

**PURPOSE**

This document provides you with key information about this investment product. It is not marketing or legally binding material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product and to help you compare it with other products. Before deciding to open an account, we suggest that you read the whole document together with our terms and conditions.

**You are about to trade on a market that is not simple and may be difficult to understand.**

**PRODUCT:** Contract for Differences “CFDs” on Indices. These CFD Products are offered by Daweda Exchange Ltd, authorized and regulated by the Cyprus Securities and Exchange Commission, CIF 289/16 (the “Company”), with Head Office at 88, Agias Sofias Street, 3066, Limassol, Cyprus. The Index CFD’s currently offered can be found on our website <http://dawedafx.com/>.

**WHAT IS THIS PRODUCT?**

The product enables you to have exposure to fluctuations related to the underlying index without physically owning it. This contract is a type of Contract for Differences (CFD), which is an agreement between a buyer and a seller to exchange the difference in value of a particular underlying instrument for the period between when the contract is opened and when it is closed. The difference to be exchanged is determined daily by the change in the closing reference price of the underlying instrument. Thus, if the underlying instrument rises in price, the buyer receives cash from the seller and vice versa.

The objective of trading CFDs on Indices is to allow the trader to speculate on the rising or falling prices in the underlying index, by gaining exposure to the underlying index.

Traders would buy a CFD on an Index (i.e. “going long”) if they believe that the value of the underlying index is going to increase, with the intention to later sell it at a higher value. Traders would sell a CFD (i.e. “going short”), if they believe the value of the index is going to decrease, expecting to later buy it back at a lower price. In both circumstances, if the index price moves in the opposite direction and your position is closed, your account would be debited for the loss of the trade (plus any relevant costs), subject to our negative balance protection.

CFDs on Indices are not listed instruments but are traded as 'over-the-counter' contracts between the client and the Company. Investors are required to pay an initial deposit, or margin, upfront when the position is opened. Trading on margin can enhance any losses or gains you make. This initial margin will be returned when the position is closed.

**WHO IS THIS ACCOUNT MOST SUITABLE FOR?**

- Clients who have a high-risk tolerance;
- Clients who want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio;
- Clients who are trading with money which they can afford to lose;
- Clients who have experience with, and are comfortable trading on, financial markets and understand the impact of and risks associated with margin trading.

**WHO IS THIS ACCOUNT NOT SUITABLE FOR?**

- Clients who do not want to be subjected to volatile markets;
- Clients who want capital protection.

**WHAT CAN I TRADE?**

With your account with Daweda Exchange Ltd, you can trade CFDs on the indices indicated in the following link <https://dawedafx.com/indices/>.

**RISK AND REWARD PROFILE**

The primary advantage of CFDs is to allow an investor to gain leveraged exposure to the movement of the underlying asset (e.g. Index) either up or down without owning the physical product. You can expect the following benefits:

- CFDs are a cost-effective way to gain exposure to equity markets
- CFDs are characteristically liquid and easily traded
- CFDs provide a highly capital efficient way to participate in shares
- You can sell (short) CFDs and benefit from a downward price movement
- The pricing of CFDs is transparent
- Access to live prices
- Set up alerts to new opportunities that match your trading strategy
- The ability to manage risk by setting up a ‘take profit’ and ‘stop loss’ facility
- Free research and trading tools

Authorized and Regulated by the Cyprus Securities and Exchange Commission with License Number 289/16.

The primary risks of CFDs is the market risk and counterparty risk. CFDs are complex financial instruments and are traded Over the Counter (“OTC”). You can only exit a position by trading with us, during the trading hours of the underlying instrument as stated on our Website. Through your trade with us, you receive by us exposure to the performance of the underlying asset, but you do not receive any ownership or other rights to such underlying asset.

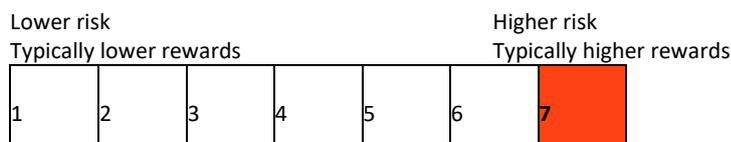
CFDs are leveraged products. Leverage can magnify both your profits as well as your losses. Statistically, because of leverage, a significant part of clients lose because leverage amplifies losses, leading to margin calls and closures of clients’ open positions.

We operate a Negative Balance Protection, i.e. you cannot lose more than the Equity of your trading account, however you risk losing the capital invested with us. Since CFDs can employ a high degree of leverage, investors can lose and/ or win money quickly should the price of the underlying security move in the undesired/desired direction. As such, investors should be careful when using CFDs.

CFD trading is undertaken on electronic platforms. There may be times that system or other breakdowns arise. This may affect your ability to trade, or our ability to offer continuous prices or create a need for subsequent adjustment of prices to reflect underlying exchange prices. Prices of CFDs as well as their commercial terms like the spreads and overnight fees maybe varied to reflect periods of actual or expected heightened market volatility. Depending on the currency your trading account is denominated and the currency of the underlying instrument you trade, your final return maybe exposed to the exchange rate risk between the two currencies.

### RISK INDICATOR

The summary risk indicator (SRI) 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. Under exceptional market conditions, or in events outside of the Company’s control, the capacity of Daweda Exchange Ltd to honor its obligations towards its Clients may be adversely affected.



