

Key information document

ETF CFD

Purpose

The following document contains key information about the investment product. This is not a marketing material. This information is required by law to help you understand the nature of this investment product and the risks, costs, potential profits and losses associated with it, and to help compare it to other products.

Product Contract for Difference (CFD) with leverage, based on the price of ETF, hereinafter referred to as the "product".	Identification and contact details of the product manufacturer XTB Limited, Pikioni 10, Building: Highsight Rentals Ltd, 3075, Limassol, Cyprus hereinafter referred to as 'XTB'. Website: www.xtb.com/cy Email: Support.cy@xtb.com Telephone Number: +357 25724350	Information regarding the competent authority Cyprus Securities and Exchange Commission ('CySEC'), 19 Diagorou Str. CY-1097 Nicosia, Cyprus.	Document Date Last document revision date: 25-09-2020	 Warning Contract for difference ('CFDs') is a complex financial product and may be difficult to understand. This product may not be suitable for all investors. Please ensure that you fully understand the risks involved
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What is this product?

Type

A derivative in the form of the contract for difference (CFD). The product uses a financial leverage mechanism. The product allows the client to speculate on the increases and decreases in the prices of ETF on international markets. The client may open a long position if they believe that the price of the underlying asset will increase or a short position, if the client believes that the price of the underlying asset will fall.

Objectives

The purpose of the product is to enable the client to derive benefits from changes in the price of the underlying instrument without owning it. The rate of return on the product investment depends on the opening price and the closing price of the position. The product reflects the changes of prices of the underlying instruments it is based on. The profit and risk profiles for this product are symmetric. Opening a transaction on the product, the investor makes a deposit, but can lose more than the deposited amount. There is no product maturity date. In the cases specified in the Terms and Conditions of Service, XTb is entitled to terminate the product unilaterally.

Target Individual Investor

The product is not appropriate for every investor. The product is intended for an individual investor who understands how the prices of the product are derived, who knows what the margin is and what the financial leverage is. The investor has to be aware of the investment risk and has the ability to bear possible loss also in the short term. The product might be used for investment purposes, speculative trading, portfolio diversification and hedging of exposure of an underlying asset.

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

The general risk index provides guidance relating to the risk level of this product, in comparison to other products. It shows the probability of incurring a monetary loss on the product due to market changes, or as a result of the Company being unable to pay money out. The general risk index for the product is 7 which is the maximum on the risk index. This risk factor includes the assumption that an investor can hold the product even for a short period of time for speculation purposes. It is possible that the investor will not be able to realize the investment or will be forced to incur substantial additional costs to realize the investment at an earlier date. The total loss of the investor can significantly exceed the initially invested amount. The product can be denominated in a currency other than the currency of the country of residence of the investor, therefore the return can be subject to additional changes, depending on the exchange rate fluctuations.



Lower risk  Higher risk

Possible loss of the invested capital

The investor can lose the entire investment capital understood as a margin for the open product item. In case of a significant change of the price of the underlying instrument, a loss exceeding the initial margin as well as obligations exceeding the invested capital are possible. The product does not include capital protection against market risk.

Situation development scenario and assumptions made

In this part it is shown, what amounts of profits or loss can be generated by the investment within 1, 3 and 5 years under different scenarios, assuming opening a position requiring a one-off margin of EUR 10,000 (the amount of investment). Presented scenarios illustrate how your investment could perform and they can be compared with the scenarios of other products. Presented results are an estimate of future performance based on evidence from the past and on volatility of the value of this investment and they are not a precise indicator. The return will depend on how the market performs and how long you keep the investment. Stress scenario shows what you might get back in extreme market circumstances. However, the stress scenario does not take into account the situation, in which XTB is not able to pay out. The figures presented include all charges of the product itself, they do not take into account an individual tax situation of the investor, which may also affect how much you get back. Opening a long positions means, that the investor believes that the price of the underlying asset will increase, and opening a short position means that the investor believes that the price of the underlying asset will fall. For instance, if there is a result 8% and EUR 800 for a certain investment it means that, having invested EUR 10,000, the terminal value of the investment will amount to EUR 10,800, i.e. the profit of EUR 800. In turn, when it comes to -3% and EUR -300, having invested EUR 10,000, the terminal value of the investment will amount to 9,700 EUR, generating a loss equal to EUR 300. Where the loss exceeds 100%, e.g. -145% and EUR -14,500, it means that, having invested EUR 10,000, the investor will lose the total amount of investment and he or she should pay additional EUR 4,500. Scenarios concerning results for all contracts for difference (CFD), based on ETF, can be found under this link: [\[LINK\]](#).

Examples of scenarios for 5 ETF CFD for long positions during a period of 1 year:

Scenario	VXX.US	URA.US	XIV.US	GDXJ.US	ECH.US
Favourable	-538% EUR -53,840	550% EUR 55,016	691% EUR 69,061	129% EUR 12,947	328% EUR 32,782
Moderate	-751% EUR -75,113	14% EUR 1,354	283% EUR 28,264	-89% EUR -8,946	159% EUR 15,915
Unfavourable	-864% EUR -86,431	-334% EUR -33,395	53% EUR 5,255	-219% EUR -21,853	18% EUR 1,801
Stress	-1,003% EUR -100,324	-995% EUR -99,468	-204% EUR -20,377	-404% EUR -40,371	-523% EUR -52,334

Information regarding conditions of return for individual investors or determined upper limits of profit for the investors

Termination of the product investment does not entail any extraordinary costs. The product has no upper brackets in terms of profit for the investor.

