

**Key Information Document****CFDs on Commodities****Purpose**

This document provides you with key information about this investment product and is applicable for Retail investors. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product and to help you compare it with other products.

**Product****Contract for Difference ("CFD") on a Commodity**

Octa Markets Cyprus Ltd, the Manufacturer of this Product, is a company registered in Cyprus, Company Registration number: HE 359992, authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC), under the license number 372/18.

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**Alert**

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

**What is this product?****Type: Contract for Difference on a Commodity**

Trading Contracts for Difference (CFDs) on a Commodity allows an investor to speculate on the price movement of an underlying Commodity (i.e. Energy). By trading on CFDs on Commodities, the investor will not take delivery of the Commodity at any point during the duration of the trade. An investor has the choice to buy a CFD (go "**long**"), to benefit from rising Commodity prices; or to sell a CFD (go "**short**") to benefit from the falling Commodity prices. The price of a CFD on a Commodity is derived from the price of the underlying Commodity, which may be either the current cash price or the future price. The maximum leverage offered for CFDs on Commodities other than Gold, is 10:1.

**Objectives:**

The objective of the CFD on a Commodity is to allow an investor to gain or lose through leveraged exposure to the movement in the value of the underlying Commodity. 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. For example, if you buy 1 lot of a CFD on XBR/USD (Brent Crude Oil) with an initial margin amount of 1% and an underlying Brent Crude Oil price of 50 USD, the initial investment will be 500 USD ( $1\% \times 1.000 \times 50$ ). The effect of leverage, in this case 1:100 (1/0,01), has resulted in a notional value of the contract of 50.000 USD ( $1.000 \times 50$  USD). Therefore, for any change of 1-point in the price of the underlying Commodity the value of the CFD will also change by 10 USD (either up or down). If the market increases in value, 10 USD profit will be made for every 1-point increase in the market. However, if the market decreases in value, 10 USD loss will be made for every 1-point decrease in the market.

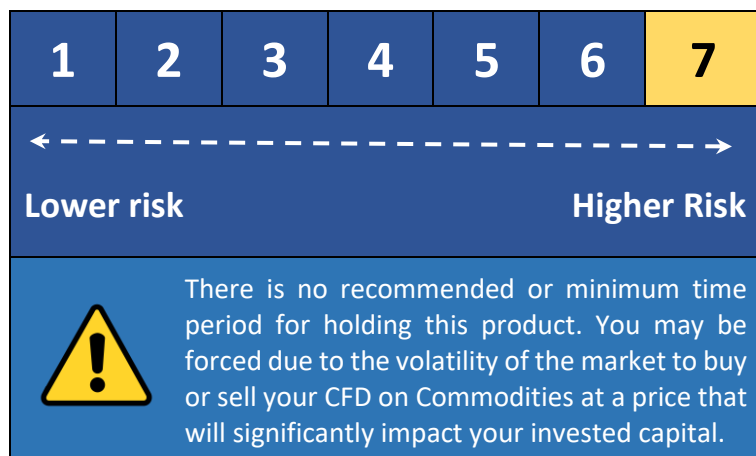
**Intended Retail Investor:**

CFDs on Commodities are intended for investors who have knowledge and experience with leveraged products, i.e. Investors who comprehend the key concepts of margin, leverage, and the risks of loss, and who have the financial means and ability to bear losses in excess of their initial invested amount. CFDs on Commodities are also intended for investors with high risk tolerance that intend to use the products for short-term speculative trading.

## What are the risk and what could I get in return?

### Risk Indicator

The summary risk indicator shows the risks of entering CFDs on Commodities as compared to other products.



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 “**high**” risk class. This is due to the high likelihood of losing your entire investment and facing losses that can exceed your account balance (in this scenario **Octa Markets Cyprus Ltd will offset any negative balances** capping your maximum loss to the amount of your account). **Octa Markets Cyprus Ltd applies negative balance protection** in order to ensure that the company’s clients will not face any additional charges beyond their invested capital. Therefore, Octa Markets Cyprus Ltd complies with the Administrative Act of 8<sup>th</sup> of May 2017 of the German Federal Financial Supervisory Authority (BAFIN).

A CFD on Commodity product does not protect you against any adverse future market performance. Spreads may vary and the underlying market may be subject to high volatility that can generate losses rapidly. A CFD on Commodities is a leveraged product, requiring only a proportion of the notional value of the contract to be deposited as initial margin. Using leverage, you gain larger exposure to a financial market by tying up only a relatively small amount of your capital. Trading with leverage can magnify both the profits and losses you make in relation to the investment.

