

**Key Information Document – CFDs on Cryptocurrencies** (Document last updated March 2024)

**Purpose:** This document provides you with key information about this investment product, specifically Contracts for Difference (CFDs) on Cryptocurrencies. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of investing in this product as well as relevant performance information and to help you compare it with other products.

**General Information:** Afterprime Europe Limited (“the Company”) manufactures and distributes CFDs. More information on the Company and contact details can be found on <https://afterprime.eu/contact-us/>. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) with Licence No. 368/18.

**⚠ YOU ARE ABOUT TO BUY A PRODUCT THAT IS NOT SIMPLE AND CAN BE DIFFICULT TO UNDERSTAND.**

**Product: What is this product?**

**TYPE:** A CFD is a leveraged contract entered into with the Company on a bilateral basis. It allows an investor to speculate or hedge on rising or falling prices in an underlying cryptocurrency through online trading platforms. An investor has the ability to buy (or go “long”) the CFD to benefit from rising underlying cryptocurrency prices; or to sell (or go “short”) the CFD to benefit from falling underlying cryptocurrency prices or not trade at all. The price of the CFD is derived from the price of the underlying cryptocurrency price. For instance, if an investor is long in a CFD and the price of that underlying cryptocurrency rises, the value of the CFD will increase and when the contract can be closed at profit the Company will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the cash price of the underlying cryptocurrency falls, the value of the CFD will decrease; if the contract is then closed, the client will be debited with the difference between the closing value of the contract and the opening value of the contract. The use of leverage with CFDs has the effect of magnifying both profit and losses.

**OBJECTIVES:** Allows you to speculate on the price movement of an exchange rate of CFD without ever taking delivery of the underlying cryptocurrency over any period. The spread, financing and price movement all determine its profitability. The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying cryptocurrency (whether up or down), without actually needing to buy or sell the underlying cryptocurrency. The exposure is leveraged since the CFD only requires a small proportion of the contract value to be deposited as initial margin and is one of the key features of trading CFDs. CFDs do not have an expiry date and are therefore open-ended; hence there is no recommended holding period and it is at the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

**TARGET RETAIL AND PROFESSIONAL INVESTOR:** Small to large scale retail and professional investors with knowledge and experience of the industry who feel comfortable trading complex financial markets and who want to trade with money they can afford to lose and have high risk tolerance. Prospective clients should understand how the prices of CFDs are derived, understand the impact of their total deposits. Trading CFDs offer access to a range of markets. When trading CFDs, you have the potential of diversity your trading strategies as well as taking advantage of different opportunities across global markets.

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

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**Lower risk** **Higher Risk**



This risk indicator is a guide to the level of risk of CFDs compared with other financial products. It shows how likely this product will lose money because of market movements. 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

Trading CFDs on margin carries a high level of risk and may not be suitable for everybody. The high degree of leverage can work for or against you due to market movement. In addition to market price, there are also other risks associated to this product: foreign exchange risk, market risk, leverage risk, market disruption risk, online trading platform, IT risk, and liquidity risk. Before deciding to trade CFDs, you should carefully consider your trading objectives, level of experience risk appetite. Trading CFDs requires you to maintain a certain level of funds in your account to keep your positions open. It is possible for you to sustain losses equal to your investment (deposit), therefore you should not deposit money that you cannot afford to lose and if there is a sudden adverse movement in the market you may be required to deposit additional funds at short notice. You should be aware of all the risks associated with CFDs and seek independent advice if you require further clarification. Please ensure you fully understand the risks and take appropriate care to manage your risk. For more information, please refer to the Company's [Risk Disclosure Notice](#).

**Margin Close Out rule (MCO) and Minimum Investment:** Margin call level a limit set by the CIF which is currently set at 120%. The Stop-out level is when your margin level falls below 80%, the Company will automatically begin closing your positions at the current market price, starting from the most unprofitable, to restore the margin level of your account at a level above 80%. Regarding each new position, its minimum exposure value, the initial deposit percentage and initial margin requirements, please refer to the Company's website.

**Negative Balance Protection ("NBP"):** The Company operates a NBP, meaning that you cannot lose more than the Equity of your trading account, however you risk losing the capital invested with us.

**Currency risk:** You may buy or sell CFDs on Cryptocurrencies in a currency which differs to the currency that your account is denominated in. The final return you will get depends on the exchange rate between the two currencies (i.e., conversion of profit/loss quoted in the quote currency into the currency in which your account is denominated). This risk is not considered in the SRI displayed above.

**Tax Considerations:** As a trader, all profits are deemed as taxable income hence you are taxed on profits at your marginal tax rate. The Company does not provide yearly tax statements or any information about tax. For tax matters, please consult your financial adviser or tax consultant.

### Performance Scenarios

**\*Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.**

The scenarios presented below are an estimate of future performance based on evidence from the past on how the value of this investment varies. What you get will vary depending on how the markets performs and how long you hold the CFD. The different scenarios show what you might get back in different market circumstance, and it does not take into account the situation where we are not able to pay you. For each trade you enter, you will be responsible for choosing the CFD instrument, when you open and close, the size of the trade (risk) and whether to use any risk mitigation features (such as stop loss orders).

