Swissquote

KEY INFORMATION DOCUMENT - CONTRACT FOR DIFFERENCES (CFD) ON COMMODITY

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:

Name of Product: Contract for Difference (CFD) on commodity [e.g., US Crude Oil (West Texas Intermediate)]
Manufacturer: Swissquote Capital Markets Ltd
Firm Contact Details:

- Web: www.swissquote.cy
- Tel: +357 252 63 500
- Email: support_sqcm@swissquote.com
- Competent Authority: Cyprus Securities and Exchange Commission (the "CySEC")

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

What is this product?

Type

CFD on FX is a derivative other than an option, future, swap or forward rate agreement, the purpose of which is to give the holder a long or short exposure to fluctuations in the price, level or value of an underlying stock index, irrespective of whether it is traded on a trading venue, and that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event.

Objectives

This product aims to allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on the underlying commodities like US Crude Oil. It is often used to speculate on those markets. Trading this product enables investors to have leveraged exposure to price movements of an underlying commodity without actually owning them. CFDs are derivatives contracts between two parties that pay a return, directly linked to the price movements of an underlying asset, amplified by a leverage effect. Investors trading this Product are required to deposit an initial margin of 10% of the notional value of their contract and they may be required to increase the margin depending on the performance of the underlying asset. Investors' position may be closed early if the margin call is not fulfilled.

Intended Retail Investor

Investors who have a high-risk tolerance and have sufficient knowledge or experience of trading in leveraged products, and wish to have exposure to exchange rates in the commodity markets, such as:

- Hedgers who seek to reduce risk by protecting an existing share portfolio against possible adverse price movements in the relevant commodity. Hedgers have a real interest in the underlying commodity;
- Speculators who use CFDs in the hope of making a profit on short-term movements. They often buy and sell derivatives contracts in their own right without transacting in the underlying financial instrument. Speculators may have no interest in the underlying financial instrument other than taking a view on the future direction of its price.

This product is not appropriate for everyone, and should only be used by investors that are able to bear losses, and understand the mechanics and risks of leveraged trading including the use of margin deposits.

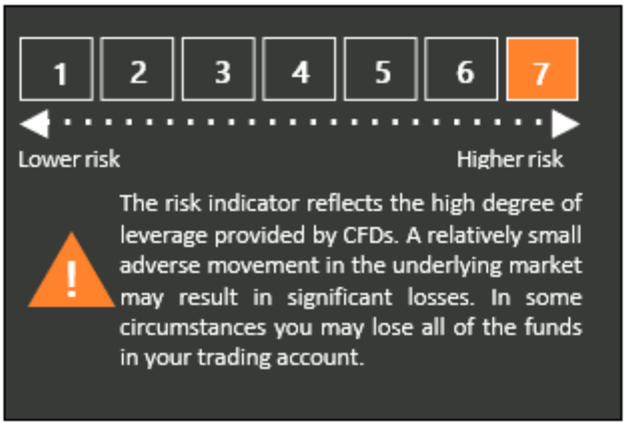
Term

CFDs are generally used for very short-term trading, often intra-day. CFDs on commodity available as Forward (indices, commodities and bonds) have an expiration date. On the last trading day, neither new positions nor pending orders can be opened. Only closing existing positions is permitted until 16:00 CET. We reserve the right to close remaining positions between 16:00 and 18:00 CET at market price. Please see the Trading Conditions on our website for more details. Spot/Synthetic contracts do not have an expiration date.

We may unilaterally close your CFD contract(s) if you do not maintain sufficient margin in your account at all times. Specifically, if your margin level falls below the Margin Close Out Level of 50%, you will receive a stop out or margin call and the positions will close, without notice by us to you. In addition, you never lose more the Equity of the trading account since we offer Negative Balance Protection (NBP).

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 at a very high level and poor market conditions may impact our capacity to pay you. A small market movement in the underlying market may have a large impact on the value of CFDs.

The CFD products that we offer are not listed on a regulated market, and can only be closed with us and not with any other CFD provider. If you fail to maintain an adequate margin deposit to cover any losses, we may close your position without further reference to you.

Be aware of currency risk. You may receive payments in different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator above. In some circumstances you may be required to make further payments to pay for losses. The total loss you may incur may significantly exceed the amount invested.

The Company applies Negative Balance Protection which means that you will not lose more money than those deposited in your account. This product does not include any protection from future market performance so you could lose some or all of your investment. As a retail client, the total loss you may incur is limited to the funds in your trading account. If we are not able to pay you what is owed, you could lose your entire deposit, however, you may benefit from a consumer protection scheme (see section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

Performance scenarios

Please note that leverage will magnify any profits or losses based on the price movements in the underlying financial instrument. For example, on a leverage of 10:1 you would be required to deposit and maintain a minimum initial margin deposit of 10% of the notional value of your contract. In the performance scenarios below, based on a notional contract value of $70,000 and leverage of 10:1, you would be required to deposit $7,000 as initial margin. If the value of underlying financial instrument moved against you by more than 10%, you would lose all of your initial margin deposit.

