



KEY INFORMATION DOCUMENT – CFD ON AN FX PAIR

Purpose

This document provides you 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.

Product

CFD's on an FX pair are offered by **Broctagon Prime** (the "Company", "we" or "us"), registered in the Republic of Cyprus, with registration number HE 360194. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 320/17. For further information please visit the Company's website at www.broctagon.com or call us at 00357 25 262211.



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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 FX. The most common form of trading is FX, otherwise known as forex trading. This is the act of buying one currency while selling another at the same time. Currencies are traded in pairs and these pairs fall under three categories; Majors, Minors and Exotics.

Objectives

CFDs are derivative financial instruments. A CFD is an agreement between two counterparties to exchange the price difference of a specific underlying instrument for the time period the deal was opened. CFDs are leveraged products and are traded not on an exchange basis but Over-The-Counter (OTC) and there is no central clearing of the transactions. Broctagon Prime is the principal to the execution of your trades. CFDs on FX, have different underlying currency pairs

Major Currency Pairs

The Majors are the most popular currency pairs, formed from such currencies as USD, EUR, GBP, CHF, JPY, AUD, CAD and NZD. They are most liquid trading instruments, which means traders will find the lowest spreads when trading these pairs. Examples include EUR/USD, GBP/USD, USD/JPY and AUD/USD.

Minor Currency Pairs

The Minors are pairs which mostly consist of crosses of the majors. They are less liquid than majors but are quite popular amongst traders. Examples include EUR/JPY, NZD/JPY, GBP/JPY and EUR/GBP

Exotic Currency Pairs

The Exotic pairs are not as widely traded as the Majors and Minors as they are less liquid, making the cost of trading them higher. These currency pairs usually consist of one major currency, and a currency from a developing economy. Examples include EUR/TRY, USD/TRY, USD/MXN and USD/ZAR.

Currency groups may differ between brokers.

A CFD is a speculative instrument and while trading CFDs with different underlying assets, the trader does not become the owner of this asset. CFD pricing reflects the pricing of the underlying assets received by the Liquidity Providers. Long position means buying the instrument with the expectation for its value to raise. Short position suggests selling the asset expecting its value to decrease.

CFDs are speculative products which are traded with leverage and are not appropriate for all investors. CFDs, are leveraged products where most of them mature when you choose to close an existing open position. Positions may also be closed due to margin calls/ stop outs. Information on margin calls/ stop out per account can be accessed on the Company’s website. Moreover, in case where the Company intends to remove the availability of a CFD, it shall inform you (i.e. the Client) in order to close any open positions until a specific deadline. If the Client does not close the position by the said deadline, the Company has the right to close any open positions on his behalf. By investing in CFDs, you assume a high level of risk which can result in the loss of all of your invested capital.

Trading in CFDs carries high level of risk and thus can generate great profits as well as great losses. You should never invest more than you are willing to lose, as it is possible to lose your initial investment. Unless a Client knows and fully understands the risks involved in CFD trading, they should not engage in any trading activity. Clients should consider whether CFDs are appropriate for them according to their financial status and goals before trading. If you do not have enough knowledge and experience to trade, we suggest you seek independent advice before you invest. If you still don’t understand these risks after consulting an independent financial advisor, then they should refrain from trading at all. Trading in CFDs comes with a significant risk of losses and the investment value can both increase and decrease. CFDs require constant monitoring and may not be appropriate for persons who cannot devote time in this respect.

Prior to commencing trading in CFDs it is prudent to consult with this KID and evaluate whether trading in CFDs is appropriate for you

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

Risk indicator



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 future performance of the product at a very high level.

This risk indicator assumes that you keep the product for up to 24 hours. You may not be able to end the product easily or you may have to end at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to end the product at a desired price due to unavailability of such price in the market. CFDs are OTC products and cannot be sold on any exchange, MTFs or other trading venue. There is no capital protection against market risk, credit risk or liquidity risk.

Commodity CFDs may fluctuate significantly in a short period of time. If the change in price is against the direction chosen by the investor, then the investor can experience significant losses over a short period of time up to a maximum of the amount held as margin in the investor’s account. However, the investor will never owe to the Company any amount in excess of the available funds in the account in light of the contractual “Negative Balance Protection”. Market conditions may mean that your CFD trade is closed at a less favorable price, which could significantly impact how much you get back.

This product does not include any protection from future market performance **so you could lose some or all of your investment.**

Additional risks that are involved in trading CFDs in FX are as follows:

- a. Over-the Counter (OTC) transactions risk: Transactions in off-exchange derivatives (OTC) may involve greater risk than investing on-exchange because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk.
- b. Margin: Margin is the amount the Client requires to possess to enter into CFD position. If there is a significant drop in the value of the investment in question, the Client must either deposit more funds or close part of the investment he has made.
- c. Trading risk: If the underlying instrument movement is in the Client’s favor, the Client may achieve a good profit, but an equally small adverse market movement can not only result in the loss of the Clients’ entire deposit. The Client must not enter into CFDs unless he is ready to undertake the risks of losing entirely all the money which he has invested

d. **Volatility risk:** CFDs and related markets can be highly volatile. The prices of CFDs and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it may be impossible for a Client's order to be executed at the declared price leading to losses.

