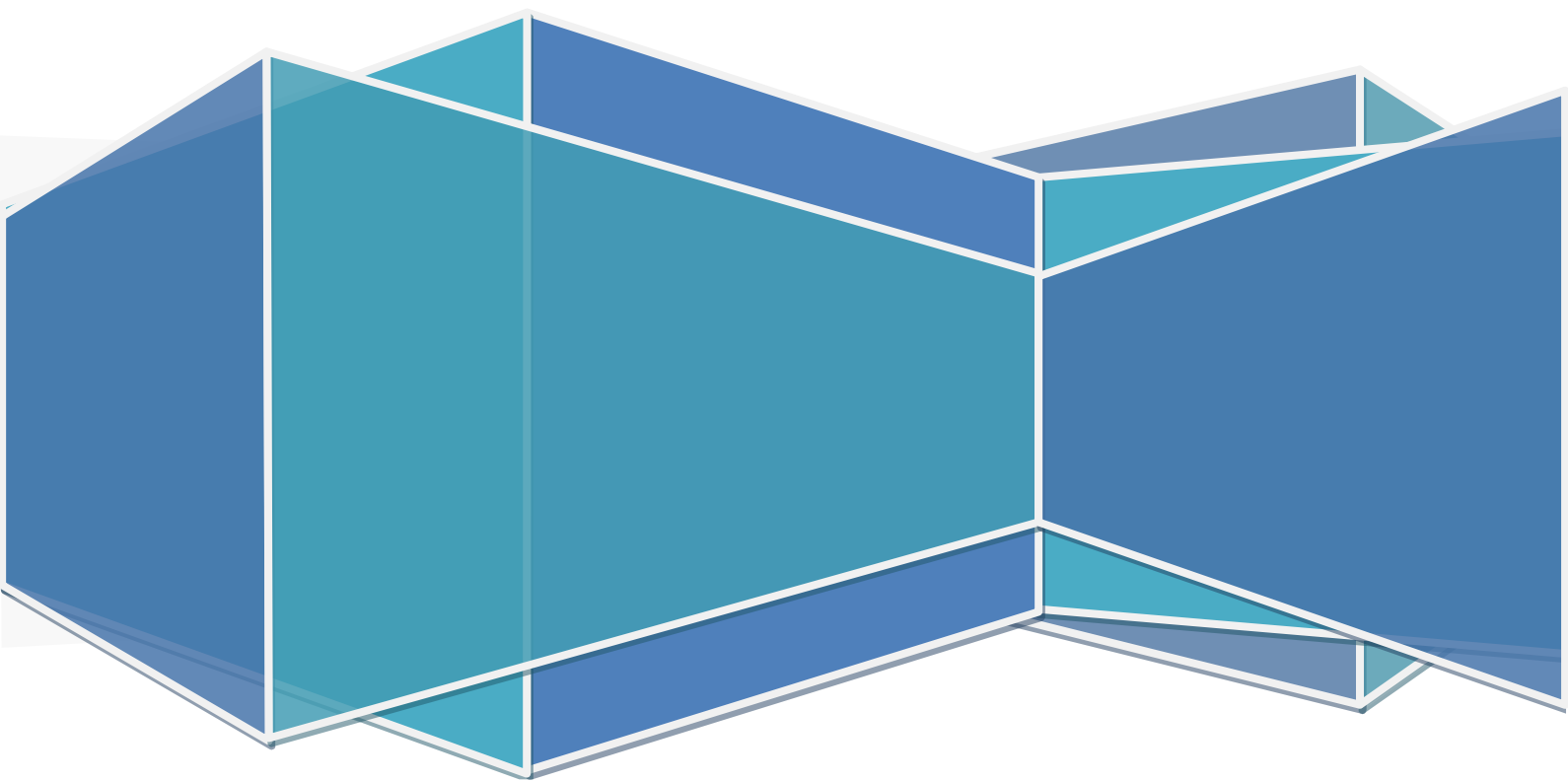




KEY INFORMATION DOCUMENT  
FOR CLIENTS

COMMODITY CFDs



## **INTRODUCTION**

Blue Suisse Limited (hereinafter, “BlueSuisse” or “Company”), acts as a straight-through-processor, meaning that it is authorised to provide:

- Execution of Orders
- Receipt and Transmission of Orders
  - For Retail Clients
  - For Professional Clients
  - For Eligible Counterparties.

BlueSuisse does this by placing such orders on behalf of its clients with Liquidity Providers (“LPs”).

## **KEY INFORMATION DOCUMENT**

This Key Information Document (“KID”) provides information about the Contracts for Differences (“CFDs”) investment product offered by Blue Suisse Limited (“BlueSuisse” or “Company”). This KID is required by law for you to understand the nature, risks, costs, potential profits and losses of this investment product and to help you to compare it with other investment products. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Consequently, one should consider whether the way how CFDs work is understood and the high risk of losing money can be afforded.

## **EXPLAINING CFDs**

A CFD is a contract between two parties to exchange the difference in price of an underlying asset (currencies, shares, commodities, indices, etc.) between the time at which the contract is entered into and the time at which it is closed.

CFDs are derivative financial products that are traded on margin (“Leveraged Products”). Trading on margin carries a significant level of risk since leverage can magnify the potential gains or losses. Leverage allows trades initiation of much larger nominal value without having to pay the whole amount. Instead, a much smaller amount (“Margin”) is used in order to initiate a trade. For example, 1:10 leverage, also known as 10% margin requirement, means a Eur10,000 of equity is required to initiate a trade on an instrument with a nominal value of Eur100,000. The lower the margin requirement, the higher the risk of potential losses if the market moves against you as the Client.

