

## Key Information Document – CFD on FX pair

This document provides you with key information about the Company's investment products. It is not a marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of these products and to help you compare it with other products.

### Contracts for Difference on FX pair ("CFDs on FX")

Squared Financial (CY) Limited (ex. Aspide Financial Ltd)

(License No. [329/17](#))

[www.SquaredDirect.com](http://www.SquaredDirect.com)

Email: [info@SquaredDirect.com](mailto:info@SquaredDirect.com) for more information.

CySEC, Cyprus

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**You are about to purchase a product considered to be very complex and may be difficult to understand.**

### What is this product?

#### Type

A CFD is a leveraged contract entered into with **Squared Financial (CY) Limited (ex. Aspide Financial Ltd)** (the "Company") on a bilateral basis, settled in cash. It allows an investor to speculate on rising or falling prices on an underlying FX pair. And FX pair (e.g. EUR/USD) involves the simultaneous buying and selling of two different currencies. The first currency referenced in a currency pair is known as the base currency (EUR) and the second (USD) as the Quote currency. The price of the CFD on an FX pair is derived from the price of the underlying FX pair, which is the current spot price. An investor has the chose to buy (or go "long") the currency pair if they think the price of the base currency will rise in relation to the Quote currency; or to sell (or go "short") the currency pair if they think the price of the Quote currency will rise in relation to the base currency.

CFDs are leveraged products and leverage is customized and set by the client. At the end of the day any open positions are rolled over and changed a daily swap fee. Please note that margin trading requires extra caution because whilst you can realize large profits if the price moves in your favor, you risk extensive losses if the price moves against you. Failure to deposit additional funds in order to meet the maintenance margin requirement as a result of a negative price movement may result in the CFD being auto-closed. This will occur when your remaining account equity falls below the maintenance margin requirement. The CFD on an FX pair does not have a pre-defined maturity date and it therefore open-ended.

#### Objectives

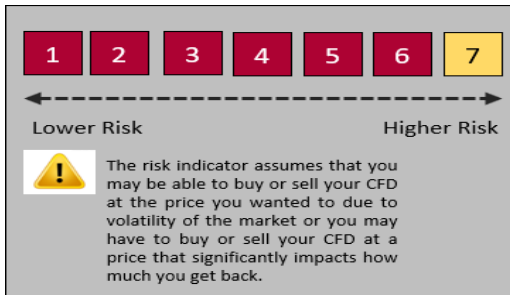
The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX Pair) whether up or down), without owning the physical FX pair. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. For example, if an investor buys 1 lot of CFD (1 lot equals 100,000) on EUR/USD with an initial margin amount of 0.2% and an underlying EUR/USD price of 1.19770/1.19780, the initial investment will be 200 EUR or the equivalent in your account's currency. The effect of leverage, in this case 500:1 (1/0.002). Based on the trade size above for each 1-point change in the price of the underlying FX pair, the value of the CFD changes by \$10. For instance, if the investor is long and the market increases in value, a \$10 profit will be made for every 1-point increase in that market. However, if the market decreases in value, a \$10 loss will be incurred for each point the market decreases in value. Conversely, if an investor holds a sho0rt position, a profit is made in line with any decreases in that market, and a loss for any increases in that market.

#### Intended Retail Investor

CFDs are intended for investor who have knowledge of, or are experience with, leveraged products and that understand how the prices of CFDs are derived, the key concepts of margin and leverage, the fact that losses may be of total invested amount and have the appropriate financial means to bear losses of the entire amount invested.

### 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 the market movements.

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.

CFDs are leveraged products that due to the underlying market movements can generate losses rapidly. There is no capital protection against market, credit or

liquidity risk.

- **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 the Company.
- **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. The Company offers **Negative Balance Protection**; 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 that the Company may be unable to meet its obligations in full and/or in a timely manner in the event of bankruptcy or insolvency.
- **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 the Company and the execution venue might be the same in all or some 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).
- **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.
- **Force Closure Risk:** Investing in CFDs runs the risk of positions being force closed by the Company 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 'Costs & Charges' section below).
- *There may be other risk factors with significant direct impact on the capital and return of investing in CFDs.*

## Performance Scenarios

The scenarios shown below 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 market performs and how long you hold the CFD. The stress scenario show 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.

The following assumptions have been used to create the scenarios in Table 1:

FX pair CFD (held intraday)		
FX pair opening price:	P	1.1977
Trade size (per CFD):	TS	1 lot
Margin %:	M	0.50%
Margin Requirements (EUR):	MR = P x TS x M	500
Notional value of the trade (EUR)	TN = MR/M	100,000

Table 1:

LONG Performance Scenario	Closing Price	Price Change	Profit/Loss	SHORT Performance Scenario	Closing Price	Price Change	Profit/Loss
Favourable	1.2156	1.50%	1,473	Favourable	1.1797	-1.50%	1,526
Moderate	1.2037	0.50%	498	Moderate	1.1917	-0.50%	503
Unfavourable	1.1797	-1.50%	- 1,526	Unfavourable	1.2157	1.50%	- 1,481

Stress	1.1378	-5%	-	5,265	Stress	1.2576	5%	-	4,764
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The scenarios presented are not an exact indicator of future performance, but an estimation to that effect. What You will get will vary depending on how the market performs and how long You keep the investment/product. The figures do not take into account your personal tax situation, which may also affect how much you get back.

### What happens if the Company is unable to pay out?

The Company is a member of the Investor Compensation Fund ("ICF" - private legal entity) which if the Company categorized You as a Retail Client and fails to return to You funds owed in case of insolvency of the Company, You may direct to the ICF. ICF may compensate You for claims up to €20,000. If Your claim exceeds the €20,000 then You will be only entitled to receive a maximum of the equivalent of €20,000. Further information on ICF can be found [here](#).

### What are the Costs & Charges?

#### Pricing and other Related Information

The trading conditions, including the minimum and maximum transaction amounts, average spread and overnight swaps can be found on our website.

**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.

*\*Example 1: The spread on the UK 100 is 1.0, calculated by subtracting 6446.7 (sell price) from 6447.7 (buy price).*

*\*Example 2: The spread on the GBP/USD is 0.9. If you subtract 1.65364 from 1.65373, that equals 0.00009, but as the spread is based on the last large number in the price quote, it equates to a spread of 0.9.*

**Mark-Up:** mark-ups on spreads are already applied on the spread displayed/ traded on CFDs through the trading platform.

**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 favor 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).

The swap charges can be reviewed at the company's website. CFDs do not confer any rights on the underlying assets.

**Additional costs - 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 Company

*Example: An investor purchased 1,000 CFD on shares of company ABC at EUR 50 by depositing the initial leverage 1:25 (EUR 2,000). At margin level of 20% on MetaTrader4, which means an unrealized 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.*

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

### How can I complain?

An online complaint form is available at the Company's website, which shall be filled and submitted by You to the Company's Compliance department directly from the website. For more information please see our [Complaints Procedure](#).

### Other relevant information

We draw your attention to the following information documents to be made available by Law, which are available [here](#).

**Client Agreement** – the contract based on which we provide investment services to you and contains the terms and conditions that govern our business relationship.

**Best Interest and Order Execution Policy** – summarizes the process by which we execute your orders.

**Risk Disclosure** – summarizes the main risks investing in CFDs

**Conflicts of Interests Policy** – outlines the manner in which we identify, manage or control any conflicts of interest that may arise during the course of our business activities

**Privacy Policy** – explains how we deal with certain information you provide us with.