Key Information Document
CFD contract based on Currency Pairs

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: CFDs based on currencies

Company name: TMS Broker Europe Ltd

Competent Authority: MFSA

Contact Details: www.tmseurope.com; call +356 203 41 999 for more information

This key investor information is accurate as at 31 December 2017.

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

What is this product?

Type

This product is a contract for differences based on currencies

A contract for differences is an arrangement whereby a seller and buyer will be settling the difference between the current value of the underlying asset and its value at the time the contract is made. If the difference is positive the seller pays the buyer while if the difference is negative the buyer pays the seller. CFDs are considered to be financial derivatives that allow traders to take short or long positions to speculate on the currency markets.

Objectives

This instrument is non-standard, so the parameters of a CFD, as the transaction value, the minimum change in price or time to maturity are not fixed. CFD was created for mapping the traditional trading in currencies on the derivatives market, in fact an investor buying a CFD does not become an owner of the underlying asset, but rather his profits or losses will arise from fluctuations in the underlying instrument.

Settlement takes place by transfer of the difference between the price of the underlying instrument at the opening position, and the price of the instrument at the closing of the position. These transactions do not require any of the parties to deliver the underlying instrument. Trading in CFDs allows the use of leverage.

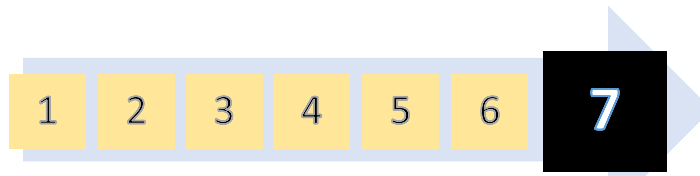
Intended retail Investor

Please note that all figures are for illustrative purposes only.

This product is intended for investors who are prepared to take on a relatively high level of risk of loss to their original capital in order to get a higher potential return, but on the other hand the use of leverage allows for traders taking on a CFD investment to put in a lower level of margin. The higher the leverage the lower the margin.

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 of the product at a **very high level**.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested and you may be required to deposit additional funds.

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 return you may get depends 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. The total loss you may incur may significantly exceed the amount invested.

Embedded leverage allows traders to gain market exposure by using only a fraction of the full value they wish to trade on the market.

Typically, if a trader is looking to place a CFD worth EUR1'000 and the margin rate is 2%, one only needs to deposit 2% of the value of the position taken, the deposit amount is also referred to as the margin.

In this case opening a position worth EUR1'000 with a margin rate of 2% will only require you to deposit EUR 20 in order to open the position.

A 10% move in favour of the direction taken on the market (i.e a move higher if you are long, or a move lower if you are short) will generate a profit of EUR 100 (5 times the size of your deposit or margin) and this is because the amount you command on the market is still worth EUR 1'000.

However, the same applies in cases where there is a hypothetical move against the direction you have taken on the market (i.e a move higher if you are short, or a move lower if you are long). A 10% move in the opposite direction of your trade will generate a loss of EUR 100 (5 times the size of your deposit or margin).

Risk of position close out

Market volatility may cause significant price swings in the value that a trader may have placed on the market and lack of funds on margin to cushion for these price swings may put your account in the risk of facing a position close out if it reaches this pre-specified level.

All TMS Brokers Europe Ltd. clients will be provided with margin monitoring functionality. This means that when the level of collateral drops below 100% of required margin you will get alerts within your trading platform (typically the bottom line footer changes colour and becomes red) . These alerts will be maintained till the level of 50%. If the margin level on client account is equal to, or drops below, 50%, TMS Brokers Europe Ltd will initiate the closing of current open positions, starting from the most unprofitable taking into account trading hours of particular instruments traded by the client. Positions will be automatically closed at the current market price.

Also, the clients can and should set personal limits for risk management purposes which can help limit losses and maximize profits.

Holding costs

On a daily basis each position you hold overnight may attract holding costs (also referred to as swap points) in reality despite the word “costs” these swap points may either increase or diminish the value of a position. Swap points will automatically be settled to your account. In cases where swap points represent a cost the larger the number of positions held open the larger the possibility of such costs and the longer such positions are held the larger the possibility of such costs as well.

Market Gaps

Market volatility and rapid price fluctuation may lead to market gaps. Market gaps occur when price moves from one level to another without going through the prices in between.

In such situation, particularly since these price gaps (or market gaps) tend to occur at market open, generally mean that you will not be able to place market orders at prices you may have aimed for or your pre-set take profits or stop losses may have to be filled at unfavorable prices.

Occasionally, in cases of significant market gaps the margin monitoring functionality provided by TMS Brokers Europe Ltd. may fail or prove insufficient. In such situation it is possible to incur a negative balance while trading.

