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Key Information Document_CFDs on Cryptocurrencies

1. PURPOSE

This document provides you (the "Client") 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. Before deciding to open an account, we suggest that you read the whole document together with the terms and conditions. <https://cfifinancial.com.cy/files/terms.pdf>

2. PRODUCT

(a) Product: Contract for Differences "CFDs" on Cryptocurrencies.

(b) Manufacturer: Credit Financier Invest (CFI) Ltd. previously CFI Markets Ltd. authorised and regulated by the Cyprus Securities and Exchange Commission, CIF 179/12 (the "Company"), with Head Office at Gregori Afxentiou 10, Leivadiotis Court 5, 6023, Larnaca – Cyprus. For more information, call + 357 24 400270 or please visit us at <https://cfifinancial.com.cy/>

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

Date of last review of this document: The 1st of November, 2018

3. GENERAL RISK WARNING

CFDs are considered complex financial products and may lead to sudden total loss of capital invested and may not be suitable for all investors. Before trading, you should carefully consider your investment objective, level of experience and risk appetite, you should not invest money you cannot afford to lose, you should be aware of all the risk associated with CFDs trading and seek advice from independent financial advisor in you have any doubts. **CFDs on margin carries a high level of risk and may not be suitable for all investors.** For more details with regards to the risks involved, please refer to risk disclaimer found on the Company page <https://cfifinancial.com.cy/files/disclaimer.pdf>

4. WHAT IS THIS PRODUCT?

Type

CFDs shall mean a contract, which is a contract for differences by reference to variations in the price of an Underlying Asset (e.g. commodities, currency pairs, indices etc.). 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 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. CFDs are speculative products and incorporate product features, such as leverage and automatic close-out. The value of a CFD varies depending on the behavior of the underlying asset's price, so as to reflect the changes in the price of the underlying asset, at each moment.

Objective

The objective of CFDs trading is to allow investors to speculate on the short-term movements in the price of the underlying instruments and receive exposure to the performance of the underlying asset without receiving any ownership or other rights to such underlying asset. CFD traders buy one or more CFD on cryptocurrencies if they believe that the value of the cryptocurrency is going to increase; conversely, traders sell CFD on cryptocurrency at a specific value if they believe that the value of the cryptocurrency is going to decrease. In both circumstances, if the underlying instrument (e.g. cryptocurrency) price moves in the opposite direction and the position is closed, you could lose your entire investment. Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. For more information on leverage, please visit <https://cfifinancial.com.cy/faq>

This product is appropriate only for speculative investment purposes. This is because cryptocurrencies are a relatively new type of instrument, remain to be unregulated by most Financial Authorities and in the European Union are not, at the date hereof, covered by the Markets in Financial Instruments Directive. **What is the underlying instrument?**

Credit Financier Invest (CFI) Ltd may offer CFDs on various underlying instruments. In this case, the underlying asset is a Cryptocurrency. The cryptocurrencies we currently offer as CFDs can be found in our webpage: <https://cfifinancial.com.cy/cryptocurrencies>

What are cryptocurrencies?

The most common cryptocurrencies are Bitcoin, Ethereum, Bitnote, Litecoin and Ripple. Cryptocurrencies are virtual currencies, which are encrypted digital representation of value that are neither issued by a central bank or public authority, that function as a medium of exchange, a unit of account, and/or a store of value, do not have legal tender status in any jurisdiction and are traded on non-regulated decentralized digital exchanges. The pricing of cryptocurrencies is derived from specific cryptocurrency exchanges and are traded on cryptocurrency exchanges.

How does CFDs on cryptocurrencies work?

When you enter into any order to Buy or Sell a CFD on our trading platform (MT4 and MT5), you trade with us as our counterparty via the execution venues reported in the Order Execution Policy found on the company website. We are your Principal to each trade that you enter. Therefore, if your trade is profitable, we lose. If your trade is loss making we earn a profit. Our profits or losses may be reduced by the level of hedging we may undertake to contain our trading risk.

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Term

CFDs on cryptocurrencies generally have no maturity date or minimum holding period. We may close your position(s) without seeking your prior consent if you do not maintain sufficient margin in your account. The Client may be called upon to deposit substantial additional margin, at short notice based on the margin level, to maintain his/her investment. If the Client does not provide such additional funds within the time required, his/her investment position may be closed. In case where the Client failed to meet the margin call within the set timeframe, the Company has the discretionary right to start closing positions at 50% for retail categorized clients.

5. WHO IS THIS ACCOUNT MOST SUITABLE FOR?

Trading in this product is highly speculative and involves a significant risk of loss. This product is for clients with a relatively short-term investment horizon who intend to use the product for speculative trading, and is not suitable for all investors but only for those who i) have high risk tolerance, understand and are willing to bear the risks involved, including the risks associated with margin trading; ii) possess the necessary experience and knowledge about trading in derivatives and the underlying instruments; iii) are financially able to bear the risk of a total loss (i.e. 100% loss) of their invested amounts, subject to the negative balance protection mechanism offered by the Company; and iv) are willing to gain short term exposures to financial instruments/markets and have a diversified investment and savings portfolio.