Statement that the tax regulations of the host member state of the individual investor can affect the actually paid-out profit

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What happens if the Company is unable to make the payout?

The investor can incur a financial loss related to the Company's failure to perform an obligation. In the event of the Company's insolvency, investors are entitled to claim compensation from the Investors Compensation Fund (ICF) which covers eligible investments up to EUR 20,000 per person, per firm. The Company is a member of the Investor Compensation Fund and more information can be found [here](#). The Company clarifies that all retail client funds are segregated from the Company's own funds in accordance with our regulatory requirements.

What are the costs?

One-off costs

Spread	The difference between the bid and the ask price at the time of the conclusion of the transaction. The cost can be different depending on market conditions.
Commission	The fee to be charged at the opening and closing of the transaction.
Equivalent of dividend	It is a cash reflection of the dividend paid to shareholders of a company whose shares are the underlying asset for the CFD. There is always an equivalent of dividend fee in case of equivalent of dividend for long positions (as specified in the Table of Fees and Commissions). This fee offsets the withholding tax levied on the dividend.

Recurring costs

Swap Point Rates	The fee related to the financing of the position, which is charged at the moment of holding a position for another day. It is a cash reflection of the dividend paid to shareholders of a company whose shares are the underlying asset for the CFD. There is always an equivalent of dividend fee in case of equivalent of dividend for long positions (as specified in the Table of Fees and Commissions). This fee offsets the withholding tax levied on the dividend.
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The illustration presents the impact of costs on the cumulative effect on return of the investment. The illustration is for reference only, costs suitable for a given Financial Instruments are described in the relevant table on the XTB's [website](#)¹ and exact values are presented in cost tables.



- Equivalent of dividend
- Commission
- Spread
- Return on investment

EXAMPLE²

The Client opens a long position having a denomination of 1000 lots on GDJX.US. At the time of the opening a transaction, the market price for the instrument is equal to 53.60/53.63, and the commission charged for the transaction by broker amounts to 0,08% (min. USD 8). A one-day cost of financing the position (swap point rates) is equal to -2,3175%/-2,6825% per year for short and long positions respectively. A dividend of USD 0.1638 per share is paid and the dividend equivalent fee is 30%. A margin amounts to 20%, a margin for a sample position amounts to USD 10,726.

Cost type	Nominal value	Percentage
Spread	$(53.63-53.60) * 1000 = \text{USD } 30$	0.2797% of margin
Commission for opening a position	USD 42.9	0.40% of margin
Commission for closing a position	USD 24.9	0.40% of margin
Swap Point Rates for a long position	$53.63 * 1000 * (-2.6825\%) = \text{USD } -1\,438.63 \text{ (Client's cost)}$	13.4125% of margin
Equivalent of dividend	$0.1638 * 1000 * 0.3 = \text{USD } 4.91$	0.0005% of margin

How long should I hold the product, and can I take the money out earlier?

The investor can terminate the investment in the product at any time. Such a decision is not related to any extraordinary costs, other than standard item closure costs.

Time limit for withdrawal from the contract

The investor can withdraw from the product transaction submitting a declaration on withdrawal if the product transaction was concluded at an erroneous price and XTB confirms the error on the basis of prices of a specific number of reference Institutions. The detailed rules, including the date of withdrawal from a transaction concluded at an erroneous price and the method of determination of the erroneous price are specified in the Terms and Conditions of Service.

Recommended holding period

The investor determines the term of product holding individually, however XTB is entitled to close an open position without Client's consent after 365 days from the date of opening of the position if the value of Equity is lower than the value of commission that would be payable for transaction closing that position.

Disinvestments before maturity

The investor determines the term of product holding individually. The product has no specific holding time, and the closing a position does not entail any extraordinary fees or penalties, and it does not change the product risk profile. Closing a position is possible within the product trade hours.

Consequences of cashing in before the end of the term or recommended holding period

The investor can terminate the investment at any time. Such a decision is not related to any extraordinary costs.

How to lodge a complaint?

The investor can submit a complaint to the Company regarding the products and services offered by XTB Limited in the following ways: by sending by post or delivering in person a letter which will include the required information at the following address: XTB Limited, Building: HIGHTSIGHT RENTALS LTD, Pikioni 10, 3075 Limassol, Cyprus. or by submitting the [Complaints Form](#) electronically via the Company's Client Portal. For more details, please see our [Complaints Handling Procedure](#) found in the Company's website.

¹ A link to the website: <https://www.xtb.com/cy/trading-services/account-information/market-specification>

² Exact values of the Swap Point Rates, spreads, fees & commissions are available on the XTB's website.

Other relevant information

All additional documents containing comprehensive information regarding the product, including detailed information regarding fees and product features, are presented on the Company website.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage 80 % of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.