

## 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.

Contract for difference ("CFD") on a cryptocurrency is offered by **Admiral Markets AS** ("AM", "we" or "us"), a company registered in Estonia – registration number 10932555. Admiral Markets AS is authorised and regulated by the Estonian Financial Supervision Authority (EFSA) – activity license number 4.1-1/46. The registered office for Admiral Markets AS is: Ahtri 6a, 10151 Tallinn, Estonia. Please call +372 6309 300 or go to [www.admiralmarkets.com](http://www.admiralmarkets.com) for more information.

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 **You are about to purchase a product that is highly sophisticated and may be difficult to understand.**

## What Is This Product?

Type A contract for difference ("CFD") is a leveraged contract entered into with AM on a bilateral basis. It allows an investor to speculate on rising or falling prices in the underlying cryptocurrency.

An investor has the option to buy (or go "long") the CFD in an attempt to benefit from rising cryptocurrency prices; or to sell (or go "short") the CFD to benefit from falling cryptocurrency prices. CFD price is derived from that of the underlying cryptocurrency price. For example, if an investor is long a Bitcoin CFD and the price of Bitcoin rises, the value of the CFD will increase in turn. Once the contract is over, AM will pay the investor the difference between the closing value of the contract and the opening value of the contract, i.e. the investor's profit. On the other hand, if an investor is long and the cash price of Bitcoin falls, the value of the CFD will decrease – so, at the end of the contract the investor will pay AM the difference between the closing value of the contract and the opening value of the contract.

Cryptocurrency CFDs must always be settled financially and cannot be settled by the physical or deliverable settlement of any other cryptocurrencies. CFD leverage also has a magnifying effect on both profits and losses.

## Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying cryptocurrency (whether that be upwards or downwards), without the need to actually buy, sell or otherwise transfer the underlying cryptocurrency. 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 and is one of the key features of trading CFDs.

For example, if an investor buys 2.0 CFDs, each representing 1 Ether, with an initial margin amount of 50% and an underlying cryptocurrency price of USD 500, the initial investment will be  $USD\ 500 \times 2.0 \times 1.0 \times 50\% = USD\ 500$ . The effect of leverage, in this case 1:2 (1 / 50%) has resulted in a notional value of the contract of USD 1,000 (USD 500 per Ether x 2.0 contracts x 1.0 Ether per contract).

This means that for each 1 point change in the price (i.e. a change by 0.01) of the underlying cryptocurrency the value of the CFD changes by USD 0.02. For instance, if the investor is long and the market increases in value, a USD 0.02 profit will be made for every 1 point increase in that market. Conversely, if the market decreases in value, a USD 0.02 loss will be incurred for each point that the market decreases in value. On the other hand, 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 there.

The cryptocurrency CFD does not have a pre-defined maturity date and is therefore open-ended. The length of the holding period is at the discretion of each individual investor, based on their trading strategy, style and intended outcome – there is no recommended length for this period of time.


Automatic closure of a CFD may occur if an investor fails to deposit additional funds with which to meet the margin requirement as a result of a negative price movement. This will occur when an account's valuation (equity) decreases to a certain percentage of the initial margin amount.

## The Intended Retail Investor

This product is intended for investors who already have an understanding and previous experience in dealing with leveraged products. Commonly, before committing any capital investors will already understand how prices of CFDs are derived, have a clear grasp of the concepts of margin and leverage and understand the fact that all deposits to the trading account may be completely lost. They should also understand the risk/reward profile of the product when compared to that of share dealing. It is also obligatory for investors to have the appropriate financial means and ability to bear a loss of the initial amount invested.

## What Are the Potential Risks and Returns?

### Risk Indicator

 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 get back.



The risk indicator above is a summary of the level of risk that this product has when compared to other products. It signifies how likely it is that the product will lose money because of market movements or because we are not able to pay you. We have deemed this product to be 7 out of 7, which is the highest-possible risk class. This rates the potential losses from future performance of the product at a very high level.

CFDs are leveraged products that, due to movements within the underlying market, can rapidly generate losses. Losses may amount to the total value of an initial investment. There are no means of protection of your capital against market risk, credit risk or liquidity risk.

**Be aware of currency risk.** It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final sum you may receive in return depends on the exchange rate between the two currencies. This risk has not been considered in the risk indicator you can see above.

Conditions in the market may mean that your CFD trade on a cryptocurrency is closed at a less favourable price, which could significantly impact the level of returns you receive. We reserve the right to close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to AM, or if you contravene market regulations. This process may be automated.

