

KEY INFORMATION DOCUMENT ("KID") – CFDs on Forex

Purpose

This document provides key information about contract for difference (CFD) on Forex. It is required by law to help you understand the nature and risk of the product and make comparison with other products. It is not a marketing material. You should be familiar with the nature, gain and loss calculation and potential risk when investing this product. Contract for difference is a complex financial instrument that allows you to gain benefit on price movement of the underlying asset without actually owning it. CFD has no restriction on short-selling, so you could make profit when FX rate decreases with a short (sell) position. The price of CFD derives from the price of the underlying forex pair, when FX rate increases or decreases, you will gain the same profit or loss as directly investing the currency, depending on the position you are holding. However, CFD is a leveraged product, meaning you can gain massive profit or loss rapidly with the same amount of investment. You should consider whether you can afford to take the high risk of losing all your investment before investing in this product.

Products

This KID relates to CFDs on Forex, provided by Zenfinex Limited ("Zenfinex"), a firm authorised and regulated in the UK by the Financial Conduct Authority under Firm Reference Number: 816055. See www.zenfinex.co.uk for more information or contact us on +44 (0) 20 3983 8250.

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⚠ You are about to enter into a transaction or transactions in a product or products that are complex and thus may be difficult to understand. It is recommended you also view the Risk Warning contained on our website.

What is this product?

1. Type

A CFD is a leveraged agreement between an investor and Zenfinex to exchange the difference in the current value of an underlying forex pair and its future value traded on the OTC market. CFDs provide traders with all the benefits and risks of speculating on the performance of the underlying asset without actually owning it. An important distinction between an investment in a CFD and a direct investment in the underlying asset is that CFDs are traded with leverage and there are no limitations to short selling. A Forex pair (e.g. EURUSD) 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) is known as the Quote currency.

The price of the CFD on a forex pair is derived from the price of the underlying forex pair, which is the current spot price. An investor has the choice to buy (or 'go long' on) the CFD to benefit from the 'base' currency of an FX pair rising in relation to the 'variable' or 'quote' currency; or to sell (or 'short') the CFD to benefit from the price of the variable currency rising in relation to the base currency. If an investor is long an EUR/GBP CFD and the price of the underlying FX pair rises, the value of the CFD will increase. At the end of the contract, Zenfinex will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the underlying FX pair falls, the value of the CFD will decrease. At the end of the contract, the investor will pay Zenfinex the difference between the closing value of the contract and the opening value of the

contract. The price of the CFD is derived from prices sourced from major liquidity providers to the OTC FX and bullion market. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

The CFD on Forex does not have a pre-defined expiry date and is therefore open-ended.

2. Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying Forex pair (whether up or down), without owning the physical Forex 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 and is one of the key features of trading CFDs.

For example, if an investor buys 1 lot of CFD (1 lot = 100,000) on EUR/USD with an initial margin amount of 3.33% at an underlying EUR/USD price of 1.0500, the initial investment will be 3,333.33 EUR (100,000*3.33%) or the equivalent in your account's currency. The effect of the leverage, in this case 1:30 (3.33%) has resulted in notional value of the contract of 100,000 EUR (3,333.33 x 30). This means that for each one point (0.0001) change in the price of the underlying Forex pair, the value of the CFD changes by 10 USD. For example, the investor is long and the underlying Forex pair increases in value, a 10 USD profit will be made for every one point increase in that underlying Forex pair.

However, if the underlying Forex pair decreases in value, a 10 USD loss will be incurred on each one point decrease of the Forex pair. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that underlying Forex pair, and a loss for any increases in the underlying Forex pair. CFDs on Forex do not have a recommended holding period and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

Additional funds may need to be deposited in the case of negative price movement. Failure to do so may result in the CFD being auto-closed. Zenfinex also retains the ability to terminate any CFD where it deems that the terms of the contract have been breached.

Spot contracts have a pre-defined maturity date but can be exited prior to this date. There is no recommended holding period. It is down to the discretion of each individual investor to determine the most appropriate holding period, based on their own individual trading strategy and objectives.

3. Intended retail investor

This Product is intended for investors who in the short term are prepared to take a higher level of risk of loss for a higher potential return on the capital invested in the Product. The Product is targeted at investors having speculation or hedging objectives, and who have sufficient knowledge and experience in trading derivatives on margin. That means investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage. Investors will also have appropriate financial means and the ability to bear loss of the initial investment. The margin requirement on this Product may differ depending on the trading experience and the relevant knowledge of the retail investor.

4. Insurance benefits

Contract for difference is not an insurance product and there are no insurance benefits or costs related to the product.

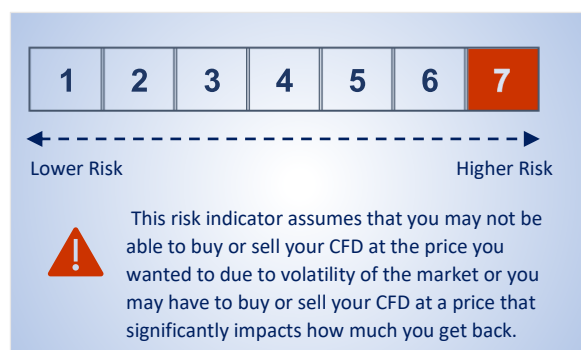
5. Term

In the following circumstances the CFD may mature or terminate:

- CFDs have no maturity date or minimum holding period and will end with the closing of the client's position;
- The client's position may be closed by the client at any time during the trading hours indicated on the trading platform;
- The client's position may be closed at the initiative of the counterparty when there is excessive usage of the margin or the position's margin falls below required minimum as set by the counterparty to protect the client from the accumulation of large losses that would be expressed in a negative account balance;
- The client position may be closed at the initiative of the counterparty in the event that the underlying asset of the CFD is no longer trading;
- The client position may be closed at the initiative of the counterparty in the event that changes to the liquidity of the instrument in the market mean that risk cannot be properly hedged.

