

Key Information Document - CFDs on Bonds

Purpose: This document provides you with key information about this investment product. It is not marketing material. This 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. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Please visit our website for the precise percentage of retail investor accounts that lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

CFDs are offered by IC Markets (EU) Ltd (the “Company”, “we” or “us”), registered in the Republic of Cyprus, with registration number HE 356877. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 362/18. For further information please call +357 25010480 or go to www.icmarkets.eu.

This document was last updated on 09/08/2023



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. An 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. Buying (or going “long”) benefits from rising prices of the underlying asset; Selling (or going “short”) benefits from falling prices 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 trading in the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying asset (whether up or down), without owning the physical/underlying asset. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be paid upfront as an initial margin, which is one of the key features of trading CFDs. In the case of CFDs on Bonds, prices are based on the exchange-quoted price. Prices may be obtained either by liquidity providers who obtain such prices from market data aggregators or directly from the relevant exchanges. For a specific trading timetable please check the following website www.icmarkets.eu.

To purchase a CFD, the investor must have sufficient margin in its account. The required margin for CFDs on Bonds is 20%. This means that to open a transaction of €10.000 (deal size), the investor will need to have a minimum margin of €2.000 in its account. This represents a max leverage of 1:5 for CFDs on Bonds. Margin requirements may be decreased at the investor’s request, subject to the fulfilment 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

For Sell (Short) positions: Deal size (in units of base asset) x [Close Ask – Open Bid] = P/L

The P/L from closed positions is converted into the currency in which the investor’s account is denominated. At the time that positions are closed, and if applicable, the conversion is carried out at the exchange rate between the currency in which P/L is generated and the currency in which the investor’s account is denominated.

The P/L is also affected by the fees charged by IC Markets (EU) 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. Should the investor’s margin reach 0 (zero), all investor’s positions will automatically close which means that the investor will realize the losses. Therefore, it is important to maintain such a level of margin to support the investor’s open positions.

Intended Retail Investor

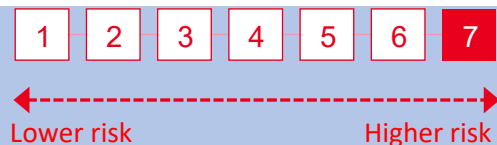
CFDs are intended for investors who have knowledge of or are experienced with, trading in leveraged products. Clients need to understand how prices of CFDs are derived, the key concepts of margin and leverage, the risk/reward profile of the specific financial instruments compared to traditional trading (without leverage) and have the appropriate financial means to bear losses of the entire amount invested.

Term: The product does not have a pre-defined maturity date and is therefore open-ended. There is no recommended holding period, and it is down to the discretion of individual investors to determine the most appropriate holding period based on their own individual trading strategy and objectives. Please consult the Company's website for trading times.

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

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.

Risk Indicator



The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to the volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you will get in return.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from the future performance of the product at a very high level.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. You may not be able to close your position easily or you may have to close at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to close a position at a desired price due to the unavailability of such a price in the market. CFDs are OTC products and cannot be sold on any exchange, MTFs or other trading venue. There is no capital protection against market risk, credit risk or liquidity risk.

Market conditions may cause, in a short period of time, significant price fluctuation of your position in CFDs on Bonds. If the change in price is against the direction you choose, you may experience significant losses over a short period of time up to a maximum of the amount held as a margin in your trading account. However, you will never owe the Company any amount in excess of the available funds in your account considering the contractual "Negative Balance Protection". Market conditions may mean that your CFD trade is closed at a less favourable price, which could significantly impact how much you get back.

This product does not include any protection from future market performance so you could lose some or all your investment.

Currency Risk: It is possible to buy or sell CFDs in a currency different from the currency of your account. Since you may receive payments in a different currency, your final return will depend on the exchange rate between the two currencies (the currency you receive payments vs. the currency in which your trading account is maintained). This risk is not considered in the indicator above.

Performance Scenarios (assuming no Overnight Financing effects)

The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. Market developments in the future are uncertain and cannot be accurately predicted. 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. Figures shown include all costs applicable to Standard accounts (not charged commission). Commissions applied to other types of accounts may impact returns. If you have third parties advising you about this product, these figures do not include any cost that you pay to them. The stress scenario shows what you might get back in extreme market circumstances, and it does not consider the situation where we are not able to pay you.

Below are examples of performance scenarios of a deal in CFD based on Euro Bobl.

