

KEY INFORMATION DOCUMENT – ETFs (DMA)

February 28, 2019

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.

[Leadcapital Markets Ltd](#), is authorized and regulated by the [Cyprus Securities and Exchange Commission](#), license number [227/14](#) - Contact Telephone Number: +357 22 030446 - Office Address: Strovolos, 128 – 130 Limassol Avenue, Office 301, 3rd floor, CY 2015, Nicosia, Cyprus.

YOU ARE ABOUT TO PURCHASE A NON - COMPLEX PRODUCT, HOWEVER PLEASE READ AND UNDERSTAND THE RISKS INVOLVED WHICH ARE OUTLINED IN THIS DOCUMENT

What is this product?

Type – ETFs (DMA)

An ETF, also known as direct market access (DMA) ETF, is a popular means of trading an actual underlying asset, in this case an ETF. This method of trading enables you via a long-only trading strategy to invest and be part of the fast-moving global financial markets (or instruments), such as in this case an ETF. Some of the benefits of trading ETFs is that once purchased, the trader owns the ETF, unlike with a CFD and is also entitled to dividends, should the ETF decide otherwise. For every point the price of the ETF moves in your favour, your gain is multiplied by the number of ETF shares you have bought. For every point the price moves against you, you will make a loss. Therefore, your return depends on the size of the performance (or movement) of the ETF and the amount of ETF shares owned. Please remember that you may lose up to your entire capital invested. Visit our website for further information in relation to ETFs (DMA) and related fees/charges.

Objectives and means for achieving them

There is no margin/leverage provided to clients to trade ETFs, with the order sizes being in increments of 1 and with the minimum order size also being 1. Furthermore, unlike with CFDs, short-selling is not possible, and one can only first buy a unit in an ETF and then subsequently sell it. For example, if you expect that the price of SPY is going to go up, then you could buy 3 ETF shares at the price of 270 USD. If the market rose 5 points to 275 USD and you sold your ETF shares, you would make a 15 USD profit, 5 times the 3 ETF shares that you bought. However, if the market moves against you and the price of SPY falls 5 points to 265 then you would lose 15 USD.

Example

SPY is trading at 270 USD. You believe that based on the promising investments that the ETF has conducted, that the price will rise.

You buy 5 SPY ETF shares at the price of 270 USD per share.

SPY ETF share price rises by 10 points to 280 USD and you decide sell your shares at a profit.

Hedging

As aforementioned, with ETFs (DMA) short-selling is not possible and as such hedging is also not possible.

Description of the type of intended retail investor

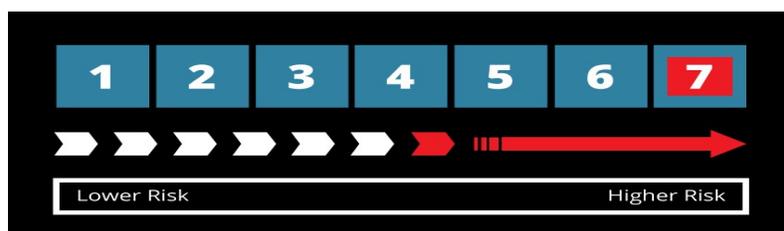
ETFs are non-complex products and could be purchased by investors who have different trading strategies, both long-term and short-term, by using money that they can afford to lose. In order to trade ETFs, investors should have knowledge and experience in the principles of risk/reward of each ETF they are willing to invest. Investors will also have appropriate financial means and the ability to bear losses of up to their entire amount invested.

Term

It is up to you when to buy or sell an ETF, you do not have to hold it for a specific period of time. Before trading, you are strongly advised to read and ensure that you understand the [Terms & Conditions](#) .

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

Risk Indicator



The risk indicator assumes that the actual risk can vary significantly if you cash in at an early stage and you may get back less, considering also whether it is illiquid or not and whether it is necessary to pay significant extra costs to cash in early. When considered to have a materially relevant liquidity risk you may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back. This product is classified as 7 out of 7, which is the highest risk class. These rates classify the potential losses from future performance of the product at a very high level.

The capital protection against market risk, credit risk or liquidity risk is not available. You need to be careful with the currency risk.

The platform gives you the possibility to buy ETFs in a different currency than the one of your account and the return you can get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. Due to specific market conditions we can close your trades at a less favorable price, which could significantly impact how much you get back.

ETFs do not include any protection from future market performance, so you could lose some or your entire invested capital. 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 we are unable to pay you”). The indicator shown above does not consider this protection.

