

Key Information Document - CFD on Forex

Skilling Limited

May 2023

PURPOSE

This document provides you with key information about this investment product. It is not marketing or legally binding material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product and to help you compare it with other products. Before deciding to open an account, we suggest that you read the whole document together with our terms and conditions.

PRODUCT

This is a 'Contract for Differences' ("CFDs") on Currency Pairs ("Foreign Exchange" or "FOREX"). More information is available on our Website [here](#).

This document was last updated in May 2023.

RISK ALERT

You are about to trade on a market that is not simple and may be difficult to understand.

PRODUCT MANUFACTURER

Skilling Limited, is a company registered in the Republic of Cyprus under registration number HE 373524 which is situated at 2nd Floor, Office 21, Athalassas 62, Strovolos 2012, Nicosia, Cyprus. Skilling is regulated by the Cyprus Securities and Exchange Commission, CIF License Number 357/18. For more information please call 00357 - 22276710 or visit: www.skilling.com

WHAT IS THIS PRODUCT?

CFDs are contracts between the two parties, to pay the difference between the opening and closing price of the underlying asset.

Please note that CFDs are leveraged products. The open positions are rolled over and charged a daily swap fee at the end of the day. Margin trading requires you to understand the underlying risk of the asset because you receive exposure to large profits if the price moves in your favor, you risk extensive losses if the price moves against you. When you fail to deposit additional funds to maintain the margin requirement as a result of a negative price movement may cause the CFD position to be auto-closed. This will result when your remaining account equity falls below the maintenance margin requirement.

TYPE

The product enables you to have exposure to fluctuations related to the underlying currency pair without physically owning it. A Forex contract is a type of Contract for Differences (CFD) which is an agreement between a buyer and a seller to exchange the difference in value of a particular underlying instrument for the period between when the contract is opened and when it is closed. The difference to be exchanged is determined daily by the change in the closing reference price of the underlying instrument. Thus, if the underlying instrument rises in price, the buyer receives cash from the seller and vice versa.

CFDs on Forex are not listed instruments but are traded as 'over-the-counter' contracts between the client and the Company. Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. This initial margin will be returned when the position is closed.

When you enter into any order to Buy or Sell a CFD on one of our trading platforms, you trade with us as our counterparty. We are your Principal to each trade that you enter. Therefore, if your trade is profitable, we lose. If your trade is loss making, we earn a profit. Our profits or losses may be reduced by the level of hedging we may undertake to contain our trading risk. As an example – if you enter into a Buy trade of 100,000 units on EUR/USD when the underlying price of EUR/USD is USD 1.25, we will ask you to place a margin with us to enable you to trade. If the margin is 3.33% (30:1 Leverage), this means that as a minimum you will need to place USD 4167 with us. If the price of EUR/USD goes to USD 1.30, you will profit USD 5000, minus any relevant costs (detailed below). If it reduces to USD 1.20, you will lose USD 5000, plus any relevant costs (detailed below). Depending on whether we apply any notifications when your account is close to margin calls, we may ask you for more money to ensure your trade / position remains open, otherwise we may be forced to close your position.

OBJECTIVES

The objective of trading CFDs on currency pairs is to allow the trader to speculate (generally over the short term) on rising or falling prices in the underlying currency pair, without owning it. You may choose to buy (going "long") CFD units or to sell (going "short") CFD units depending on whether you think the price of the underlying instrument will go up or down. For every point the price of the instrument moves in your favour, you gain multiples of the number of the CFD units you have bought or sold. For every point the price moves against you, you will make a loss. Therefore, your return depends on the size of the performance (or movement) of the underlying instrument and the size of your position. CFDs are leveraged products commonly traded on margin, which means that you only need to deposit a small percentage of the full value of the trade in order to open a position and to keep your position(s) open. This is called the initial margin and maintenance margin respectively. Please note that margin trading requires extra caution: whilst trading on margin allows you to magnify your returns, your losses will also be magnified as they are based on the full value of the CFD position, meaning you could lose up to the entire capital deposited. Unlike traditional fixed income securities long-only

dealing, if you believe a market will fall in value, with trading on margin via CFDs you can sell a market – known as going short – and make a potential profit from falling prices.

