



SM CAPITAL MARKETS

Global Online Trading

SM CAPITAL MARKETS

KEY INFORMATION DOCUMENT

SM CAPITAL MARKETS LTD (previously named ABC 123 (CY) LTD)

is authorized and regulated by CySEC License (339/17)

with its registered business Office

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Neda Court Floor 1,

3070 Limassol, Cyprus

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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 it with other products.

Manufacturer: **SM Capital Markets Ltd previously ABC 123 (CY) Ltd**

License no. 339/17

9 Spyrou Kyprianou Avenue, Neda Court Floor 1, 3070 Limassol, Cyprus.

Supervised Authority: Cyprus Securities and Exchange Commission

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

PRODUCT DESCRIPTION

Contracts For Differences (CFDs), are complex financial products in accordance with the applicable law. They are traded on an 'over-the-counter ('OTC') basis and not through a regulated market. CFDs, which are agreements to exchange the difference in value of a particular underlying instrument between the time at which the agreement is entered into and the time at which it is closed, allowing the investors to replicate the economic effect of trading in particular currencies or other asset classes without requiring actual ownership. When trading CFDs there is no physical exchange of assets; therefore, financial settlement results from the difference at the time the position is closed and the price of the underlying asset (formulated by the Counterparty) at the time the position is opened. The most common underlying assets include stocks, commodities, currencies and market indexes. By entering into a CFD you are either entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price or value of the CFD.

CFDS OPERATIONS AND OBJECTIVES

The objective of a CFD instrument, i.e. currency pairs, shares, commodities and indices, is to speculate on the performance of an underlying currency pair without actually owning it. You will achieve profit if your speculation on the performance (positive or negative performance) was correct, with the difference between the opening price and closing price of the underlying asset as the performance, or suffer a loss of a portion or all of your trading balance should the underlying asset of the CFD perform against your speculation.

When a position is closed, the investor gains the difference between the market value of the underlying asset at the time of closing and opening a position, if:

When holding a long position (buying a CFD), the price at the time the position closes, is higher than the price at the time the position was opened, which is automatically converted to the trading account currency; or

When holding a short position (selling a CFD), the price, at the time the position closes, is lower than the price at the time the position was opened, which is automatically converted to the trading account currency.

INTENDED RETAIL INVESTOR

CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage and the fact they may lose all their invested capital in a short period of time. Investors should have a high-risk tolerance and willing to accept rapid price fluctuations and the specific risk of leverage in exchange for the opportunity of higher returns. In addition, the investor must understand the risk/reward profile of the product compared to traditional share dealing.

LEVERAGE AND MARGIN

Leverage is a key feature of CFD trading. CFDs allow you to trade on rises and falls of different instrument prices while only putting up a portion amount of your own money, compared to the financial instrument trading price. With CFDs, you only have to put in a portion of the market value of the underlying instrument when making a trade. Even though you only put up a portion of the value, you are entitled to the same gains or liable for losses as if you had paid 100%. The actual percentage of the market value that you will be asked to put in will vary for different CFD providers and for different underlying instruments. The leverage is specified as a ratio, such as 1:25, 1:50, 1:100, 1:200 or 1:300. This means that you, as our client, can trade with amounts proportionally higher than you could invest in a particular CFD. Sometimes the Leverage is expressed in percentage terms – and referred to as Margin requirement. A Leverage of 1:100 is a margin requirement of 1%.

The level of leverage or margin requirement can be amended at any time by the Company and is subject to the leverage policy of the Company which can be found in the Company's website and/or platform. It is the responsibility of the investor to ensure that at all times his/her trading account maintains adequate capital/equity to meet the margin required for the open positions in order to avoid the enforcement of closing any positions due to stop-out. Stop-out level is reached, when the equity value of the account is equal to 100% of the initial margin amount held for open positions.

Example:

*An investor deposited in to his account \$2,000 equity, he then purchased 100,000 of GBPUSD at market rate of 1.3505. The margin requirement for this deal is $1\% * 100,000 * \text{market price } (1.3505) = \$ 1,350.50$. At opening of the deal, the equity value of the account is equal to Equity (\$,2000) / Used Margin (\$1,350) = 148%. The Market rate now for GBPUSD has dropped to 1.3440 bringing the equity of the account to \$1,350 (Account balance of \$2,000 – Deal PL of \$650) and the equity value to 100% of the accounts used margin. At this point the position will be automatically closed by the system due to stop out level been*

reached. Therefore, the investor should deposit more funds to his/her trading account to keep his/her position open, prior of reaching the margin level of 100%.

ACCOUNT PERFORMANCE SCENARIOS

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD or the ability of the Company to pay you.

