

Product

CONTRACTS FOR DIFFERENCE (CFD) ON A SINGLE STOCK

Dukascopy Europe IBS AS

www.dukascopy.eu; call +371 67 399 000 for more information

Regulating authority: Bank of Latvia

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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 with other products.

Alert

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

WHAT IS THIS PRODUCT?

Type

This financial product is known as “contract for difference” or a CFD. A CFD allows you to obtain an indirect exposure by opening long (buying) or short (selling) positions in an underlying asset such as security, commodity, index and other asset types. This means that you will never actually own the underlying asset, but you may gain profit or suffer loss as a result of price movements in the underlying asset as if you had actually owned it.

This document provides key information on CFDs where the underlying investment option that you choose is a single stock, such as Hugo Boss AG, Carrefour SA or Barclays PLC.

Single stocks on which we currently offer CFDs can be found at: <https://www.dukascopy.com/europe/english/cfd/range-of-markets/> (see “Stocks”).

Objectives

CFD on a single stock is a form of tradable contract serving two main objectives, namely speculation and hedging.

Speculation

You may use CFD to speculate on price movement in an underlying asset. If you believe the price of the particular single stock will increase in the future - your objective is to buy single stock CFD at a lower price and then to sell CFD at a higher price later on. If you believe the price will drop – your objective is to sell CFD at particular price and expect it to be bought later at a lower price. Favorable price movement will result in profit while opposite to yours price movement will result in a loss, both equal to difference between buy and sell prices multiplied by the contract/exposure amount. (hence the contract is “for difference”).

Hedging

If you own the actual underlying asset (such as L’Oréal company stock, for example) you may be exposed to market risk meaning the price of your underlying asset may decrease over time. To mitigate this risk you may use CFD on single stock by opening an opposite direction position, thus keeping the price fixed at the date of entering into position.

Contract for difference uses the price of the current-period futures contract on the respective commodity as proxy for its price definition, thus its value is in a direct dependency from the latter but, unlike the underlying, it has no expiry date, which allows leaving the holding period to the discretion of the client.

Intended retail investor

The product might not be appropriate for all retail investors. Investors must possess in-depth financial knowledge, have previous experience in highly speculative financial markets and have free funds that may be lost completely.

The product may be of interest for investors that intend to (1) exploit price movements of the underlying without actually owning it; (2) hedge exposures in the underlying asset or its close peers, especially in the case where a minimization of capital outlay or short-selling is needed for the hedge.

Terms of the Product

The product has no maturity date. The product can be unilaterally terminated by Dukascopy under special conditions, which includes, but is not limited to the following:

- ✓ Extraordinary market conditions
- ✓ Termination or restructuring of the underlying
- ✓ Lack of liquidity or degradation of execution conditions

Termination is executed in form of closing existing open client exposures in the Product.

Termination dates and specific conditions are defined once (if ever) circumstances forcing to terminate the PRIIP are emerging and cannot be scheduled in advance.

WHAT HAPPENS IF DUKASCOPY EUROPE IS UNABLE TO PAY OUT?

Dukascopy Europe IBS AS is a European Union licensed Investment Brokerage Company which is regulated by the Financial and Capital Market Commission (Bank of Latvia).

In accordance with the Investor Protection Law and Investor Compensation Schemes Directive (Directive 97/9/EC) compensation at 90% of the irrevocably lost value of financial instruments, or of losses incurred by the non-performance of investment services is guaranteed for an investor, but not more than 20 000 EUR for each client. Further and more detailed information is available on the official web pages of [Bank of Latvia](#).

WHAT ARE THE COSTS?

This table shows the different types of costs involved when you trade Stock Index CFD products based on the example used previously, i.e. a position of 40 CFD on OR.FE/EUR. Standard volume commission rate and least advantageous overnight policy are assumed.

		Long	Short	
One-off costs	Entry and exit costs - Spread	-22.4 EUR	-22.4 EUR	<i>The spread is the difference between the buy (ask) and sell (bid) price quoted on our trading platform and is payable on opening and closing a contract. You could pay more or less depending on the spread rates at the time of contract.</i>
	Entry and exit costs - Volume commission	-15.36 EUR	-15.36 EUR	<i>Volume commission is payable for every executed order. Its amount depends on Net deposit, Equity. Detailed breakdown can be found in Fee Schedule.</i>
Recurring costs	Overnight holding costs	-0.04 EUR	-0.03 EUR	<i>Where you hold a daily position overnight, an overnight holding cost may be debited or credited to your account. Its amount is commonly determined by the reference rates and also depends on your trading activity.</i>
Aggregated cost		-37.8 EUR	-37.79 EUR	<i>These are total costs and charges for scenario described.</i>
	What you get in favorable scenario without applying costs and charges?	230.4 EUR	230.4 EUR	
	What you get in favorable scenario after costs and charges?	192.6 EUR	192.61 EUR	
Incidental costs	Currency conversion	<i>A currency conversion fee may be charged where your trades are denominated in a currency other than the base currency of your account.</i>		

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

There is no required minimum holding or recommended period that you must keep your investment open for. CFDs are generally used for short term trading on price movements, often intraday. Your investment can be opened and closed at any time during market hours.

Available funds on your account can be withdrawn at any time by way of submitting a withdrawal request from your [client area](#) or by contacting your account manager or the support team.

HOW CAN I COMPLAIN?

You may submit a complaint directly to Account Manager appointed to you or by sending an e-mail: legal@dukascopy.eu. You may send hard-copy complaints to: Lacplesa iela 20a-1, Riga, LV-1011, Latvia.

OTHER RELEVANT INFORMATION

Other relevant product information on the product can be found under the following links:

- ✓ Product description: <https://www.dukascopy.com/europe/english/cfd/what-are-cfds/>
- ✓ Margin requirements: <https://www.dukascopy.com/europe/english/cfd/margin-requirements/>
- ✓ Overnight policy: <https://www.dukascopy.com/europe/english/cfd/cfd-overnight-policy/>
- ✓ CFD monthly adjustments: <https://www.dukascopy.com/europe/english/cfd/cfd-monthly-adjustment/>
- ✓ CFD dividend adjustments: <https://www.dukascopy.com/europe/english/cfd/cfd-dividend-adjustment/>
- ✓ Fee schedule: <https://www.dukascopy.com/europe/english/about/fee-schedule/>