# KEY INFORMATION DOCUMENT

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: **CFDs on Commodities**

Cyprus Investment Firm: **EDR Financial Ltd (''TrioMarkets'')**, website: www.triomarkets.com, email: info@triomarkets.com, tel. +357 25 030056.

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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 product is a Contract for Difference («CFD») and it is traded on an over-the-counter («OTC») basis. A CFD is a complex financial product, because it is traded on «leverage» for speculative purposes. It is an agreement between a «buyer» and a «seller» to exchange the difference between the current price of a particular underlying asset and its price when the contract is closed, without actually buying, selling or owning the underlying asset. With CFDs on Commodities, a trader can buy or sell the difference between the current value of a particular commodity and its price when the contract is closed. A commodity is a type of good, e.g. Crude Oil, Brent, Natural Gas, Silver, Gold, Palladium, Platinum. The product's value is determined by the value of the underlying asset. All CFDs are settled in cash. For more information: CFDs, Commodities and our Trading Conditions.

**Objectives:** The objective of trading CFDs on Commodities is to profit from the speculation on the price movements in the commodity chosen by the client. A client's profit or loss, will be determined by the choice made («buy» or «sell» position) in conjunction with the direction of the price movements of the underlying assets, the size of the client's opened position, the leverage and whether the client chooses to use his stop-loss or take-profit. The trader has to be knowledgeable enough to make informed decisions on the direction of the price, and most importantly to be in the financial position to sustain the risk of losing his entire invested amount over a short period of time. The prices of the commodities, are obtained by the Company's liquidity providers. The market for all currencies is open 5 days a week. For specific trading hours please click here.

| CFDs on: | Underlying Asset |
|---|---|
| Commodities | Goods (e.g. Natural gas, Silver) |

**Intended retail investor:** These products are not suitable for everyone. They are usually expected to be traded by people who: **1)** have a high risk appetite**, 2)** are in the financial position to afford to lose their entire investment, **3)** have experience/understanding of the financial markets and the risks associated with trading with leverage, and **4)** are willing to trade based on the movements of the instrument prices.

**Term:** The client solely decides when to open or close a position. There is no minimum holding period. Triomarkets may close your position without seeking your prior consent, if you do not maintain sufficient margin in your account (more information below).

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

**Summary Risk Indicator (SRI):** 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. We have classified this product as 7 out of 7, which is the highest risk class.

**Slippage:** The SRI rates the potential losses from future performance and poor market conditions, at a very high level, as the prices may fluctuate due to volatility, caused by e.g. major announcements of events that can affect the price of the commodity chosen, in the market, but also on other factors, e.g. insufficient liquidity. As the CFDs are inherently risky products, clients risk to lose their entire investment capital over a short period of time. The Company provides the clients with the best execution available, however, due to volatility or high volumes, slippage can occur. Risk also increases when clients maintain many positions open at the same time.

**Negative balance protection:** The clients will never be required to pay any additional amount from what they originally had invested. Any exceeding amounts below the deposited amount are covered by the Company. However, the Company does not offer guaranteed (automated) stop-loss. For more information click on: negative balance protection.

**Margin requirement:** To open a position and be able to trade, a client needs to have sufficient funds. The capital needed to open a position is called a «margin requirement» and it is based on the account balance and the account leverage, thus creating a «leveraged position». See below an example of a calculation for the required margin, when the leverage is set to 10:1, on a 1 lot position of CRUDE OIL (1 lot = 1000 barrels): (1lot x1,000x 61$)/10=6,100$. Trading on margin («leverage») can magnify losses and profits due to factors like price movements, volatility, or limited liquidity. Failure to re-deposit additional funds may result in the CFD position being automatically closed («margin call»). Margin calls occur when the equity of the account falls below the required margin level. To keep your positions open, you must maintain a certain level of funds in your account («margin level»), in order to avoid forced closure («margin call/stop-out level») of positions for all retail clients at 50%. At that point, the platform will start automatically closing positions starting from the biggest negative to the biggest positive but not necessarily all of them (as many positions required to maintain a margin level above the stop out level). This new rule (50%) has become mandatory for 3 months, starting from August 1st, 2018, as this is a rule imposed by the new ESMA Product Intervention Measures on CFDs. ESMA is an abbreviation that stands for European Securities and Markets Authority, which is a European Union financial regulatory institution and European Supervisory Authority. TrioMarkets had anyway until now been offering a 50% stop out level to all German and French residents, as required by existing Regulations, and a 30% stop out to all the remaining retail clients. Now, the rule stands at 50% for all retails clients.

| CFDs on: | New highest permitted leverage levels by ESMA |
|---|---|
| **Commodities other than gold** | **10%** of the notional value of the CFD or up to **10:1** |
| **Gold** | **5%** of the notional value of the CFD or up to 20:1 leverage |

**Currency risk on MT4:** Be aware of currency risk. It is possible to buy or sell CFDs in a currency which is different than the base currency of your account, so the final return you will get shall depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. The profit or loss displayed in the MT4 platform is depicted by the volume of the currency that the account was opened on.

