

## KEY INFORMATION DOCUMENT- CFD on a 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

<b>Product Name:</b>	Contract for Difference ("CFD") on a Commodity	<b>Telephone:</b>	+357 25252299
<b>Product Manufacturer:</b>	Lyda Financial Ltd	<b>Competent Authority:</b>	Cyprus Securities and Exchange Commission ("CySEC") (License 300/16)
<b>Website:</b>	<a href="http://www.Forex24.com">www.Forex24.com</a>	<b>Date of Creation:</b>	2 <sup>nd</sup> January 2018
<b>Email:</b>	<a href="mailto:support@forex24.com">support@forex24.com</a>	<b>Version:</b>	1.3.0

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

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

### WHAT IS THIS PRODUCT?

- **Type**

This document relates to a product known as CFD on a Commodity. A CFD is a leveraged contract between two parties (a "buyer" and a "seller") to exchange the difference in the price of an underlying asset over a period of time. The price of a CFD on a commodity is derived from the price of the underlying commodity.

- **Objectives**

The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset. This means you will never own the underlying asset, but you will make gains or incur losses as a result of price movements in the underlying asset. Your return depends on movements in the price of the underlying asset and the size of your position. For example, if you believe the value of a Commodity is going to increase, you would buy a CFD (also known as "going long") with the intention to sell it at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below). If you think the value of a Commodity is going to decrease, you would sell a CFD (also known as "going short") at a specific value, expecting to buy it back at a lower price, resulting in us paying you the difference minus any relevant costs. However, in either circumstance, if the Commodity moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), you would owe us the amount of any loss you have incurred. Note however that following ESMA's prescriptions, losses reported by a retail investor cannot in aggregate exceed the funds invested in a retail CFD account (negative balance protection).

A CFD on a Commodity, is a leveraged product that requires you to deposit a smaller amount of cash as margin than the notional value of the position. For retail investors, the European Securities and Markets Authority (ESMA) mandates a minimum initial margin for Commodities 10% of the notional value of the Commodities and requires Lydy Financial Ltd to liquidate open positions if the qualifying equity (CFD cash and unrealized CFD P&L) in your CFD account falls below 50% of the initial margin requirements for all CFD positions.

- **Intended Retail Investor**

CFDs are intended for investors who have knowledge of or are experienced with leverage products and understand how the prices of CFDs are derived, the key concepts of margin and leverage and that by holding this instrument they receive exposure to the underline asset on a leveraged basis and have the appropriate financial means to bear losses of the entire amount invested.

- **Insurance Benefit: None**

## 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 these products 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 these products as 7 out of 7, which is the highest risk class. This is because there is a very high chance you could lose up to 100% of your trading account balance (subject to our negative balance protection).

**Be aware of currency risk: When you deal in a CFD that is denominated in a currency other than the base currency or a currency you have on a deposit in your account with us, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. This risk is not considered in the indicator shown above.**



In some circumstances, if your account does not contain enough equity to meet applicable margin requirements your open positions will be liquidated. The total loss you may incur may significantly exceed the initial margin requirement but cannot exceed the equity in your retail CFD account. You may not be able to close your position easily or you may have to sell at a price that significantly impacts your realised profit/loss. Markets may fall overnight and we may not be able to close out your position at a price that would avoid losses greater than the margin originally deposited.

More than 70% of retail investor accounts lose money when trading CFDs.

If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section 'what happens if Lydy Financial Ltd is unable to pay out'). The indicator shown above does not consider this protection.

### PERFORMANCE SCENARIOS

The table below shows the money you could get back under different scenarios, assuming that you buy 100 lot of WTI\_OIL (West Texas Intermediate Crude Oil) at price 55.60, and your position is closed within the same day. Leverage used is 10:1.

Note: The below table does not include overnight holding costs (swap), commissions or the spread (the difference between BID and ASK price).