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 of the product at a very high level.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. You may be required to deposit additional funds. There is no capital protection against market risk, credit risk or liquidity risk. It is possible to lose all of the funds on your account.

Other risks materially relevant to CFDs

Market risk: You will be exposed to risks of price movement of the underlying assets.

Capital loss: CFD trading is an activity that carries a high risk to your capital.

Credit risk: In the unlikely event that Zenfinex were to become insolvent, we may be unable 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 we are unable to pay you'). The indicator shown above does not consider this protection.

Interest rate fluctuation risk: You will be exposed to risks of price movement of the underlying assets.

Liquidity risk: Lack of liquidity in the market to execute an order may result in Zenfinex ceasing to quote CFDs and/or ceasing to enter new CFD transactions.

Volatility risk: Markets for CFDs can be highly volatile. Sharp and sudden movements in the underlying asset's price, may result in substantial and magnified profit or loss to you,

Currency risk: It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Legal, regulatory and taxation changes risk: Changes in taxation and laws, fiscal, monetary and regulatory policies may have an adverse effect on the value of your CFDs.

Technical risk: There is a risk of your inability to access the trading platform computer-based systems are inherently vulnerable to disruption and failure.

Counterparty risk: CFDs are contracts with Zenfinex as your counterparty, exchange and clearinghouse rules and protections do not apply to trading the CFDs.

Forced closure risk: Zenfinex has the right to liquidate your positions without notice to you in the event of a margin deficiency following use of leverage.

Your maximum loss would be that you will lose all your investment.

Performance Scenarios

The scenarios shown illustrate how your investment could perform but they are not an exact indicator. 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. What you get will vary depending on how the market performs and how long you hold the CFD. What you get will vary depending on how the market performs and how long you hold the CFD. The stress scenario shows 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 below:

CFD on FX Pair (held intraday)		
FX pair opening price:	P	1.1900
Trade size (per CFD):	TS	1 lot (100,000)
Margin %	M	3.3 %
Leverage	L	1:30
Margin Requirement (\$):	$MR = P \times TS \times M$	\$3,927
Notional value of the trade (\$):	$TN = MR/M$	\$119,000

LONG Position Performance Scenario	Closing Price	Price Change	Profit/Loss
Favourable price	1.2050	1.26%	1,500
Moderate	1.1980	0.67%	800
Unfavourable	1.12	-5.88%	-7,000
Stress	1.055	-11.34%	-13,500

SHORT Position Performance Scenario	Closing Price	Price Change	Profit/Loss
Favourable price	1.1500	-3.36%	4,000
Moderate	1.1820	-0.67%	800
Unfavourable	1.2050	1.26%	-1,500
Stress	1.3500	13.45%	-16,000

The figures shown above are net values and do not include any of the additional costs shown below. 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 your return.

Negative Balance Protection

Our primary objective is our clients' interests and that is why with Zenfinex your balance will not go into negative. The trade out level on your account is in place to help ensure you do not lose more money than your deposit. As an added

safeguard, we offer Balance Protection Policy and will credit your account to a zero balance if your account goes into negative as a result of trading activity. The Balance Protection Policy applies across multiple accounts as well, therefore if you have a negative balance in your account and a credit balance in your second account then the credit balance will be used to offset the negative balance. This also applies to joint accounts, where each joint account holder will be responsible for a debit or credit available equally. The balance protection is open to all retail clients.

What happens if Zenfinex Limited is unable to pay

If Zenfinex is unable to meet its financial obligations to you, you may lose the value of your investment however, Zenfinex segregates all Retail Client funds from its own money in accordance with the UK FCA's Client Asset Rules. Zenfinex is a member of the UK's Financial Services Compensation Scheme ("FSCS"), which covers eligible investments up to £85,000 per person, per firm. See www.fscs.org.uk.

FSCS is a fund of last resort for customers of UK authorised financial services firms and provides protection if an authorised investment firm is unable to pay claims against it.

What are the costs?

Trading a CFD on an underlying FX pair incurs the following costs:

This table shows the different types of cost categories and their meaning		
One-off entry or exit costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
	Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged.
Ongoing costs	Daily holding cost	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it may cost.
Incidental costs	Distributor fee	We may from time to time, after informing you, share a proportion of our spread, commissions and other account fees with others including relevant distributors.

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 could be suitable for long-term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD on Forex at any time during market hours.

How can I complain?

Please address any expressions of dissatisfaction you may have to:

THE COMPLIANCE OFFICER
ZENFINEX LIMITED
4th Floor
4 Eastcheap
LONDON
EC3M 1AE

Or by email to: [UNITED KINGDOM
compliance@zenfinex.co.uk](mailto:compliance@zenfinex.co.uk)

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See <https://www.financial-ombudsman.org.uk> for further information.

Other relevant information?

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading. The key information document does not cover all information relating to this Product. Additional information about this product is available on our website – www.zenfinex.co.uk. The Legal Documents section of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.

RISK WARNING:

Trading Foreign Exchange and Contracts for Difference (CFDs) is highly speculative and may not be suitable for all investors. The company offers trading on margin. The leverage created by trading on margin can work against you as well as for you. Only invest with money you can afford to lose and ensure that you fully understand the risks involved. Seek independent advice if necessary and review our Risk Disclosure and Privacy Disclosure before opening an account. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Forex and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. The majority 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.