KEY INFORMATION DOCUMENT – CFDS ON CURRENCIES

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, high risks, costs, potential gains and losses of this product and to help you compare it with other products.

CFD's are offered by CTS Cloud Trading Solutions Ltd, previously registered as Novox Capital Ltd, (the "Company", "CTS" "we" or "us"), registered in the Republic of Cyprus, with registration number HE292182 The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 224/14. For further information please go to www.cloud-trading.eu

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

What is this product?

Type

This investment product is a Contract for Differences ("CFD"). A CFD is an Over the Counter ("OTC") leveraged financial instrument and its value is determined based on the value of an underlying asset. The investor makes a profit or a loss on the CFD based on the direction chosen (Buy or Sell) and the direction of the value of the underlying asset. The CFD is settled in cash only and the investor has no rights whatsoever on the actual underlying asset.

A currency pair (e.g., EUR/USD) involves the simultaneous buying and selling of currency. The first currency in a pair is known as base (EUR), and the second (USD) is known as quote. An investor has the choice to buy (or go "long") the base currency if they think the price of the base currency will rise in relation to the quote currency; or to sell (or go "short") the base currency if they think the price of the quote currency will rise in relation to the base currency. Prices are determined in interbank transactions whereby banks will quote prices of one currency against the other between each other. Prices of this specific investment product may be obtained either by liquidity providers who obtain such prices from market data aggregators or directly from market data aggregators who collect data from interbank transactions producing a market price for each currency against the other.

CFDs are leveraged products and leverage is customized and set by the client, subject to leverage restrictions for retail clients set by legislation. At the end of the day any open positions are rolled over and charged a daily swap fee. Please note that margin trading requires extra caution, because whilst you can realize large profits if the price moves in your favour, you risk extensive losses if the price moves against you. Failure to deposit additional funds in order to meet the maintenance margin requirement as a result of a negative price movement may result in the CFD being auto closed. This will occur when your remaining account equity falls below the maintenance margin requirement. However, you cannot lose more than your investment as this product is protected from negative equity. CFDs do not have a pre-defined maturity date and are therefore open-ended. CTS reserves the right to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying currency pair (whether up or down), without owning the physical currency pair. 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 and is one of the key features of trading CFDs. Specific trading conditions can be found on www.cloud-trading.eu

In order to purchase the specific CFD, the investor must have sufficient margin in their account. For example, required margin is 1%. This means that in order to open a transaction of EUR 10,000 (deal size), the investor will need to have a minimum margin of EUR 100 in their account. This represents a leverage of 1:100. Margin requirements may be decreased at the investor's request, subject to fulfilment of certain criteria and within limits allowed by Law, whereas margin requirements may be increased at the Company's discretion in cases of extreme market volatility.

CFDs in general do not have a recommended holding period and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

The profit or loss is determined according to the following formula:

For Buy (Long) positions: Deal size (in units of base asset) x [Close Bid – Open Ask] = P/L (in units of the other asset)

For Sell (Short) positions: Deal size (in units of base asset) x [Open Bid – Close Ask] = P/L (in units of the other asset)

P/L from closed positions is then converted into the base currency of the client's account, if different. This is done based on the relevant Bid/Ask rate of the two currencies at the time the position is closed.

The P/L is also affected by fees charged by CTS as detailed below.

The P/L is calculated by, and shown on, the trading platform on a continuous basis, and losses on the positions will affect the investor's margin. Should the investor's margin reach 0 (zero), all investor's positions will automatically close which means that the investor will realize the losses. Therefore, it is important to maintain such level of margin to support the investor's open positions.

Polish residents only: In accordance with KNF requirements, should the client's exposure coverage [% of Equity / Net Exposure] reach 0.8 %, all client's positions will automatically close which means that the client will realize the losses.

Intended Retail Investor

CFDs are intended for investors who wish to make directional transactions and take advantage of short-term price movements in the rates of currencies and can sustain the risk of loss of their entire investment amount within a short period of time. Those investors have knowledge of, or are experienced with, leveraged products and have a full understanding on how the prices of CFDs are derived as well as the key concepts of margin and leverage.

What are the risks and what could I get in return?

Risk indicator

1	2	3	4	5	6	7

Low Risk High Risk

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 of the product at a very high level.

This risk indicator assumes that you keep the product for up to 24 hours. You may not be able to end the product easily or you may have to end at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to end the product at a desired price due to unavailability of such price in the market. CFDs are OTC products and cannot be sold on any exchange, MTFs or other trading venue. There is no capital protection against market risk, credit risk or liquidity risk.

CFDs may fluctuate significantly in a short period of time. If the change in price is against the direction chosen by the investor, then the investor can experience significant losses over a short period of time up to a maximum of the amount held as margin in the client's account. However, the investor will never owe to the Company any amount in excess of the available funds in the account due to the contractual "Negative Balance Protection". Market conditions may mean that your CFD trade is closed at a less favourable price, which could significantly impact how much you get back.

Be aware of currency risk. It is possible to buy or sell CFDs on a currency pair in a currency which is different to the currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Leveraged trading magnifies the losses of price movements and failure to deposit additional funds may result in the CFD being auto closed. You are also subject to risks related to internet failures, communications failures and delays or account password theft. Market prices of cryptocurrencies are subject to extreme market movements.