6. WHO IS THIS ACCOUNT NOT SUITABLE FOR?

- Clients that are risk intolerant
- Clients who do not want to be subjected to volatile markets;
- Clients who want capital protection.

7. WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN? - SUMMARY RISK INDICATOR (SRI)

The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. This indicator measures the level of risk at which your investment may be exposed. The risk category is not guaranteed and may shift over time. The lowest category does not mean «risk-free». The CFDs on cryptocurrencies display a grade of 7 on a scale ranking from 1 to 7 (1 being the less risky category). They therefore exhibit (because also of leverage and movements in the markets) the highest risk characteristics. This rates the potential losses from future performance at a very high level. Poor market conditions are very likely to impact the capacity of Credit Financier Invest (CFI) Ltd. previously CFI Markets Ltd to pay you.

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards

1	2	3	4	5	6	7
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The risk indicator is set at 7 (i.e. very high risk) due to the fact that the product is volatile and is subject to unforeseeable swings, spread may widen with reduced liquidity and your entire investment may be at risk.

Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. For more information on leverage, please visit <https://cfifinancial.com.cy/faq>. If the margin in your account falls below 50% of the total initial margin required for all the CFDs in your account then we must close one or more of your positions, in accordance with our margin close-out policy, detailed above.

You will never lose more than the Equity of your trading account as we offer Negative Balance Protection (NBP) on a per account basis. If you are a French resident you are offered, in addition to the NBP, a guaranteed stop loss per position which means that for each position entered you will never lose more than your invested amount. For more information please refer to our <https://cfifinancial.com.cy/files/orderexecution.pdf>

This product does not include any protection from future market performance so you could lose some or all of your investment. This includes both your deposit(s) as well as any accumulated profits. Please ensure you fully understand the risks and take care to manage your exposure. It is important to ensure that you are comfortable with the level of risk your chosen instruments carry. You are not able to transact on an instrument suspended by any exchange. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

8. PERFORMANCE SCENARIOS

This is a Key Investor Document for the entire asset class of cryptocurrencies. You should refer to the performance of individual cryptocurrencies to have regard to past performance and performance scenarios as these cannot be presented herein. However, you are cautioned that cryptocurrencies are a relatively new asset class with very volatile performance. For more information please refer to our <https://cfifinancial.com.cy/files/orderexecution.pdf>

As an example – if you enter into a Buy trade for a CFD on Bitcoin when the underlying price of Bitcoin is USD 17,000, we will ask you to place a margin with us to enable you to trade. If the margin is say 1:2, this means that as a minimum you will need to place USD 8,500 with us in addition to the commission and fees which varies from the account type, kindly refer to the type of account you wish to open <https://www.cfifinancial.com.cy/accounttypes>. If the price of Bitcoin goes to USD 17,500, you will profit USD 500, minus any relevant costs (detailed below). If it reduces to USD 16,500, you will lose USD 500, plus any relevant costs (detailed below). Depending on whether we apply any notifications when your account is close to margin calls, we may ask you for more money to ensure your trade / position remains open, otherwise we may be forced to close your position.

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Risk Comparison table (CFDs versus CFDs on Cryptocurrencies)

Risk on CFDs	Additional Risks associated with CFDs on Cryptocurrencies
<ul style="list-style-type: none"> ▪ CFDs are complex financial instruments and are traded Over the Counter (“OTC”). You can only exit a position by trading with us, during the trading hours of the underlying instrument. You cannot transfer your open positions/trades to any other firm. ▪ You do not owe the underlying asset. Through your trade with us, you receive by us exposure to the performance of the underlying asset, but you do not receive any ownership or other rights to such underlying asset. ▪ CFDs are leveraged products. You only need a small margin for getting exposure to the underlying asset. Leverage can magnify both your profits as well as your losses. ▪ Statistically, because of leverage, a significant part of clients lose because leverage amplifies losses, leading to margin calls and closures of clients’ open positions. We operate a Negative Balance Protection i.e. you cannot lose more than the Equity of your trading account, however you risk losing the capital invested with us. ▪ CFDs trading is undertaken on electronic platforms. There may be times that system or other breakdowns arise. This may affect your ability to trade, or our ability to offer continuous prices or create a need for subsequent adjustment of prices to reflect underlying exchange prices. ▪ Prices of CFDs as well as their commercial terms like the spreads and overnight fees maybe varied to reflect periods of actual or expected heightened market volatility. ▪ Depending on the currency your trading account is denominated and the currency of the underlying instrument you trade, your final return maybe exposed to the exchange rate risk between the two currencies. ▪ The tax legislation of your home Member State may have an impact on your return. 	<ul style="list-style-type: none"> ▪ At the date hereof, cryptocurrencies are not recognized as a Financial Instrument under the European Union’s MiFID and are not the subject of any financial regulation. ▪ Cryptocurrencies are traded on non-regulated decentralised digital exchanges. This means that the price formation and price movements of the Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice, including the implementation of trading suspensions or other actions. At the date hereof, only two USA regulated exchanges have introduced Futures on certain cryptocurrencies, the CBOE and the CME. ▪ Cryptocurrencies are exposed to high intra-day price volatility. ▪ Because of the high market volatility, we reserve the right to change trading terms (such as spreads, charges, and leverage ratios) at more regular intervals than for trading on CFDs for other instruments. Furthermore the level of such spread and other costs is significantly higher than for other instruments. ▪ For any engagement with Credit Financier Invest (CFI) Ltd. Client is always subject to the various risk components found at https://cfifinancial.com.cy/files/disclaimer.pdf

