

KEY INFORMATION DOCUMENT

CFD ETPs

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, costs, risks and rewards of this product and to help you compare it with other products.

PRODUCT

The Manufacturer of this product is Saxo Bank (Switzerland) Ltd. (hereinafter referred to as "Saxo Bank"). Contact us on +41 58 317 95 10 for more information. Saxo Bank is under the supervision of the Swiss Financial Market Supervisory Authority FINMA. This Key Information Document was revised on 28 February 2018.

WARNING

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

WHAT IS THIS PRODUCT?

TYPE

This is a 'Contract for Difference' ("CFD"). It allows you an indirect (also described as "synthetic") exposure to an underlying Exchange Traded Product (ETP). You will have no direct interest in the underlying ETP. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure.

ETPS (EXCHANGE TRADED PRODUCTS), IS THE UMBRELLA TERM USED FOR 3 PRODUCT SUBTYPES WITH DIFFERENT CHARACTERISTICS

ETFs = Exchange Traded Funds

An Exchange Traded Fund is an investment fund that trades on a stock exchange as a single security. It is designed to track an underlying benchmark. ETFs are open-ended, which means ETF shares can be created as necessary to meet demand. An ETF can track different asset types, i.e. Equities (incl. specific sectors or different regions or countries), Fixed Income, Commodities, Property, Volatility etc.

ETCs = Exchange Traded Commodities

Exchange Traded Commodities are debt securities that pay no interest. They are designed to give exposure to an individual commodity or a basket of commodities.

ETCs are subject to different regulatory treatment to ETFs, which allows them to offer investors exposure to a single or small number of commodities. ETCs are often backed by either the physical asset or a derivative that gives exposure to an asset.

ETNs = Exchange Traded Notes

ETNs are non-interest bearing debt securities that are designed to track the return of an underlying benchmark or asset. ETNs are generally issued by banks, hold no assets and are not collateralised. Apart from the fact that their yield references an underlying benchmark or asset, ETNs are similar to unsecured, listed bonds. As such, ETNs are entirely reliant on the creditworthiness of the issuing entity. A change in that creditworthiness might negatively impact the value of the ETN, irrespective of the performance of the underlying benchmark or asset. In extreme circumstances, default by the issuer would leave the investor to claim as an unsecured creditor against the issuing entity.

Exchange Traded Products – comparison table

ETP subtype	ETF	ETC	ETN
Security type	Collective investment vehicle	Debt security	Debt security
Issuer credit risk	Limited	Limited	Yes
Governed by UCITS	Yes (within EU)	No	No

Besides the differences between the three ETP sub-types, it is important to note that some ETPs are leveraged, meaning that the issuer uses financial instruments or borrow money to increase the potential return of an investment. Also, some ETPs are inverse (often referred to as "Short" or "Bear"), meaning that they seek to track the inverted return of the underlying.

Visit [our website](#) for further information in relation to the CFD on ETPs available.

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CFD ETPs

OBJECTIVES

The objective of trading a CFD is to gain exposure to movements related to a financial product, benchmark or instrument without owning it. Your return depends on the size of the performance (or movement) of the underlying instrument and the size of your position. For example, if you believe the value of an ETP is going to increase, you would buy a number of CFDs ("going long"), with the intention to later sell them when they are at a higher value. The difference between the buy price and your subsequent sell price would equate to your profit, minus any relevant costs (detailed below). If you think the value of an index is going to decrease, you would sell a number of CFDs ("going short") at a specific value, expecting to later buy them back at a lower value than you previously agreed to sell them for, resulting in Saxo Bank paying you the difference, minus any relevant costs (detailed below). However, if the underlying instrument moves in the opposite direction, and your position is closed, you would owe Saxo Bank for the amount of loss you have incurred (together with any costs). This product is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure. Please note that margin trading requires extra caution, because whilst you can realise large profits if the price moves in your favour, you risk extensive losses if the price moves against you.

More information about margin trading can be found [here](#) and on our [website](#).

INTENDED RETAIL INVESTOR

Trading in this product will not be appropriate for everyone. The product would most commonly be utilised by persons who want to generally gain short term exposures to financial instruments/markets; are using (trading with) money which they can afford to lose; have a diversified investment and savings portfolio; have a high risk tolerance; and understand the impact of and risks associated with margin trading.

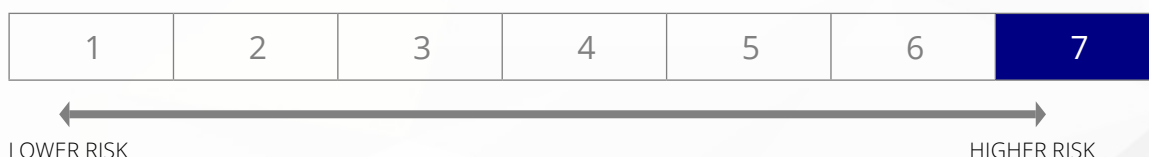
TERM

CFDs are ETPs are execution only products and generally therefore have no fixed or suggested maturity date. It is up to you to open and close your position, however your position will only be kept open to the extent that you have available margin.

