

Key Information Document – CFD on cryptocurrencies

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 Contracts for Difference (“CFD”) on Cryptocurrencies.

Product manufacturer, principal distributor, marketing and custody entity and calculation entity Prior Capital CY Ltd (former PriorFX Ltd) (hereinafter the “Company”), authorized and regulated by the Cyprus Securities and Exchange Commission in Cyprus (License Number: CIF221/13).

Further information You can find more information about the Company and our products available at Company’s [website](#). You can contact us using the details on our website or by sending an email to support@priorcapital.eu. This document was last updated on 22 May 2019.

Alert

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



What is this product?

Type

CFDs on cryptocurrencies are complex, extremely risky and usually high speculative products in accordance with the applicable law. They are traded on an ‘over-the-counter’ (OTC) basis and not through a regulated market. CFDs on cryptocurrencies, which are agreements to exchange the difference in value of a particular underlying instrument (cryptocurrencies and “fiat” currencies) between the time at which the agreement is entered into and the time at which it is closed, allowing the investors to replicate the economic effect of trading in particular cryptocurrencies, “fiat” currencies or other asset classes without requiring nor having actual ownership of the underlying asset. When trading CFDs on cryptocurrencies there is no physical exchange of assets; therefore, financial settlement results from the difference at the time the position is closed and the price of the underlying asset (formulated by the Company) at the time the position is opened. The underlying assets of the CFDs on cryptocurrencies fall under the following category of virtual (Crypto) currency, that may be treated as an intangible or virtual asset, financial assets, other assets depending on jurisdiction, applicable laws and legal form of the issue. CFDs on cryptocurrencies allow investors to speculate on the short-term movements in the price of underlying cryptocurrencies. CFDs on cryptocurrencies are highly speculative products and incorporate product features, such as leverage and automatic close-out which entail a high risk of losing all your invested capital. You can visit Company [website](#) for information on the underlying assets available to you.

Financial Leverage

CFDs on cryptocurrencies are leveraged instruments, which allow the investor to obtain a higher exposure on an underlying asset compared to the investor's deposited capital. Initial margin is the amount required by the investor to open a certain position in CFDs, expressed as a percentage of the nominal exposure. The lower the percentage the higher the leverage. This percentage may be changed by the Company at any time depending on changing market conditions, risks and legislative requirements. The investor should note that the use of leverage carries high-risk.

***Example:** *The required margin calculation for CFD in Cryptocurrencies equals to the 'Trade Size + Leverage account currency exchange rate (if different from the base currency of the pair traded). For example, trading 1 lot of BTC/USD** using 1:2 leverage with an account denominated in USD, trade size: 1 and account currency exchange rate: 8000 would have a required margin of USD4000 calculated by $1/2 * 8000 = \$4000$. Underlying Assets*

Underlying Assets

The value of a CFD in cryptocurrencies, varies depending on the behavior of the underlying asset's (cryptocurrencies) price, so as to reflect the changes in the price of the underlying asset, at each moment. More specifically, the underlying of CFDs in cryptocurrencies are: Bitcoin (BTC), www.bitcoin.org; Ethereum (ETH), www.ethereum.org; Litecoin (LTC), www.litecoin.org; Ripple (XRP), www.ripple.com; Bitcoin cash (BTH), www.bitcoincash.org.

SPECIFIC INVESTOR WARNING NOTES

This Complex Product may lead to the total loss of capital invested and may provide zero returns. Is subject to the credit risk of the issuer – The Company which implies the incurring of costs, fees or charges. This is subject to any potential conflicts of interests in the calculation agent's performance with the Company and is not equivalent to the acquisition or initial transaction of the underlying assets. The Investor position may be closed by any time by the Company in certain situations. **NOTICE: For further information please see [Crypto CFDs Risk Warning Statement](#).**

** The spread on the BTC/USD is 15, calculated by subtracting 8100.00 (sell price) from 8085.00 (buy price).

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

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 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 of the product at a very high level.

