

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

Product Name: Contract for difference on Bonds.

Product Manufacturer: Indication Investments Ltd ("Company", "we" or "us), which is authorised and regulated by the Cyprus Securities and Exchange Commission, with license number 164/12.

Further information: You can find more information about the Company at www.libertex.com. You can contact us at info@libertex.com or by calling +35722025100.

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Alert

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

What is this product?

Type

An Over-the-Counter ("OTC") Derivative Contract for Difference ("CFD") on Bonds CFD.

Objective

A Bond CFD is not a listed instrument but is traded as an over-the-counter contract between you and the Company.

A BondCFD enables you to have exposure to price movements on the underlying asset. A Bond CFD is an agreement between you and the Company to exchange the difference in the price of the underlying asset over a period of time. The difference to be exchanged is determined by the change in the reference price of the underlying asset. Thus, if the underlying asset rises in price, and you are long CFD, you receive cash from the Company and vice versa. A Bond CFD can be bought long or sold short to suit your view of market direction in the future.

A Bond CFD is a leveraged product that requires you to deposit a smaller amount of cash as margin rather than paying the full value of your exposure. The level of leverage depends on the margin requirement for the individual Bond CFD. You will pay an initial margin upfront when the position is opened. For retail investors, the European Securities and Markets Authority (ESMA) mandates a minimum initial margin of 20% this needs to go of the notional value of the Bond CFD and requires the Company to liquidate open positions if the qualifying equity (CFD cash and unrealised CFD P&L) in your CFD account falls below 50% of the initial margin requirements for all CFD positions. In addition, the Company establishes house-margin requirements based on the historic volatility of the underlying assets and other factors and will apply the house-margin requirement if it is higher than the ESMA requirement.

Intended Retail Investor

This product is intended for investors who want to gain exposure to the underlying asset and who understand that by holding this instrument, they receive exposure to the underlying asset on a leveraged basis and may lose more than the initial margin deposited to open the position. Note, however, that ESMA prescribes those losses reported by a retail investor cannot, in aggregate, exceed the funds invested in a retail CFD account. By way of example, you deposit €10,000 in your retail CFD account and open a long position with a notional value of €50,000. The initial margin paid to open the position is €20,000. If the position loses 50% of its initial value and is closed out, you will have reported a loss of €25,000. The loss will consume your entire account equity, but as a retail investor, you will not have to pay the Company the negative balance of €15,000.

Insurance Benefits: None

Term

There is no predetermined investment holding period or contract expiration implicit in this instrument - it is an open-ended investment to be bought and sold at your discretion. Please consult the Company's website for trading times.

What are the risks, and what can I get in return?

Risk indicator

1	2	3	4	5	6	7
Lower Risk						Higher 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 at a very high level in poor market conditions.

Be aware of currency risk. When you deal in a CFD that is denominated in a currency other than the base currency or a currency you have on a deposit in your account with us, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. This risk is not considered in the indicator shown above. In some circumstances, if your account does not contain enough equity to meet applicable margin requirements, your open positions will be liquidated. **The total loss you may incur may significantly exceed the initial margin requirement but cannot exceed the equity in your retail CFD account.** You may not be able to close your position easily, or you may have to sell at a price that significantly impacts your realised profit/loss. Markets may fall overnight, and we may not be able to close out your position at a price that would avoid losses greater than the margin originally deposited. This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section "What happens if Indication Investments Ltd is unable to pay out?"). The indicator shown above does not consider this protection.

Performance scenarios

The illustrations below depict potential outcomes of your investment, allowing you to compare them with other products' possibilities. These scenarios applicable to Libertex platform are forecasts of future performance, drawing upon past evidence of this investment's value fluctuations, but they are not precise indicators. Your actual return will depend on the market's behavior and the duration you hold the CFD. The stress scenario depicts possible returns under extremely volatile market conditions, but it does not consider the circumstances where we are unable to fulfill your payment.

Scenarios (assuming a Long 7,409.13 EURO investment in IEF held for 3 Weeks with a multiplier of 10)		Low Volatility	Medium Volatility	High Volatility
Stress Scenario	What you might get back after costs (investment plus profit/loss)	€ 557.30	€ 313.78	€ 21.55
	Return at the end of the month	-65%	-80%	-98%
Unfavourable Scenario	What you might get back after costs (investment plus profit/loss)	€ 1206.70	€ 1,044.35	€ 800.83
	Return at the end of the month	-25%	-35%	-50%
Moderate Scenario	What you might get back after costs (investment plus profit/loss)	€ 1,693.74	€ 1,1774.92	€ 1,856.09
	Return at the end of the month	5%	10%	15%
Favourable Scenario	What you might get back after costs (investment plus profit/loss)	€ 2,424.31	€ 2,586.66	€ 2,911.36
	Return at the end of the month	50%	60%	80%

The following assumptions have been used to create the scenarios in Table 1:

Symbol	iShares 20+ Year Treasury Bond
Spread (SPR)	0.01
Commission	0.0%
Open Bid/Ask Price (OP)	87.09/87.10
Trade Size (S)	1000 contracts
Margin % (M%)	20%
Margin Required (MR=OP x S x M%)	\$1,742.00
Notional value of the trade (NV=MR/M)	\$8,710.00
Notional value in Acc currency	€8,117.43 (\$8,710 / 1.07300)
Account currency(AC)	EUR
EURUSD rate	1.07300
Swap (long/short)	-0.0030 % / -0.0302 %

