

KEY INFORMATION DOCUMENT – CRYPTOCURRENCIES

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.

PRODUCT

Cryptocurrency CFDs (Contracts for Difference)

Product manufacturer: JFD Brokers Ltd (JFD), authorised and regulated by Securities and Exchange Commission in Cyprus (CySEC Registration number: 150/11).

Further information

You can find more information about JFD's products on our website. We encourage you to visit our website www.jfdbrokers.com. JFD's customer support team is available via phone, email or live chat.

This document was last updated on 27th of June 2018.

RISK WARNING

Our service includes products that are traded on margin and carry a risk of losses. The products may not be suitable for all investors. Please ensure that you fully understand the risks involved.

WHAT IS THIS PRODUCT?

Type

This document relates to products known as 'contracts for difference', which are also known as CFDs. A CFD allows you to obtain an indirect exposure to an underlying asset such as a security, commodity index or a cryptocurrency. This means you will never own the underlying asset, but you will make gains or suffer losses as a result of price movements in the underlying asset to which you have the indirect exposure. There are many types of CFDs – this document provides key information on Cryptocurrency CFDs where the underlying investment option that you choose is a cryptocurrency such as Bitcoin, Litecoin, Ethereum, IOTA, Ripple and Dash.

PAGE | 1

ADDRESS

JFD Brokers Ltd.
Kakos Premier Tower
Kyrillou Loukareos 70
4156 Limassol, Cyprus

TELEPHONE & FAX

+357 25878530
+357 25763540

WEB

support@jfdbrokers.com
www.jfdbrokers.com

Objectives

The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset by obtaining an indirect exposure to the underlying asset. Your return depends on movements in the price of the instrument and the number of contracts opened (size of your stake).

For example, if you believe the value of a cryptocurrency is going to increase, you could buy one or more contracts of that cryptocurrency's CFD (this is also known as "going long"), with the intention to later sell them (and subsequently close the trade) when they are at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs.

If you think the value of a cryptocurrency is going to decrease, you could sell a number of CFD contracts (this is also known as "going short") at a specific value, expecting to later buy them back at a lower price than you previously agreed to sell them for.

However, in either circumstance if the cryptocurrency moves in the opposite direction and your position is closed, either by you or as a result of a margin call, your account would be debited for the loss of the trade plus any relevant costs.

To open a position and to protect us against any losses you incur, you are required to deposit a portion of the total value of the contract in your account. This is referred to as the margin requirement. Trading on margin can enhance any losses or gains you make.

Execution Model

No Dealing Desk

JFD offers CFD trading via a Straight Through Processing (STP) or No Dealing Desk (NDD) execution model. In this model, JFD platforms display the best available prices from our liquidity providers who act as counterparty to your trade. JFD does not act as a market maker and is compensated directly by the clients. Depending on account type, commissions are either debited when a position is open and closed or already included as a mark-up in the spread.

Intended Retail Investor

Trading these products is not suitable for everyone. We would normally expect these products to be traded by persons who: (i) have a high-risk tolerance; (ii) are trading with money they can afford to lose; (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and (iv) want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

ADDRESS

JFD Brokers Ltd.
Kakos Premier Tower
Kyrillou Loukareos 70
4156 Limassol, Cyprus

TELEPHONE & FAX

+357 25878530
+357 25763540

WEB

support@jfdbrokers.com
www.jfdbrokers.com

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk Indicator

1 2 3 4 5 6 7

Lower risk - Higher risk

There is no recommended or minimum holding period for this product. You must maintain sufficient margin in your account to keep your positions open.

The summary risk indicator is a guide to the level of risk of these products 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 these products as 7 out of 7, which is the highest risk class.

CFD trading requires you to maintain a certain level of funds in your account to keep your positions open. This is called margin. You will be able to open a position by depositing only a small portion of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses.

Margin can be thought of as a good faith deposit required to maintain open positions. This is not a fee or a transaction cost, it is simply a portion of your account equity set aside and allocated as a margin deposit. Margin requirements (per 1 Contract for CFDs) are determined by taking a percentage of the notional trade size.

JFD Margin requirements are updated regularly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets. Current margin requirements will differ depending on account type and can be viewed in the specifications sector of any CFD in your trading platform or in the contract specifications on JFD's official website.

Margin Calls will occur when the equity of the account falls below the required margin. Depending on your account type and/or trading platform a margin call may liquidate all open the positions on your account or may only close specific positions.