Future market performance is not protected against, so you could lose some or all of your investment. 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 the section "What happens if Admiral Markets AS is unable to pay you"). The risk indicator you can see above does not consider these protections.

## Performance Scenarios

The scenarios outlined in this section are designed to show you how your investment could perform. It would be good practice to compare them with the relative scenarios of other products. These scenarios are an estimate of future performance based on past evidence on how the value of this investment may vary, and are, by no means, an exact indicator. Any returns you receive depend on how the market performs and how long you hold the CFD for. The stress scenario signifies what you may receive in extreme market circumstances and does not take into account a situation where we are not able to pay you.

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

| Cryptocurrency CFD (held intraday) |                             |       |
|------------------------------------|-----------------------------|-------|
| Cryptocurrency opening price:      | P                           | 500   |
| Trade size:                        | TS                          | 2     |
| Margin:                            | M                           | 50 %  |
| Margin requirement (USD):          | $MR = P \times TS \times M$ | 500   |
| Notional value of the trade (USD): | $TN = MR / M$               | 1 000 |

Table 1

| LONG<br>Performance<br>scenario | Closing price<br>(bid) | Price<br>change | Profit/Loss<br>(USD) | SHORT<br>Performance<br>scenario | Closing price<br>(offer) | Price change | Profit/Loss<br>(USD) |
|---------------------------------|------------------------|-----------------|----------------------|----------------------------------|--------------------------|--------------|----------------------|
| Favourable                      | 575                    | 15%             | 150                  | Favourable                       | 425                      | -15%         | 150                  |
| Moderate                        | 525                    | 5%              | 50                   | Moderate                         | 475                      | - 5%         | 50                   |
| Unfavourable                    | 425                    | -15%            | -150                 | Unfavourable                     | 575                      | 15%          | -150                 |
| Stress                          | 250                    | -50%            | -500                 | Stress                           | 750                      | 50%          | -500                 |

The figures shown include all product costs. If you have been sold this product by someone else, or have a third party advising you about this product, these figures do not include any costs that you may need to pay to them. Your personal tax situation, which may also affect how much you get in return, is also not taken into account here.

## What Happens If Admiral Markets AS Is Unable to Pay Out?

If AM is unable to meet its financial obligations to you, you may lose the value of your investment. However, AM segregates all retail client funds from its own money. AM also participates in the Estonian guarantee fund (Tagatisfond) providing retail clients with additional financial protection. This fund will

compensate 100% of deposits of Admiral Markets AS clients (up to EUR 20,000). Individuals are eligible under the compensation scheme and smaller businesses may be eligible. Generally-speaking, larger businesses are excluded from the compensation scheme. See [www.tf.ee](http://www.tf.ee).

## What Are the Costs?

Trading a CFD on an underlying cryptocurrency incurs the following costs:

| This table shows the different types of cost categories and their meaning |                     |  |
|---|---------------------|--|
| One-off entry or exit costs   | Spread              | The difference between the buy price ("offer price") and the sell price ("bid price") is called the spread. This cost is realised each time you open and close a trade.  |
|   | Currency conversion | Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account using the median prices of applicable FX pairs in the trading platform, where the median price is calculated as (offer price - bid price) / 2. |
| Ongoing costs   | Holding cost        | A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs.   |
| Incidental costs  | Distributor fee     | We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you.   |

## How Long Should I Hold it and Can I Take Money Out Early?

As stated above, these products have no recommended holding period, nor cancellation period and, therefore, no cancellation fees. Opening and closing of a CFD on a cryptocurrency can be done at any time during market hours.

## How Can I Complain If I Need To?

If you are dissatisfied with the service provided by Admiral Markets AS you may in the first instance contact our Client Management Team on +372 6309 300, by email to [compliance@admiralmarkets.com](mailto:compliance@admiralmarkets.com) or in writing to Admiral Markets AS at Ahtri 6a, 10151 Tallinn, Estonia.

You can also refer to the European Commission's Online Dispute Resolution Platform.

## Other Relevant Information

If there is a lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. You should ensure that your Internet connection is sufficiently strong enough before trading. The [Documents and Policies](#) section of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.

Our contract specifications contain additional information on trading a CFD on an underlying cryptocurrency. These can be found on the trading platform and on the website [www.admiralmarkets.com](http://www.admiralmarkets.com).