9. MINIMUM INVESTMENT

Regarding each new position on this product, its minimum exposure value, the initial deposit percentage and initial margin requirements you may refer to the Company’s Leverage Policy and many other policies found in the order execution policy and terms and conditions.

10. WHAT ARE THE COST AND CHARGES

Before you begin to trade CFDs you should familiarise yourself with all one-off, ongoing, and incidental costs for which your account will be liable. These charges will reduce any net profit or increase your losses. For more information please check below;

The charges you pay are used to cover the costs of our operational activities, including the costs of obtaining market / price data from the underlying exchanges, the costs of us hedging the trading you undertake with us (if we choose to do so), the staff costs, our regulatory license costs, our funding costs as well as the marketing and distribution costs. We may also have trading gains from the trades that you enter with us, moreover we do not pay any interest on any clients’ money you may have in your account with us.

Please consult your own advisor (Account Executive) to understand the nature of our below costs and charges in case you have further questions on the below table:

<p>One off costs - At the time of your trade</p>	<p>Spreads</p>	<p>Spread is the difference between the Bid price (selling price) and the Ask price (buying price) and reflects, in part, the spreads of the underlying exchange where the instrument is traded on. Our spreads maybe hybrid or variable. Given the volatile nature of cryptocurrencies, we have the right to change spreads at regular intervals. Please refer to our Website for more information on the spreads which we charge which may be substantial.</p>
	<p>Currency conversion rates</p>	<p>Investing in CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.</p>
	<p>Commission /Swaps</p>	<p>The commission varies from the type of the account, kindly refer to the following https://www.cfifinancial.com.cy/cryptocurrencies. In regards to the swaps (Long/Short) are applied, swaps may be adjusted daily based on market conditions and are applicable to all open positions. Swaps are in USD/Day, on Wednesday's overnight, positions will be charged for 3 days to cover Saturday's and Sunday's costs.</p>

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Ongoing charges	Overnight Rollover Swap	We charge overnight fees for facilitating you to maintain an open Buy or Sell position on CFDs. These are ongoing fees / credits for as long as you have open trades with us.
Other costs	Inactivity Fee	Inactive accounts are subject to a fee, kindly refer to our website https://cfifinancial.com.cy/files/terms.pdf

Commission added on Tied Agents or Business Partners: Credit Financier Invest (CFI) Ltd may charge extra commission on Clients accounts, however, the Tied Agent or the Business Partner might request to charge clients introduced by him with certain amount, and clients shall be informed on such charges accordingly.

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

CFDs are generally not suitable for long term investments and are intended for short term trading. There is no minimum and/ or recommended holding period for CFDs. As such, you can open and close a CFD at any time during market hours. Sale of the product does not change the product risk profile. Note that Credit Financier Invest (CFI) Ltd may close your position without asking your prior consent if there is no sufficient margin in your account. You can request a withdrawal of available funds on your account at any time .

12. WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

If the Company is unable to meet its financial obligations to you, you may lose the value of your investment with the Company. However, the Company is a member of the Investor Compensation Fund (ICF) for the Clients of CIFs, which secures the claims of the covered Clients against Cyprus Investment Firms, members of the ICF, through the payment of compensation which may not exceed €20.000 in total to each covered client, irrespective of the number of accounts held, currency and place of offering the investment service. For more information, please visit <https://cfifinancial.com.cy/files/compensation.pdf>

13. TAX CONSIDERATIONS

As a trader of CFDs, all profits are deemed as taxable income. You are then taxed on profits at your marginal tax rate. The Company does not provide yearly tax statements or any information about tax. For further tax considerations, please consult your financial adviser or tax consultant.

14. HOW CAN I COMPLAIN?

In case a Client is dissatisfied by the services provided by the Company, the Client must submit his/her complaint formally and in writing to CFI and in English Language, by completing the Company's Complaint Form ("the Form") available for download on the Company's website and submitting the Form by email to: backoffice@cfifinancial.com.cy . Please visit <http://cfifinancial.com.cy/files/complaint.pdf>.

If you are not satisfied with our final response to your complaint, then you can contact the Financial Ombudsman of the Republic of Cyprus.

15. OTHER RELEVANT INFORMATION

Clients must read, understand, and acknowledge the Account Opening Agreements prior to on-boarding. Such information can be accessed at the Company's website ([Risk Disclosure](#), [Order Policy Execution](#), [Terms and Conditions](#), [Conflict of Interest Policy](#), [Client Categorization Policy](#), [Complaints Handling Policy](#) and the [privacy policy](#))