

## Key information document

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

### 2. Product

FX Swaps are offered by TFI Markets Ltd, which is authorised and regulated as an Investment Firm by the Cyprus Securities and Exchange Commission.

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

### 3. What is this product?

#### Type

An FX Swap is a simultaneous purchase and sale of identical amounts of one currency against another currency, with two different value dates. FX Swaps are entered into with TFI Markets on a bilateral basis.

#### Objectives

The objective of an FX Swap, is to exchange the cash flows in two currencies on two predefined days at two predefined FX rates. This involves the simultaneous buying and selling of the two currencies and the reverse buying and selling for a later value date. The pricing of the FX swap is based on the spot price of the underlying currency-pair and the relevant forward points which derive from the relative interest rates applicable on the two currencies involved. FX Swaps are physically settled instruments unless they are offset by another FX Swap or FX instrument, in which case only the difference of the cash flows will be exchanged. FX Swaps are leveraged products. Margin requirements are set by the Company in accordance with its leverage policy.

Trading of leveraged products requires caution since, while profits are magnified, losses are magnified as well. Each FX Swap transaction has two specific settlement dates which are agreed between the Company and the client, when the trade is initiated. After the near leg of the swap trade is settled, then the far leg of the swap trade is treated as an open forward position. Open positions can be closed by TFI Markets in case the account cut-out level is reached. Cut-out level is defined as a percentage of Equity to Margin. Cut-out is usually set to 40%. For example, if an investor enters into a swap, buy/sell of 1,000,000 on EUR/USD for settlement spot/1 month, with margin 10% and an underlying price of 1.17660/1.17690, the initial margin requirement will be EUR 100,000. After the first leg has settled and the cash flows have been exchanged the client will remain with an open forward position (the second leg of the swap). For every 1 pip (0.0001) move of the market price in the client's favour, the client will gain 100 USD, while for every 1 pip move of the market price against the client, the client will lose 100 USD.

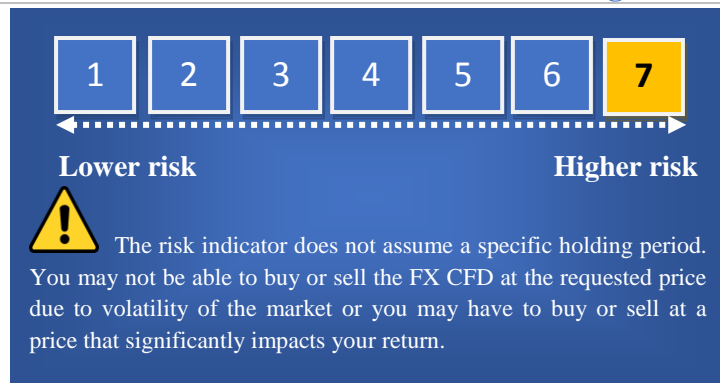
#### Intended retail investor

FX Swaps are intended for investors with the need to hedge a foreign exchange exposure or who need to fund foreign exchange cash flow mismatches. Intended investors should possess relevant trading experience or relevant work experience and should be in a position to understand the main features of the product such as margin requirements, margin call, cut-out and counterparty credit risk due to its OTC nature.

FX Swaps do not have a recommended holding period and it is to the investors' discretion to decide

the appropriate holding period according to their individual trading strategy and objectives.

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



The risk indicator does not assume a specific holding period. You may not be able to buy or sell the FX CFD at the requested price due to volatility of the market or you may have to buy or sell at a price that significantly impacts your return.

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 market 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 at a very high level.

**Be aware of currency risk. You may receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the risk indicator shown above.**

Leveraged Trading magnifies the losses due to market movements and this may result in your position to reach the cut-out level. In case the investor wishes not to close-out an open losing position if the cut-out level is reached, then he should send additional funds in order to support the margin of the trade before the cut-out level is triggered.

This product does not include any protection from future market performance so you could lose some or all of 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 we are unable to pay you’). The indicator above does not consider this protection.

#### Performance Scenarios

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. 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 unable to pay you. The figures shown include all the costs of the product itself but may not include all the costs that you may pay to an advisor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

|                         |  |
|-------------------------|--|
| Instrument              | Sell/ Buy Swap on EUR/USD  |
| Trade Size              | EUR 1,000,000  |
| Settlement Dates        | Spot/6 month   |
| Price                   | 1.1762/1.1790  |
| Margin %                | 10%  |
| Margin Requirement      | Trade Size * Margin% = EUR 100,000   |
| Settlement of spot leg: | Investor sends 1,000,000 EUR to TFI Markets and TFI Markets sends 1,000,000*1.1762=1,176,200 USD to the Investor |

| Scenario (Settl. Forward leg) | Price change | Close Price | Profit/Loss (EUR) |
|-------------------------------|--------------|-------------|-------------------|
| Favourable                    | 1%           | 1.1887      | 8,160             |
| Moderate                      | 0.5%         | 1.1837      | 3,971             |
| Unfavourable                  | -1%          | 1.1687      | 8,813             |
| Stress                        | -5%          | 1.1737      | 4,516             |

## 5. What happens if TFI Markets Ltd is unable to pay out?

If TFI Markets is unable to meet its financial obligations to you, you may lose the value of your investment. However, all client funds are segregated from the Company's own money, in accordance with the regulatory requirements. TFI Markets Ltd is also a member of the Investor Compensation Fund (ICF), which covers eligible investments up to 20,000 Euro per person. More information can be found in the [Investor Compensation Fund Policy](#).

## 6. What are the costs?

The table below shows the different types of cost categories

|                        |                            |  |
|------------------------|----------------------------|--|
| <b>One-off costs</b>   | <i>Spread</i>              | This is the difference between the buy and sell price  |
|                        | <i>Forward Points</i>      | This is the difference between the spot and forward rate. It can be a charge or gain.  |
|                        | <i>Currency conversion</i> | The cost of converting Profit or Loss from trades to the currency of your Trading Account  |
| <b>Recurring costs</b> | <i>Swap fees</i>           | This is the financing cost in case the client decides to roll back the position to an earlier date or roll over the position to a later date than the maturity date. Depending on whether the position is long or short and the prevailing interest rates of the two currencies of the currency-pair, your account may be credited or debited with the Swap fee. |

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

FX Swaps do not have a recommended holding period and it is to the investors' discretion to decide the appropriate holding period according to their individual trading strategy and objectives. Positions in FX Swaps can be opened and closed at any time subject to prevailing market liquidity during the market trading hours of each currency-pair.

## 8. How can I complain?

Clients who wish to file a complaint can do so by submitting the complaint form to the below email address: [compliance@tfimarkets.com](mailto:compliance@tfimarkets.com)

The complete complains procedure and the complaint form can be found on the Company's website: [Complain Procedure](#)

## 9. Other relevant information

It is a legal requirement of the Company to provide to its clients the following documents and policies:

[Terms and Conditions](#)

[Client Categorisation Policy](#)

[Order Execution Policy](#)

[Conflicts of Interest Policy](#)

[General Risk Disclosure](#)