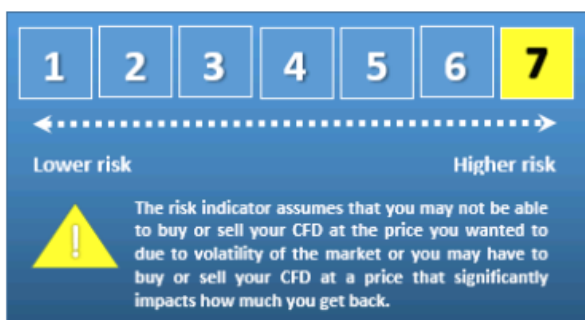
INTENDED RETAIL INVESTOR

Trading in this product is highly risky and will not be appropriate for everyone. It is suitable for investors who (i) have a high-risk tolerance; (ii) are trading with money they can afford to lose; (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and (iv) want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

RISK INDICATOR

The summary risk indicator (SRI) 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.



This product is classified 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. If the currency of your account is different from the currency of the product, you run the risk of losing money as a result of the conversion of the realised profit or loss from the currency of the product into the account currency

Also the primary risk of CFDs is the risk that the other party in the contract is unable to meet their obligation; this is known as counterparty risk and market risk.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **Between 74-89% of retail investor accounts lose money when trading CFDs.** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

Investors require margin to trade CFDs, subjecting the investor to margin calls should the value of the portfolio fall below the 50% of the total initial margin required to trade CFDs then we must close one or more of the investor's open positions. Profit and loss on CFD trades take place when an investor executes a closing trade. Since CFDs can employ a high degree of leverage, investors can lose money quickly should the price of the underlying asset move in the undesired direction. As such, investors should be careful when using CFDs.

Please visit our website for more information, [here](#).

PERFORMANCE SCENARIOS

This key information document is not specific to a particular product. It applies to a CFD on any forex that we offer on our platform. However, each CFD you enter into with us is specific to you and your choices. You will be responsible for choosing the underlying forex; when you open and close your position; the size of your position (and therefore the margin required, subject to margin limits for forex CFDs for Retail clients); and whether to use any risk management tools we offer such as stop loss orders.

The below table illustrates how your investment could perform (i.e. potential profit and loss) under different scenarios. *

| Performance Scenarios: | | A Client with \$5,000 in their account with 30 to 1 leverage trading product with 3.33% margin requirement (Individual Tax liability is the responsibility of the client): |
|-------------------------------|---|---|
| Stress Scenario: | Open Price: 1.2500 Close Price: 1.2380 | A Client Buys 100,000 units of EURUSD at 1.2500. Price moves down to 1.2380 so client closed the position and loses $100,000 \times (1.2380 - 1.2500) = -\$1,200$. So, the client has made a loss of 24%. New equity is \$5000-\$1200=\$3800. |
| Unfavourable Scenario: | Open Price: 1.2500 Close Price: 1.2450 | A Client Buys 100,000 units of EURUSD at 1.2500. Price moves down to 1.2450 so client closed the position and loses $100,000 \times (1.2450 - 1.2500) = -\500 . So, the client has made a loss of 10%. New equity is \$5000-\$500=\$4500. |
| Moderate Scenario: | Open Price: 1.2500 Close Price: 1.2475 | A Client Buys 100,000 units of EURUSD at 1.2500. Price moves down to 1.2475 so, client closed the position and loses $100,000 \times (1.2475 - 1.2500) = -\250 . So, the client has made a loss of 2.5%. New equity is \$5000-\$250=\$4750. |
| Favourable Scenario: | Open Price: 1.2500 Close Price: 1.2605 | A Client Buys 100,000 units of EURUSD at 1.2500. Price moves up to 1.2605 so client closed the position and makes $100,000 \times (1.2605 - 1.2500) = \$1,050$. So, the client has made a profit of 21%. New equity is \$5000+\$1050=\$6050 |