The above list of risks is non-exhaustive. For the Company's Risk Disclosure Policy please visit the Company's [website](#).

This product does not include any protection from future market performance so you could lose all of your investment. The Client could place Stop Loss to limit potential losses, and Take Profit to collect profits to protect against market movements. However, you may benefit from the Investor Compensation Fund (see the section 'what happens if we are unable to pay you'). This indicator shown above does not consider this protection.

Performance scenarios (assuming no Overnight Financing effects):

The scenarios shown 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 value of this investment varies, and are not an exact indicator. What you get will vary depending 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.

Favourable scenario

The favourable scenario is a situation where the direction of the market moves to the direction of the Clients order (e.g. in cases where the Client Buys (i.e. Longs) a contract in EUR/USD and the Euro is gaining in value, or in cases where the Client Sells (i.e. Shorts) a contract in EUR/USD and the Euro is losing in value. The upside potential cannot be disclosed as the profit of the Client will increase as long as the direction of the market moves with the direction of the Client's trade.

Moderate Scenario

The moderate scenario is the situation where the market remains close to the opening price of the contract (i.e. the deviations from the opening price are minimal/ insignificant)

Unfavourable scenario

The unfavourable scenario is a situation where the direction of the market moves against the direction of the Clients order (e.g. in cases where the Client Buys (i.e. Longs) a contract in EUR/USD and the Euro is losing in value, or in cases where the Client Sells (i.e. Shorts) a contract in EUR/USD and the Euro is increasing in value. The downside potential cannot be disclosed as the loss of the Client increase as long as the direction of the market moves against the direction of the Client's trade.

Stress scenario

This is the case where the market moves against the Client and the Client loses more than 40% of his invested capital.

The example below involves Buying 1 lot of EUR/USD currency pair, (notional amount 100,000 Euro), using leverage of 100:1 and the Client deposited 1000 USD. Costs of execution are not included in this section, but are presented in detailed in the Section 'What are the costs'. Costs of execution must be taken into consideration when planning your trading activity.

Scenario	Open Price	Close Price	Percentage change in Equity	Profit/ Loss (USD)
Favourable	1.2015	1.2115	10%	100
Moderate	1.2015	1.2016	1%	10
Unfavourable	1.2015	1.2005	-10%	-100
Stress	1.2015	1.1975	-40%	-400

What happens if Broctagon Prime Ltd is unable to pay out?

Broctagon Prime is a member of the Investor Compensation Fund (ICF) for the Clients of CIFs, under the provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time

The object of the ICF is to secure the claims of the covered Clients against Cyprus Investment Firms, members of the ICF, through the payment of compensation in cases where the CIF concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible:

- (a) to return to its covered Clients funds owed to them or funds which belong to them but are held by the CIF in the context of providing investment services to the said Clients or
- (b) to hand over to covered Clients financial instruments which belong to them and which the CIF concerned holds, manages or keeps on their account.

The total payable compensation to each covered Client of an ICF's member may not exceed €20.000, irrespective of the number of accounts held, currency and place of offering the investment service

What are the costs?

Before you begin to trade CFDs on an FX pair you should familiarize yourself with all one-off and ongoing costs for which you will be liable. These charges will reduce any net profit or increase your losses.

The below table shows the different types of cost categories and their meaning

One-off costs	Spread	The difference between the buy and sell price is called the spread.
One-off costs	Commission	Calculated based on volume and price of FX pair
Ongoing costs	Swaps	Swap is the fee for keeping a position opened over the night. The swap can be positive or negative.

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 investments. There is no recommended holding period and no cancellation period. You can open and close a CFD on an FX pair at any time during the market trading hours of each CFD.

How can I complain ?

In case a Client is dissatisfied by the services provided by the Company, they must address any complaints to the Company's Compliance Department by filling out the relevant [forms](#) and submit to the Company via email to compliance@broprime.com.

In case the final decision does not satisfy the complainant's demands, the latter may maintain the complaint through the Financial Ombudsman, the CySEC or the relevant courts.

Further information about the procedures for communicating with the Financial Ombudsman, can be found at www.financialombudsman.gov.cy.

It should be noted that CySEC has no restitution powers. Any disputes for which damages are claimed, should be submitted to the Financial Ombudsman.

For more information please visit the Company's website to view the [Complaints Handling Procedure](#).

Other relevant information

Clients must read, understand, and acknowledge the Account Opening Agreements prior to on-boarding. These documents can be accessed at the Company's website.