### Be aware of currency risk

You may buy or sell CFDs on Commodities in a currency which is different to the currency that your account is denominated in. The final return you will get depends on the exchange rate between the two (2) currencies (i.e. conversion of profit/loss quoted in the quote currency into the currency in which your account is denominated). This risk is not considered in the indicator displayed above.

### Performance Scenarios

The scenarios shown below 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 and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product.

The table below shows the money you could get back under different scenarios, if you buy 1 lot of CFD on XBR/USD (1 lot = 1000 Barrels), at the market price of 50 USD and your position is closed on the same day. The Leverage used is 10:1, i.e. 10% initial margin requirement. The Margin Requirement calculation shall be as follows: Opening Price (50 USD) x Contract Size (1.000) x Margin Percentage (0,1) x 1 Lot (Volume Size) = USD 5000. The Notional Value of the trade is calculated as follows: Margin Required (USD 500) / Margin Percentage (10%) = USD 5.000.

Long Performance Scenario	Closing Price	Price Change	Profit/Loss in USD
Favourable	50,75	1,5 %	(50,75 - 50) x 1.000 = <b>750 Profit</b>
Moderate	50,25	0,5 %	(50,25 - 50) x 1.000 = <b>250 Profit</b>
Unfavourable	49,25	- 1,5 %	(49,25 - 50) x 1.000 = <b>- 750 Loss</b>
Stress	47,50	- 5 %	(47,50 - 50) x 1.000 = <b>- 2.500 Loss</b>

**Note:** 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. Actual returns could be lower.

## What happens if Octa Markets Cyprus Ltd is unable to pay out?

If Octa Markets Cyprus Ltd is unable to meet its financial obligations to you, all eligible claimants' losses will be covered by the Investor Compensation Fund ("ICF"), up to investments of €20.000 per investor. For more information refer to CySEC website at <https://www.cysec.gov.cy/en-GB/complaints/tae/information/>.

## What are the costs?

One-off costs	Spread	The spread cost is the difference between the buy and the sell price. This cost is realized every time you open and close a trade (Entry and Exit Spread). As spreads are variable the size of the spread can be different when opening and closing a trade. To observe the spread levels for all financial instruments, please visit the following link: <a href="https://www.octafx.eu/trading-specifications/">https://www.octafx.eu/trading-specifications/</a> .
	Profit Mark-Up	It is the Profit Mark-Up which the Company adds on the Raw Spreads received by the Price Feeder or the Liquidity Provider for the Market Maker or the STP (Straight-Through Processing) model, respectively. It is measured between 0 to 40 points (10 points equal to 1 pip).
	Currency Conversion	A currency conversion fee will be charged each time for converting any realized profits, losses and/or other fees that are denominated in a different currency to the Base Currency of your trading account. Currency conversion fee is inclusive in the 3-Days fee.
Ongoing Costs	3-days Fee (Open positions Financing cost)	<p>For every third night that a position is held open, a fee charge is subtracted from your account. The longer the position is held, the more the costs will accrue. Assuming one (1) lot in XBR/USD, either long (buy) or short (sell):</p> <ul style="list-style-type: none"><li>MT5 Trading Platform: XBR/USD (1 Lot) = - 40 USD</li></ul> <p>You may observe the different applicable 3-days Fee per symbol on our website.</p> <ul style="list-style-type: none"><li>For MT5 Accounts, at <a href="https://www.octafx.eu/trading-specifications/">https://www.octafx.eu/trading-specifications/</a>.</li></ul>
Incidental Costs	N/A	N/A

## How long should I hold it and can I take money out early?

CFDs on Commodities are generally intended for short-term trading. Nevertheless, a position can be held for any duration, i.e. intra-day or for a longer period. The spread costs are not correlated to the duration of the CFD on Commodities trade; however, the 3-days fee charges are applied every third (3<sup>rd</sup>) night the position is carried over. The position can be closed anytime during the hours that the market is open.

## How can I complain?

Should you wish to submit an official complaint, you should duly complete, sign and submit the complaints form that can be found in our website:

[https://www.octafx.eu/files/pdf/Complaints\\_Procedure\\_Complaints\\_Form.pdf](https://www.octafx.eu/files/pdf/Complaints_Procedure_Complaints_Form.pdf),

or via email to [complaints@octafx.eu](mailto:complaints@octafx.eu).

If you do not feel your complaint has been resolved satisfactorily, you can refer your complaint to the Cyprus Financial Ombudsman Service (FOS). Please, visit: <http://www.financialombudsman.gov.cy> for further information.

## Other relevant information

For further information on CFDs on Commodities, please refer to our website <https://www.octafx.eu/trading-specifications/>.