CFDs on Forex		GBP/USD
Opening Price	P	1.35650
Trade size (per CFD)	TS	100,000
Margin percentage	M	0.5% (Leverage 1:200)
Margin Required	MR=TS x M	GBP 500
Notional value of the trade	TN=MR/M	Profit & Loss calculation: USD (Variable currency)
Account Currency		GBP

Scenarios for Long (Buy) Positions:

Performance Scenario	Account Performance	Price Change	Profit/Loss
Favorable	8%	+0.00054	40 GBP
Moderate	3%	+0.00020	15 GBP
Unfavorable	-1.5%	-0.00010	-7.5 GBP
Stress	-4%	-0.00027	-20 GBP

TRADING CHARGES/FEES

Trading charges/fees apply when investors trade CFDs, such as:

Spread: The price quoted to you as a client, includes a spread (the difference between the Bid and Ask price), which is effectively the cost of trade. Live spreads can be found on the Company's website and/or platform.

Commission: similarly, to the spread, is charged on every trade placed. The commission applied will depend on the type of trading account opened by the trader with the company.

Example:

An investor opened and closed 100,000 GBP/USD at the same rate 1.3500. For example, the Company charges USD 7 per \$1,000,000 traded as commissions for forex pairs. Therefore, the investor will be charged with: $\$7 * (100,000 * 1.3500) / 1,000,000 = \0.945 when he opens the trade and another \$0.945

when he closes the trade, \$1.89 total commission. The calculation used is 'Trade size in base currency converted in USD X USD7 / USD 1,000,000 (to be converted in the account currency).

Swaps: Swap: is the interest paid or 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. Swap is also called Rollover. Rollover can add a significant extra cost or profit to your trade. For Monday, Tuesday, Thursday and Friday swap is charged once, and on Wednesdays the swap is tripled charged to cover the weekend.

Example:

An investor, has a long position of 100,000 EUR against USD on a Wednesday and his account is denominated in USD. The swap rates are 4.44 points for short position and -8.96 for long position. Over the weekend swap is tripled;

Therefore, the calculation will be as follows: $Swap = ((0.00001 * 100,000 * 8.96) * 3 = \underline{USD\ 26.88}$.

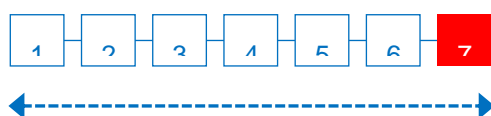
~~The general calculation form for swaps is as follows: $Swap = (one\ point / exchange\ rate) * (trade\ size) * (swap\ value\ in\ points)$.~~

Other charges: Investors may also incur expenses relating to the deposit or withdrawal methods used, the charges will be equal to any additional costs incurred to the company due to the deposit or withdrawal methods used.

When a corporate event occurs regarding shares/indices, may be charged or credited the relevant amount. The Company informs the investors via email and/or the website how will be impacted depended on their side of trading.

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

Risk Indicator



Higher risk

The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you will get in return.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level. Trading risks are magnified by leverage – the total loss you may incur may significantly exceed the amount invested in a single trade and may end up to lose all your invested capital. Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position.

There is no capital protection against, but not limited to, market risk, credit risk, liquidity risk, counterparty risk, foreign exchange risk, leverage risk or technical risk. In addition, it is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies.

You should know that there are other risk factors that significantly impact the trading activity and consequently the investment return when trading CFDs which are not outlined in the Company's documents.

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

Recommended holding period: NO RECOMMENDED HOLDING PERIOD

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.

WHAT HAPPENS IF SM CAPITAL MARKETS LTD PREVIOUSLY ABC 123 (CY) LTD IS UNABLE TO PAY OUT?

The Company is a member of the Investor Compensation Fund (hereinafter called the "Fund") which covers nonprofessional clients as defined in the Investor Compensation Fund policy in circumstances when the Company is either unable to return to its covered clients funds owed to them and/or unable to return financial instruments to the covered clients which the Company holds or controls in its accounts on behalf of the clients. If the Company cannot meet its obligation regarding clients' funds, your investment is covered by the Investor Compensation Fund which covers eligible investments up to EUR20,000 per person. Please refer to the Company's document regarding Investor Compensation Fund for further details at <https://www.smcapitalmarkets.com/resource/file/Investor%20Compensation%20Fund%20Policy.pdf?v3>

HOW CAN I COMPLAINT?

The retail investors may submit their complaints or grievances in relation to CFDs, using the "**Complaint Form**", to the Head of the Compliance department. The "Complaint Form" may be submitted to the Company by email, fax or by post. The Compliance department is responsible for handling customers' complaints or grievances. The duties of the Compliance department include the effective and efficient handling of customer complaints or grievances so as to enable the Company to adopt and apply the required actions to prevent the repetition of the same complaints or grievances. For further details, the investors should refer to Complaint Handling Form in the Company's website <https://www.smcapitalmarkets.com/resource/file/Complaints%20or%20Grievances%20Policy.pdf?v3>

OTHER RELEVANT INFORMATION

The Terms and Conditions section of our website contains important information regarding your account. The investor should ensure that is familiar with all the terms and conditions and all the other policies of the Company that apply to his/her account.