

KEY INFORMATION DOCUMENT ("KID") – CFD ON INDICES

PURPOSE

This document provides you with key information about this 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.

CFDs are offered by The First Interstellar Capital Limited (the "Company", "we" or "us"), registered in the Republic of Cyprus, with registration number HE161002 and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 166/12.



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

This document was prepared 1st of January 2018.

WHAT IS THIS PRODUCT?

TYPE

A Contract for Difference ("CFD") is an Over the Counter ("OTC") leveraged financial instrument and its value is determined in accordance with the value of the relevant underlying asset. Client(s) have the ability of speculating the price difference, therefore can make a profit, or bear a loss, based on the price difference between buying and selling of the relevant CFD. The outcome of the transaction is grounded on the direction chosen by client(s) ("Buy/long" or "Sell/short") and the future direction and the value of the relevant underlying asset. For example, if client(s) carries "long" position and the price of the underlying asset rises, the value of the CFD will increase, and, as such, client(s) may close the position with the beneficial outcome (the difference between the "closing" and "opening" price of the CFD is positive). On the contrary, if client(s) carries "long" position and the price of the underlying asset falls, the value of the CFD will decrease and, as such, client(s) may close the position with the negative outcome (the difference between the "closing" and "opening" price of the CFD is negative). The leverage embedded within CFDs has the effect of magnifying both profits and losses.

OBJECTIVES

The objective of trading with the CFD is to allow client(s) to gain access to the movement in the value of the relevant underlying asset (whether up or down), without actually buying or selling the underlying asset. Settlement is in cash only and client (s) does not become an owner of the relevant underlying asset. The exposure is leveraged since the CFDs only requires a small proportion of the notional value of the contract to be used as a collateral, upfront, as initial margin, which is one of the key features of trading CFDs.

In order to open a position in the specific CFD, client(s) must have sufficient margin in the trading account.

INTENDED RETAIL INVESTOR

Trading in CFDs is cost-effective way to gain access to relevant underlying asset(s) however it carries high level of risk. CFDs are intended for client(s) who wish to take advantage of price movements on the underlying asset and who have the ability to sustain the risk of loss of their entire invested amount. Client(s) should never invest more than what they are willing and/or able to lose. Client(s) should not engage in trading in CFDs if they do not understand the risks involved. In cases where client(s) do not possess enough knowledge and/or experience to trade in CFDs, including key concepts of margin and leverage trading, it is highly recommended to seek an independent advice as to whether trading in CFDs is suitable for client(s) investment objectives.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk indicator

1	2	3	4	5	6	7
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Low Risk

High Risk

The summary risk indicator is an indicator for the level of risk assigned to trading with CFDs, compared to other products. The product is classified as 7 out of 7, which is the highest risk class. This indicates the potential losses from trading with the CFDs, at a very high level. It shows the likelihood that CFDs will lose money due to market moves or because the Company may not be in a position to pay client(s) the money due. CFDs are OTC products and cannot be traded on an exchange, MTFs or other trading venue.

Indices CFDs may have significant price fluctuation in a short period of time. If the change in price is against the direction chosen by client(s), then client(s) can experience significant losses, up to a maximum of the amount invested and held within trading account(s). However, the retail client will never owe to the Company any amount in excess of the available funds in the trading account(s) in light of the contractual "Negative Balance Protection".

Performance scenarios:

Client(s) choose the specific CFD instrument, direction (to "buy/sell"), size of positions, whether to trade at the price available at the market or to trade at the specific price (by placing an order). Client(s) have the ability to use risk mitigation options (such as stop loss, lower leverage etc.).

Client(s) should be aware that opening of a new position is impacted by equity of client(s)' trading account(s), other position(s) held open (including size, type of instruments, leverage etc), at the time, exchange rate, market conditions etc. All such conditions may have an impact on the risk and return of the relevant transactions.

The scenarios shown below illustrate how sample investment could perform whereby the actual performance depends on how the market moves for the relevant CFD.

The scenarios presented are an estimate of future performance based on the price change, and cannot be considered as an exact indicator whereby the costs related to commissions, swaps and/or roll overs, agents, or tax are not included.

Market moves in the future cannot be accurately predicted. The scenarios shown below are only an indication of possible outcome, based on expected returns while the actual returns could be lower (or higher).

Below are examples of performance scenario for transaction in CFD based on Dow Jones (DJI) whereby 1 lot = 10 Dow Jones index points

CFD on a DJI (held intraday)		
DJI CFD opening price:	(P)	27040
Trade size (per CFD):	(TS)	1 LOT (10 Index points)
Margin %	(M)	5%
Leverage	(L)	1:20
Margin Requirement (\$):	$MR = P \times TS \times M$	US\$13,520
Notional value of the trade (\$):	$TN = MR \times L$	US\$10

Performance Scenario BUY/LONG	Closing Price (inc. spread)	Price change	Profit/Loss	Performance Scenario SELL/SHORT	Closing price (inc. spread)	Price change	Profit/Loss
Favorable	[27791]	3%	+US\$7,510	Favorable	[26289]	-3%	+ US\$7,510
Moderate	[27415]	1.5%	+US\$3,750	Moderate	[26665]	-1.5%	+ US\$3,750
Unfavorable	[26289]	-3%	-US\$7,510*	Unfavorable	[27791]	3%	- US\$7,510*
Stress	[25538]	-6%	-US\$15,020*	Stress	[28542]	6%	- US\$15,020*

* Note that due to the Negative Protection Balance policy, Retail Clients will not lose more than they have invested.

WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

In the event where the Company becomes insolvent and is unable to pay out client(s), Retail Clients may be eligible to compensation of up to €20,000 by sending the claim to the Investor Compensation Fund. Further information can be found on CySEC website under "Investor Compensation Fund (I.C.F)": <https://www.cysec.gov.cy/en-GB/home/>

WHAT ARE THE COSTS?

Below table displays the costs related to trading CFD Indices, along with their meaning:

One-off costs	Spread	The difference between the "buy" price and the "sell" price is called the spread. This cost is realised each time the positions is opened or closed
	Commission	The charge applied at the opening of a position and is based on the lot size traded
	Currency conversion	Cash, realised profit and losses, adjustments, fees and charges that are applied in a currency other than the base currency of client(s)' account(s), are converted into the base currency of client(s)' account(s) and the conversion fee is charged to client(s)' account(s)
Ongoing costs	Roll over/Swaps	A fee charged to client(s)' account(s) for every position held open overnight. This means that the longer a position is held open, the more it costs. On Wednesdays, Swap is charged 3 times. Swaps charges can be viewed on the trading platform.

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

Indices CFDs are usually considered for short-term trading, ie held for less than 24 hours however there is no recommended time period that the positions should be held open. The open positions can be closed at any point during regular market hours of the underlying asset.

HOW CAN I COMPLAIN?

Client(s) may make a complaint by emailing complaints@interstellarsfx.eu indicating name, account number and nature of the complaint. Should client(s) feel that the complaint has been resolved satisfactorily, client(s) may refer complaint to the Financial Ombudsman of the Republic of Cyprus.

OTHER RELEVANT INFORMATION

This document provides a summary of the information related to trading with CFDs. It is designed to provide client(s) with general information before making the decision for trading. Before transacting, client(s) should familiarize themselves about Terms and conditions, including all relevant policies applied by the Company, as disclosed on the Company's website, in relation to the business relationship between the parties. Client(s) should ensure to be familiar with all the terms and policies that apply client(s)' account(s).

This KID does not contain all information relating to the relevant product. For other information about the product and the legally binding terms and conditions of the product, please refer to the trading platform.