KVB Prime — Key Information Document

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.

Product

Product Name Forex (FX)

Product manufacturer KVB PRIME（UK）LIMITED ("KVB Prime"), authorised and regulated by the Financial Conduct Authority in the United Kingdom FCA 622574.

Further information You can find more information about KVB Prime's products in our CFD product guide. We encourage you to visit our website https://www.kvbprime.com. KVB Prime's customer support team is available via phone, email or live chat.

This document was last updated on 11th January 2019.

Risk Warning

Our service includes products that are traded on margin and carry a risk of losses in excess of your deposited funds. The products may not be suitable for all investors. Please ensure that you fully understand the risks involved.

What is this product?

Type

This document relates to products known as Forex. Forex, also known as foreign exchange, FX or currency trading, is a decentralized global market where all the world's currencies trade. The forex market is the largest, most liquid market in the world with an average daily trading volume exceeding $5 trillion.

FX is always traded in currency pairs (e.g. EUR/GBP) and involves the simultaneous buying and selling of two different currencies. The first currency referenced in a currency pair (in our example EUR) is known as the base currency and the second (GBP) is known as the variable currency. The price of the CFD is derived from the price of the underlying FX pair, which may reference either the current ("spot") price or a forward ("future") price. FX trading gives an investor the choice to buy (or go "long") the currency pair if they think the price of the base currency will rise in relation to the variable currency, or alternatively to sell (or go "short") if they think that the price of the variable currency will rise in relation to the base currency. For instance, if an investor is long on EUR/GBP CFD and the price of the underlying FX pair rises, the value of the CFD will increase - at the end of the contract GAIN will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the spot price of the underlying FX pair falls, the value of the CFD will decrease - at the end of the contract they will pay GAIN the difference between the closing value of the contract and the opening value of the contract. A CFD referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date – a date upon which the contract either automatically closes or must be rolled into the next period. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Objectives

The objective of trading Forex is to speculate on price movements (generally over the short term) between two currencies. Your return depends on movements in the price of the instrument and the size of your position.

All forex trades involve two currencies. The first currency listed in an FX pair is called the base currency, and the second currency is called the quote or counter currency (each currency pair is listed as a three letter code). The price of an FX pair is how much one unit of the base currency is worth in the quote currency. If the base currency rises against the quote currency, then a single unit of the base currency will be worth more units of the quote currency and the pair's FX pair's price will increase. If it drops, the pair's price will decrease.

For example the EUR/USD, the most-traded currency pair in the world. EUR, the first currency in the pair, is the base, and USD, the second, is the quote. When you see a price quoted on your platform, that price is how much one euro is worth in US dollars. You always see two prices because one is the buy price and one is the sell. The difference between the two is the spread. When you click buy or sell, you are buying or selling the first currency in the pair.

For example, if you believe the value of an instruments base currency is going to increase vs the quote currency, you could buy 1000 or more units of that base currency (this is also known as "going long"), with the intention to later sell them (and subsequently close the trade) when it is at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below).

If you think the value of a an instruments base currency is going to decrease vs the quote currency you could sell (this is also known as "going short") at a specific value, expecting to later buy them back at a lower price than you previously agreed to sell them for.

However, in either circumstance if the instruments price moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), your account would be debited for the loss of the trade plus any relevant costs.

To open a position and to protect us against any losses you incur, you are required to deposit a portion of the total value of the contract in your account. This is referred to as the margin requirement (see further below). Trading on margin can enhance any losses or gains you make.

Execution Model

KVB Prime is the counterparty for all positions which clients undertake and our products are generally subject to Dealing Desk execution. In this model, KVB Prime acts as a counterparty to client's transactions, meaning KVB Prime acts as the buyer when the client sells and the seller when the clients buys. As a result, If KVB Prime elects not to cover its own trading exposure, KVB Prime's may profit if the market goes against the client. KVB Prime hedges market risk in the futures market and through institutional clearing relationships.

In the cases that KVB Prime provides execution through a straight through processing, or No Dealing Desk execution model KVB Prime are only compensated by a fixed mark-up in the spread or trading commission.

Intended Retail Investor

Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

(i) have a high risk tolerance;

(ii) are trading with money they can afford to lose;

(iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and

(iv) want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

Term

Forex positions have no maturity date or minimum holding period. You decide when to open and close your positions.

KVB Prime may close your position without seeking your prior consent if you do not maintain sufficient margin in your account (more information below).

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 these products 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 these products as 7 out of 7, which is the highest risk class. This is because there is a chance that you could lose more than your initial investment.

