

KEY INFORMATION DOCUMENT: CFDs ON FUTURE CONTRACTS

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 NAGA Markets Ltd. Contact us on +357 2504 1410 for more information. NAGA Markets Ltd is under the supervision of the Cyprus Securities and Exchange Commission. This Key Information Document was published on 14th February 2018.

ALERT

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

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.

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 Commodity, FX-pair, Bond or an Equity Index is going to increase, you would buy 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 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 NAGA Markets 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 NAGA Markets 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 on our website, www.nagamarkets.eu.

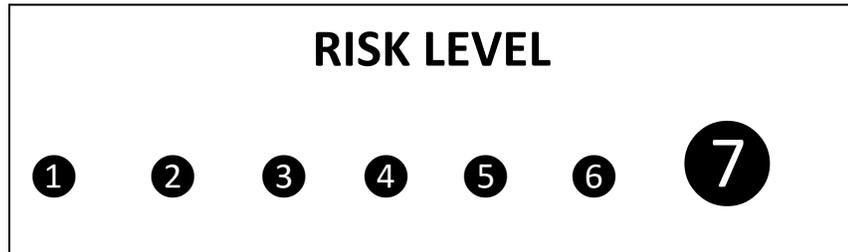
INTENDED RETAIL INVESTOR

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 Futures will expire each month and will be cash settled on the expiry date of the underlying future. Front month (current contract) and back month (following contract) will be offered to enable clients to manually roll positions from one contract to the next. The specific expiry date and time for individual CFDs on Futures can be found in the trading platforms.



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. 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. 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 various 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 include, but are not limited to:

<ul style="list-style-type: none">• Leverage risk• Risk of unlimited loss• Margin risk• Foreign exchange risk• Market risk	<ul style="list-style-type: none">• Unregulated market risk• Market disruption risk• Counterparty risk• Online trading platform and IT risk• Conflicts of interest
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TRADING EXAMPLES: CFDS ON FUTURES (COMMODITIES, FOREX, BONDS, INDICES)

LONG (BUY) POSITION

This is an example of buying CFDs on Futures to take a long position and incurring a loss because the market moves against you. The market price for Natural Gas Commodity CFD is trading at \$3.520/3.537. You think that the Underlying Instrument is undervalued and will increase so you decide to buy 1 Commodity CFD at \$3.537 each. This position therefore gives you an effective exposure to Natural Gas CFD of \$106,110 (Price x number of CFDs x Contract Size). The position requires an Initial Margin of 10% (\$10,611).

15 days later, the price of Natural Gas CFD has decreased and is now trading at \$3.264/3.281. You decide to realise your loss by closing out your CFD position at a price of \$3.264 per contract.

The loss you have made, before adjustments and tax, on the Transaction is \$8,190 (difference between 3.537 and 3.264 x 30,000 x 1 = \$-8,190).

ADJUSTMENTS

Since you hold a long Commodity CFD position for 15 days, you are subject to a Carrying Cost (Swap Charge). The carrying cost is calculated based on the company's swap rates. The rate used in this example is -0.38 points. The daily carrying cost is then calculated as follows: 30,000 X (-0.38) x 0.001 x 1 = \$-11.4

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Buy	Sell
Number of CFDs	1	1
Contract Price	3.537	3.264
Value	106,110	97,920

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	-8,190	97,920 – 106,110
Carrying Cost	-171	(-11.4 USD x 15 days)

Net Profit/Loss	-8,361	(before tax)
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SHORT (SELL) POSITION

This is an example of selling CFDs on Futures to take a short position and making a profit because the market moves in your favour.

The market price for Dax30 Futures Index is trading at \$11,477.2/11,478.9. You think that the Underlying Instrument is overvalued and will decrease so you decide to sell 1 DAX30 Futures Index at 11477.2 each. This position therefore gives you an effective exposure to the Dax 30 Futures Index CFD of EUR286,930 (Price x number of CFDs x Contract Size). The position requires an Initial Margin of 5% (EUR 14,346.5).

2 days later, the price of Dax 30 Futures Index CFD has decreased and is now trading at 11,268/11,269.7. You decide to realise your profit by closing out your CFD position at a price of 11,269.7 per contract.

The profit you have made, before adjustments and tax, on the Transaction is EUR 5,187.5 (difference between 11,477.2 and 11,269.7) x 25 = EUR 5,187.5).

ADJUSTMENTS Since you hold a short Commodity CFD position for 2 days, you are subject to a Carrying Cost(Swap Charge). The carrying cost is calculated based on the company's swap rates. The rate used in this example is -9.75 points. The daily carrying cost is then calculated as follows:

$$25 \times (-9.75) \times 0.1 \times 1 = \text{EUR } 24.4$$

TRANSACTION DETAILS

CFD ON INDEX (USD)	OPEN	CLOSE
Direction	Sell	Buy
Number of CFDs	1	1
Contract Price	11,477.2	11,269.7
Value	286,930	281,742.5

PROFIT/LOSS CALCULATION		
Gross Profit/Loss	+5,187.5	(286,930- 281,742.5)
Carrying Cost	-48.8	(24.4 EUR x 2 days)

Net Profit/Loss	5,138.7	(before tax)
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WHAT HAPPENS IF NAGA MARKETS IS UNABLE TO PAY OUT?

NAGA Markets Ltd is a fully accredited Cyprus Investment Firm and is a member of the Investor Compensation Fund ('ICF'). In the unlikely event that NAGA Markets is declared bankrupt, the ICF covers cash deposits up to EUR 20,000. In the event, therefore, that NAGA Markets is unable to return the assets held in safe-custody, administered or managed, the ICF as a rule covers losses of up to EUR 20,000 per investor.

WHAT ARE THE COSTS?

Before you begin to trade CFDs on Futures 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, at www.nagamarkets.com.

One-off costs	Spread	The difference between the Bid (Sell) and the Ask (Buy) price is called the 'spread'.
	Currency Conversion Fee	The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Carrying Costs	If you hold a position in Expiring CFDs overnight, you are subject to a carrying cost (or swap cost). The carrying cost

		is calculated based on the company's swap rates and applied when a position is held overnight.
Incidental costs	–	–

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

CFDs on Futures have no recommended holding period. Provided that NAGA Markets is open for trading you can enter and exit positions at any time. However, CFDs on Futures will expire each month and will be cash settled on the expiry date of the underlying future.

HOW CAN I COMPLAIN?

If you, as a client or a prospective client of NAGA Markets, have raised a question or an issue with NAGA Markets without receiving a satisfactory answer you may file a complaint with NAGA Markets as per below.

Attn: NAGA Markets Ltd (ex Hanseatic Brokerhouse Global Markets), Sp. Kyprianou 27, M. Geitonia, 4003 Limassol, Cyprus.

Or by e-mail to support@nagamarkets.com

If you are not satisfied with the response to your complaint, you may file a complaint directly with The Cyprus Securities and Exchange Commission: info@cysec.gov.cy

OTHER RELEVANT INFORMATION

Please refer to our website for any other information.