This product does not include any protection from future market performance <u>so you could lose some or all of your investment</u>.

If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

Performance scenarios (assuming no Overnight Financing effects)

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. 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 consider the situation where we are not able to pay you.

The following assumptions have been used to create the scenarios in the Table below ("long" direction, EUR account currency):

Currency pair CFD (held intraday)							
EUR/USD pair opening price:	P	1.25000					
Trade size (per CFD):	TS	1 lot = 100,000 EUR					
Margin %:	M	1%					
Margin Requirement (EUR):	MR = P x TS x M	1,000					
Notional value of the trade (USD):	TN = MR/M x P	125,000					
LONG Performance scenario	Closing price	Price change	Profit/Loss (USD)	SHORT Performance scenario	Closing price	Price change	Profit/Loss (USD)
Favourable	1.87500	50%	62,500	Favourable	0.62500	-50%	62,500
Moderate	1.37500	10%	12,500	Moderate	1.12500	-10%	12,500
Unfavourable	1.12500	-10%	-12,500*	Unfavourable	1.37500	10%	-12,500*
Stress	0.62500	-50%	-62,500*	Stress	1.87500	50%	-62,500*

***The loss is restricted to zero account balance as we offer negative balance protection. Under the stress scenario your position will be automatically closed when your loss is at EUR 500 which is the level at which equity falls below 50% of your used margin (here, loss/MR); however, due to extreme market movements the next best available price could be such that you suffer the loss indicated above**

French residents only – In accordance with AMF requirements, all CFD have an intrinsic protection and will be closed when losses reach the required margin for opening the position.

The figures shown include all the costs of the product itself. If you have been sold this product by someone else or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not consider your personal tax situation, which may also affect how much you get back.

What happens if CTS is unable to pay out?

Should CTS Cloud Trading Solutions Ltd become insolvent and is unable to pay out to its clients, retail clients may be eligible to compensation of up to EUR 20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission.

What are the costs?

CTS charges a spread when an investor buys a CFD. A spread is the difference between the Sell ("Bid") and Buy ("Ask") price of the CFD which is multiplied by the deal size. The spread per each underlying asset can be found on www.cloud-trading.eu, but each investor may have different spreads on all or some of the underlying assets based on the investor's history, volume, and activities.

Let us assume an example of a 1 lot transaction in EUR/USD with a 2-pip spread. EUR/USD pip is the 4^{th} decimal digit (0.0001). 1 x 100,000 x 2 x 0.0001 = EUR 20. The amount of EUR 20 will be deducted from P/L upon opening the transaction and therefore immediately after opening the transaction the initial floating P/L of that transaction will be EUR -20.

In addition to the above, CTS charges Overnight Financing (OF) for deals that remain open at the end of the daily trading session. This OF may be subject to credit or debit, calculated on the basis of relevant interest rates for the currencies in which the underlying instrument is traded, plus a mark-up (0.75%) set and changed at Company's discretion based on market conditions. If the calculated OF Percentage is positive, applicable amount will be added (credited) to the investor's account. A negative OF Percentage means that an applicable amount will be subtracted (debited) from the investor's account. If the quoted currency differs from account currency, it will be converted to account currency at the prevailing exchange rate.

Calculation of OF Percentage for Long Positions:

$$Overnight\ Financing\ Percentage = -\left(\frac{3M\ interest\ rate\ of\ the\ other\ currency - 3M\ interest\ rate\ of\ the\ base\ currency + markup}{360}\right)$$

Calculation of OF Percentage for Short Positions:

$$Overnight\ Financing\ Percentage = \left(\frac{3M\ interest\ rate\ of\ the\ other\ currency - 3M\ interest\ rate\ of\ the\ base\ currency - markup}{360}\right)$$

To reach the OF Amount, OF percentage (as calculated above) is multiplied by the deal amount (in units of the base asset), indicated as follows: Overnight Financing Amount = Deal Amount × Overnight Financing Percentage

The table below shows the different types of cost categories and their meaning:

One-off costs	*Spread*	The difference between the buy and sell price.
	Commission	The fee charged when you trade on an instrument, based on the notional value of the trade.
	Currency conversion	The fee charged for converting realised P/L from instrument currency to account currency.
Ongoing costs	*Financing costs*	The cost for keeping a position open overnight. Depending on the position held (e.g., long or short) and prevailing interest rates, your account may be credited or debited.

For details regarding the above, please see www.cloud-trading.eu

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

CFDs are usually held for less than 24 hours. You can cash out the CFD at any point you wish during regular market hours, but it may not be at a price beneficial to you or your investment goals.

How can I complain?

If you wish to make a complaint you should contact our Customer Support Team by emailing support@cloud-trading.eu or compliance@cloud-trading.eu indicating your name, account number and nature of the complaint. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman of the Republic of Cyprus.

Other relevant information

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. The Terms & Conditions as well as all related Policies and other Disclosure Documents of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account. This key information document does not contain all information relating to the product. For other information about the product and the legally binding terms and conditions of the product, please refer to CTS website at www.cloud-trading.eu