- **Market Risk:** Investing in CFDs in cryptocurrencies carries the risk resulting from fluctuations (appreciation/ depreciation) of the value of underlying crypto- currencies affecting the value of the CFDs offered by the Company.
- **Capital Risk:** Investing in CFDs in cryptocurrencies incurs the risk of the amount that the investor is to receive proves to be lower than the invested capital. The Company offers Negative Balance Protection; therefore, an investor will not lose more than the initial amount invested.
- **Credit Risk:** Investing in CFDs in cryptocurrencies is an OTC transaction, so investors are exposed to the risk that the Company may be unable to meet its obligations in full and/or partly in a timely manner in the event of bankruptcy or insolvency. There is also a risk that the bankruptcy or insolvency of a third party may affect the capability of the Company to perform on time its obligations.
- **Company Risk:** Investing in CFDs in cryptocurrencies carries the risk that the Company may be unable to fulfil its commitments resulting in the loss of the value of the CFD even if the subsequent price movements of the underlying asset may favor the direction of the investor's position. There is also the risk that the consequences are not fully and completely envisaged in the legal documentation of the Company.
- **Foreign Exchange Risk:** Investing in CFDs in cryptocurrencies, as with any marketable instrument, involves exposure to currency risk because it is denominated in a particular currency and its appreciation or depreciation can affect the value of CFDs resulting in the significant or total loss, of the capital invested.
- **Liquidity Risk:** Investing in CFDs in cryptocurrencies may result in a lack of available liquidity in the market to execute an order resulting in an investor being delayed or unable to close a position at a desired price and/ or time and potentially leading to a significant or total loss of the capital invested.
- **Risk of Conflicts of Interest:** Investing in CFDs in cryptocurrencies may result in the risk of conflicts of interest, particularly because the Company and the execution venue might be the same in all or some transactions and also the party responsible for providing investors with the end-pricing on CFDs cryptocurrencies taking into account discretionary values including mark-ups, which may influence an investor's open position(s). The values of virtual currencies are subject to extreme price volatility and hence may result in significant loss over a short period of time.
- **Legal and Compliance Risk:** Investing in CFDs in cryptocurrencies may be subject to legal, regulatory and taxation rules consequently impacting the profitability of the CFD and/or position(s) of an investor in instances, for example, where there is an amendment to the legislative requirements, including taxation and other applicable rules with implications for the return of the CFD in cryptocurrencies.
- **Technical Risk:** Investing in CFDs in cryptocurrencies carries the risk arising from the possible inability to access the platform and/or access information relating to the price of a CFD in cryptocurrencies or any other information. In addition, these operations involve operational risks arising from transactions being automatically processed.
- **Force Closure Risk:** Investing in CFDs in cryptocurrencies runs the risk of positions being force closed by the Company without the investor's consent, due to abrupt movements in the underlying financial instrument alongside the use of leverage (margin trading), in the event an investor's margin level reaches a pre-determined rate (for more information see 'Costs & Charges' section below).

There may be other risk factors with significant direct impact on the capital and return of investing in CFDs in cryptocurrencies.

Assessing your appropriateness

We may make an initial assessment of your appropriateness to invest in such financial products based on the information you give us and based on the result of your tests. You should always make your own assessment of your appropriateness to trade with our financial products and services. You should carefully consider the features of our products and services and their significant risks before investing in them.

Performance Scenarios

The performance scenarios in the tables below illustrate how your investment may perform in different market scenarios, time intervals and whether you are buying or selling CFDs on cryptocurrencies. The scenarios presented are indicative of possible outcomes based on past performance. These are not an exact indication of your actual returns. What you get will vary depending on how the market performs and how long you hold your position. For each value of the underlying, the table shows what the profit or loss of the product would be. Your maximum loss may include all your investments plus any additional payments for those losses. The stress scenario shows what you might get back in extreme market circumstances. The scenarios below represent the analytical grouping of possible spectrum of outcomes between worst-case and best-case scenarios for illustrative purposes. The definitions of the worst-case scenario and best-case scenario for CFDs on cryptocurrencies are the same as for other CFDs. The scenarios presented below with no guarantee of same taking place.

Table 1.

CFDs on Cryptocurrencies		
Crypto opening price, US\$	OP	8,000
Contract Size	CS	1
Trade Size	TS	1
Margin Rate, %	M	50.00%
Notional Traded, US\$	$NT=OP*CS*TS$	8,000
Margin Requirement, US\$	$M R=NT* M$	4,000

Table 2. Buy Scenario

Performance scenario Intra-day	Closing	Price	P&L
	Price	change	
Favorable	8400	5.00%	400
Moderate	8050	0.63%	50
Unfavorable	7600	-5.00%	-400
Stress	7200	-10.00%	-800

Table 3. Sell Scenario

Performance scenario Intra-day	Closing	Price	P&L
	Price	change	
Favorable	7600	-5.00%	400
Moderate	7950	-0.63%	50
Unfavorable	8400	5.00%	400
Stress	8800	10.00%	-800

Channel or Distribution?

