the value of CFDs resulting in the significant or total loss, of the capital invested. In addition, the investment in foreign currency CFDs carries the risk of a negative impact on the CFD, arising from adverse movements in the relevant exchange rates.

Liquidity Risk: Investing in CFDs may result in a lack of available liquidity in the market to execute an order resulting in an investor being delayed or unable to close a position at a desired price and/ or time and potentially leading to a significant or total loss of the capital invested.

Risk of Conflicts of Interest: Investing in CFDs may result in the risk of conflicts of interest, particularly because FxPro is the Counterparty in all transactions and also the party responsible for providing investors with the end-pricing on CFDs taking into account discretionary values including mark-ups, which may influence an investor's open position(s). There is also the risk that the consequences are not fully and completely envisaged in the legal documentation of the Counterparty.

Legal and Fiscal Risk: Investing in CFDs may be subject to legal, regulatory and taxation rules consequently impacting the profitability of the CFD and/or position(s) of an investor in instances, for example, where there is an amendment to the law, including taxation and other applicable rules with implications for the return of the CFD.

Technical Risk: Investing in CFDs carries the risk arising from the possible inability to access the platform and/or access information relating to the price of a CFD or any other information. In addition, these operations involve operational risks arising from transactions being automatically processed, that is, the risks associated with the use of electronic platforms for trading, particularly related to the use of software and telecommunication systems such as bugs, delays in receiving/ sending data, service interruptions, errors in the disclosure of data and network security breaches.

Force Closure Risk: Investing in CFDs runs the risk of positions being force closed by the Counterparty 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 'Margin Reinforcement' section). The investor should bear in mind the possibility of situations that may result in the automatic closure of a position, and regularly monitor their trading activity during these times.

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

Scenarios and Probabilities

Worst Case Scenario:

In a worst-case scenario, an investor may lose their entire invested capital, depending on the direction of the CFD. The investor's investment may imply losses that cannot be determined; the investor may lose all their equity. FxPro offers NBP, thus an investor will not be liable for losses beyond the available amount in the investor's account. For instance, an investor may be in a worst position where:

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

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.

Best Case Scenario:

In a best-case scenario, the outcome cannot be quantified as there are no upper limitations, however an investor may earn more than their initial investment, if the direction of the CFD is in their favour. An investor may be in a better position where for instance:

n 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

n 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.

The above are scenarios presented with no guarantee of same taking place.

Charges

Charges/ fees are applicable when investors trade CFDs with the Counterparty:

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 the spread. The spreads vary depending on the instrument and information can be found on our website.

Mark-Up: mark-ups on spreads are already applied on the spread displayed/ traded on CFDs on forex, metals, energies, equities, indices and futures through MetaTrader4, MetaTrader5 and cTrader.

Swaps: swaps are charges, which are incurred when a trade is kept open overnight, to reflect the cost of funding your trade. Both long ('buy') and short ('sell') positions are subject to daily swap, which may be in the favour of the investor or against them (for more information review the 'costs for maintaining a position' section above). From Monday to Thursday the swap is charged once and on Fridays the swap is charged in triple size (to cover for the weekend). The calculation for swaps is as follows: Swap = (one pip / exchange rate) * (trade size) * (swap value in points).

Commissions: the Counterparty charges commission on forex pairs and metals on cTrader, USD45 per million USD traded (per side). The calculation used is 'Trade size in base currency converted in USD X USD45 / USD 1 million traded (to be converted in the account currency).

Other possible charges: investors may also incur expenses relating to the deposit and withdrawal methods, which can be viewed here.

There are no costs associated with the opening of a trading account, it is recommended an investor informs himself of all the costs, commissions, applicable taxes and/or other charges related to trading CFDs before proceeding which can be viewed on our website.

When a corporate event occurs, the investor may be charged or credited the respective amount, see above. The fees may be altered on the initiative of the Counterparty and any implication might burden the investor.