**CFD on a COMMODITY i.e. WTI\_OIL (held intraday)**

Opening price:	\$55.60
Margin %	10%
Margin requirement (USD):	\$556
Notional value of the trade (USD):	\$556

<b>BUY (LONG) Performance Scenario</b>	<b>Closing Price</b>	<b>Price change</b>	<b>Profit/Loss</b>	<b>SELL (SHORT) Performance Scenario</b>	<b>Closing Price</b>	<b>Price change</b>	<b>Profit/Loss</b>
<b>Stress</b>	52.30	-3.30%	-\$330	<b>Stress</b>	58.90	-3.30%	-\$330
<b>Unfavourable</b>	53.40	-2.20%	-\$220	<b>Unfavourable</b>	57.80	-2.20%	-\$220
<b>Moderate</b>	55.30	0.30%	\$30	<b>Moderate</b>	55.90	0.30%	\$30
<b>Favourable</b>	56.00	0.40%	\$40	<b>Favourable</b>	55.20	0.40%	\$40

The scenarios shown above illustrate how your investment could perform. The stress scenario shows what you might get back in extreme market circumstances. 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 keep the product, and importantly whether or not you have sufficient funds in your account to sustain the losses depicted. Lyda Financial Ltd will automatically liquidate positions if the equity in the account is insufficient to meet margin requirements.

The figures do not take into account your personal tax situation, which may also affect how much you get back. Opening a long position holds that you think the underlying price will increase, and opening a short position holds that you think the underlying price will decrease.

**WHAT HAPPENS IF LYDYA FINANCIAL LTD IS UNABLE TO PAY OUT?**

Lyda Financial Ltd segregates all client(s)' funds from its own money in accordance with its regulatory requirements. Lyda Financial Ltd. also participates in **the Investor Compensation Fund (ICF)** which covers eligible investments up to €20,000 per investor, per firm. For further details please refer to our ICF document.

**WHAT ARE THE COSTS?**
**Costs Over Time**

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Assuming 100 lot long (buy) WTI\_OIL (\$5560 notional) and held for 1 night.

**Client will pay:**

- 1) \$2.90 for Spread
- 2) \$1.07 Commission
- 3) \$1.12 Swap

**Total Cost:** \$5.09

### Composition of Costs

The table below shows:

- The impact each position has on the different types of costs.
- Depending on your account type you may have a reduced spread with a different commission charge.

The below table uses the example of 100 lot WTI\_OIL Buy position mini bronze account.

<b>Impact on Return per position</b>			
<b>One-off-cost Spread</b>	<b>Entry Costs</b>	\$2.90	The spread is the difference between the buy (ask) and sell (bid) price quoted. For example, Our Ask price (the price at which you can buy) might be 55.60 and our bid price (the price at which you can sell) might be 55.31.
<b>One-off-cost Commission</b>	<b>Entry Costs</b>	0.01%	This is the standard amount to be paid on Brokerage Commissions for Commodities
	<b>Exit Costs</b>	0.01%	This is the standard amount to be paid on Brokerage Commissions for Commodities.
<b>Ongoing costs</b>	Portfolio Transaction costs	0%	Not Applicable
	<b>Overnight Funding costs</b>	\$1.12	For every night that a position is held open, a swap charge is either added or subtracted to/from your account. The longer the position is held, the more the costs will accrue. Assuming 100 lot long (buy) WTI_OIL ((\$ 5560 notional) -1.12 points = -\$1.12
<b>Incidental costs</b>	Performance fees	0%	Not Applicable
	Carried interests	0%	Not Applicable

Note, each position will have their own specific swap fee that can be found on the company's website.

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

Recommended (required minimum) holding period: None

CFDs are intended for short term trading and are generally not suitable for long term investments. There is no recommended holding period and no cancellation period. It is down to the discretion of each individual investor to determine the most appropriate holding period based on its own individual strategy and objectives. There are no consequences if you chose to close your position other than ending your exposure to the underline at that time.

### HOW CAN I COMPLAIN?

If you wish to make a complaint you can submit by e-mail to [complaints@forex24.com](mailto:complaints@forex24.com). For more details please see our Complaints Handling Procedure.

If you are not satisfied with our final response to your complaint, you may contact directly the Financial Ombudsman of the Republic of Cyprus. Postal Address: P.O. BOX: 25735, 1311 Nicosia, Cyprus Telephone: +357 22848900, Fax: +357 22660584, +357 22660118, Website: [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy) ,Email address: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

### OTHER RELEVANT INFORMATION

Clients must read, fully understand and accept the entire text of the Client Agreement and the other Company's legal documents upon registering to open a real trading account. The legal documents are required to be publicly available by law and can be accessed on the Company's website. A copy of all of the legal documents is also sent to clients once they're registration has been approved.