Principal distributor, marketing and custody entity and calculation entity: Prior Capital CY Ltd (former Prior FX Ltd) authorized and regulated by the Cyprus Securities and Exchange Commission ('CySEC') with license No. CIF221/13 and is registered at 196 Arch. Makarios III Ave. Ariel Corner, 3030 Limassol, Cyprus.

What happens if the Company is unable to pay out?

If the Company is unable to meet its financial obligations to you, this could cause you to lose the value of any CFDs you have with the Company. The Company segregates your funds from its own money in accordance with the CySEC client asset segregation rules. Should segregation fail, your investment is covered by the Investors Compensation Fund ("ICF") which covers either the 90% of the cumulative covered claims of the covered investor, or the amount of €20,000, whichever is lower, per person, per firm. For further details refer to CySEC's website at: <https://www.cysec.gov.cy/en-GB/complaints/tae/information/>.

Target Market for Contracts for Differences on Cryptocurrencies

Please consider our [Risk Warning Statement on Cryptocurrency CFDs](#).

The investment in a CFDs in cryptocurrencies ends with the closing of an investor's position.

The closing of a position may occur:

- At any time, at the investor's initiative, provided the market for such instrument is open;
- By the Company, when the investor's account balance falls below the required margin level for the specific trading platform;
- By the Company, when principal liquidity providers of particular CFDs on cryptocurrencies close their positions.

What are the costs?**Pricing and Other Related Information**

The trading conditions, including the min and max transaction amounts, average spread and overnight swaps can be found on our website. The client is subject to charges/fees payable to the Company as well as upper broker, agent etc. which are included in the mark-up and fees.

Spreads: For any financial instrument two prices are quoted: the higher price ('Ask'), at which the investor can buy (go long) and the lower price ('Bid'), at which the investor can sell (go short). The difference between the 'Ask' and the 'Bid' is the spread. The spreads vary depending on the instrument and information can be found on our website.

Mark-Up: Mark-ups on spreads are already applied on the spread displayed/ traded on CFDs on cryptocurrencies through the trading platform.

Swaps: Swaps are charges, which are incurred when a trade is kept open overnight, to reflect the cost of funding your trade. Both long ('buy') and short ('sell') positions are subject to daily swap, which may be in the favor of the investor or against them (for more information review the 'costs for maintaining a position' section above). From Monday to Thursday the swap is charged once and on Fridays the swap is charged in triple size (to cover for the weekend). The calculation for swaps is as follows: Swap = price during roll over * interest/100/360.

Commissions (fees): The Company may charge commission on cryptocurrencies. Other possible charges: investors may also incur expenses relating to the deposit and withdrawal methods, which can be viewed here <https://priorfx.com/en/clients/deposit-funds/>

Additional costs: Margin Reinforcement

Margin reinforcement (i.e. making additional deposits) might be required by the investor in order to avoid the trading account's margin level falling below the margin level that would trigger the force closing of the position by the Company.

Costs for maintaining a position: We will charge a commission for each opening and closing trade on your account. Commission is a flat or variable fee on the notional traded in the "fiat" currency per contract (lot) executed for CFDs in cryptocurrency. The commission rates that we charge are subject to change including but not limited to third party services. Swaps charges are applied to positions value held overnight; these charges will be debited from or credited to your account.

How can I complain?

If you are dissatisfied with any aspect of the service provided to you by our Company, you may submit a complaint via the standard "Client Complaints Form" which is attached as Appendix to our [Complaints Handling Policy](#), which can be downloaded from our [website](#), and submitted through the following dedicated complaint submission channels:

- ✓ By E-mail: complaints@priorcapital.eu
- ✓ By Post: 196 Arch. Makarios III Ave., Ariel Corner, 3030 Limassol, Cyprus

If you are not satisfied with Company's final decision, you may escalate your complaint to the Financial Ombudsman Service, by submitting your complaint at: complaints@financialombudsman.gov.cy.

Other relevant information

In accordance with the provisions of the applicable regulatory framework, a list of important information / documents is available to you in the following [link](#).

This Key Information Document does not contain all information relating to the product. You should ensure that you are familiar with all the information / documentation presented on our website, prior to be engaged in CFD trading with our Company. For any enquiries you may have, including additional information and/or documentation, such information / documentation can be provided upon your request – please contact our Customers Support Center at: support@priorcapital.eu.