The risk indicator is set at 7 (i.e. very high risk) due to the fact that:

- It is volatile and is subject to unforeseeable swings.
- Spread may widen with reduced liquidity.
- Your entire investment may be at risk.

### PERFORMANCE SCENARIOS

The below table illustrates how your investment could perform (i.e. potential profit and loss) under different scenarios. \* These scenarios assume that:

- you have a starting equity of €1000;
- you choose to buy/sell 100 Index CFD contracts;
- this particular CFD contract has a pip cost of €0.1 per contract (i.e. you will make or lose €10 for every pip the price moves);
- the price at which you can buy is 1000.00.

Scenarios		Trade P/L	New Equity
Stress scenario: You go long (buy), the price falls by 30 pips and you receive a margin call.	Open Price: 1000.00 Close Price: 970.00	-€300	€700
Unfavourable scenario: You go short (sell), the price increase by 7 pips and you exit the position.	Open Price: 1000.00 Close Price: 1007.00	-€70	€930
Moderate scenario: You go long or short and exit the position at the same rate at which you entered	Open Price: 1000.00 Close Price: 1000.00	€0	€1000

Favourable scenario: You go long (buy), the price increases by 5 pips and you exit the position	Open Price: 1000.00 Close Price: 1005.00	€50	€1050
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\*Overnight holding costs or commissions are not included.

There are a number of types of trading risk which you should be aware of before trading. Factors which affect the product's performance include but are not limited to:

- Leverage risk
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest
- Currency risk

The above list of risks is non-exhaustive. Regarding currency risk, it is possible to receive payments in a currency which is different to the base currency of your account, so the final return you will receive depends on the exchange rate between the two currencies. This risk is not considered in the indicator mentioned above. Trading risks are magnified by leverage. In times of high volatility or market/economic uncertainty, values may fluctuate significantly. Such fluctuations are even more significant in case of leveraged positions and may adversely affect your positions. In the event of default, your positions may be closed out. You should carefully consider whether trading in leveraged products, such as CFDs, is appropriate for you. For more information on leverage and the Company's Risk Disclosure Policy please visit the Company's website at <http://dawedafx.com/legal/>.

Please ensure you fully understand the risks and take care to manage your exposure. It is important to ensure that you are comfortable with the level of risk your chosen instruments carry. If you are unsure of how to invest, a financial adviser may help you to make appropriate choices.

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

CFDs are generally not suitable for long term investments and are intended for short term trading. There is no minimum and/or recommended holding period for CFDs. As such, you can open and close a CFD at any time during market hours. Note that Daweda Exchange Ltd may close your position without asking your prior consent if there is no sufficient margin in your account. You can request a withdrawal of available funds on your account at any time.

#### MINIMUM INVESTMENT

Regarding each new CFD position, its minimum exposure value, the initial deposit percentage and initial margin requirements you may refer to the Company's [Leverage Policy](#).

#### FEES & COSTS

##### One-off costs

Spread	The difference between the bid and the ask price at the time of the conclusion of the transaction. The cost can be different depending on market conditions.	LINK
Commission	The fee to be charged at the opening and closing of the transaction.	
Exchange fees	The fee related to the conclusion of the transaction in selected CFD instruments, connected with fees on the underlying market.	
Equivalent of dividend	The fee related with dividends payments for selected CFD instruments.	

**Recurring Costs**

Swap Point Rates	Holding positions for another day results in the charging of a SWAP fee.	LINK
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**ACCESS TO YOUR INVESTMENT**

- You can view your account online anytime by logging onto our secure website.
- You can buy and sell CFDs on Indices during market hours. Market hours can be found on our website <http://dawedafx.com/>.
- Depending on your bank, the transfer can take a further two (2) days.

**TAX CONSIDERATIONS**

As a trader, all profits are deemed as taxable income. You are then taxed on profits at your marginal tax rate. Daweda Exchange Ltd does not provide yearly tax statements or any information about tax. For further tax considerations, please consult your financial adviser or tax consultant.

**WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?**

If Daweda Exchange Ltd is unable to meet its financial obligations to you, you may lose the value of your investment with Daweda Exchange Ltd. However, Daweda Exchange Ltd is a member of the Investor Compensation Fund (ICF) for the Clients of CIFs, which secures the claims of the covered Clients against Cyprus Investment Firms, members of the ICF, through the payment of compensation which may not exceed €20.000 in total to each covered client, irrespective of the number of accounts held, currency and place of offering the investment service. For more information, please visit our Website at [https://dawedafx.com/wp-content/uploads/2018/08/Investor\\_Compensation\\_Fund\\_.pdf](https://dawedafx.com/wp-content/uploads/2018/08/Investor_Compensation_Fund_.pdf).

**HOW CAN I COMPLAIN**

If you have complaint, then you should contact the Compliance Department at Daweda Exchange Ltd by email at [compliance@dawedafx.com](mailto:compliance@dawedafx.com) or in writing as shown at [here](#). If you are not satisfied with our final response to your complaint, then you can contact the [Financial Ombudsman of the Republic of Cyprus](#).

**OTHER RELEVANT INFORMATION**

Further information with regards to this product can be found on our website. You should ensure that you read all our legal information displayed in the legal section of our Website <http://dawedafx.com/legal/>.