Table 1:

BUY Performance Scenario	Closing Price	Price Difference	Profit/Loss (USD)	Profit/Loss (EUR)
Favourable	97.1	10	1000 USD	931.97 EUR
Moderate	92.1	5	250 USD	465.98 EUR
Unfavourable	82.1	-5	-250 USD	- 465.98 EUR
Stress	67.1	-20	-2000 USD	-1863.93 EUR

SELL Performance Scenario	Closing Price	Price Difference	Profit/Loss (USD)	Profit/Loss (EUR)
Favourable	82.1	-5	500 USD	465.98 EUR
Moderate	84.1	-3	300 USD	279.59 EUR
Unfavourable	90.1	3	-300 USD	-279.59 EUR
Stress	102.1	15	-1500 USD	-1397.95 EUR

The scenarios shown illustrate how your investment could perform. The stress scenario shows what you might get back in extreme market circumstances. You can compare them with the scenarios of other products. The volatility of the underlying asset is an important factor, we have illustrated the possible performance with low, medium or high volatility.

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 keep the product, and, importantly, whether or not you have sufficient funds in your account to sustain the losses depicted. The Company will automatically liquidate positions if the equity in the account is insufficient to meet margin requirements.

The figures shown include all the costs of the product itself but do not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. Opening a long position means that you think the underlying asset's price will increase, and opening a short position means that you think the underlying asset's price will decrease.

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

What happens if Indication Investments Ltd is unable to pay out?

In the event that the Company is unable to meet its financial obligations to you, you may lose the value of your investment. However, we segregate all retail client funds from our own money in accordance with our regulatory requirements. The Company is also a member of the Investor Compensation Fund ('ICF'), which covers eligible investments up to 20,000 Euro per person. More information can be found in the Legal Document [‘Investor Compensation Fund’](#).

Cost Over Time

Long Scenario	If you cash in on the same day	If you cash in after 1 week	If you cash in after 2 weeks	If you cash in after 3 weeks
Spread cost	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR
Commissions	0	0	0	0
Swaps	0	$8,117.43 \times (0.003\%) \times 7 = 1.7$ EUR	$8,117.43 \times (0.003\%) \times 14 = 3.41$ EUR	$8,117.43 \times (0.003\%) \times 21 = 5.11$ EUR
Margin Adjustment	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR
Total costs (EUR)	5.8 EUR	7.51 EUR	9.21 EUR	10.92 EUR

Short Scenario	If you cash in on the same day	If you cash in after 1 week	If you cash in after 2 weeks	If you cash in after 3 weeks
Spread cost	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR	$0.01 \times 100 / 1.073 = 0.93$ EUR
Commissions	0	0	0	0
Swaps	0	$8,117.43 \times (0.0302\%) \times 7 = 17.16$ EUR	$8,117.43 \times (0.0302\%) \times 14 = 34.32$ EUR	$8,117.43 \times (0.0302\%) \times 21 = 51.48$ EUR
Margin Adjustment	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR	$1,623.49 \times 0.03\% = 4.87$ EUR
Total costs (EUR)	5.80 EUR	22.96 EUR	40.12 EUR	57.28 EUR

Composition of Costs

This table shows the different types of cost categories and their meaning.

The difference between the buy and sell price is called the spread.
For more information please visit: <https://libertex.com/specification>.

We charge you a small % fee each time you open a CFD.
For more information please visit: <https://libertex.com/specification>.

Margin Adjustment will be charged only when the Client Trading Account currency is different from the quoted currency of the underlying asset. Margin Adjustment is up to a maximum of 0.3%, and it will be applied to the closing of the trade. The fee will be realised and reflected once the position is closed. Please refer to the example available in the Specifics of Trading Operations Execution.
For more information please visit: <https://support.libertex.com/articles/margin-adjustment>.

A fee is charged to your account for each night that your position is held. This means the longer you hold a position, the more it costs. For more information please visit: <https://libertex.com/specification>.

We charge you to roll over a futures contract into the next month or quarter, equal to the spread to open and close a trade. Please refer to the example available in the Specifics of Trading Operations Execution document for more information.

If the Client's Account is inactive for 180 calendar days (i.e. there is no trading, no open positions, no withdrawals or deposits), the Company reserves the right to charge an inactivity maintenance fee of 10 EUR per month (or 10 GBP, 10 CHF, 50 PLN respectively)* in order to maintain the Account open.
*Inactivity fee is charged only when the account balance is less than 5000 EUR (4500 GBP, 5300 CHF, 22500 PLN respectively).

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 if you choose to close your position other than ending your exposure to the underlying asset at that time. Early termination may occur in the event your account has insufficient funds to support the margin requirement for your position, as a consequence of certain corporate actions, or if Indication Investments Ltd for other reasons decides to discontinue the CFD, or if Indication Investments Ltd were to become insolvent.

How can I complain?

Any query and/or concern and/or issue you may have in respect of the services provided by us under the Client Agreement should be made in writing and addressed to the Customer Support Department via the "[Contact us](#)" page on our website. Should you wish to submit an official Complaint for your account or your dealings with the Company, please contact the Compliance Department at compliance@libertex.com. For further information please see our '[Complaints Procedure for Clients](#)'. If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Cyprus Financial Ombudsman Service. See <http://www.financialombudsman.gov.cy> for further information.

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 and 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 [Legal Documents](#) section in our website.