



Key Information Document (KID)

CONTRACT FOR DIFFERENCE ON AN FX PAIR: EUR/USD

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 was published on 09.03.2018.

ALERT

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

WHAT IS THIS PRODUCT?

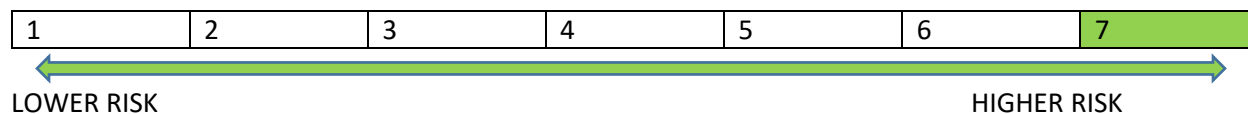
TYPE: This is a ‘Contract for Difference’ (“CFD”). CFD FX means you are not buying the underlying asset, but rather purchasing a contract to settle the difference in the initial and ending price of the underlying asset, currency pairs, such the Euro (EUR) against the U.S. Dollar (USD).

OBJECTIVES: The objective of trading CFD FX is to gain exposure to fluctuations related to the underlying currency pair without owning it. Your return depends on the size of the performance (or movement) of the underlying currency pair and the size of your position. This product is entered into for the purpose of speculation or hedging and is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure.

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. In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.** Trading in CFDs include use of leverage, use of internet-based



applications and OTC market execution, each of them carrying its specific risks which can negatively affect financial results of the trade. 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 we are unable to pay you’). The indicator shown above does not consider this protection.

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:

| FX CFD: EUR/USD (held intraday) | | |
|------------------------------------|-------------------|---------|
| Opening price: | P | 1.1978 |
| Trade size (Per CFD): | TS | 5 |
| Margin %: | M | 1% |
| Contract Size | K | 100.000 |
| Margin requirement (USD): | $MR = P * TS * M$ | 5987,5 |
| Notional value of the trade (USD): | $TN = MR/M$ | 598700 |

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 | 1,2158 | 1.5% | € 1790 | Favourable | 1,1798 | -1.5% | € 1790 |
| Moderate | 1,2068 | 0.75% | € 890 | Moderate | 1.1888 | -0.75% | € 890 |
| Unfavourable | 1,1798 | -1.5% | € -1790 | Unfavourable | 1.2154 | 1.5% | € -1790 |
| Stress | 1,1379 | -5% | € -5980 | Stress | 1.2577 | 5% | € -5980 |

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 FX you should familiarize yourself with all commissions, fees and other charges for which you will be liable. For more information about the composition of costs please visit [eToro website](#). CFDs FX 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

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.