

## KEY INFORMATION DOCUMENT CFD ON BONDS

### 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

Name of Product	CFDs on Bonds
Name of PRIIP Manufacturer	IC Markets (EU) Ltd
Website of Manufacturer	<a href="http://www.icmarkets.eu">www.icmarkets.eu</a>
Contact Details of the Manufacturer	+357 25 761455 <a href="mailto:compliance@icmarkets.eu">compliance@icmarkets.eu</a>
Date of production of the KIID	31 January 2019



**You are about to purchase a product that is not simple and may be difficult to understand.**

### What is this Product?

A contract for difference ("CFD") is a popular form of derivative trading. The price of the CFD on bonds is derived from the price of the respective underlying asset. CFD trading allows a trader to speculate on rising or falling prices in an underlying asset. Even though you will never own the underlying asset, your return or loss depends on movements in the price of the underlying and the size of your position. For any CFD two prices are quoted: (a) the higher price ('Ask'), at which the investor can buy ('go long') and (b) the lower price ('Bid'), at which the investor can sell ('go short'). The difference between the two is the spread. The leverage embedded within CFDs has the potential to magnify your profits or losses. IC Markets offers trading opportunities on a wide range of CFDs on bonds such as EURO BOBL (EUROBOBL\_M9, EUROBOBL\_U9 and EUROBOBL\_Z9), EURO BUND (EURBUND\_M9, EURBUND\_U9 and EURBUND\_Z9), EURO SCRATCH (EURSCHA\_M9, EURSCHA\_U9 and EURSCHA\_Z9), UNITED STATES- 5 Years (UST5Y\_M9, UST5Y\_U9 and UST5Y\_Z9) UNITED STATES 10 Years (UST10Y\_M9, UST10Y\_U9 and UST10Y\_Z9) UNITED STATES 30 Years Bond (UST30Y\_M9, UST30Y\_U9 and UST30Y\_Z9), UK GB Bond (UKGB\_M9, UKGB\_U9 and UKGB\_Z9), Japanese Government 10 Years Bond (JGB10Y\_H9, JGB10Y\_M9, JGB10Y\_U9 and JGB10Y\_Z9) and ITALY 10 YEARS BOND YIELD (ITBTP10Y\_M9, ITBTP10Y\_U9 and ITBTP10Y\_Z9). CFD transactions with IC Markets are not undertaken on a recognized exchange/regulated market, rather they are undertaken over the counter (OTC).

### Objective

The objective of the CFD is to allow an investor to gain exposure to the movement in the value of the underlying product (whether up – long positions or down – short positions), without the actual need to buy or sell the respective underlying product. One of the key features of trading CFDs is that 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.

If you believe that the value of the product is going to increase, you would buy a number of CFDs with the intention to later sell them when they are at a higher value. The difference between the buy price and your sell price, minus any relevant costs (see below for costs), equates to your profit. On the other hand, if you think that the price of a product is going to decrease, you would sell a number of CFDs with the intention to later buy it back at a lower value. However, if the product moves in the opposite direction and your position is closed, you would owe us the amount of any loss you have incurred (subject to our negative balance protection).

CFDs on bonds traded with IC Markets Ltd do not have a pre-defined maturity date and are therefore open-ended. There is no recommended holding period and it is up to the discretion of each trader to determine the most appropriate holding period based on their own individual strategy and objectives. Finally, trading on margin can increase any losses or gains you make.

### Indented Retail Investor

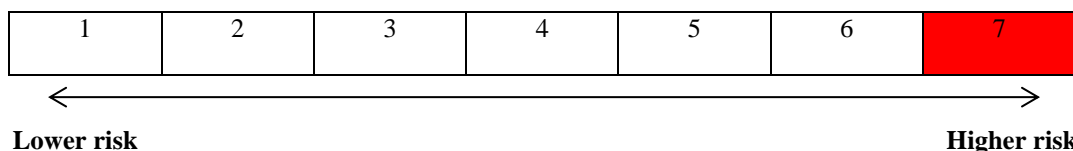
Trading CFDs on bonds is not appropriate for everyone. These products are most commonly intended for traders who have knowledge and/or experience to understand the characteristics of CFDs on futures and risks associated with trading on margin; want to generally gain short term exposures to financial instruments/markets; are trading with money they can afford to lose; and have a high-risk tolerance.

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

IC Markets (EU) Ltd is a Cyprus Investment Firm, regulated by Cyprus Securities and Exchange Commission (CySEC), License No: 362/18 and Registration Number: HE356877. Registered Office Address: 141 Omonoias Avenue, The Maritime Centre, Block B, 1<sup>st</sup> Floor, 3045 Limassol, Cyprus

**Risk Indicator**

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 unable to pay you.



