

Key Information Document – CFD ON Cryptocurrency

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.

Further Information

CFDs are offered by MEX Europe Ltd (the “Company”, “we” or “us”), registered in the Republic of Cyprus, with registration number HE 424840. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 430/23. For further information please call +357 25263408 or go to www.mexeurope.com.



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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 market. 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 exchanges. For specific trading timetable please check the following website www.mexeurope.com.

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 \$5,000 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 MEX Europe 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. The Company applies a margin close out rule on a per account basis. Should the investor’s equity reach 50% (fifty) of the minimum initial margin required, the Company’s trading system will automatically close one or more of investor’s positions (starting with the worst position by profit/loss) which means the investor will realize the losses. Therefore, it is important to maintain such level of margin to support the investor’s open positions.

Intended Retail Investor

CFDs are intended for investors who wish to make directional transactions and take advantage of short term price movements in the rates of currencies 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



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, as this is a leveraged financial derivative and a small movement in the underlying market may have a large impact on the value of the CFD. The CFD products that we offer are not listed on a regulated market and can only be closed with us and not with any other CFD provider. If you fail to maintain an adequate margin deposit to cover any losses, we may close your position without further reference to you.

Performance scenarios (assuming no Overnight Financing effects):

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

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 scenarios of a deal in CFD based on Bitcoin.

CFD on a Crypto (BTCUSD) (held intraday)							
EUR/USD pair opening price:		(P)	53000.00				
Trade size (per CFD):		(TS)	0.1 LOT (1)				
Margin %:		(M)	50%				
Leverage:		(L)	1:2				
Margin Requirement (\$):		$MR = P \times TS \times M$		\$2650			
Notional value of the trade (\$):		$TN = MR \times L$		\$5300			
BUY/LONG Performance Scenario	Closing Price (inc. spread)	Price change	Profit/ Loss	SELL/SHORT Performance Scenario	Closing price (inc. spread)	Price change	Profit/ Loss
Favorable	56180.00	6%	\$318.00	Favorable	49290.00	-7%	\$371.00
Moderate	54325.00	2.5%	\$132.50	Moderate	50880.00	-4%	\$212.00
Unfavorable	51410.00	-3%	-\$159.00	Unfavorable	54590.00	3%	-\$159.00
Stress	48760.00	-8%	-\$424.00	Stress	57240.00	8%	-\$424.00

What happens if MEX Europe Ltd is unable to pay out?

In the event that MEX Europe Ltd 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 below table portrays an illustration of types of costs along with their meaning:

One-off cost	Spread	STANDARD Account	From 1.5 pips	The difference between the buy (Ask) price and the sell (Bid) price. When a position opens, the spread "cost" is realised. Traders should note that in the event of low liquidity, spreads might significantly increase from their normal levels.
		PRO Account	From 0.8 pips	
		ECN Account	From 0.0 pips	
	Commission	A commission "cost" is based on volume transaction and is One-off charge for both opening and closing a position.		

		Example: On ECN Account, if you trade 1 lot of EURUSD, which has a contract size of 100,000 EUR, then your commission round turn would be 6 EUR.
	Currency Conversion	Any cash, realised 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 currency of your account and a currency conversion fee will be charged to your account.
Ongoing cost	Daily holding Fee/Swap/Rollover	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs. On Wednesdays or 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 Lot in Bitcoin with 1000 pips spread. A pip in Bitcoin is equal to the 2nd decimal place in price $1 \times 10 = \$10$.

The amount of \$10 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 -\$10.

In addition to the above if the Swap is positive, it means that an applicable amount will be added (credited) to the investor's account. A negative Swap 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, it will be converted to the account's currency at the prevailing exchange rates.

The following calculation method is used to calculate the Swap Amount:

Swap Amount = Number of nights x opening price x contract size x volume x Swap Rate

See MEX Europe Ltd [website](#) for Swap Rates.

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

There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD at any time during market hours.

How can I complain?

If you wish to make a complaint you should contact our Customer Support Team on +357 25263408 or by emailing to complaints@mexeurope.com indicating your name, account number and nature of the complaint. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman of the Republic of Cyprus. For further details please visit our Clients Complaint Policy available at www.mexeurope.com.

Other relevant information

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 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 MEX Europe Ltd website at <http://www.mexeurope.com>.