

**CFD ON COMMODITIES**  
**KEY INFORMATION DOCUMENT**

**PURPOSE**

This document provides Clients with key information about this investment product. It is not marketing material.

The information is required by law to help Clients understand the nature, risks, costs, potential gains and losses of this product and to help Clients compare it with other products.

**PRODUCT**

**Product Name** *CFD on Commodities*

Product manufacturer VPR Safe Financial Group Limited ("Alvexo")n herein the "Company", authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC) with CIF license number 236/14 and company registration number HE 322134, located at 1, Agias Fylaxeos Street, 3025 Limassol, Cyprus.

**Further information**

Clients can find more information about the Company's products on the Company's website <https://www.alvexo.com/>

This document was last updated on **October 2018**.

**RISK WARNING**

The Company's service includes products that are traded on margin and carry a risk of losses in excess of Clients deposited funds. The products may not be suitable for all investors. Investors need to ensure that they fully understand the risks involved.

**WHAT IS THIS PRODUCT?**

**Type**

This product is a 'Contract for Difference on Commodities' ("CFD on Commodities").

CFDs on Commodities are over-the-counter products which reflect the price of the underlying asset. Spread may vary depending on the market conditions. Margin required to open the position is fixed for each CFD on Commodities.

The Company offers trading opportunities on many different CFDs on Commodities.

Clients can visit the Company's [website](#) for information on the CFDs Commodities available to trade with the Company.

### ***Objectives***

CFDs are derivative financial instruments. A CFD is an agreement between two counterparties to exchange the price difference of a specific underlying instrument for the time period the deal was opened.

CFDs are leveraged products and are traded not on an exchange basis but Over-The-Counter (OTC) and there is no central clearing of the transactions. The Company is the principal to the execution of client's trades. CFDs on Commodities, have different underlying assets (e.g. Brent, Sugar11, Coffee etc.).

A CFD is a speculative instrument and while trading CFDs with different underlying assets, the trader does not become the owner of this asset. CFD pricing reflects the pricing of the underlying assets received by the Liquidity Providers. Long position means buying the instrument with the expectation for its value to rise. Short position suggests selling the asset expecting its value to decrease.

CFDs are speculative products which are traded with leverage and are not appropriate for all investors. CFDs, are leveraged products where most of them mature when the client chooses to close an existing open position. Positions may also be closed due to margin calls/ stop outs. Information on margin calls/ stop out per account can be accessed on the Company's website. Moreover, in case where the Company intends to remove the availability of a CFD, it shall inform you (i.e. the Client) in order to close any open positions until a specific deadline. If the Client does not close the position by the said deadline, the Company has the right to close any open positions on his behalf. By investing in CFDs, the Client assumes a high level of risk which can result in the loss of all of their invested capital.

Trading in CFDs carries high level of risk and thus can generate great profits as well as great losses. Clients should never invest more than what they are willing to lose, as it is possible to lose their initial investment.

Unless investors know and fully understand the risks involved in CFD trading, they should not engage in any trading activity.

Investors should consider whether CFDs are appropriate for them according to their financial status and goals before trading. If Clients do not have enough knowledge and experience to trade, the Company suggest Clients to seek independent advice before they invest. If Clients still don't understand these risks after consulting an independent financial advisor, then they should refrain from trading at all. Trading in CFDs comes with a significant risk of losses and the investment value can both increase and decrease. CFDs require constant monitoring and may not be appropriate for persons who cannot devote time in this respect.

Prior to commencing trading in CFDs it is prudent for all investors to consult with this KID and evaluate whether trading in CFDs is appropriate for them.

### Intended Retail Investor

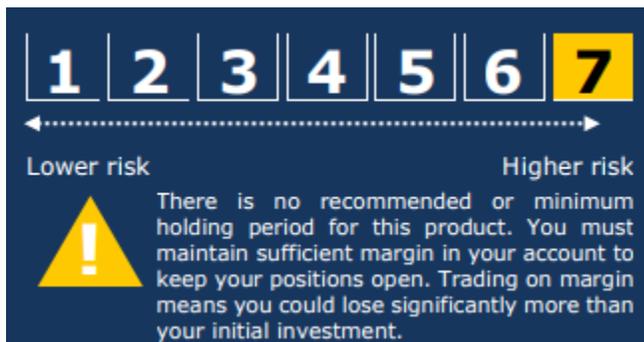
Trading these products will not be appropriate for everyone. These products should be used by persons who:

- (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.

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

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

#### Risk Indicators



The summary risk indicator is a guide to the level of risk of these products compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Company is not able to pay the Client. The Company has 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. Clients need to be aware of currency risk. Clients may receive payments in a different currency, so the final return the client will receive depends on the exchange rate between the two currencies.

For example, Clients maintaining a trading account in Euros and trading in CFDs that are not priced in Euros are subject to foreign exchange risks and may be affected in fluctuations of the underlying currencies. This risk is not considered in the indicator shown above.

In some circumstances Clients may be required to make further payments to pay for losses. Trading risks are magnified by leverage – the total loss Clients may incur, is losing all their invested funds.

Margin can be thought of as a good faith deposit required to maintain open positions. This is not a fee or a transaction cost, it is simply a portion of your account equity set aside and allocated as a margin deposit. Margin requirements (per 1 Contract for CFD's) are determined by taking a percentage of the notional trade size plus a small cushion. A cushion is added to help alleviate daily/weekly fluctuations.

