Key Information Document – CFDs on indices

Purpose

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.

CFD's are offered by XS Markets Ltd (previously Rockfrost Limited) (the "Company", "we" or "us"), registered in the Republic of Cyprus, with registration number HE 386563. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number [412/22]. For further information please call [+357 25 249600] or go to www.xsmarkets.com.

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YOU ARE ABOUT TO TRADE ON A MARKET THAT IS NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND. THIS PRODUCT MAY NOT BE SUITABLE FOR ALL INVESTORS. PLEASE ENSURE THAT YOU FULLY UNDERSTAND THE RISKS INVOLVED.

What is this product?

Type

This investment product is a Contract for Differences ("CFD"). A CFD is an Over the Counter ("OTC") leveraged financial instrument and its value is determined based on the value of an underlying asset. The investor makes a profit or a loss on the CFD based on the direction chosen (Buy or Sell) and the direction of the value of the underlying asset. The CFD is settled in cash only and the investor has no rights whatsoever on the actual underlying asset.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying Index (whether up or down). The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. For example, if an investor buys 1 lot of Euro 50 Spot Index CFD (1 lot equals 1 Index unit) with an initial margin amount of 10% and an underlying Index price of 6000 EUR, the initial investment will be €600 (10% x 1 x 6000). The effect of leverage, in this case 10:1 (1 / 10%) has resulted in a notional value of the contract of €6,000 (600 x 10). This means that for each I-point change in the price of the underlying Index the value of the CFD changes by €1. For instance, if the investor is long and the market increases in value, a €1 profit will be made for every I-point increase in that market. However, if the market decreases in value, a €1 loss will be incurred for each point the market decreases in value. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that market, and a loss for any increases in the market.

CFDs in general do not have a recommended holding period and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

The profit or loss is determined according to the following formula:
For Buy (Long) positions: Deal size (in units of base asset) x [Close Bid – Open Ask] = P/L (in units of the other asset)
For Sell (Short) positions: Deal size (in units of base asset) x [Open Bid – Close Ask] = P/L (in units of the other asset)
The P/L from the closed positions is then converted into the base currency of the investor's account, if different. This is done on the basis of the relevant Bid/Ask rate of the two currencies at the time the position is closed.

The P/L is also affected by the fees charged by the Company as detailed below. The P/L is calculated by, and shown on, the trading platform on a continuous basis, and losses on the positions will affect the investor's margin. Should the investor's margin reach 0 (zero), all investor's positions will automatically close which means that the investor will realize the losses. Therefore, it is important to maintain such level of margin to support the investor's open positions.

Intended Retail Investor

CFDs are intended for investors who wish to make directional transactions and take advantage of short term price movements on the underlying future of the index and have the ability to sustain the risk of loss of their entire investment amount within a short period of time. Those investors have knowledge of, or are experienced with, leveraged products and have a full understanding on how the prices of CFDs are derived as well as the key concepts of margin and leverage.

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

Risk indicator

1	2	3	4	5	6	7

Low Risk High Risk

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. 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.

This risk indicator assumes that you keep the product for up to 24 hours. You may not be able to end the product easily or you may have to end at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to end the product at a desired price due to unavailability of such price in the market. CFDs are OTC products and cannot be sold on any exchange, MTFs or other trading venue. There is no capital protection against market risk, credit risk or liquidity risk.

The prices of the underlying index future may fluctuate significantly in a short period of time. If the change in price is against the direction chosen by the investor, then the investor can experience significant losses over a short period of time up to a maximum of the amount held as margin in the investor's account. However, the investor will never owe to the Company any amount in excess of the available funds in the account in light of the contractual "Negative Balance Protection". Market conditions may mean that your CFD trade is closed at a less favorable price, which could significantly impact how much you get back.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Performance scenarios (assuming no Overnight Financing effects):
There are a number of types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Information on factors that affect the performance of this product are detailed here - including but not limited to:
• Leverage risk • Unregulated market risk • Risk of unlimited loss • Market disruption risk • Margin risk • Counterparty risk • Foreign exchange risk • Online trading platform and IT risk • Market risk • Conflicts of interest

For example, if you believe the value of an Index is going to increase, you would BUY a number of CFDs on Indices with the intention to later SELL them when their price is at a higher value. The difference between the BUY price and your subsequent SELL price would equate to your profit, minus any relevant costs (detailed below). If you think the value of an Index is going to decrease, you would SELL a number of CFDs at a specific value, expecting to later BUY them back at a lower value than you previously bought in order to sell them. The difference between the SELL price and your subsequent buy price would equate to your profit, minus any relevant costs (detailed below).

However, if the Index moves in the opposite direction from your prediction you will be losing money, which in some cases can lead to the closure of your position, and you may lose all your funds in your account. Your return depends on the size of the performance or movement of the underlying currency pair or asset, leverage and the size of your posiϴon.
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 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. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

Below are examples of performance scenario of a deal in CFD on Index.

CFD on Index (held intraday)		
Index opening price:	(P)	$5,000
Trade size (per CFD):	(TS)	1
Margin %:	(M)	10%
Leverage:	(L)	1:10
Margin Requirement ($):	MR = P x TS x M	$500
Notional value of the trade ($):	TN = MR x L	$5,000

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	5075	1.50%	75	**Favourable**	4925	-1.50%	75
Moderate	5025	0.50%	25	**Moderate**	4975	-0.50%	25
Unfavourable	4925	-1.50%	-75	**Unfavourable**	5075	1.50%	-75
Stress	4750	-5.00%	-250	**Stress**	5250	5.00%	-250

*** Note that due to the company's Negative Protection Balance policy, Clients will not lose more than they have deposited.**

What happens if XS Markets Ltd (previously Rockfrost Limited) is unable to pay out?

In the event that XS Markets Ltd (previously Rockfrost Limited) becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible to compensation by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission. The total payable compensation to each covered Client of the Company is defined as the lower of 90% of the cumulative covered claims of the covered Client and the amount of twenty thousand Euros (EUR 20,000).