

# Key Information Document

## Contract for Difference – Stocks and ETPs

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### 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, costs, risks and rewards of this product and to help you compare it with other products.

### Product

The Manufacturer of this product is LHV Pank AS. Contact us on +372 6800 400 for more information. LHV Pank AS is under the supervision of the Estonian Financial Supervision Authority. This Key Information Document was published on 14<sup>th</sup> August 2018.

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### ALERT

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

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### What is this product?

**Type** – This is a 'Contract for Difference' ("CFD"). It allows you an indirect (also described as "synthetic") exposure to an underlying product or financial instrument (for example, to a security, commodity or index). You will have no direct interest in the underlying product/financial instrument. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure.

Visit [lhv.ee/et/broker](http://lhv.ee/et/broker) for further information in relation to the CFD on Stocks and ETPs (Exchange Traded Products) available.

**Objectives** – The objective of trading a CFD is to gain exposure to movements related to a financial product, benchmark or instrument without owning it. Your return depends on the size of the performance (or movement) of the underlying instrument and the size of your position.

For example, if you believe the value of a Stock or ETP is going to increase, you would buy a number of CFDs ("going long"), with the intention to later sell them when they are 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 ("going short") at a specific value, expecting to later buy them back at a lower value than you previously agreed to sell them for, resulting in LHV Pank paying you the difference, minus any relevant costs (detailed below). However, if the underlying instrument moves in the opposite direction, and your position is closed, you would owe LHV Pank for the amount of loss you have incurred (together with any costs). This product is commonly traded on margin. Margin refers to the use of a small amount of capital to support an investment of a larger exposure. Please note that margin trading requires extra caution, because whilst you can realise large profits if the price moves in your favour, you risk extensive losses if the price moves against you.

More information about margin trading can be found [here](#).

**Intended retail investor** – Trading in this product will not be appropriate for everyone. The product would most commonly be utilised by persons who want to generally gain short term exposures to financial instruments/markets; are using (trading with) money which they can afford to lose; have a diversified investment and savings portfolio; have a high risk tolerance; and understand the impact of and risks associated with margin trading.

**Term** – CFDs on Stocks and ETPs are execution only products and generally therefore have no fixed or suggested maturity date. It is up to you to open and close your position, however your position will only be kept open to the extent that you have available margin. Specific information on each underlying investment option can be found [here](#).

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

### 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. This rates the potential losses from future performance at a very high level. Be aware of currency risk. You may receive payments in a different currency, so 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. In some circumstances you may be required to make further payments to pay for losses. Trading risks are magnified by leverage – the total loss you may incur may significantly exceed the amount invested. 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. As a result, Margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out and any shortfall will be borne by you. Trade only after you have acknowledged and accepted the risks. You should carefully consider whether trading in leveraged products is appropriate for you.

### Performance Scenarios

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
- Risk of unlimited loss
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest

Specific trading examples in this product can be found [here](#).

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

LHV Pank AS is a fully accredited European Bank and is a member of The Guarantee Fund ([www.tf.ee](http://www.tf.ee)); an institution established by the Estonian parliament which is supervised by the Ministry of Finance in Estonia. In the unlikely event that LHV Pank is declared bankrupt, The Guarantee Fund covers cash deposits up to EUR 100,000. Securities, for example stocks, held in an individual custody account will be returned to the owner, irrespective of a winding-up order. In the unlikely event that LHV Pank is unable to return the securities held in safe-custody, administered or managed, The Guarantee Fund as a rule covers losses of up to EUR 20,000 per investor. For more information you can visit the Estonian Financial Supervision Authority at [www.fi.ee](http://www.fi.ee).

## What are the costs?

Before you begin to trade CFDs on Stocks and ETPs you should familiarise yourself with all one-off, ongoing, and incidental costs for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our website - [lhv.ee/et/broker](http://lhv.ee/et/broker).

**This table illustrate the different types of costs for CFDs on Stocks and ETPs**

<b>One-off costs</b>	Commission	The fee charged for the service of carrying out the transaction. Specific fee depends on the region of the underlying instrument and is available in the platform under the Trading Conditions.
	Minimum Commission	The minimum fixed fee charged for the service of carrying out the transaction. Specific fee depends on the region of the underlying instrument and is available in the platform under the Trading Conditions.
	Currency Conversion Fee	+/- 0.5% over the market rate. The fee charged for converting realised profit/loss from the instrument currency to the account currency.
<b>Ongoing costs</b>	Overnight Financing	If you hold a long position open after the market close, you will be subject to an Overnight Financing charge amounting to relevant interbank rate plus 3.25% p.a.. If you hold a short position open after the market close, you will receive an Overnight Financing cost amounting to relevant interbank rate minus 2.75% p.a..
	Borrowing costs (Short position only)	If you hold a short CFD Single Stock positions overnight you may be subject to a borrowing cost. The cost is dependent on the liquidity of the Stocks and may be zero (0) for high liquidity stocks. Specific fee is available in the platform under the instrument Trading Conditions.

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

**Recommended holding period: NO RECOMMENDED HOLDING PERIOD**

CFDs on Stocks and ETPs has no recommended holding period. Provided that LHV Broker is open for trading you can enter and exit positions at any time.

## How can I complain?

If you as a client or a prospective client of LHV Pank AS have raised a question or an issue with LHV for instance with your account manager or another employee of LHV without receiving a satisfactory answer you may file a complaint with LHV Pank AS as per below.

Complaint form: [Can be found here](#)

Attn: Complaints, LHV Pank AS, Tartu mnt 2, 10145 Tallinn, Estonia Or by e-mail to [info@lhv.ee](mailto:info@lhv.ee)

**If the person advising or selling to you is not LHV Pank AS directly please contact them directly.** If you are not satisfied with the response to your complaint, you may file a complaint directly with The Estonian Financial Supervision Authority: Sakala 4, 15030 Tallinn, Estonia; [www.fi.ee](http://www.fi.ee)

## Other relevant information

PRIP manufacturers shall indicate any additional information documents that may be provided, and whether such additional information documents are made available based on a legal requirement or only at the request of the retail investor.

The information may be provided in summary format, including a link to the website where further details other than the documents referred to are made available.