Product: US Crude Oil **Notional value 1000 x Price per barrel in dollars: ≈ $70,000** **Minimum margin requirement: $7,000**		**Long**	**Short**
Stress Scenario	What you might (lose) after costs	($3,508.37)	($4,448.41)
	As a percentage of notional	(5.01%)	(6.35%)
	As a percentage of initial margin	(50.12%)	(63.55%)
Unfavourable scenario	What you might (lose) after costs	($1,753.39)	($1,682.53)
	As a percentage of notional	(2.50%)	(2.40%)
	As a percentage of initial margin	(25.05%)	(24.04%)
Moderate scenario	What you might make/ (lose) after costs	($15.78)	($24.22)
	As a percentage of notional	(0.02%)	(0.03%)
	As a percentage of initial margin	(0.23%)	(0.35%)
Favourable scenario	What you might make after costs	$1,643.48	$1,712.40
	As a percentage of notional	2.35%	2.45%
	As a percentage of initial margin	23.48%	24.46%

This table shows the money you could make or lose over one day (illustrative holding period), under different scenarios, assuming that your contract has a notional value of $70,000 and would require a minimum initial margin deposit of 10% ($7,000) to open. The scenarios shown illustrate how your contract could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on five years of daily price data on the underlying financial instrument. The market may perform differently in the future. Intra-day movements may exceed daily movements. What you make or lose will vary depending on how the market performs and how long you keep the contract open. Note that your contract may be closed automatically if you do not maintain sufficient margin in your account. The stress scenario shows what you might get back in extreme market circumstances, but it is not the worst case and it does not take into account the situation where we are not able to pay you. The figures shown include all the costs of the product itself, but may not include all the costs you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. This performance scenarios assume you only have one position open and does not take into account the negative or positive cumulative balance you may have if you have multiple open positions with us.

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.

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What happens if we are unable to pay out?

In the event of default due to insolvency, you may lose the value of your investment. The Investor Compensation Fund for clients of CIFs (the "ICF"), provides compensation for Retail Investors should we declares default. You may be entitled to compensation under the ICF where we are unable to meet our duties and obligations arising from your claim. Whether you are able to claim depends on the type of business and your personal circumstances. Any compensation provided to you by the ICF shall not exceed twenty thousand EUR (20,000€) per Retail Investor or 90% of the claimed amount, whichever is lower. Full details are available on the ICF' website: https://www.cysec.gov.cy/en-GB/complaints/tae/.

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, on-going and incidental costs. The amounts shown here are the cumulative costs of the product itself, for an illustrative holding period of one day. The figures assume a notional contact value of $70,000 with a minimum initial margin deposit of $7,000. The figures are estimates and may change in the future.

	Long	Short
Total Costs	($40.00)	($40.00)
RIY as a percentage of notional value	(0.06%) per day	(0.06%) per day
RIY as a percentage of initial margin	(0.57%) per day	(0.57%) per day

Composition of costs

This table shows the different costs involved with our CFD products:

			Long	Short
One-Off Costs	*Entry and exit costs - Spread*	The spread is the difference between the buy price and the sell price that we quote on our trading platform and is payable on opening and closing a contract. You could pay more or less depending on the spread rates at the time of contract. No other charges or commissions are paid. Our spreads are set at our absolute discretion and any changes are effective immediately. All the spreads are variable and are charged automatically once the position opens. The spreads charged differ across account types. The minimum spreads can be found in the Forex Product Guide on our website.	($40.00)	($40.00)
	Entry and exit costs - Commission	Applicable only for Forward contracts. A commission is charged each time you enter a trade.		
Ongoing Costs	*Overnight holding costs/ swaps*	Where you hold a position overnight, an overnight holding cost may be debited or credited to your account based on financing rates. Applicable only for spot & synthetic contracts. Triple swap rollovers will be applied Thursday and Friday 23:00 CET on certain products.	($0.00)	($0.00)
Incidental Costs	*Currency conversion*	A currency conversion fee may be charged where your trades are denominated in a currency other than the base currency of your account		

How long should I hold it and can I take money out early?

CFDs are generally not suitable for long term investments and are used for short term trading on price movements, often intra-day. This product has no minimum or recommended holding period and you can close your contract at any time during market hours. You can withdraw your available balance whenever you choose to do so, if there are no open positions on their trading account. In case there are open positions, the client can withdraw any amount in excess of the margin required for the particular trades, i.e. your 'free margin'.

How can I complain?

You are entitled to lodge a complaint at any time and free of charge. You may submit your formal duly complaint form along with information including your trading account number, the cause of your complaint and date of the event. You can send an email to complaints_sqcm@swissquote.com or by post at the head office address specified above. We will confirm within five (5) business days the receipt of your complaint and provide you with your Unique Reference Number (the "URN"). Further details of our procedure is available in our website. In the event that the final decision does not satisfy you, you may also refer your complaint to the Financial Ombudsman Service (the "FOS"). The FOS is an independent service for settling disputes for finance business and their clients. Details for the Financial Ombudsman Service are available in its website http://www.financialombudsman.gov.cy/forc/forc.nsf/page15_en/page15_en?OpenDocument.

Other relevant information

This document is only a high-level summary of this product. You can find our Key Information Documents and further information, including performance scenarios, relating to the other products we offer on our website at www.swissquote.cy. You should ensure that you read all our legal information displayed in our website.