

## Key Information Document – CFDs on Commodities

### 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.

### Product

HTFX (EU) LTD (the "Company"), a Cypriot Investment Firm regulated by the Cyprus Securities and Exchange Commission (CySEC) with licence number 332/17, is the Manufacturer of Financial Contracts for differences ("CFDs") on Commodities with different underlying assets such as Gold or Natural Gas. For more information you can visit the Company's website at [www.htfx.eu](http://www.htfx.eu) or call us at 0035725734400.

This Key Information Document ("KID") was published on 9<sup>th</sup> of March 2023.

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

### What is this product?

#### Type:

CFDs on Commodities are leveraged derivative financial instruments traded Over the Counter ("OTC") i.e. the trading is concluded outside a regulated exchange or venue and between the client and the Company where the Company agrees to settle in cash the performance of the asset the client decides to speculate on. The client speculates on the price movement (positive or negative performance) of Commodities without actually investing in or owning these Commodities, by buying and selling contracts i.e. speculate on the rise or fall of Commodities' prices.

#### Objectives:

The objective of a CFD on Commodities is to speculate on the performance of an underlying commodity without actually owning this commodity. You will achieve profit if your speculation on the performance (positive or negative performance) was correct, with the difference between the opening price and closing price of the underlying asset. For example, if you believe the value of a commodity is going to increase, you would buy a CFD (also known as "long position") 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. If you think the value of a commodity is going to decrease, you would sell a CFD (also known as "short position") 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 price moves in the opposite direction and your position is closed, either by you or as a result of a margin call, your account would be debited for the loss of the trade plus any relevant costs.

To open a position, you are required to deposit into your account a percentage of the total value of the contract. This is referred to as the margin requirement. Trading on margin can enhance any losses or gains you make.

#### Intended retail client:

CFDs are available for Clients that their objectives and needs will be to increase wealth/ capital, hedge their business foreign exchange risk and speculation over the short, medium or long-term investment horizon. Clients should have knowledge and/or experience of the characteristics of CFDs and a high-risk tolerance and ability to lose of 100% of their capital. The Clients should be willing to accept margined price fluctuations in exchange for the opportunity of higher returns. Moreover, the Clients should be willing to accept concentration risk with the exchange for the opportunity of higher returns.

Clients that are risk intolerant should not invest in the respective target market as these instruments are risky and bear significant amount of risk.

#### Term

CFDs on Commodities have no maturity date or minimum holding period. You decide when to open and close your positions. HTFX (EU) may close your position without seeking your prior consent if you do not maintain sufficient margin in your account.

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

### Summary Risk Indicator



**LOWER RISK**

**HIGHER RISK**

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.

Be aware of currency risk. The realized return of a CFD contract denominated in a currency other than your account currency is affected by both the performance of the underlying asset and the exchange rate between both currencies. This risk is not considered in the indicator shown above.

Additional risks that are involved in trading CFDs on Commodities are as follows:

**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.

**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.

**Trading risk:** If the underlying instrument movement is in the Client's favour, the Client may achieve a good profit, but an equally small adverse market movement may result in the loss of the Clients' entire investment. 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.

**Market Risk:** In case an adverse movement of the marker affects the investment of the client resulting in negative Account's balance, then the company will cover it, returning the Balance of the Account to zero.

**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.

### Performance Scenarios

The table below shows how your investment would perform under different scenarios, assuming that you buy 1 Lot (100 Barrels) on Crude Oil, which means that the notional value of your investment is 5000 USD (100 barrels at 50 USD per barrel) and your position is closed on the same day. The multiplier used is 10, (Leverage 1:10), with margin required amount = 5,000 USD / 10 = 500 USD. Profit and loss accrue based on percentage change of underlying asset. The position is closed on the same day.

Long Performance Scenario	Opening Price	Closing Price	Price Change	Profit/Loss
Favourable	50 USD	50.5 USD	1%	$(50.5 - 50) \times 100 = 50 \text{ USD}$
Moderate	50 USD	49.75 USD	-0.50%	$(49.75 - 50) \times 100 = -25 \text{ USD}$
Unfavourable	50 USD	49.5 USD	-1%	$(49.5 - 50) \times 100 = -50 \text{ USD}$
Stress	50 USD	47.5 USD	-5%	$(47.5 - 50) \times 100 = -500 \text{ USD}$

These scenarios illustrate how your investment could perform. You can compare them with other derivatives. The scenarios give a range of possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on how the underlying will perform as well as the leverage selected.

Buying this product allows you to speculate on commodity movements i.e. weather their prices will increase or decrease. Your maximum loss would be that you will lose up to the entire amount invested in a specific trade and/or up to the entire trading balance of your account.

The figures shown in the table, include all the costs of the product itself excluding commission and other fees which are explained further below and can be found in the Company's website. The figures do not take into account your personal tax situation, which may also affect how much you get back.

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 different.

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

The Company is a member of the Investor Compensation Fund (hereinafter called the "Fund") which covers nonprofessional clients as defined in the Investor Compensation Fund policy in circumstances when the Company is either unable to return to its covered clients funds owed to them and/or unable to return financial instruments to the covered clients which the Company holds or controls in its accounts on behalf of the clients. The maximum amount of compensation that a covered client can receive by the Fund is €20,000 (Euro Twenty Thousand) or the 90% of the Client's claim, whichever is the lower.

## What are the costs?

Before you begin to trade CFDs on Commodities you should familiarise yourself with all one-off, ongoing, and incidental costs for which you will be liable. These charges, which vary on each account type, will reduce any net profit or increase your losses.

Type	Cost Duration	Definition	Cost
Trading Commission	One-Off	It is charged when you Buy or Sell a CFD. The charge is proportionate to the Volume of the Trading Order.	For Classic Account the Cost is 12 USD per 1 round turn Lot. For Pro Account the Cost is 8 USD per 1 round turn Lot.
Spread	One-Off	It is the difference between the Buy (Ask) and Sell (Bid) price.	Variable cost that can be found in the Trading Platform's Market Section
Swap charge	Ongoing	It is the Cost of holding a position overnight and is calculated based on the Order type, Interest Rates, Commodity type and duration.	It can be a credited or debited cost. The Swap charges on both Long (buy) and Short (Sell) positions for every Commodity are shown in our website as they are variable.

For more information please visit our website at [www.htfx.eu](http://www.htfx.eu)

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

CFDs on Commodities have no recommended holding period. Provided that the Company is open for trading you can enter and exit positions at any time. The Company shall proceed with the settlement of all trades upon the execution and/or time of expiration of the specific trade.

## How can I complain?

For any complaints regarding the services provided by the Company, the client should submit a Complain, by completing the Complaint Form, displayed at the Legal Documents section in Company's website, (available on Appendix 1 of Complaints Handling Policy). Once completed, it should be sent either in a hard copy along with a copy of the complainant's identification document and any additional documentation that would be relevant to the complaint to the Company's head offices which are situated at 6 Eftychidi Street, Ground Floor, 3048 Limassol, Cyprus or by e-mail to [compliance@htfx.eu](mailto:compliance@htfx.eu).

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Cyprus Financial Ombudsman Service (FOS). See <http://www.financialombudsman.gov.cy> for further information.

## Other relevant information

You should ensure that you read all Legal Documents such as, Client Agreement Risk Disclosure, Privacy Policy etc. displayed at the Legal Documents section in Company's website. Such information is also available on request.