FX trading requires you to maintain a certain level of funds in your account to keep your positions open. This is called margin. You will be able to open a position by depositing only a small portion of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses as products that are traded on margin carry a **risk of losses in excess of your deposited funds**

Margin can be thought of as a good faith deposit required to maintain open positions. This is not a fee or a transaction cost, it is simply a portion of your account equity set aside and allocated as a margin deposit. Margin requirements (per 1k position for FX) are determined by taking a percentage of the notional trade size plus a small cushion. A cushion is added to help alleviate daily/weekly fluctuations.

KVB Prime Margin Requirements are updated monthly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets. Current margin requirements will differ depending on account type and can be viewed in the dealing rates and create order windows on the trading station platform.

Margin Call's will occur when the equity of the account falls below the required margin. Depending on your account type and/or trading platform a margin call may liquidate all open the positions on your account or may only close specific positions.

KVB Prime will process all liquidations for FX products automatically, for more information on how Margin Calls work we encourage you to review our website.

KVB Prime aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of limited liquidity. During periods such as these, your order type, quantity demanded, and specific order instructions can have an impact on the overall execution you receive.

FX trading is decentralised and pricing will vary from broker to broker. KVB Prime's Forex instruments are not listed on any exchange, and the prices and other conditions are set by KVB Prime in accordance with our best execution policy. FX contracts can be closed only with KVB Prime, and are not transferable to any other provider. If you have multiple positions your risk is cumulative and not limited to one position.

Performance Scenarios

This key information document is not specific to a particular product. It applies to any FX instrument. For each trade you enter, you will be responsible for choosing the instrument, when you open and close, the size (risk) and whether to use any risk mitigation features (such as stop loss orders).

Each instrument has a different pip cost (value risked for every change of a certain digit in price) associated to it.

This table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of £1000 and choose to open a long/short 100k (also known as a standard lot) position. This particular currency pair has a pip cost of £0.1 per 1k meaning in this case you will make or lose £10 for every pip the price moves. The price at which you can buy is 1.10000. A pip on this instrument is the fourth digit after the decimal place.

The below table does not include overnight holding costs or commissions (discussed further below).

Scenarios		*Trade P/L*	*New Equity*
Stress scenario: You go long and the price falls by 30 pips and you then receive a margin call	**Open Price: 1.10000** **Close Price: 1.09700**	*-£300*	*£700* *Δ -30%*
Unfavourable scenario: You go short and price increase by 7 pips and you exit the position.	**Open Price: 1.10000** **Close Price: 1.10070**	*-£70*	*£930* *Δ -7%*
Moderate scenario: You go long or short and exit the position at the same rate you entered	**Open Price: 1.10000** **Close Price: 1.10000**	*£0*	*£1000* *Δ 0%*
Favourable scenario: You go Long and price increases by 5 pips and you exit the position	**Open Price: 1.10000** **Close Price: 1.10050**	*£50*	*£1050* *Δ +5%*

What happens if KVB Prime is unable to pay out?

If KVB Prime is unable to meet its financial obligations to you, this could cause you to lose the value of any position's you have with KVB Prime. KVB Prime segregates your funds from its own money in accordance with the UK FCA's Client Asset rules. Should segregation fail, your investment is covered by the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £50,000 per person, per firm. See www.fscs.org.uk

What are the costs?

This table shows the different types of costs involved when you trade FX products.

Depending on your account type you may pay only the spread to trade forex or have a reduced spread with a separate commission charge.

Rollover is accrued irrespective of account type.

One off costs	**Spread**	The spread is the difference between the buy(ask) and sell (bid) price quoted. For example, if the instrument is trading at 1.543**2**1, our ask price (the price at which you buy) might be 1.543**3**1 and our bid price (the price at which you can sell) might be 1.543**1**1.

Open and Close	**Commission**	Commission is charged at both open and close and will vary depending on the instrument traded and the size of your position.
Ongoing costs	**Rollover (Debit or Credit)**	Rollover is the interest paid or earned for holding a position overnight. Each currency has an overnight interest rate associated with it, and because forex is traded in pairs, every trade involves not only two different currencies, but their two different interest rates. Overnight interest rates will guide whether the trader will ultimately pay to hold the position or earn interest. Typically these interbank rates will track a central bank's target quite closely, however sharp changes in the supply or demand for a specific currency can shift interbank borrowing rates away from the central bank rates. Typically, if the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn rollover (positive roll). If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay rollover (negative roll). Any client holding an open position at the end of the trading day (5pm EST) will be credited or debited rollover. On Wednesday, to account for holding a position into the weekend, Rollover are 3X times higher than usual. Rollover can add a significant extra cost or profit to your trade. Upcoming Rollover can be viewed in the Trading Station from the simple and advanced dealing rates windows.

How can I make a trade inquiry or complaint?

As per KVB Prime's complaint procedure, if you are dissatisfied with the resolution, you are able to submit a formal complaint.

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

Other relevant information

If there is a time delay between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading. The Legal 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. Such information is also available on request.