Performance scenarios

There are a number of factors that may affect the performance of an ETFs share price, which you should be aware of before you begin to trade, such as:

- Foreign exchange risk
- Market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk

Below you can find an example of a trading scenario, of an ETF that has the following specifications:

Price of ETF at time of purchase: 500 USD

Amount of ETF shares bought: 10

Nominal Value of the Trade: 5,000 USD

Investment Scenarios–Long Position		Profit/ (Loss)	Price Movement
Stress Scenario	Price at Position Closing: 480 USD	(200) USD	-4%
Unfavourable scenario	Price at Position Closing: 490 USD	(100) USD	-2%
Moderate scenario	Price at Position Closing: 510 USD	100 USD	2%
Favourable scenario	Price at Position Closing: 520 USD	200 USD	4%

What happens if the Company is unable to pay out?

Leadcapital Markets Ltd (“the Company”) is a member of the Investor Compensation Fund (the “Fund”) for Customers of Cyprus Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions, which was established under the Investment Firms Law 2002 as amended and replaced by Law 144(I)/2007 (the “Law”) and the Establishment and Operation of an Investor Compensation Fund for Customers of CIFs Regulations of 2001 which were issued under the Law. Failure by a Company to fulfil its obligations the fund compensation shall be up to a maximum amount of twenty thousand Euro (€20.000).

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What are the costs?

Before you begin to trade ETFs, you should familiarize yourself with costs for which you may be liable, which will reduce any net profit or increase your potential losses. The impact of the different types of costs on the return of your investment are shown below:

<u>Exchange Market</u>	<u>Brokerage Commission</u> (Minimum per trade 1.5 USD)	
	Turnover a month**	Brokerage Commission***
USA (NYSE/NASDAQ)* Securities & ETFs 14:30-21:00 UTC (GMT) Mon.-Fri.	up to 10,000 shares	0,05 USD per share
	more than 10,000 to 100,000 shares	0,025 USD per share
	more than 100,000-500,000 shares	0,015 USD per share
	more than 500 000 shares	0,007 USD per share
Germany (XETRA) 08:00-16:30 UTC (GMT) Mon.-Fri.	0.26% of transaction amount plus EUR 30 per trade	
France (Euronext) 08:00-16:30 UTC (GMT) Mon.-Fri.	0.26% of transaction amount plus EUR 30 per trade	
Britain (LSE) 08:00-16:30 UTC (GMT) Mon.-Fri.	0.13% of transaction amount plus GBP 30 per trade	

Additional commissions:

* Exchange and clearing fees:

1. Fixed amount for any deal is \$0.25
2. The fee equal to the Transaction amount * 0.0000231 is charged upon the sale, minimum \$0.01
3. Order filled in more than three parts is subject to a \$0.15 fee for each partial fill
4. Clearing fees in amount of 0.02 USD for each long position per day.
5. Remove liquidity fee equals to the stock amount * \$0.003. (Applicable for all market orders)

** Brokerage commission is charged on workday following the day the Order was filled and is calculated according to turnover (securities quantity in the transaction) for all MMA transactions, except for MMA offset transactions. Turnover is calculated as cumulative total during one calendar month. After reaching next turnover level, commission rate changes, commission held beforehand is corrected.

*** In case of partial Order fill, commission is calculated according to the amount of filled part. Brokerage Commission in this case (partial fill) of one Order will be no less than 1.5 USD regardless securities quantity in the Transaction execution (or partial fill).

World Markets: Transactions on regional stock exchanges are made through a series of regional brokers. Dividends on all securities are transferred to the Multi Market Account.

Exchange Rate: In the case where a client has an account that is denominated in a currency that is not of the same currency as the ETF that is bought and then subsequently sold, any profits or losses will be credited or charged to the client's account, at the currency at which the client's account is denominated, after a conversion has occurred from the asset's denominated currency, at the current exchange rate at the time of the transaction.

Impact of taxation on the return of your investment

The tax legislation in your country of residence may have an impact on the actual payout of your investment.

How long should I hold the investment and can I take money out early?

ETFs have no recommended holding period. Provided that the ETF is open for trading, you can buy and then subsequently sell ETF shares at any time.

How can I complain?

You may file a complaint by submitting the attached [Complaints Form](#) via post or by hand at Strovolos, 128 – 130 Limassol Avenue, Office 301, Nicosia 2015, Cyprus, or via email at: compliance@leadcapitalmarkets.com. All complaints will be treated strictly confidential. If you believe that your Complaint has not been handled in a fair and equitable manner by the Company you have the right to refer the matter to the Financial Ombudsman of the Republic of Cyprus (complaints@financialombudsman.gov.cy), ADR Mechanism, or the relevant Courts.