Additional Information

Regulatory Authority: FxPro Financial Services Ltd. is authorised and regulated by the CySEC (license no. 078/07) and the FSB (license no. 45052). FxPro passports its services to Portugal subject to the provisions of Directive 2004/39/EC on Markets in Financial Instruments Directive ('MiFID'). FxPro is not subject to the direct supervision of the CMVM; it is directly supervised by the CySEC.
Principal distributor, marketing and custody entity and calculation entity: FxPro Financial Services Ltd., authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC') (license no. 078/07) and the Financial Services Board of South Africa ('FSB') (license no. 45052) with a registered office at Karyatidon 1, Ypsonas 4180, Cyprus ('FxPro').
Complaints: Complaints may be submitted to the Counterparty (FxPro) by means of electronic communication, to the email address compliance@fxpro.com. The investor may also submit complaints to CySEC (further information as to the procedure you need to follow can be found here). The investor may also submit complaints to the Portuguese Securities Market Commission through the website www.cmvm.pt. or through the green line 800 205 339.
Legal Documentation and Regulatory Consultation: This information document does not dispense or substitute for the consultation of other relevant documents, available on the website at www.fxpro.pt, on the CMVM website at http://www.cmvm.pt and on the CySEC website at www.cysec.gov.cy, including but not limited to the general conditions, regulations and order execution policies.
The information contained in this document should be read in conjunction with the other documentation provided by the Counterparty, in particular the legal documentation and the information made available here.
Right to terminate the agreement with the Counterparty: The agreement with the Counterparty is for an indefinite period of time. However, the investor can terminate the agreement at any time and for any reason by contacting FxPro directly. More information can be found on the 'termination' section of the agreement. Any position can be closed at any time through the trading platforms.
Trading Days: The days and times of CFD trading range for each underlying asset, which can be consulted via the trading platforms available to investors through our website.
Trading Platforms: FxPro offers its clients the choice of MetaTrader4 and 5, cTrader, and FxPro Markets. These trading platforms can be accessed through different devices for investors to be able to enter, modify or monitor orders and view prices as well as monitor the margin levels.
Tax Regime applicable 'financially adjustable' products: This information is a summary of the tax regime applicable at the date of this information and is not a consultation on the applicable legislation, and it is subject to change in accordance with any legislative changes or subject to interpretation by the binding information of the tax authority.
Residents - IRS - Capital gains and losses - Individuals resident in Portugal: Gains and losses calculated on a CFD transaction contributes to the affirmation of the annual balance of capital gains and losses resulting from the transaction of bonds and other debt securities, (Except for interest rate swaps, foreign exchange swaps, interest rate and currency swaps and forward foreign exchange transactions), warrants, and certificates. Such annual balance, when positive, is subject to IRS tax at a special rate of 28%.
Residents - IRC Residents - IRC: capital gains are not subject to withholding tax. Subject to a corporate rate of 23% that can add a municipal tax (Spill) up to a maximum of 1.5% on taxable income subject to and not exempt from IRC. An additional tax (state tax) will also be levied on the part of the taxable profit of more than EUR 1,5 million up to EUR 7,500.00 at a rate of 3%. For taxable profits in excess of EUR 7.5 million, the rate is 5%. The amount of taxable income in excess of EUR 1,500,000, in excess of EUR 7,5 million, is divided into two parts: one, the equivalent of EUR 6,000,000, to which the rate of 3% applies; Taxable profit in excess of EUR 7,5 million, which applies at a rate of 5%.
Non-residents - IRS / IRC: capital gains exemption.
Warning: do not discharge the consultation of the applicable legislation in force. The tax return may be subject to different interpretations by the tax authorities in parts, as it may be amended during the tax year with the risk of having retroactive effect.

If you agree, please write here the following statement: 'I received a copy of this document before the initial transaction'.

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Date: _ _ / _ _ / _ _ _ _ Time: _ _: _ _

Signature: ________________________