



## Key Information Document (KID)

### CONTRACT FOR DIFFERENCE ON COMMODITIES

#### 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

The Manufacturer of this product is **eToro (Europe) Limited (“eToro EU”)** (<https://www.etoro.com>), a company registered in the Republic of Cyprus and regulated by the Cyprus Securities and Exchange Commission. You can contact **eToro EU** on <https://www.etoro.com/support/> for more information. This KID was created / last updated on 9 March 2018.

#### ALERT

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

#### WHAT IS THIS PRODUCT?

**TYPE:** This is a ‘Contract for Difference’ (“CFD”). It allows you an indirect (also described as “synthetic”) exposure to an underlying product or financial instrument (for example, to a security, commodity or index). You will have no direct interest in the underlying product/financial instrument. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure.

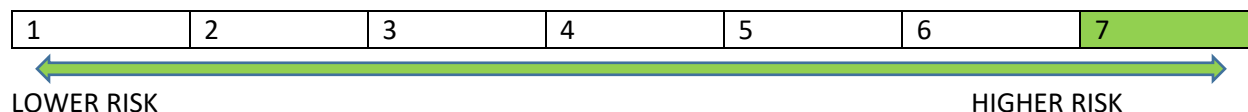
This document provides key information on CFDs where the underlying investment option that you choose is a commodity such as Gold or Natural Gas. A commodity is a raw material or primary agricultural product used in commerce.

**OBJECTIVES:** The objective of trading CFD is to gain exposure to fluctuations related to the underlying index without owning it. Your return depends on the size of the performance (or movement) of the underlying index and the size of your position. This product is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure. Please note that margin trading requires extra caution, because whilst you can realize large profits if the price moves in your favour, you risk extensive losses if the price moves against you.

#### INTENDED RETAIL INVESTOR

Trading in this product will not be appropriate for everyone. This product would commonly be used by persons who want to generally gain short term exposures to financial instruments; are trading with money which they can afford to lose; have a diversified investment and savings portfolio; have a high risk tolerance; and have a good understanding of the impact of and risks associated with trading on margin.

#### 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. **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. Be aware of currency risk. You may receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. In some circumstances you may be required to make further payments to pay for losses. Trading risks are magnified by leverage – the total loss you may incur may significantly exceed the amount invested. 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 and any shortfall will be borne by you. Trade only after you have acknowledged and accepted the risks. You should carefully consider whether trading in leveraged products is appropriate for you.

### PERFORMANCE SCENARIOS

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

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.

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

CFD COMMODITY (held intraday)		
Opening price:	P	\$ 50
Trade size (Per CFD):	TS	1000
Margin %:	M	1%
Margin requirement (USD):	$MR = P * TS * M$	\$ 500
Notional value of the trade (USD):	$TN = MR/M$	\$ 50'000

Table 1

BUY (LONG) Performance Scenario	Closing price (inc. spread)	Price change	Profit/Loss	SELL (SHORT) Performance Scenario	Closing price (inc. spread)	Price change	Profit/Loss
Favourable	\$ 50.75	1.5%	\$ 750	Favourable	\$ 49.25	-1.5%	\$ 750
Moderate	\$ 50.25	0.5%	\$ 250	Moderate	\$ 49.75	-0.5%	\$ 250
Unfavourable	\$ 49.25	-1.5%	\$ -750	Unfavourable	\$ 50.75	1.5%	\$ -75
Stress	\$ 47.5	-5%	\$ -2500	Stress	\$ 52.50	5%	\$ -2500

### WHAT HAPPENS IF ETORO (EUROPE) LTD IS UNABLE TO PAY OUT?

eToro EU is a member of the Investor Compensation Fund for Customers of Cypriot Investment Firms (CIFs) (the "Fund"). The objective of the Fund is to secure any claims of covered clients against members of the Fund and to compensate covered clients for any claims arising from malfunction by a member of the Fund in fulfilling its obligations whether that obligation arises from legislation, the client agreement or from wrongdoing on the part of the member of the Fund. The payment of compensation by the Fund to the clients of its members is subject to the existence of a well-founded claim by the clients against the member of the Fund. The Fund does not cover institutional or professional investors/clients and the total



payable compensation to each covered client may not exceed EUR 20,000, irrespective of the number of accounts held, currency and place of offering the investment service.

Please visit <https://www.etoro.com/en/wp-content/uploads/legal/investors-compensation-fund-etoro-eu.pdf> for more information.

### WHAT ARE THE COSTS?

Before you begin to trade CFDs on Commodities you should familiarize yourself with all commissions, fees and other charges for which you will be liable. These charges will reduce any net profit or increase your losses. For more information about the composition of costs please visit [eToro website](#) . CFDs on Commodities are not suited to the long-term investor. If you hold a CFD open over a long period of time the associated costs such as Overnight Fees/Credits will apply. The daily fee/credit will be multiplied threefold for positions carried over Wednesday nights. The fees/credit will be charged/credited at 17:00 New York time for any position open at this time.

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

CFD does not have any recommended holding period, and generally is used for short time trading. There is no any lock-up period and the Investor can liquidate the trading position and monetize the financial result at any time after opening of the trading position.

### HOW CAN I COMPLAIN?

If you have any questions that we can help you with, we have multiple tools for you to use, such as Frequently Asked Questions (FAQ), referring your enquiry via a Ticket system for the Customer Service department, or via a chat with a Customer Service representative.

If we are unable to answer your question or you feel that our answer is unsatisfactory, you may open an official complaint by filling in the required form found on the bottom of the text. We will do everything we can to address your complaint within 48 hours and provide you with a response. We will keep you updated on the progress of your complaint and a full written response will be provided to you no later than eight weeks from the date that we received the complaint.

If you then feel that your complaint was not resolved satisfactorily by us, within three (3) months of our final response letter, you are able to refer your complaint:

- to the **FINANCIAL OMBUDSMAN SERVICE**

Complaints can be addressed to the Financial Ombudsman to the following address:

Office address: Lord Byron Avenue 13, 1096, Nicosia, Cyprus, OR P.O. 25735, 1311, Nicosia, Cyprus

By fax: 00357 22 660 584 or 00357 22 660 118

By email: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

The complaint form must be accompanied by the evidence of the paid fee (€20);

- to the **CYPRUS SECURITIES AND EXCHANGE COMMISSION**

Complaints can be addressed to the CYPRUS SECURITIES AND EXCHANGE COMMISSION (CYSEC), via the procedures and forms sited on the following e-address: <http://www.cysec.gov.cy/en-GB/complaints/cifs/>

### 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. Ensure your internet signal strength is sufficient before trading.

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