

### 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.

### Name of product: Major FX CFD (contract for difference on a Forex currency pair major)

Product offered by: FinecoBank S.p.A.  
 website: [www.finecobank.com](http://www.finecobank.com)  
 Competent Authority: Commissione Nazionale per le Società e la Borsa (CONSOB)  
 For further information, call: 800.92.92.92  
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**You are about to purchase a product that is not straightforward and may be difficult to understand.**

### What is this product?

#### Type:

A major FX CFD is a derivative financial instrument whose price is directly linked to the exchange rate (cross rate) between a certain currency and an uncertain currency (a currency pair made up of two of the following currencies: USD, EUR, JPY, GBP, CAD, CHF) and therefore follows the trend. In detail, the FX CFD major is an agreement to pay the price differential recorded between the opening time and the closing time of the position.

CFDs are Over The Counter derivatives (OTC), meaning that they are traded outside regulated markets directly between the parties (the customer and the Bank) without involving a clearing house.

#### Objectives:

The objective of trading on major FX CFD is to enable an investor to gain leveraged exposure to the movement in the value of the underlying FX pair without the need to actually buy the currency or invest the full value of the transaction. The leverage effect that ensues allows the return (positive or negative) from the transaction to be multiplied compared to an ordinary transaction.

For example, if an investor buys 10000 CFD with a margin of 10% and price of \$ 1.14177, the initial investment will be \$ 1141.62 (1,14162 x 10000 x 10%). The leverage effect, in this case 10:1, gives a notional value of \$11416.2 (1141,62 x 10) to the contract. This means that the yield of the CFD transaction is 10 times higher than what obtained with a normal transaction on the underlying asset. If the investor enters the contract as the buyer ("long position") and the underlying increases in value, they will profit \$ 1 for every 1 point increase of that underlying; vice versa, for every 1 point decrease, they will incur in a loss of \$ 1. If the investor enters the contract as the seller ("short position"), they will make a profit with any decrease in the underlying asset and a loss for any increase in the underlying asset. The profit or loss of \$ 1 compared with the notional value of \$ 11416.2 corresponds to a yield of 0.0087%; the profit or loss of \$ 1 compared with the initial investment of \$ 1141.62 corresponds to a return of 0.087%, which is equal to the return obtained with a transaction on the underlying asset (0.0087%) multiplied by the leverage effect (5).

The maximum applicable leverage for retail investors is 28.57:1 (initial margin = 3.5% of the notional value of the CFD).

In order to limit the investor's potential losses, for each position held on major FX CFD, the Bank generates an automatic stop loss market order that will close the position if the CFD price records an unfavorable change equal or greater than 50% of the deposited margin. If the investor enters the contract as the buyer ("long position") the expectation is that the value of the current currency relative to the uncertain currency will rise.

If the investor enters the contract the seller ("short position") the expectation is that the value of the current currency relative to the uncertain currency will decrease.

The investor can start an "Intraday" or a "Multiday" position. If the investor starts an "Intraday" position, that position must be closed on the same day on which it was opened unless the investor on his own initiative converts it to a "Multiday" position. If the investor starts a "Multiday" position, that position will remain open until: (i) the investor decides to close it; (ii) the automatic closure of the position occurs as a result of the activation of the automatic stop loss; (iii) 12 months have passed from the opening of the position.

Major FX CFDs major do not have a recommended holding period as these are instruments intended for short-term trading. It is up to the investor to assess the holding period of the instrument having due regard to their objectives and their trading strategy.

Major FX CFDs major are traded in the currency of the underlying currency and settled in the currency of the investors current settlement account (in Euro for trades in Italy and in GBP for those in the UK). When the trading currency of the CFD is different from the settlement currency, the instrument is subject to currency exchange risks (see the section "What are the risks and what is the potential return?").

#### Intended retail investor:

Major FX CFDs are intended for investors who already have a good understanding and previous experience in dealing with leveraged products. Investors must already understand how prices of FX CFDs major are derived, have a clear grasp of the concept of leverage and margin and understand the fact that losses may exceed deposits. They should also understand the risk-return profile of the product which could offer potentially higher risks and returns compared to those offered by directly trading the underlying contract. Investors are expected to have the appropriate financial means and ability to bear any and all losses in excess of the initial amount invested.

## What are the risks and what could I get in returns?

### Risk indicator

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.

Major FX CFDs are leveraged products. This means that a relatively small movement in the value of the underlying currency pair will have a proportionately higher impact on the deposited margin and in case of an unfavourable price movement the margin can be almost totally lost.

Although the structure of the transaction involves the use of an automatic stop loss, if the trend of the underlying currency major shows sudden and significant variations, **the total loss may also exceed the initially investment (margin). Be aware of currency risk.**

In case of CFDs with trading currencies different from the settlement currency

(Euro for trades in Italy and GBP for trades in the UK), the essential elements of the instrument are calculated in the trading currency. The settlement of transactions in the current account is carried out after conversion of the amounts expressed in any different currency (the margin is converted at the exchange rate applied by the Bank at the time of the transaction, the profit / loss at the exchange rate applied by the Bank at the end of the day on which the transactions are carried out). The final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see section "What happens if FinecoBank is unable to pay the amount due?"). The indicator shown above does not consider this protection.

### Performance scenarios

The scenarios shown illustrate how your investment could perform in case of intraday trading. 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 keep the investment. The scenarios are valued in the trading currency that may differ from the settlement currency.

The stress scenario shows what you might get back in extreme market circumstances and it does not take into account the situation where FinecoBank is not able to pay you or to fulfil its obligations.

Since these instruments do not have a recommended holding period as they are intended for short-term trading, to run the scenarios and the stress scenario with "subintervals" in case of intraday trading, a segmentation of the day is considered necessary using returns sampled every 2 hours.

