

Key Information Document (“KID”)

DETAILS OF THE COMPANY

LYKKE CYPRUS LTD, is registered at, 182 Ayias Fylaxeos, Kofteros Business Center, 1st Floor, Limassol, 3083, Cyprus and is authorized and regulated by the Cyprus Securities and Exchange Commission (license no. **.../18**). The Company passports its services to Countries in the EU subject to the provisions of the applicable European Union legislation.

SPECIFIC INVESTOR WARNING NOTICES

- This complex financial product;
- May lead to the sudden total loss of capital invested;
- May provide zero return;
- Is subject to the credit risk of the issuer – The Company
- Implies the incurring of costs, fees or charges;
- This is subject to any potential conflict of interests in the calculation agent's performance with the Company.
- Is not tantamount to the acquisition or initial transaction of underlying assets;
- The investor position may be closed at any time by the Company in certain situations;

TARGET MARKET FOR CONTRACTS FOR DIFFERENCES

CFDs are complex financial products in accordance with the applicable law. They are traded on an ‘over-the-counter (‘OTC’) basis and not through a regulated market. CFDs, which are agreements to exchange the difference in value of a particular underlying instrument between the time at which the agreement is entered into and the time at which it is closed, allowing the investors to replicate the economic effect of trading in particular currencies or other asset classes without requiring actual ownership. When trading CFDs there is no physical exchange of assets; therefore, financial settlement results from the difference at the time the position is closed and the price of the underlying asset (formulated by the Company) at the time the position is opened. The underlying assets of the CFDs fall under the following categories (i) forex, (ii) futures, (iii) shares, (iv) indices, (v) metals and (vi) energies. CFDs, allow investors to speculate on the short-term movements in the price of financial instruments. CFDs are speculative products and incorporate product features, such as leverage and automatic close-out.

When, how, under which circumstances and the consequences resulting from the investment ending or coming to an end:

The investment in a CFD ends with the closing of an investor's position. The closing of a position may occur:

- At any time, at the investor's initiative, provided the market for the underlying instrument is open, information on which can be found on the website;
- By the Company, when the investor's account balance falls below the required margin level for the specific trading platform.

Example: The required margin calculation for forex equals to the ‘Trade Size ÷ Leverage * account currency exchange rate’ (if different from the base currency of the pair traded). For example, trading 3 lots of EUR/USD using 1:200 leverage with an account denominated in USD, trade size: 300,000 and account currency exchange rate: 1.13798 would have a required margin of USD1706.97 calculated by $300,000 / 200 * 1.13798 = \1706.97 .

Financial Leverage

CFDs are leveraged financial derivative instruments, which allow the investor to obtain a higher exposure on an underlying asset compared by the investor's deposited capital. Initial margin is the amount required by the investor to open a certain position in CFDs and is expressed as a percentage of the nominal exposure. The lower the percentage the higher the financial leverage.

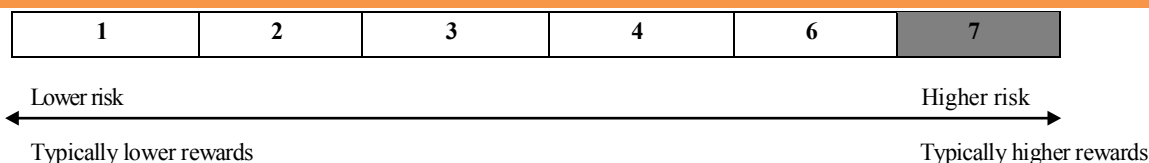
It is the responsibility of each investor to ensure the equity of the trading account and ensure that it is always greater or equal to the margin required for the open position in order to avoid force closure of any positions due to stop-out. All relevant information is clearly visible on the trading platform.

Underlying Assets

The value of a CFD (a financial derivative instrument), varies depending on the behavior of the underlying asset's price, so as to reflect the changes in the price of the underlying asset, at each moment. More specifically, the underlying of each type of CFD is as follows:

CFDs on shares and indices are affected by corporate events that cause an adjustment to the price of the relevant underlying asset (corporate actions), such as: (i) dividends, (ii) stock-splits, (iii) reverse stock-splits and (iv) rights issue. Dividends paid by companies are treated as if the investor was holding the actual share. Clients holding long positions on the ex-dividend date will receive a dividend in the form of a cash adjustment (deposit). Clients holding short positions on the ex-dividend date will be charged the dividend amount in the form of a cash adjustment (withdrawal).