CFDs on Bonds - Euro Bobl (EURBBL)		
Account Balance	€ 4,000.00	EUR
Lots traded	1	
Contracts (Lot size)	100	
Opening Price	134.38	
Notional Value of the trade	€ 13,438.00	EUR
Leverage	1:5	
Margin %	20%	
Margin Required	€ 2,687.60	EUR

Profit/Loss Calculations								
Scenarios	Favourable	Moderate	Unfavourable	Stress	Favourable	Moderate	Unfavourable	Stress
Direction	Long				Short			
Opening Price	134.38	134.38	134.38	134.38	134.38	134.38	134.38	134.38
Closing Price	135.72	134.49	133.04	127.66	133.04	134.27	135.72	141.10
Price change	1.34	0.11	-1.34	-6.72	-1.34	-0.11	1.34	6.72
Profit/Loss (EUR)	134.00	11.00	-134.00	-672.00	134.00	11.00	-134.00	-672.00
Change in Equity %	3.35%	0.28%	-3.35%	-16.80%	3.35%	0.27%	-3.35%	-16.80%
Return on Notional Value %	0.01%	0.00%	-0.01%	-0.05%	-0.01%	0.00%	0.01%	0.05%

* Note that due to the company's Negative Protection Balance policy, Clients will not lose more than they have deposited.

(!) 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.

What happens if IC Markets (EU) Ltd is unable to pay out?

In the event that IC Markets (EU) Ltd becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible for compensation of up to €20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission. For more information please read our Investor Compensation Fund Protection Scheme Policy [here](#).

What are the costs?

IC Markets EU Ltd charges a spread when an investor buys a CFD. Spread is the difference between the Sell ("Bid") and Buy ("Ask") price of the CFD. The spread per each underlying asset is available on the [Trading](#) page as well as in the trading platform but each investor may have different spreads on all or some of the underlying assets based on transaction size, account type, or other factors.

One-off Costs	Spread	<p>Spread cost is realized every time you open/close a trade, it is variable, and its size (distance between Bid and Ask prices) may differ at the times of opening and closing a trade. Prices of CFDs as well as their commercial terms like the spreads may vary to reflect periods of actual or expected heightened market volatility and reduced liquidity. For details regarding the spread per each underlying asset, please refer to the Company's website.</p> <p>Example: Assume that you have a EUR trading account with IC Markets (EU) Ltd., and you enter a trade to go long (buy) 1 unit/lot in EURBBL (1 Lot = 100 contracts) with 5 points spread (as shown on the platform). One point is the one-unit change in the last decimal in which the price of a CFD is quoted (in this case the second decimal) i.e., the spread is 0.05 (5 points x 0.01). Spread cost in our example would be:</p> <p>1 (number of lots traded) x 100 (lot size for bonds) x 0.05 (spread) = 5 EUR.</p>

		5.00 EUR will be deducted from the P/L upon opening the transaction. Keep in mind that had your trading account been denominated in a currency other than EUR the platform would automatically convert the opening P/L to the currency of your account.
	Commission	Our platform charges a one-time fee for every executed deal. This fee is deducted from the clients' equity. The commission rate can be found on our website, as well as in the contract specifications for each symbol on the platform. Please note that this is only applicable to Raw Spread Accounts .
	Currency Conversion	This is the cost for converting realised profits and losses as well as any costs and charges that are denominated in a currency other than the base currency of your trading account.
Ongoing Costs	Swap/Rollover/ Daily Holding Cost	<p>Swap is the fee for keeping the position open overnight (overnight financing fee). Swaps may be positive or negative (depending on the underlying instrument and depending on the direction of the trade, long/short).</p> <p>The CFDs on Bonds that we offer are drawn on Bond Futures contracts. The Company does not charge Swap fees on overnight positions for CFDs where the underlying is a Futures contract. As such no Swap costs are levied on our CFDs on Bonds product. You are advised to refer to your Client Area for a detailed analysis of (and potential changes to) applicable Swap charges.</p>

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

Recommended (required minimum) holding period: None.

There is no recommended holding period or minimum holding period. There are no consequences for you choosing to close your position other than ending your exposure to the underlying at that time. Early termination may occur in the event your account has insufficient funds to support the margin requirement for your position, because of certain corporate actions, if the Company for other reasons decides to discontinue the CFD, or if the Company were to become insolvent.

How can I complain?

If you want to submit a complaint you can complete and send the Complaint Form via email to complaints@icmarkets.eu. For more information, please see our [Complaints Handling Policy](#). If you are still dissatisfied with our handling or findings in relation to that complaint, you may refer the matter to the Financial Ombudsman Of the Republic of Cyprus, by post to the P.O. Box 25735, 1311 Nicosia or via mail to complaints@financialombudsman.gov.cy for further investigation and resolution.

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 contain 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 our website at www.icmarkets.eu.