
KEY INVESTOR INFORMATION DOCUMENT
COMPLEX FINANCIAL PRODUCTS: CONTRACTS FOR DIFFERENCE (CFDs) ON CURRENCY PAIRS

Purpose

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

Product Name: Contract for Difference (CFD) on a Currency pair (Forex)

Product Manufacturer: NAGA Markets Limited (“NAGA Markets” or “we” or “us”), is duly registered in Cyprus with Registration No. HE251168 and is a regulated Cyprus Investment Firm (CIF), licensed by the Cyprus Securities and Exchange Commission (CySEC), under license no. 204/13. Please call +357 2504 1410 or visit <https://www.nagamarkets.eu> for additional information.

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

What is this product?

Type: A contract for difference (“CFD”) is a leveraged contract entered with NAGA Markets on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying Forex pair.

Forex is always traded in currency pairs (e.g. EUR/GBP) and involves the simultaneous buying and selling of two different currencies. The first currency referenced in a currency pair (in our example EUR) is known as the base currency and the second (GBP) is known as the quote currency. The price of the CFD is derived from the price of the underlying Forex pair, which references the current (“spot”) price. Forex trading gives an investor the choice to buy (or go “long”) the currency pair if they think the price of the base currency will rise in relation to the variable currency, or alternatively to sell (or go “short”) if they think that the price of the variable currency will rise in relation to the base currency. For instance, if an investor is long on EUR/GBP CFD and the price of the underlying Forex pair rises, the value of the CFD will increase - at the end of the contract NAGA Markets will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor has taken a long position and the spot price of the underlying Forex pair falls, the value of the CFD will decrease - at the end of the contract the investor will pay NAGA Markets the difference between the closing value of the contract and the opening value of the contract. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Objectives: The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying Forex pair (whether up or down), without needing to buy or sell the underlying Forex 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. By way of example, if EUR/GBP is currently trading at 0.84950 / 0.84960 and the investor is Selling (Buying) the BID (ASK) price of 0.84950 (0.84960) will be used for the purposes of calculating the initial investment amount. If an investor buys 100,000 CFDs with an initial margin amount of 0.5%, the initial investment will be 500.00 EUR (0.005 x 100,000) translated into the investor's account currency. The effect of leverage, in this case 200:1 (1 / 0.5%), means that for each 1 point change in the price of the underlying Forex pair so the value of the CFD changes by £1. For instance, if the investor is long and the market increases in value, a £1 profit will be made for every 1 point increase in that market. However, if the investor is short, a £1 loss will be incurred for each point the market decreases in value. Similarly, the profit or loss of £1 is converted into the investor's account currency.

The spot CFD does not have a pre-defined maturity date and is therefore open-ended. There is no 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.

Failure to deposit additional funds to meet the margin requirement resulting from a negative price movement may result in the CFD being auto-closed. This will occur when losses exceed the initial margin amount. NAGA Markets also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Intended Retail Investor: CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products with the intend to use the product for short term investment, speculative trading, portfolio diversification and/or hedging of exposure of an underlying asset. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage and the risk/reward profile of the product compared to traditional share dealing. Investors will also have appropriate financial means and the ability to bear 100% loss of all funds invested.

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

Risk indicator: The Summary Risk Indicator (SRI) is a guide to the level of risk of this product compared to other financial products. It shows how likely it is that the position in the product may lead to losses in money because of movements in the markets, or because we may not be able to pay you.

We have classified this product as Risk Level 7 out of 7, which is the highest risk class. This rates the potential losses from the future performance of the product at a very high level.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested and you may be required to deposit additional funds. There is no capital protection against market risk, credit risk or liquidity risk.



Be aware of currency risk. It is possible to buy or sell CFDs in a currency which is different to the base 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.

In some circumstances, you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount initially invested.**

Market conditions may mean that your CFD trade on a Forex pair is closed at a less favourable price, which could significantly impact how much you get back. We may close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to NAGA Markets, or if you contravene market regulations. This process may be automated.

This product does not include any protection from future market performance, so you could subsequently lose some or all your investment. 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 NAGA Markets Ltd is unable to pay out?**”). The indicator shown above does not consider this protection.

Performance scenarios: The scenarios exhibited 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 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 Table 1:

Forex Pair CFD (held intraday)		
Forex pair opening price	P	1.15500
Trade size per CFD	TS	100,000
Margin (%)	M	0,50%
Margin Requirement (€)	MR = TS x M	500 EUR
Notional value of the trade (€)	TN = MR / M	100,000 EUR

LONG				SHORT			
Performance scenario	Closing price (incl. spread)	Price Change	Profit /Loss	Performance scenario	Closing price (incl. spread)	Price Change	Profit /Loss
Favourable	1.16000	+0.005	€500	Favourable	1.14000	-0.015	€1,500
Moderate	1.15550	+0.0005	€50	Moderate	1.15450	-0.0005	€50
Unfavourable	1.15450	-0.0005	-€50	Unfavourable	1.15550	+0.0005	-€50
Stress	1.14000	-0.015	-€1,500	Stress	1.16000	0.005	-€500

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

What happens if NAGA Markets Ltd is unable to pay out?

If NAGA Markets is unable to meet its financial obligations to you, you may lose the value of your investment. However, NAGA Markets segregates all retail client funds from its own money as per CySEC's Client Asset rules.

Should segregation fail, your investment is covered by the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), which covers eligible investments up to the amount of €20,000 per person, per firm. See <https://www.cysec.gov.cy/enGB/complaints/tae/information/> for additional information on this matter.

What are the costs?

Trading a CFD on an underlying Forex pair incurs the costs exhibited in the following table:

Cash Only	One-off exit costs	Spread	The difference between the buy price and the sell price is called the spread. The cost is realised each time you open and close a trade
		Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will apply
Cash only	Ongoing costs	Daily holding cost	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more the holding costs
Cash only	Incidental costs	Distributor fee	We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you to us

How long should I hold the financial instrument? Can I take money out early?

CFDs are intended for short-term trading, in some cases intraday, and are generally not suitable for long-term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD on a Forex pair at any time during market hours.

How can I complain?

If you wish to make a complaint, you should contact our Client Support Team on +357 2504 1410, or email support@nagamarkets.com. If you do not feel that your complaint has been resolved in a satisfactory manner, you may refer your complaint to the Cyprus Securities and Exchange Commission (CySEC) (see <https://cysec.gov.cy/en-GB/home/> for further information).

If your complaint is about an advisory or discretionary manager acting on your account, please contact the firm providing the service, while you may also refer to the European Commission's Online Dispute Resolution Platform.

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. Ensure your internet signal strength is sufficient before trading.

You will find detailed information on our Forex CFDs by reviewing the 'Trading' Section, 'Forex' sub-Section in our website <https://www.nagamarkets.eu/forex/>

You should ensure that you read the Client Agreement, Terms of Use of the Website, Best Interest and Order Execution Policy and Risk Disclosure and Warnings Notice displayed in the legal documentation section of our website, at <https://www.nagamarkets.eu/legal-documentation/>.

Trading in Forex and CFDs could lead to loss of all your invested capital. Please read the Risk Disclosure and Warnings Notice to acknowledge the main risks. ESMA and the EBA warn investors about Contracts for Difference. NAGA Markets Limited is registered in Cyprus with registration number HE251168 and licensed by the Cyprus Securities and Exchange Commission (CySEC) under License No.204/13.