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. This is because there is a chance that you could lose all of your trading balance.

**Trading risks** are magnified by leverage. Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, Margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out. Trade only after you have acknowledged and accepted the risks. You should carefully consider whether trading in leveraged products is appropriate for you.

**Be aware of currency risk.** You may receive payments in a different currency; therefore, the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Market conditions may mean that your CFD on bonds trade is opened and closed at a less favorable price, which could significantly impact how much you get back. We may close your open CFD contract if you do not maintain the minimum margin that is required, or if you contravene market regulations. For more information on Margin we encourage you to review our Margin Information.

**Technical Risks.** Since trading of the product depends on technology i.e. PC, mobile phone, internet etc., you are exposed to electronic disruptions, leading to delays in the opening and closing of a transaction, for which IC Markets shall not be held liable.

This product does not include any protection from future market performance so you could lose some or all of your trading balance. For more information on the Risks associated with trading the product, please see our Risk disclosure.

**Performance scenarios**

The below scenarios illustrate potential profit and loss under different scenarios. 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. In any case, your profit or loss depends on how the market behaves and how long you hold the CFD. The stress scenario shows what you might get back during extreme market circumstances, when the market is very volatile.

The following assumptions have been used to create the scenarios found in table 1 below:

<b>CFD on a Bond (held intraday)</b>		
UST 30Years Bond opening price	(P)	\$140
Trade size (per CFD)	(TS)	10 LOT
Margin %	(M)	1%
Leverage	(L)	1:100
National Value of the Trade (\$)	$TN = MR \times L$	\$1,400

**Table 1:**

BUY/LONG	Closing Price (incl. spread)	Price change	Profit/Loss	SELL/SHORT	Closing price (inc. spread)	Price change	Profit/Loss
Performance Scenario				Performance Scenario			
Favourable	\$120	-14.29%	\$-200	Favourable	\$160	14.29%	\$-200
Unfavourable	\$130	-7.14%	\$-100	Unfavourable	\$150	7.14%	\$-100
Moderate	\$150	7.14%	\$100	Moderate	\$130	-7.14%	\$100
Stress	\$160	-14.29%	\$200	Stress	\$120	-14.29%	\$200

The figures shown above indicate intraday trading; thus, do not include the cost of positions held open overnight. If you have been sold this product by someone else or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not take into consideration personal tax situation, which may affect how much you get back.

#### What happens if IC Markets is unable to pay out?

If IC Markets or its liquidity provider is unable to meet its financial obligations to you, this could cause you to lose the value of any position's you have with IC Markets. However, in such cases, you may be eligible for Compensation under the Investors' Compensation Fund (ICF), which covers eligible investments up to EUR 20,000 per person, per firm. If you wish you may get more information on the ICF. IC Markets segregates your funds from its own money in accordance with the Cyprus CySEC Client Asset rules. The indicator shown above does not consider this protection.

#### What are the costs for CFDs on Bonds position?

Before you trade CFDs on bonds, you should familiarize yourself with all the below costs for which you will be liable, and which are capable of reducing your net profits or increase your losses. For more information on costs please view our General Fees Document. The below table portrays an illustration of types of costs along with their meaning:

<b>One off cost</b>	<b>Spread</b>	The difference between the buy price and the sell price is called the spread. This cost is realized each time you open and close a trade.
	<b>Currency Conversion</b>	Any cash, realized 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 base currency of your account and a currency conversion fee will be charged to your account.
<b>Ongoing costs</b>	<b>Daily holding Cost/Swap/Rollover</b>	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, Swap is charged 3 times. Swap can be viewed on the trading platform.

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

There is no recommended holding period. You can open and close a CFD position on a bond at any time during market hours or automatically on the expiration date.

#### How can I complain?

The Company has established and maintains a Complaints Handling Procedure. If you wish to submit a complaint you can submit the online form via the following link or send an email to [complaints@icmarkets.eu](mailto:complaints@icmarkets.eu) . If you do not feel your complaint has been resolved satisfactorily and are categorized as a Retail Client, you are able to additionally refer your complaint to the Financial Ombudsman Service (FOS). See [www.financial-ombudsman.gov.cy](http://www.financial-ombudsman.gov.cy) for further information.

#### Other relevant information

The information contained in this information document should be read in conjunction with other legal documentation will in particular the contractual information available at [www.icmarkets.eu](http://www.icmarkets.eu) under the legal tab.