The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

The following assumptions have been used to create the scenarios described in Table 1:

CFD FX major LONG scenario			CFD FX major SHORT scenario		
Opening price	P	1,18378	Opening price	P	1,18368
Trade Size (units)	TS	10000	Trade Size (units)	TS	10000
Margin %	M	10%	Margin %	M	10%
Stop loss%		5%	Stop loss%		5%
Margin Requirement	$MR = P \times TS \times M$	1183,78 USD	Margin Requirement	$MR = P \times TS \times M$	1183,68 USD
Total value of the trade	$CTR = MR/M$	11837,8 USD	Total value of the trade	$CTR = MR/M$	11836,8 USD
Holding period		1 gg	Holding period		1 gg
Trading Currency		USD	Trading Currency		USD
CFD		EURUSD	CFD		EURUSD

Table 1:

Scenario di Performance LONG	Prezzo di chiusura	Variazione di prezzo	Profit/loss
Favorevole	1,18828	0,38%	45,0
Moderato	1,18379	0,00%	0,1
Sfavorevole	1,17913	-0,39%	-46,5
Stress	1,15935	-2,06%	-244
Scenario di Performance SHORT	Prezzo di chiusura	Variazione di prezzo	Profit/loss
Favorevole	1,17923	-0,38%	44,5
Moderato	1,18389	0,02%	-2,1
Sfavorevole	1,18838	0,40%	-47,0
Stress	1,20763	2,02%	-239,5

### What happens if Fincobank is unable to pay out?

You are exposed to the risk that the Issuer may not fulfil its obligations under the product, for example in the event of insolvency (lack of liquidity/over-indebtedness) or resolution decisions of the national resolution authority. Such arrangements by the national resolution authority may also occur in the event of a crisis of the Issuer prior to insolvency proceedings.

The national resolution authority has broad rights to intervene. It may, inter alia, completely devalue the investor's right, terminate the product or convert it into shares of the Issuer, extinguish the investor's rights, suspend certain contractual obligations (e.g. payment obligations), limit enforcement rights over security, exclude certain contractual rights and suspend temporarily termination rights. The loss of all invested capital is possible.

Fineco, as an intermediary that provides investment services, adheres to the National Guarantee Fund which provides for the compensation of investors, in the event of compulsory administrative liquidation, for credits deriving from the non-return, in whole or in part, of the money and/or financial instruments or their equivalent value claimed for the provision of investment services and activities. Compensation from the Guarantee Fund is granted to investors who request it up to a total maximum of € 20,000.

### What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the performance of the product. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here represent the cumulative costs of the product in two different holding periods, i.e. in the event of closure on the same day the position is opened and in the case of closing after one day and include potential penalties for early exit. The figures assume a nominal value of EUR 10,000. The amounts are estimated and may change in the future.

#### Cost over time

Investment scenario (10.000 EUR)	In the event of closure on the same day		In the event of closure after 1 day (sample period)	
	Long position	Short Position	Long position	Short Position
<b>Total costs</b>	10euro	10 euro	54.34 euro	50.87 euro
<b>Reduction in Yield per year</b>	-0.10%	-0.10%	-0.543%	-0.509%

#### Composition of costs

The table below shows:

- the impact of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

Cost type		Description		
One-off costs	Entry costs	<i>Mark-up:</i> Measure of the differential applied by the bank to the bid / offer prices of the underlying currency pair to determine the CFD bid / offer prices on opening the contract. The usual amount applied from time to time is shown in the private area of the Fineco website.	Max 0.10%	Impact of the costs already included in the opening price of the CFD contract. This is the most you will pay, and you could pay less.
	Exit costs	<i>Mark-up:</i> Measure of the differential applied by the bank to the bid / offer prices of the underlying currency pair to determine the CFD bid / offer prices on opening the contract. The usual amount applied from time to time is shown in the private area of the Fineco website.	Max 0.10%	Impact of the costs already included in the closing price of the CFD contract. This is the most you will pay, and you could pay less.
		<i>Multiday position costs:</i> For each position on major FX CFDs that is held for more than one trading day a fee is applied. The fee is calculated as a percentage applied to the countervalue of the position. This means that the longer you hold a position the more this cost increases.	Long and short positions: 2.95 + differential interest rates of the underlying currencies	We only charge these expenses if the CFD contract is not closed on the same day it was opened

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

There is no recommended holding period. CFDs are instruments intended for short-term trading. It is possible to close positions (both intraday and multiday) at any time without fees / commissions being applied for closing those positions.

### How can I complain?

In the event of a dispute related to the services and investment business provided, you can file a claim with the Bank, by registered letter or electronically to FinecoBank SpA - Direzione Generale - Ufficio Reclami, Piazza Durante 11, Milano - email [helpdesk@fincobank.com](mailto:helpdesk@fincobank.com) or PEC address [fincobankspa.pec@actaliscertymail.it](mailto:fincobankspa.pec@actaliscertymail.it).

The Bank must respond within 60 days of receipt. If you do not receive a response within that period or you are not satisfied with the outcome you may refer it to the Arbitrator for Financial Disputes (ACF). For more information, please click on the link "Claims" on the homepage of the Bank's website [www.fincobank.com](http://www.fincobank.com).

### Other relevant information

Further information is available on the homepage of the Bank's website [www.fincobank.com](http://www.fincobank.com) in the sections Transparency and Support. Terms and conditions of the product are shown in the Product Fact Sheets and Operating Rules attached to the Supplementary Contract for trading in derivatives that must be signed in order to trade in financial derivative instruments (including CFDs) after completing the appropriate questionnaire.