

KEY INFORMATION DOCUMENT – CRYPTOCURRENCY CFD

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.

CFD's are offered by Rynki.com which is owned and operated by FXNET Limited. FXNET Ltd is (the "Company", "we" or "us"), registered in the Republic of Cyprus, with registration number 300624. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 182/12. For further information please call +357 25 108 111 or go to <https://www.rynki.com/en/about/legal-pack/>



This document was last updated on 1st of January 2019.

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.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying market (whether up or down), without actually needing to buy or sell the underlying asset. 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. In the case of Cryptocurrencies, the prices are determined by demand and supply on cryptocurrency exchanges denominated in USD or another currency if indicated. Prices of this specific investment product may be obtained either by liquidity providers who obtain such prices from the market data aggregators or directly from the relevant cryptocurrency's exchanges. The Company offers the market for cryptocurrencies 5 days a week from Sunday 23:05 CET until Friday 23:00 CET.

In order to purchase the specific CFD, the investor must have sufficient margin in his account. The required margin for CFDs on Cryptocurrencies is 50%. This means that in order to open a transaction of €10,000 (deal size) the investor will need to have a minimum margin of €5000 in his account. The maximum leverage offered by the Company for CFDs on cryptocurrencies is up to 1:2. Margin requirements may be decreased at the investor's request, subject to fulfillment of certain criteria whereas margin requirements may be increased at the Company's discretion in cases of extreme market volatility.

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)

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

The P/L is also affected by the fees charged by FXNET Ltd, 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 equity drop to 50% of required margin, investor's positions will automatically start closing which means that the investor will realize the losses. Positions are closed by ranking with the biggest losing position closed first. Therefore, it is important to maintain such level of equity to support the investor's open positions. Open positions (whether in loss or profit) will continue to be closed until the reading of equity to margin required is bigger than 50%.

Polish residents only: In accordance with KNF requirements, should the investor's exposure coverage [% of Equity / Net Exposure] reach 0.8 %, all investor's positions will automatically close which means that the investor 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 on the rates of cryptocurrencies and have the ability to 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.

The prices of the underlying cryptocurrencies 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 equity in the investor's account. **However, the investor will never owe to the Company any amount in excess of the available funds in the account in light of the contractual "Negative Balance Protection"**. Market conditions may mean that your CFD trade is closed at a less favorable price, which could totally deplete equity or even result in negative equity, but you will never be requested to cover the negative equity amount as per the aforementioned "Negative Balance Protection".

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

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 take into account the situation where we are not able to pay you.

Below are examples of performance scenario of a deal in CFD based on Bitcoin.

CFD on a Cryptocurrency (held intraday)		
BTC/USD pair opening price:	(P)	3574
Trade size (per CFD):	(TS)	1 LOT (100)
Margin %:	(M)	50%
Leverage:	(L)	1:2
Margin Requirement (\$):	$MR = P \times TS \times M$	\$178700
Notional value of the trade (\$):	$TN = MR \times L$	\$357400

BUY/LONG Performance Scenario	Closing Price (inc. spread)	Price change	Profit/Loss	SELL/SHORT Performance Scenario	Closing price(inc. spread)	Price change	Profit/Loss
Favourable	3681.22	3%	\$10722	Favourable	3466.78	-3%	\$10722
Moderate	3627.61	1.5%	\$5361	Moderate	3520.39	-1.5%	\$5361
Unfavourable	3466.78	-3%	-\$10722	Unfavourable	3681.22	3%	-\$10722
Stress	3359.56	-6%	-\$21444	Stress	3788.44	6%	-\$21444

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

What happens if the Company is unable to pay out?

In the event that the Company becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible to compensation of up to €20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission.

What are the costs?

The Company 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 is detailed on (<https://www.rynki.com/en/instruments/cryptocurrencies/>) website but each investor may have different spreads on all or some of the underlying asset based on the account type the investor maintains with the Company.

The below table portrays an illustration of types of costs along with their meaning:

One off costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is incurred each time you open a trade (hence the negative profit & loss reading immediately after initiating the trade).
	Currency Conversion	Any cash, realized 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 at the applicable current market price.
Ongoing costs	Daily holding Cost/Swap/Rollover	A fee is charged to your account for every night that your position is held open. This means the longer you hold a position, the more it costs. On Fridays, Swap is charged 3 times. Swaps can be viewed on the trading platform and the Company’s website.

For the purpose of the example we will assume a transaction of 1 unit in Bitcoin with 6000 points spread. A point in Bitcoin is the 2nd decimal digit in price $1 \times 6000 \times 0.01 = \60 .

The amount of \$60 will be deducted from the P/L upon opening the transaction and therefore immediately after opening the transaction the P/L of that transaction will be -\$60 (that is if there is no instant market price change).

In addition to the above, the Company charges Overnight Financing (OF) for deals that remain open at the end of the daily trading session. This OF debit is frequently reviewed and is calculated on the basis of the relevant interest rates of the currencies in which the underlying instrument is quoted as well as the risk profile of the asset. The debit for Bitcoin for long positions is 10,000 points, that is, 100 USD per unit per night (approximation on annual basis 50% charge at 7000 USD per Unit) and 10,000 points, that is, 100 USD for short positions per unit per night (approximation on annual basis 50% charge at 7000 USD per Unit).

If the calculated OF Percentage is positive, it means that an 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 CFD's quoted currency differs from the account’s currency, OF will be converted to the account’s currency at the prevailing exchange rates. All cryptocurrencies carry an overnight charge.

Calculation of OF for 1 Unit Long Positions: Deal Size * swap rate (long)

1 X 60.00 (6,000 points) = -60 USD

Calculation of OF for 1 Lot Short Positions: Deal Size * swap rate (short)

1 X 60.00 (6,000 points) = -60 USD

So, to reach the OF Amount multiply by the deal amount (in units of the base asset), as indicated in the formula below:

Overnight Financing Amount = Deal Amount × SWAP rate (<https://www.rynki.com/en/instruments/cryptocurrencies/>)

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

CFDs on Cryptocurrencies 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?

An online complaint form is available at the Company’s website, which shall be filled and submitted by You to the Company’s Compliance department directly. For more information please see our Complaints Handling Manual, available under the following link: https://www.rynki.com/documents/13/Rynki_Complaints_Handling_Manual_October_2018.pdf

If you do not feel that your complaint has been resolved satisfactorily, you may also refer your complaint to the Financial Ombudsman of the Republic of Cyprus. For more information, please follow the link: http://www.financialombudsman.gov.cy/forc/forc.nsf/index_en/index_en?OpenDocument

Other relevant information

MARKET EXECUTION: 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 trade will be executed at market conditions and difference with requested price may be significant. The Trading 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 our website at <https://www.rynki.com/en/about/legal-pack/> or contact our Support Team at support@rynki.com.