#### CFD on Cryptocurrency BTCUSD (held intraday)

<b>BTC/USD pair Opening Price</b>	<b>P</b>	19,850
<b>Trading Size (per CFD)</b>	<b>TS</b>	1 BTC (1 Lot)
<b>Margin Percentage (%)</b>	<b>M</b>	50% (Leverage 1:2)
<b>Margin Requirement (USD)</b>	<b>MR = NV / L</b>	9,925 USD
<b>Notional Value of the trade (USD)</b>	<b>NV = P * TS</b>	19,850 USD
<b>Account Currency</b>		USD

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	20,644	+ 4%	794 USD	Favourable	18,659	- 6%	1,191 USD
Moderate	20,247	+ 2%	397 USD	Moderate	19,453	- 2%	397 USD
Unfavourable	19,453	- 2%	-397 USD	Unfavourable	20,247	+ 2%	-397 USD
Stress	18,659	- 6%	-1,191 USD	Stress	20,644	+ 4%	-794 USD

\*The loss is restricted to your account balance as we offer negative balance protection.

**What happens if the Company is unable to pay out?** In the unlikely event that the Company was to go into liquidation and we are unable to pay you what is owed, you could lose your entire investment. However, the Company segregates all client funds from its own money in accordance with CySEC's Safeguarding of Clients' funds rules. Furthermore, the Company is a member of the Investor Compensation Fund ("ICF") for the Clients of Cyprus Investment Firms ("CIFs"), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time ("the Law"). In such case, the ICF will protect eligible clients to a maximum of 20,000 EUR per Client. For more information, please refer to the Company's [Investor Compensation Fund Information](#).

**What are the costs?** Trading a CFD on any underlying commodity within Afterprime Europe Limited incurs the below costs. For detailed analysis on the Company's fees and charges, please refer to the Company's Costs and associated Charges document.

<b>ONE-OFF COSTS</b>	<b>Spread</b>	<p><b>Definition:</b> Spread is the difference between the bid and the ask price. This cost is realized every time you open / close a trade, it is variable, and its size differs when opening and closing a trade. Prices of CFDs as well as their commercial terms like the spreads maybe varied to reflect periods of actual or expected heightened market volatility and reduced liquidity. For details regarding the spread of each underlying asset, please refer to the Company's website.</p> <p><b>Example:</b> Assuming now, you have a USD account, and you place a transaction of 1 BTCUSD (Bitcoin) (1 Lot) with 19,49 pips spread. A pip in BTCUSD is equal to one (1) point in price (The pips for Cryptocurrencies are measured in dollars -Please note the spread on the trading platform is shown in cents) i.e., <math>1 \times 1 \times 19,49 = 19,49</math> USD. The amount of 19,49 USD will be deducted from the P/L upon opening the transaction and therefore, immediately after opening the transaction, the P/L of that transaction will be -19,49 USD. Please keep in mind if you hold an account to a different currency the platform will automatically convert the opening P/L to the balance currency.</p>
	<b>Commission</b>	<p><b>Definition:</b> The fee charged for the opening and closing of trades (Note: Company's platforms are designed to charge both, the commission fee that is applicable for opening and closing a trade; at the opening of the trade), as provided on the Company's website.</p>
	<b>Currency Conversion</b>	<p><b>Definition:</b> Each time any realized profits, losses and/or other fees that are denominated in a different currency to the currency in which your account is denominated, are converted to the base currency of your account; a currency conversion fee will be charged to your account.</p>
<b>ONGOING COSTS</b>	<b>Swap (Daily Holding Cost)</b>	<p><b>Definition:</b> A financing charge will be applied to cryptocurrencies positions held overnight (00:00 server time) and are conveyed as an interest rate per annum. The high interest rate is a result of the increased risk and sometimes extreme volatility seen in the cryptocurrency asset class. Financing charges are x3 on Friday to account for the weekend.</p>
<b>INCIDENTAL COSTS</b>	<b>Deposit, Withdrawal, Transfer, Inactivity &amp; Conversion Fees</b>	<p>The charges specified (incidental costs) are accessible on the Company's website.</p>

**Liquidation Level** Any open positions you have on your account may be automatically closed if your available funds fall below 80% of the required margin to maintain those positions open.

**How long should I hold it, and can I take money out early?** There is no minimum period that you must keep this investment open, and you can open and close it at any time while the market is open. You can request a withdrawal of available funds on your account during normal working hours and this will be processed the same working day or the next working day. There is no recommended holding period and therefore no cancellation fees. However, overnight funding cost can eat away at long term exposures.

**How can I complain?** If you have a complaint, you should submit a Complaint Form to the Compliance Department of the Company by email at [compliance@afterprime.eu](mailto:compliance@afterprime.eu). The relevant department will then issue you with an initial acknowledgement receipt of your complaint which will include a unique reference number for months of the complaint receipt. For more information, please read the Company's [Complaint Handling Policy](#).

**Other relevant information** The [Legal documents](#) on our website contain important information regarding your account. You should ensure that you are familiar with all the legal documents that apply to your account. Further information about this product can be found [here](#).