RISK AND REWARD PROFILE



- **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.
- **Interest Rate Risk:** Investing in CFDs carries the risk resulting from adverse movements in interest rates, as these movements affect the investor when considering the swap rates related to open positions held overnight.
- **Foreign Exchange Risk:** Investing in CFDs, as with any financial instrument, involves exposure to currency risk because it is denominated in a particular currency and its appreciation or depreciation can affect the value of CFDs resulting in the significant or total loss, of the capital invested
- **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).
- **Legal and Compliance Risk:** Investing in CFDs may be subject to legal, regulatory and taxation rules consequently impacting the profitability of the CFD and/or position(s) of an investor in instances, for example, where there is an amendment to the law, including taxation and other applicable rules with implications for the return of the CFD.
- **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.*

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 on forex, metals, energies, equities, indices and futures 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: $\text{Swap} = (\text{one pip} / \text{exchange rate}) * (\text{trade size}) * (\text{swap value in points})$.

*Example: A position on a CFD held for more than one day may be debited (the investor has to pay the Company) an amount corresponding to the daily cost to maintain the position open ('swap rate'). The swap charges can be reviewed at <https://www.invest.com/terms-conditions>. CFDs do not confer any rights on the underlying assets.



Commissions: The Company charges commission on forex pairs.

We will charge a commission for each opening and closing trade on the simple platform. Unless otherwise agreed with you our commission is a fee as a % of notional traded for all underlying assets available.

Other possible charges: investors may also incur expenses relating to the deposit and withdrawal methods, which can be viewed here <https://www.invest.com/terms-conditions>.

Examples of Charges:

When holding a long position (buying a CFD), the price at the time the position closes, is lower than the price at the time the position was opened, which is automatically converted to the trading account currency; or

When holding a short position (selling a CFD), the price, at the time the position closes, is higher than the price at the time the position was opened, which is automatically converted to the trading account currency.

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.

SCENARIOS AND PROBABILITIES

Worst Case Scenario:

In a worst-case scenario, an investor may lose their entire invested capital, depending on the direction of the CFD. The investor's investment may imply losses that cannot be determined; the investor may lose all their equity. The Company offers Negative Balance Protection; thus an investor will not be liable for losses beyond the available amount in the investor's account. For instance, an investor may be in a worst position where:

- (i) a long position (buying a CFD) is open, and the price at the time the position closes is lower than the price at the time the position was opened; or
- (ii) short position (selling a CFD) is open and the price at the time of the position closes is higher than the price at which the position was opened.

Best Case Scenario:

In a best-case scenario, the outcome cannot be quantified as there are no upper limitations, however an investor may earn more than their initial investment, if the direction of the CFD is in their favor. An investor may be in a better position where for instance:

- (i) investor has a long position (buying a CFD), and the price at the time the position closes is higher than the price at the time the position was opened; or
- (ii) investor has a short position (selling a CFD) and the price at the time of the position closes is lower than the price at the time the position was opened.

The above are scenarios presented with no guarantee of same taking place.

This is an example graph showing possible profit (on the left) and loss (on the right).

DISTRIBUTION

Principal distributor, marketing and custody entity and calculation entity: LYKKE CYPRUS LTD, is registered at 182 Ayias Fylaxeos, Kofteros Business Center, 1st Floor, 3083, Limassol, Cyprus and is authorized and regulated by the Cyprus Securities and Exchange Commission (license no. .../18).

ASSESSING YOUR APPROPRIATENESS

We may make an initial assessment of your appropriateness to invest in such financial products based on the information you give us and based on the result of your tests. You should always make your own assessment of your appropriateness to trade with our financial products and services. You should carefully consider the features of our products and services and their significant risks before investing in them.

COMPLAINTS

If you have a complaint about any aspect of our service then we would like to hear from you. You can contact us by telephone or in writing, by post or fax on the details given below:

Telephone: +357 25 ... All calls will be recorded for compliance and training purposes

Fax: +357 25 ...

Email: support@lykke.com.cy

Address: 182 Ayias Fylaxeos, Kofteros Business Center, 3083, 1st Floor, Limassol, Cyprus

For further information please see our complaints handling procedure at:

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