**Performance scenarios:** The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. It is not specific to any particular product, it applies to any Commodity. For each trade you enter, you will be responsible for selecting the instrument, the size of the order, the direction (buy/sell), the time of opening/closing the position and whether to use any features to reduce risk (for example: stop loss). Every time you open and/or close a position, costs apply. If the prices move in the same direction as your speculation (positive difference), and you choose to close your position, you will receive your profit. If the prices move in the opposite direction (negative difference), and you choose to close the position, you will be then faced with losses. In other words, when any transaction is closed, a trader will receive his profit or be faced with losses. Any profits or losses are automatically added or subtracted to the client's balance once the client closes the position. If the client chooses to set a stop-loss, this will provide him with the option to automatically close his position at the price chosen, however it will not guarantee it. In addition, for every night that the position remains open, overnight fees apply to keep the position open («swap fee»). The scenarios presented are an estimate of future performance based on historical evidence of how the investment varies. Keep in mind, that they are not an exact indicator and cannot guarantee future success. What you will get, shall vary depending on how the market performs and how long you chose to keep your position. The following assumptions have been used to create the scenarios in the Table below:

**Beginning equity:** $1,000 | **Leverage; 10:1** | **Size:** 1,000 contracts (1 standard lot) of Crude Oil | **Length of trade open:** Intra-day | **Value per pip:** $10 (the pip on this instrument is the second digit after the decimal place) | **Open price:** 61.50. The table below does not include overnight costs or commissions (discussed below):

| Scenarios | | Trade P/L | Percentage P/L | New Equity |
|---|---|---|---|---|
| **Stress scenario:** You sell (short) and the price rises by 40 pips and you then receive a margin call. | **Open price: 61.50**<br>**Close price: 61.90** | **-$400** | **-40%** | **$600** |
| **Unfavourable scenario:** You buy (long) and price falls by 9 points and you close the position. | **Open price: 61.50**<br>**Close price: 61.41** | **-$90** | **-9%** | **$910** |
| **Moderate scenario:** You sell (short) and close the position at the same rate you entered. | **Open price: 61.50**<br>**Close price: 61.50** | **$0** | **0%** | **$1,000** |
| **Favorable scenario:** You buy (long) and the price rises by 11 points and you close the position. | **Open price: 61.50**<br>**Close price: 61.61** | **$110** | **+11%** | **$1,110** |

## WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

If Triomarkets becomes insolvent, each client's investment of up to 20,000€/per person can be covered by the Investor Compensation Fund (ICF) of the Cyprus Securities and Exchange Commission. See https://cysec.gov.cy/en-GB/complaints/tae/information/

## WHAT ARE THE COSTS?

The table below details the different types of costs and their meaning.

| | | |
|---|---|---|
| One off costs | Spread | The spread is the difference between the Sell (Bid) and Buy (Ask) price of the instrument which is multiplied by the deal size. For the example we will assume a 1,000 contract (1 lot) with a 3 pip spread. The pip on this instrument is the second digit after the decimal place (0.01). 1,000 x 0.01*3 = 30 USD. The amount of 30 USD 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 -30 USD. |
| | Commission | Commission is charged when the trade is opened and this will be a value in the account currency per 1 lot. And can be seen here: http://www.triomarkets.com/accounts/accounts-overview/ For example, the commission charged is $8 per 1 lot traded. Assuming a 1,000 contract (1 lot) trade the amount of $8 will be shown in the commission column of the open trade and deducted from the final P/L when the trade is closed. |
| | Withdrawal fees | When withdrawing funds from your trading account, EDR Charges a fee of 1.5% of the withdrawal amount. For wire transfers the fee is 1.5% with a minimum charge of 25 and limited to 50 (base currency). |
| Ongoing Costs | Financing Costs- Swaps | Contracts on CRUDEOIL, BRENTOIL and NATURALGAS, XAUUSD, XAGUSD, XPTUSD and XPDUSD incur overnight swap rates. Any client holding a position at the end of the trading day (00:00 GMT+2) will be credited or debited the swap amount. On Wednesday night, to account for holding a position into the weekend the swaps are charged at 3X times the regular rate. |

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

CFDs are intended for short-term trading and are generally not suitable for long term trading, there is no recommended or required holding period. Clients can exit their position(s) at any time during the market trading hours. For clients to be able to withdraw at any time and to avoid the risk of having their positions automatically closed, sufficient margin is required in the account.

## HOW CAN I COMPLAIN?

Complaints may be addressed to Triomarkets via email to backoffice@triomakets.com. The email should set out the client's name, the account number and nature of the complaint. If the client is unhappy with the Company's response to his com-plaint, he may refer the issue to the Financial Ombudsman of the Republic of Cyprus. For more information, please click here.

## OTHER RELEVANT INFORMATION

This key information document does not contain all information relevant to this product. For more information about the product, the Company's Terms and Conditions, Order Execution Policy, Risk Disclosure Policy, and all other Legal Documents, please refer to EDR's website at https://www.triomarkets.com