Specific information on each underlying investment option can be found [here](#).

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 at a very high level. Be aware of currency risk. You may receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. In some circumstances you may be required to make further payments to pay for losses. Trading risks are magnified by leverage – the total loss you may incur may significantly exceed the amount invested. Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, Margin calls may be made quickly or frequently, and in the event of default, your positions may be closed. Trade only after you have acknowledged and accepted the risks. You should carefully consider whether trading in leveraged products is appropriate for you.

PERFORMANCE SCENARIOS

There are a number of types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Information on factors that affect the performance of this product are detailed [here](#) - including but not limited to:

- Leverage risk
- Risk of unlimited loss
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest

Specific trading examples in this product can be found [here](#).

KEY INFORMATION DOCUMENT

CFD ETPs

WHAT HAPPENS IF SAXO BANK IS UNABLE TO PAY OUT?

Like any bank or securities dealer in Switzerland, Saxo Bank is required to sign the Agreement by Swiss Banks and Securities Dealers on Deposit Insurance and as such is a member of esisuisse.

HOW DOES DEPOSIT INSURANCE WORK?

When FINMA initiates liquidation proceedings against a bank or securities dealer in the event of its insolvency, the available liquid assets of the financial institution are used for the immediate payment of preferential deposits (immediate payment). The deposit insurance (esisuisse) is set in motion if the available liquid assets are not sufficient to immediately repay the protected client deposits. esisuisse will make the funds available to ensure that the assets that are protected in the event of insolvency can be paid out by the statutory deadline, irrespective of the state of the financial institution's assets. esisuisse requests the required funds from its members and forwards these to FINMA or the liquidator appointed by FINMA within 20 working days. The funds are then transferred according to your instructions.

WHICH DEPOSITS ARE PAID OUT IN THE EVENT OF INSOLVENCY?

Preferential deposits - In the event of insolvency, deposits of up to CHF 100,000 per depositor and financial institution are given preferential treatment. Preferential treatment means that these deposits are assigned to the second creditor class. This is an important advantage when it comes to distributing the institution's liquidity, as first and second-class creditor claims are paid out before third-class claims.

Protected deposits - esisuisse protects preferential deposits held with a Swiss branch of up to CHF 100,000 per client, per financial institution in the event of insolvency and if the institution would be unable to repay the client deposits. As such, these deposits enjoy the advantage of preferential repayment as well as protection by esisuisse.

Securities - Securities deposited with a financial institution do not fall under the deposit insurance, as they are merely held in custody by the financial institution. In the event of an insolvency, they are separated out and placed directly at the disposal of the client.

WHO ENJOYS PROTECTION BY ESISUISSE?

All legal and natural persons (with the exception of financial institutions) with deposits at branches of banks or securities dealers in Switzerland, regardless of whether the person is resident in Switzerland or another country.

All relevant information on the deposit insurance can be found at www.esisuisse.ch.

WHAT ARE THE COSTS?

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

For more information please visit our [website](#).

THIS TABLE ILLUSTRATES THE DIFFERENT TYPES OF COSTS FOR CFDS ON ETPS

One-off costs	Commission	The fee charged for the service of carrying out the transaction.
	Minimum Commission	The minimum fee charged for the service of carrying out the transaction.
	Currency Conversion Fee	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Overnight Financing	If you hold a long or a short position open after the market close, you will be subject to an Overnight Financing charge.
	Borrowing costs (Short position only)	If you hold a short CFD ETP positions overnight you may be subject to a borrowing cost. The cost is dependent on the liquidity of the Stocks and may be zero (0) for high liquidity
Incidental costs	–	–

KEY INFORMATION DOCUMENT

CFD ETPs

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

Recommended holding period: NO RECOMMENDED HOLDING PERIOD

CFDs on ETPs has no recommended holding period. Provided that Saxo Bank is open for trading you can enter and exit positions at any time.

HOW CAN I COMPLAIN?

If you as a client or a prospective client of Saxo Bank have raised a question or an issue with Saxo Bank for instance with your account manager or another employee of Saxo Bank without receiving a satisfactory answer you may file a complaint with Saxo Bank as per below. If the person advising or selling to you is not Saxo Bank directly, please contact this person directly.

By mail to: Saxo Bank (Switzerland) Ltd., attn: Complaints, Beethovenstrasse 33, 8002 Zürich, Switzerland
or by e-mail to: complaints@saxobank.ch

If you are not satisfied with the response to your complaint, you may file a complaint directly with the Swiss Banking Ombudsman, Bahnhofplatz 9, P.O. Box, 8021 Zurich, Switzerland.
www.bankingombudsman.ch

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