JFD | BROKERS
JUST FAIR & DIRECT

KEY INFORMATION DOCUMENT - FX

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

Product Name: Forex (FX)

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 1 January 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 Forex. Forex, also known as foreign exchange, FX or currency trading, is a decentralized global market where all the world's currencies trade. The forex market is the largest, most liquid market in the world with an average daily trading volume exceeding $5 trillion. JFD offers trading opportunities on many different Forex pairs. You can visit JFD's website for information on the currency pairs available to trade with JFD.

Objectives

The objective of trading Forex is to speculate on price movements (generally over the short term) between two currencies. Your return depends on movements in the price of the instrument and the size of your position. All forex trades involve two currencies. The first currency listed in an FX pair is called the base currency, and the second currency is called the quote or counter currency (each currency pair is listed as a three-letter code). The price of an FX pair is how much one unit of the base currency is worth in the quote currency. If the base currency rises against the quote currency, then a single unit of the base currency will be worth more units of the quote currency and the pair's FX pair's

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price will increase. If it drops, the pair's price will decrease. For example, the EUR/USD, the most-traded currency pair in the world, EUR, the first currency in the pair, is the base, and USD, the second, is the quote. When you see a price quoted on your platform, that price is how much one euro is worth in US dollars. You always see two prices because one is the buy price and one is the sell. The difference between the two is the spread. When you click buy or sell, you are buying or selling the first currency in the pair. For example, if you believe the value of an instruments base currency is going to increase vs the quote currency, you could buy 1000 or more units of that base currency (this is also known as "going long"), with the intention to later sell them (and subsequently close the trade) when it is 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 an instruments base currency is going to decrease vs the quote currency you could sell (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 instruments price 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 (see further below). Trading on margin can enhance any losses or gains you make.

Execution Model

No Dealing Desk

JFD offers forex trading via a Straight Through Processing (STP) or No Dealing Desk (NDD) execution model. In this model, JFD platforms display the best-available direct bid and ask prices from our liquidity providers who act as counterparty to your trade. JFD does not act as a market marker in any currency pairs 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 will not be appropriate for everyone. We would normally expect these products to be used 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.

Term

Forex positions have no maturity date or minimum holding period. You decide when to open and close your positions. JFD may close your position without seeking your prior consent if you do not maintain sufficient margin in your account.

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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.

FX 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 1k position for FX) 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 FX pair 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 process all liquidations for FX 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. FX trading is decentralised and pricing will vary from broker to broker. JFD's Forex instruments are not listed on any exchange, and the prices and other conditions are set by JFD in accordance with our best execution policy. FX contracts can be closed only with JFD, and are not transferable to any other provider. If you have multiple positions your risk is cumulative and not limited to one position.

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PERFORMANCE SCENARIOS

This key information document is not specific to a particular product. It applies to any FX instrument. For each trade you enter, you will be responsible for choosing the instrument, when you open and close, the size (risk) and whether to use any risk mitigation features (such as stop loss orders). Each instrument has a different pip cost (value risked for every change of a certain digit in price) associated with it. The below table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of €1000 and choose to open a long/short position of 100,000 (also known as a standard lot). This particular currency pair has a pip cost of €0.1 per 1,000, which, in this case, means that you will gain or lose €10 for every pip the price moves. The price at which you can buy is 1.20000. A pip on this instrument is the fourth digit after the decimal place. The below table does not include overnight holding costs (swaps), commissions or the current spread (the difference between BID and ASK prices).

Scenario	Scenario details	Closed PnL	Starting Equity	Final Equity
1	You go long and the price falls by 30 pips and the position is closed due to stop-out event.	Open price: 1.20000 Close price: 1.19700 Result: -€30	€1000	€970
2	You go short and price increases by 9 pips and you exit the position with stop loss.	Open price: 1.20000 Close price: 1.19910 Result: -€9	€1000	€991
3	You go long and exit the position at the same rate you entered.	Open price: 1.20000 Close price: 1.20000 Result: €0	€1000	€1000
4	You go long and price increases by 15 pips and you exit manually the position.	Open price: 1.20000 Close price: 1.20150 Result: €15	€1000	€1015

WHAT HAPPENS IF JFD IS UNABLE TO PAY OUT?

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. JFD is a member of the Investor Compensation Fund. 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 FX on JFD's website on this page.

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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.

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