PURPLE TRADING

L.F. INVESTMENT LTD

Key Information Document (KID) - Cryptocurrencies

Purpose

This document provides you (the "Client") 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 it with other products.

Product

Name: This document provides you with key information about this investment product, namely a Contracts for Difference (CFDs) on cryptocurrency.

Provider: L.F. Investment Limited (the "Company") is a licensed Cyprus Investment Firm regulated by the CySEC with license number 271/15.

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

What is the product

Type: "CFD" shall mean a contract for difference. A cryptocurrency is a virtual currency that is not issued or backed by a central bank or government. The pricing of cryptocurrencies is derived from specific cryptocurrency exchanges and are traded on cryptocurrency exchanges.

Objectives: The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset. Your return depends on movements in the price of the underlying asset and the size of your position. For example, if you believe the value of a cryptocurrency is going to increase, you would buy a CFD (also known as "going long") with the intention to sell it at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below). If you think the value of a cryptocurrency is going to decrease, you would sell a CFD (also known as "going short") at a specific value, expecting to buy it back at a lower price, resulting in us paying you the difference minus any relevant costs. However, in either circumstance, if the cryptocurrency moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), you would owe us the amount of any loss you have incurred, subject to our negative balance protection.

Certain cryptocurrency CFDs have an expiry date. When the expiry date is reached, all open positions for that cryptocurrency CFD are terminated. Before opening a cryptocurrency CFD position you should make sure you are aware of whether or not the contract expires and, if it does expire, when the expiry date is. Taking this into account, your open position will close when you choose to exit the product by closing the position; or in the event you do not have available margin; or with certain cryptocurrency CFDs, when the contract expires.

Intended Retail Investor: Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

- have a high risk tolerance;
- are trading with money they can afford to lose;
- have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading;
- These products are complex and high risk and as such come with a high risk of losing all the investment capital.
- The value of these products can widely fluctuate and may result to a significant loss over a short period of time.
- These products are not appropriate for all investors and for this reason you should not trade in such products, unless you have the necessary relevant knowledge and experience and you fully understand the specific characteristics and risks related to them.

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

Summary risk indicator:

1	2	3	4	5	6	7

Low risk **High risk**

Trading in CFDs is speculative and involves a high degree of risk. Because it will be conducted using a margin (which covers only a small percentage of the value of the underlying asset being traded), as such, even small price changes in the underlying assets/products of CFD scan result in significant or complete losses. You should be aware that by trading with CFDs you may lose the margin held at the Company that serves for the purposes of collateral for opening and maintaining your trading positions. You may lose more than the margin invested. Therefore, trading in CFDs is appropriate only for persons who:

a) understand and are willing to assume the economic, legal and other risks involved in such transactions; and
b) are financially able to withstand losses of their initial margin funds and any additional funds transferred to the Company to maintain their positions.

The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the risks involved for each one of the Financial Instruments.

Performance Scenarios:

This table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of $10 000 and choose to buy/sell 1 lot (1 BTC). This particular CFD contract has a point cost of $0.001 per contract, meaning in this case you will make or lose $0.001 for every point the price moves (1 lot includes 1 contract -> 1 x 0.001 = 0.001). A point on this instrument is third digit after the decimal place. The price at which you can buy/sell is 10000.000. The below table does not include overnight holding costs (discussed further below).

Profit calculation:	*BUY: (close_price - open_price) * number_of_lots * contract_size*
(in quote currency)	*SELL: (open_price - close_price) * number_of_lots * contract_size*

Scenarios				
Stress scenario: client buys 1 lot and price falls by 100000 points and client exits position after that.				
Open price:	**10000.000**	**Trade P/L:**	**-$100**	(PnL in points x 1 point value)
Close price:	**9900.000**	**New equity:**	**$9900**	(old equity + PnL in account currency)
Unfavourable scenario: client sells 1 lot and price increase by 20000 points and client exits position after that.				
Open price:	**10000.000**	**Trade P/L:**	**-$20**	(PnL in points x 1 point value)
Close price:	**10020.000**	**New equity:**	**$9980**	(old equity + PnL in account currency)
Moderate scenario: client buys or sells 1 lot and exits the position at the same price after that.				
Open price:	**10000.000**	**Trade P/L:**	**$0**	(PnL in points x 1 point value)
Close price:	**10000.000**	**New equity:**	**$10000**	(old equity + PnL in account currency)
Favourable scenario: client buys 1 lot and price increase by 300000 points and client exits position after that.				
Open price:	**10000.000**	**Trade P/L:**	**+$300**	(PnL in points x 1 point value)
Close price:	**10300.000**	**New equity:**	**10300**	(old equity + PnL in account currency)