The Company's margin Requirements are updated monthly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets. Current margin requirements will differ depending on account type.

Margin Call's will occur when the equity of the account falls below the required margin. Depending on your account type and/or trading platform a margin call may liquidate all open the positions on your account or may only close specific positions.

The Company processes all liquidations for CFD products automatically, for more information on how Margin Calls work.

The Company aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of limited liquidity.

During periods such as these, your order type quantity demanded, and specific order instructions can have an impact on the overall execution you receive.

CFD trading is decentralised and pricing will vary from broker to broker. The Company's Commodities are not listed on any exchange, and the prices and other conditions are set by the Company in accordance with our best execution policy. CFD contracts can be closed only with the Company, and are not transferable to any other provider. If you have multiple positions your risk is cumulative and not limited to one position.

The Company offers Negative Balance Protection to its Clients, meaning that they will never be in a position to lose more funds than the amounts invested with the Company. In case the account balance of a Client enters in the negative territory for example due to a gap in the market, this amount will not be requested by the Company, and the Client's account will be brought back to zero (0).

Prior to any trading client should trade only after they have acknowledged and accepted the risks. Clients should carefully consider whether trading in leveraged products is appropriate for them.

## Performance Scenarios

The performance scenarios represent general situations of changes in the prices of CFDs in Commodities and their impact on the return of the Client's investment in monetary and percentage terms. These scenarios are general and applicable to the range of commodities offered by the Company.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What Clients may get will vary depending on how the market performs and how long they keep the investment/product. The stress scenario shows what Clients might get back in extreme market circumstances, and it does not take into account the situation where the Company is unable to pay you.

### Example:

Trading on Brent future contract:

Volume in Lots = 1

Contract Size = 1,000

Open Price = 76.00 USD

Margin Percentage: 500%

Account Leverage = 1:50

$$\frac{(Volume\ in\ Lots) * (Contract\ Size) * (Open\ Price)}{\frac{Account\ Leverage}{Margin\ Percentage/100}} = \frac{1 * 1,000 * 76}{\frac{50}{500/100}} = 7,600\ USD$$

## WHAT HAPPENS IF ALVEXO IS UNABLE TO PAY OUT?

If the Company is unable to meet its financial obligations to its Clients, this could cause Clients to lose the value of any CFD's they have with the. The Company segregates Clients funds from its own money in accordance with the CySec's Investors Compensation Fund. Should segregation fail Clients that are classified as RETAIL, their investments are covered by the Investors Compensation Fund which covers eligible investments up to €20,000 per person, per firm.

## WHAT ARE THE COSTS?

Costs of execution must be taken into consideration when Clients are planning their trading activity. The Company offers a set of accounts where transaction costs differ between them. Please visit the Company's [website](#) for further information.

The Company's cost consist of One-Off costs and on-going costs as presented below:

<p><b>One-off Costs</b></p>	<p><b>Entry and Exit Costs</b></p> <hr/> <p><b>Currency Conversion Rates</b></p>	<p><b><u>Spread</u></b></p> <p>Spread is the difference, usually indicated in pips, between the Bid and Ask price. The Spreads values vary for different accounts as well as depend on the instrument traded.</p> <p>The spread can be either floating or fix, depending to the account's type. In case of floating spread, the spread might increase or decrease, depending on the market conditions.</p> <p>Spread is a cost presents both at entering and exiting a trade, and it applies to all the accounts.</p> <p>All the minimum and typical spreads for each CFD are reflected at the Company's <a href="#">website</a>.</p> <p><b><u>Commissions</u></b></p> <p>Commissions are only charged on ECN account types at entry. The amount of the commissions are based on the asset and the account type, hence, the commissions might vary from asset to asset and from account type to account type.</p> <hr/> <p>Investing in CFDs with an underlying asset listed in a currency other than your account type base currency entails a currency risk, due to the fact that when the CFD is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.</p>
<p><b>Ongoing Costs</b></p>	<p><b>Overnight Financing</b></p>	<p><b><u>Swaps</u></b></p> <p>Swap is the fee for keeping the position opened over the night. The swap can be positive or negative depending on the instrument.</p> <p>Swap Values can be found on <a href="https://www.alvexo.com/trading-specifications">https://www.alvexo.com/trading-specifications</a></p>

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

- Clients can open and only exit any trades, during the trading hours of the market of the underlying instrument being made available on the Company's Website.
- Clients can request to withdraw their funds at any time. The Company will process withdrawal requests within 24 hours irrespective of payment method. Minimum withdrawal amounts apply, depending on the mode of remitting funds to you (between USD 5- USD 100). The Company will not charge any withdrawal fees, although some banks may charge transaction fees.

#### **HOW CAN I MAKE A COMPLAINT?**

In case a Client is dissatisfied by the services provided by the Company, they must address any complaints to the Company's Compliance Department by filling out the [following form](#) and submitting it to the Company via email at: [compliance@alvexo.com](mailto:compliance@alvexo.com)

If Clients do not feel their complaint has been resolved satisfactorily, they are able to refer their complaint to the Financial Ombudsman Service (FOS). See [www.financial-ombudsman.gov.cy](http://www.financial-ombudsman.gov.cy) for further information.

#### **OTHER RELEVANT INFORMATION**

Clients should ensure to read the Company's Term and Conditions, Best execution policy and risk warning notice displayed in the legal section of the website, at the Legal Documentation page on our website. Such information is also available on request.