An investor has the choice to buy (or go “long”) the CFD to benefit from rising commodity prices; or to sell (or go “short”) the CFD to benefit from falling commodity prices. The price of the CFD is derived from the price of the underlying commodity future price. For instance, if a client is long on a gold CFD and the price of gold rises, the value of the CFD will increase in value and the Client will receive the difference between the closing value of the contract and

the opening value of the contract. Conversely, if a client is long and the price of gold falls, the value of the CFD will decrease and at the end of the contract the Client will pay for the difference between the closing value of the contract and the opening value of the contract. A CFD referencing the underlying future price works in the same way except that such contracts have a pre-defined expiry date, that is, a date upon which the contract either automatically closes or must be rolled into the next period. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Undated CFD does not have a pre-defined maturity date and is therefore open-ended. Undated contracts incur an overnight holding cost. By contrast, a forward CFD has a predefined expiry date where investors can choose to cash settle their position or roll their existing contract into the next period. Rolling is at the discretion of the Client but failure to do so will result in the CFD being auto closed at the expiry date. There is no recommended holding period for either and it is down to the discretion of each individual Client to determine the most appropriate holding period based on their own individual trading strategy and objectives. Failure to deposit additional funds in the case of negative price movement may result in the CFD being auto closed. This will occur when there is not enough money in the account to cover the loss and the margin requirement. The liquidity provider retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

## **INTENDED CLIENTS**

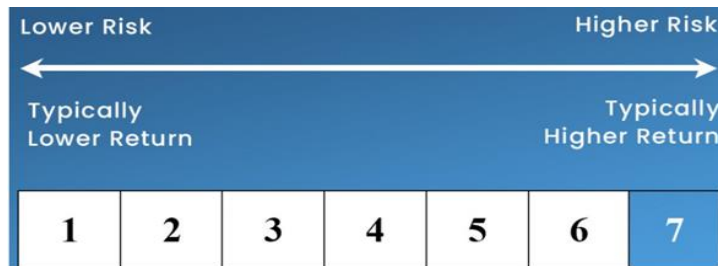
CFDs are intended for investors who have knowledge of, or experience with, leveraged products. Likely clients will understand how the prices of CFDs are derived, the key concepts of margin and leverage, and the losses which can result. They will understand the risk/reward profile of the product compared to traditional share dealing, and desire short term, high-risk exposure to an underlying asset. Clients will also have appropriate financial means, hold other investment types and have the ability to bear losses of the total amount invested.

## **INTENDED HOLDING PERIOD**

CFDs are intended for short or longer-term trading, in some cases intraday and could be suitable for long-term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD at any time during market hours.

## **RISK AND RETURNS**

Blue Suisse has classified CFDs risk 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 as per below diagram:



CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. There is no capital protection against market risk, credit risk or liquidity risk.

Be aware of your additional currency risk when your investment account base currency is different from the CFDs currency. The final return you may get depends also on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Market conditions may mean that your CFD trade is closed at less favourable price, which could significantly impact your return. The liquidity provider may close your open CFD contract if you do not maintain the minimum margin that is required. This process may be automated.

**SCENARIOS EXPLANATION ON PERFORMANCE**

The scenarios shown illustrate how your investment could perform but they are not an exact indicator. The scenarios presented are an estimate only. What a Client can get will vary depending on how the market performs and how long a CFD is held.

The following assumptions have been used to create the scenarios in below table:

Commodity Opening Price	P	150.00
Contract Size per CFD (oz)	TS	200
Margin %	M	10.00%
Margin Requirement (Euro)	$MR = P * TS * M$	3,000.00
Deposit (Euro)	D	10,000.00

Scenario	Action	Price change	Closing Price	Profit/ (Loss) in Euro	Free Margin in Euro	Equity in Euro
Stress	Long	-5.00%	142.5000	-1,500.00	5,500.00	8,500.00
Unfavourable	Long	-1.50%	147.7500	-450.00	6,550.00	9,550.00
Moderate	Long	0.50%	150.7500	150.00	7,150.00	10,150.00
Favourable	Long	1.50%	152.2500	450.00	7,450.00	10,450.00
Stress	Short	5.00%	157.5	-1,500.00	5,500.00	8,500.00
Unfavourable	Short	1.50%	152.25	-450.00	6,550.00	9,550.00
Moderate	Short	-0.50%	149.25	150.00	7,150.00	10,150.00
Favourable	Short	-1.50%	147.75	450.00	7,450.00	10,450.00

The figures show an example of a trade including all costs of the product but do not consider a client's personal tax situation and any additional currency risks, which may also affect the return to such client.

## **COSTS**

Spread costs - The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.

Currency conversion costs - Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account. A currency conversion fee will be charged to your account as a result.

Swap costs – A fee is charged to a client's account for every night that a position is held. This means that the longer a client's position is held, the more its costs. There can be cases in which instead of a cost, the Swap can be an income for the Client depending if long or short. This is visible on the trading platform accessible by Clients.

Blue Suisse may share a proportion of the spread, fees or costs with others, including the liquidity providers and introducers.

## **COMPLAINTS**

If you wish to make a complaint, this can be addressed to our Complaints Department on: [complaints@bluesuisse.com](mailto:complaints@bluesuisse.com) or using traditional post and sent at 202, Gozo Innovation Hub, Triq il-Pitkalija, Xewkija, XWK3000, Gozo, Malta.