JFD processes all liquidations for CFD products automatically. For more information on how Margin Calls work, we encourage you to review our execution risks. JFD aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of limited liquidity. During periods such as these, your order type, quantity demanded, and specific order instructions can have an impact on the overall execution you receive. CFD trading is decentralised and pricing will vary from broker to broker. JFD's CFDs are not listed on any exchange, and the prices and other conditions are set by JFD in accordance with our best execution policy. CFD contracts can be closed only with JFD and are not transferable to

PAGE | 3

ADDRESS

JFD Brokers Ltd.
Kakos Premier Tower
Kyrillou Loukareos 70
4156 Limassol, Cyprus

TELEPHONE & FAX

+357 25878530
+357 25763540

WEB

support@jfdbrokers.com
www.jfdbrokers.com

any other provider. If you have multiple positions your risk is cumulative and not limited to one position.

Cryptocurrency risks

Derivatives on Virtual Currencies are now capable of qualifying as financial instruments for the purposes of MiFID. When trading in CFDs where the underlying asset is a Cryptocurrency, you need to take in consideration that Cryptocurrencies are traded on non-regulated decentralised digital exchanges. Accordingly, the price formation and price movements of Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice. This often leads to a very high intra-day volatility in the prices, which may be significantly higher compared to Financial Instruments other than Virtual Currencies. By trading CFDs on Cryptocurrencies you accept a significantly higher risk of loss of your invested amount which may occur within a very short time frame as a result of the sudden adverse price movements of Cryptocurrencies.

Our pricing data and market on Cryptocurrencies are originated from the digital decentralised exchanges Cryptocurrencies are traded on. Considering that such exchanges are not regulated, the market data and price feed information provided by such exchanges may be subject to the internal rules and practices of such exchanges which may significantly differ from the rules and practices observed by the regulated exchanges. Therefore, the pricing formation rules of Cryptocurrency exchanges are not subject to any regulatory supervision and may be changed at the relevant digital exchange's discretion at any time. Also, such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on such exchanges or the price and market data feed becoming unavailable to us. The above factors could have a material adverse effect on your open positions, including the loss of all your invested amounts. Where a temporary or permanent disruption to or cessation of trading occurs on any digital exchange from which we derive our price feeds for the relevant Cryptocurrency, your positions in such Cryptocurrency will be priced at the last available price for the relevant Cryptocurrency. As a result, you may be unable to close or liquidate your position or withdraw any funds related to such a position until the trading on the relevant digital exchange resumes (if at all). You accept that where trading resumes, at either the relevant initial digital exchange or on any successor exchange thereof, there may be significant price differential (price gapping) which may impact the value of your CFD positions in the relevant Cryptocurrencies and result in significant gains or losses. Where trading does not resume, your entire investment will potentially be lost altogether. You agree and accept that you have been informed by the Company of, and understand, this particular risk, and that you shall take that risk into account when taking any investment decisions in respect of trading CFDs on Cryptocurrencies.

PAGE | 4

ADDRESS

JFD Brokers Ltd.
Kakos Premier Tower
Kyrillou Loukareos 70
4156 Limassol, Cyprus

TELEPHONE & FAX

+357 25878530
+357 25763540

WEB

support@jfdbrokers.com
www.jfdbrokers.com

Because cryptocurrencies are comparatively more volatile than other Financial Instruments, we reserve the right to alter the trading terms (spreads, charges and leverage ratios) more often than in the case of trading CFDs on other instruments.

WHAT HAPPENS IF JFD IS UNABLE TO PAY OUT?

In the case of a financial default, you may seek compensation for CFDs on underlying instruments from the Investor Compensation Fund, of which JFD is a member. If JFD is unable to meet its financial obligations to you, this could cause you to lose the value of any positions you have with JFD. You can find out more about it [here](#). JFD segregates your funds from its own money in accordance with Law 144(I)/2007. Should segregation fail, your investment is covered by the Investor Compensation Fund which covers eligible investments up to EUR20,000 per person. For more info, please visit: <https://www.cysec.gov.cy/CMSPages/GetFile.aspx?guid=971d4e0b-326b-4db1-b155-28a9f98af927>

WHAT ARE THE COSTS?

You can view the costs of trading Cryptocurrency CFDs on JFD's website on this [page](#).

HOW CAN I MAKE A TRADE INQUIRY OR COMPLAINT?

If you wish to submit a trade audit you can contact our customer support. Per JFD's Complaint Procedure, if you are dissatisfied with the audit resolution, you can submit a formal complaint. You may submit your complaint online via the following form. If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman of the Republic of Cyprus. For further information, click [here](#).

OTHER RELEVANT INFORMATION

You should ensure that you read the Legal Information, Risk Disclosure and Privacy Disclosure displayed in the legal section of our website, as well as our Client Agreement. Such information is also available on request.

ADDRESS

JFD Brokers Ltd.
Kakos Premier Tower
Kyrillou Loukareos 70
4156 Limassol, Cyprus

TELEPHONE & FAX

+357 25878530
+357 25763540

WEB

support@jfdbrokers.com
www.jfdbrokers.com