Swap calculation: (in quote currency)	*BUY: number_of_lots * contract_size * market_price * (tick_price / point_place) * (swap_long/100/360)* *SELL: number_of_lots * contract_size * market_price * (tick_price / point_place) * (swap_short/100/360)*

BUY position: client holds his 1 lot long position overnight and therefore there will be swap charged (consider BUY swap of -30 and end of day price is 10000.000).
Charged swap calculation: 1 x 1 x 10000 x (0.001 / 0.001) x (-30 / 100 / 360) = -8.33   Swap of -$8.33 will be charged from client's account.
SELL position: client holds his 1 lot short position overnight and therefore there will be swap charged (consider SELL swap of -30 and end of day price is 9000.000).
Charged swap calculation: 1 x 1 x 9000 x (0.001 / 0.001) x (-30 / 100 / 360) = -7.5   Swap of -$7.5 will be charged from client's account.

What happens if Company is unable to pay out?

The Company is a member of the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission. The object of the ICF is to secure the claims of the covered Clients against Cyprus Investment Firms, members of the ICF, through the payment of compensation in cases where the CIF concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible:

a) to return to its covered Clients funds owed to them or funds which belong to them but are held by the CIF in the context of providing investment services to the said Clients or
b) to hand over to covered Clients financial instruments which belong to them and which the CIF concerned holds, manages or keeps on their account.

The total payable compensation to each covered Client of an ICF's member may not exceed €20.000, irrespective of the number of accounts held, currency and place of offering the investment service

What are the Costs

This table shows the different types of cost categories and their meaning		
One-off costs	Spread, Commission	The difference between the buy price and the sell price. The cost related to the spread is realized each time you open a new trade. Applicable in certain types of accounts. More information can be found on the Company's website. For example, if the BTCUSD is trading at 6705.000, our offer price (the price at which you can buy) might be 6730.000 and our bid price (the price at which you can sell) might be 6680.000.
Ongoing costs	Daily holding costs	The interest paid for holding a position overnight. It is a credit or debit as a result of daily interest rates. When you hold positions overnight, they are either credited or debited interest based on the rates at the time. Rollover can add a cost or profit to your trade. For example, Trade size of BTCUSD is 1 lot (1 contract), Day closing Rate is 6750.000, Daily holding cost % is -30% then the fee will be 1 x 6750.000 x (0.001 / 0.001) x (-30 / 100 / 360) = -€5.63.
Other costs	Dormant Fee	Dormant Accounts are charged a quarterly maintenance fee of 15 USD, 15 EUR, 15 GBP, 350 CZK or the full amount of the free balance in the account if the free balance is less than the above-mentioned values. The first maintenance fee will be charged upon classifying the account as dormant and any further dormant fee shall be charged upon beginning of each calendar quarter (3 months) thereafter, provided that the account will remain to be classified as dormant.
Portfolio Management fees	Performance fee	Depending on a particular strategy, performance fee is charged from the trading account where the account equity outperformed the current HWM level. For example, current equity is $2560, HWM is $2000 and performance fee is 10% then the performance fee is calculated by the following (2560 – 2000) x 0.1 = $56.
	Front fee	Depending on a particular strategy and its conditions whether the front fee will be charged or not. Front fee is charged only when a client makes a deposit or internal transfer to the trading account which is connected to the strategy. For example, client makes deposit of $1000 to the connected trading account, front fee is 5% so the final charged amount is calculated the following 1000 x 0.05 = $50.
	Management fee	Depending on a particular strategy and its conditions whether the management fee will be charged or not. Management fee is charged based on the end of month equity and number of days during which the account was connected to the strategy in the past month. For example, the client's account end of month equity is $1000, the account was connected to the strategy for 15 days in the past month, management fee is 10% per month so the final amount to be charged is calculated the following (15 / 30) x 10 / 100 x 1000 = $50.

How long should I hold it and can I take the money out early?

You can cash out the CFD at any point you wish during trading hours, but it may not be at a price beneficial to you or your investment goals.

How can I complain?

The Client Complaint Policy sets out the processes employed when dealing with complaints received from Clients. A Client complaint is an expression of dissatisfaction by a Client regarding the provision of investment and/or ancillary services by the Company. This Policy is an adjunct to the Company's overarching general obligation to act honestly, fairly and professionally and in the best interests of its Clients and to comply with the principles set out in the above legislation when providing investment services and other ancillary services.

A Client can file a complaint by contacting the Company at complaints@purple-trading.com providing at a minimum the below listed information.

- the identity of the Client who filed the complaint
- the details of the complaint – full description including any the extent in financial terms of the potential loss that the Client claims has suffered

Other relevant Information

This key information document does not contain all information relating to the product. For other information about the product and the legally binding terms and conditions of the product, please refer to our terms and conditions and to our website at https://www.purple-trading.com.