**The loss is restricted to your account balance as we offer negative balance equity protection. The figures shown include all the costs of the product itself. If you have been sold this product by someone else or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.*

**Overnight holding costs or commissions are not included.*

WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

If Skilling is unable to meet its financial obligations to you, you may lose the value of your investment with Skilling Limited. However, Skilling Limited is a member of the Investor Compensation Fund (ICF) for the Clients of CIFs, which secures the claims of the covered Clients against Cyprus Investment Firms, members of the ICF, through the payment of compensation which may not exceed €20,000 in total to each covered client, irrespective of the number of accounts held, currency and place of offering the investment service. For more information, please read our Business Terms and Conditions.

WHAT ARE THE COSTS?

You are advised to get an understanding of all the one-off costs, ongoing costs and commission regarding CFDs on forex which you are about to trade. These charges will reduce any net profit or increase your losses. Please visit our website for more information on associated costs and charges.

The table below indicates the minimum costs for a standard account type to trade CFDs on FX:

| THIS TABLE PROVIDES THE DIFFERENT TYPES OF COSTS* FOR CFDs ON FOREX | | | | |
|---|---------------------------|---|---------------|--|
| | | Percentage Cost | Monetary Cost | |
| One-off costs | Spreads | 0.008% | \$120 | Spread is the difference between the Bid price (selling price) and the Ask price (buying price) and reflects, in part, the spreads of the underlying instrument being traded on. |
| | Commission | 0% | \$0 | The fee charged for the service of facilitating the transaction, subject to the minimum fee. |
| | Currency conversion rates | 0% | - | The currency conversion rate is based on real-time market rates as presented on trading platforms. |
| Ongoing costs | Overnight Swaps | For Buy (Long) positions: $(\text{Units} * \text{Price}) * (1\% / 365) + (\text{Units} * \text{Tom Next Rate})$ | \$8.55 | We charge you with overnight fees for facilitating you to maintain an open Buy position on EURUSD. Please read more information here. |
| | | For Sell (Short) positions: $(\text{Units} * \text{Price}) * (1\% / 365) - (\text{Units} * \text{Tom Next Rate})$ | \$93.69 | We credit you with overnight fees for facilitating you to maintain an open Sell position on EURUSD. Please read more information here. |
| Incidental costs | Dividend | 0% | - | Dividend charges are not applicable on FX |
| | | 0% | - | Dividend charges are not applicable on FX |

Monetary fees based on a round transaction (open and close) of total nominal value of \$1,000,000 on EUR/USD*

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

CFDs have no minimum and/or recommended holding period. You can open and close a CFD at any time during market hours. Skilling may close your position without asking your prior consent if there is no sufficient margin in your account. You can make a withdrawal of available funds on your account at any time.

HOW CAN I COMPLAIN?

If you have a complaint about the product or the conduct of manufacturer or the distribution and sale of the product, then you should contact the Compliance Department at Skilling Limited by email compliance@skilling.com or by post '62 Athalassas Avenue, 2nd Floor, 2012 Strovolos, Nicosia', in writing as shown in our [Complaint Handling Policy](#). If you are not satisfied with our final response to your complaint, then you can contact the [Financial Ombudsman of the Republic of Cyprus](#) as well as inform the Cyprus Securities and Exchange Commission ("CySEC") [here](#).

OTHER RELEVANT INFORMATION

Further information with regards to this product can be found on our website. You should ensure that you read the Terms of Business, Leverage Policy, Order Execution Policy, Conflicts of Interest Policy, Risk Disclosure Policy and Privacy Policy displayed in the legal section of our website [here](#).