

**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.eu/>

This document was last updated on **February 2020**.

**RISK WARNING**

The Company's service includes products that are traded on margin and carry a risk of losses amounting up to the total 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

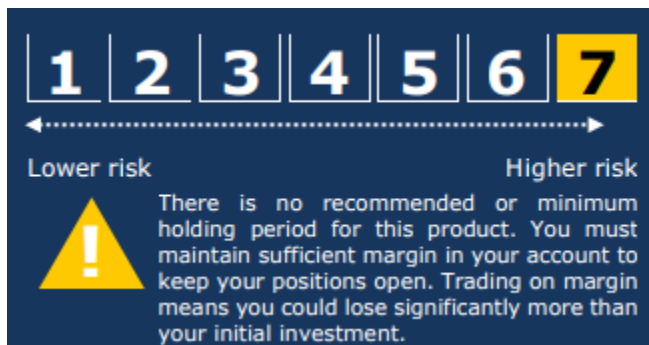
Trading these products will not be appropriate for everyone. These products should be used by persons who:

- (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 decentralized 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

This key information document is not specific to a particular product. It applies to any Commodities instrument. For each trade Clients enter will be responsible for choosing the instrument, when they open and close, the size (risk) and whether to use any risk mitigation features (such as stop loss orders).

The scenarios shown illustrate how your investment could perform. 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, and are not an exact indicator. Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns.

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.

<b>COMMODITY CFD INTRADAY (OPENED AND CLOSED WITHIN THE SAME DAY)</b>		
<b>Account currency</b>		USD
<b>Commodity opening price</b>	P	74.25
<b>Type of order (Buy/Sell)</b>	B/S	BUY
<b>Trade Size (Per CFD)</b>	TS	20.00
<b>Margin</b>	M	10%
<b>Leverage</b>	L	1:10
<b>Margin Requirement</b>	$MR = P * TS * M$	\$148.50
<b>Notional Value of Contract</b>	$MV = P * TS$	\$1485
<b>Client's equity</b>		\$148.50
<b>Overnight fee</b>	OF	1.27

<b>Scenarios</b>		<b>Actions taken on position</b>	<b>Results</b>
<b>Favorable Scenario A:</b> <i>The sell price increases and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed the same day at a sell price of 74.95	\$14 (9.4%)
<b>Favorable Scenario B:</b> <i>The sell price increases and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed after 2 days at a sell price of 75.34	\$19.26 (13%)  Details: \$21.8 profit -\$2.54 overnight fee

<b>Moderate Scenario A:</b> <i>The sell price falls and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed the same day at a sell price of 73.96	-\$5.8 (-3.9%)
<b>Moderate Scenario B:</b> <i>The sell price falls and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed the next day at a sell price of 73.89	-\$8.47 (-5.7%)  Details: -\$7.2 loss -\$1.27 OF
<b>Unfavorable Scenario A:</b> <i>The sell price falls and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed the same day at a sell price of 73.01	-\$24.8 (-16.7%)
<b>Unfavorable Scenario B:</b> <i>The sell price falls and you close your position the same day</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed the next day at a sell price of 72.88	-\$28.67 (-19.3%)  Details: -\$27.4 loss -\$1.27 OF
<b>Stress Scenario A:</b> <i>The sell price falls rapidly which resulted the equity to margin level to fall below 50%, therefore your open position is automatically closed by our system</i>	What will you lose (after costs) and the percentage of loss on the initial margin	Closed intra-day on close out by our system at the price of 66.82	-\$148.50(-100%)
<b>Stress Scenario B:</b> The sell price falls and your position is closed on close out at 50%	What will you lose (after costs) and the percentage of loss on the initial margin	Closed intra-day at a sell price of 70.53	-\$74.25 (-50%)

*\*Under the stress scenario the losses of the client are limited to the initial account margin, due to Negative Balance Protection.*

#### 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 Company. 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.



- 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.