However, retail clients of TMS Brokers Europe Ltd. may avail themselves of the offered Negative Balance Protection Policy whereby at its discretion, TMS Brokers Europe Ltd., and after the necessary case evaluations may credit back to the client’s account the total negative balance, up to maximum of 1,000 EUR.

For further risks and details all prospective clients may refer to the document “Characteristics of financial instruments and a description of risk” under the documents section on www.tmseurope.com

Performance scenarios

This table shows the money you could get back over 1 day (the recommended holding period) under different scenarios, assuming that you invest €1,000.00 with Margin requirement 2%. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD. The scenarios show what you might get back in the indicated market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures do not take into account your personal tax situation, which may also affect how much you get back. The final return you may get may also depend on the exchange rates, if the CFD you have transacted in is based in a currency that is different from your base currency – currency risk is not considered in below example.

Please note that all figures are for illustrative purposes only.

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

CFD (held intraday)	
Index opening price: P	1.00000
Trade size (€): TS	1,000.00
Margin %: M	2.00%
Margin Requirement (€): MR = P x TS x M	*€ 20.00*
Notional value of the trade (€): TN = MR/M	*€ 1,000.00*

LONG scenario Performance	Closing price (inc. spread)	Price change	Profit/loss (€)
Favourable	1.00558	0.56%	5.58
Moderate	0.99981	-0.02%	(0.19)
Unfavourable	0.99429	-0.57%	(5.71)

SHORT scenario Performance	Closing price (inc. spread)	Price change	Profit/loss (€)
Favourable	1.00574	0.57%	5.74
Moderate	1.00019	0.02%	0.19
Unfavourable	0.99445	-0.56%	(5.55)

What happens if TMS Brokers Limited is unable to pay out?

You may face a financial loss should the manufacturer or distributor, of the financial instrument transacted-in, is unable to meet its financial obligations – this is referred to as counterparty risk.

Counterparty risk is classified as credit risk and means that the customer is exposed to the risk of bankruptcy award of TMS Europe or significant deterioration its creditworthiness before final settlement transactions. TMS Europe bears counterparty risk of other cooperating entities such as: banks, entities providing liquidity, other investment companies in which hedging transactions are concluded. Declaration of bankruptcy of the above-mentioned entities may have an impact on the situation of TMS Europe and hence – also on a risk that bears the client.

Financial instruments offered by TMS Brokers are no subject to central clearing obligation. Additionally, Customer transactions are executed against TMS Europe which means, that client does not have the possibility of transferring positions in financial instruments to another investment company.

Risk Mitigation

Money transferred by a Client to TMS Europe will be held separate and distinct from any money belonging to TMS Europe and shall be kept segregated and shall be subject to client money protection rules in terms of applicable law.

TMS Europe participates in the Compensation Scheme (covers up to maximum of EUR 20’000 per person) whose aim is the protection of investors, as defined in the Investor Compensation Scheme Regulations (Subsidiary Legislation 370.09) by maintaining funds out of which compensations and payments may be made to investors in accordance with the provisions of the Investor Compensation Scheme Regulations 2.

The Compensation Scheme provides for the payment of compensation in respect of claims arising out of TMS Broker’s inability to:

1) repay money owed to or belonging to the Client and held on its behalf in connection with the licensed business; 2) return to the Client any instrument belonging to it and held or administered by TMS Europe, and where this is not possible, their monetary value.

Detailed rules of operation of the Compensation Scheme and the payment of compensation may be found in the Investor Compensation Scheme Regulations.

What are the costs?

The table below shows:

• The different types of costs your transaction

• The meaning of the different cost categories

Table 1: Composition of costs you may incur some or all of the following

One-off costs	entry costs - Commission charge	0.006% of trade notional (where applicable)	Commission charge a fee applicable to a specific set of instruments refer to "Table of Fees and commissions"
	exit costs	none	The impact of costs when you exit a transaction
Recurring Costs	entry costs - Spreads	Spread	Difference between buy and sell price. The cost is realized after opening and closing a particular trade.
	Swap Points	may be applicable as per "Table of Swap Points"	Cost of pushing settlement by next available settlement date (only if held overnight) May increase or diminish value of a position.
Other costs			For a full list of any other costs please refer to "Table of fees and commissions" under the documents section on www.tmseurope.com

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

CFDs are considered to be short term trading instruments, in some cases intraday and are generally not associated or considered suitable for longer term. For the purpose of the scenarios contained here and for the rest of this document the recommended holding period is of 1 day however this may vary given the short-term nature of this product.

How can I complain?

If you have any complaints about the instrument or conduct of the manufacturer or the person you have spoken to, you may lodge your complaint in one of two ways:

1. You may raise Complaints, Disputes and Comments via email, to the address complaint@tmseurope.com or
2. You may send your complaint in writing to Complaints Department, TMS Brokers Limited, 266 Ta Xbiex Seafront, Gzira GZR 1020

Other relevant information

You may have access to further documentation, such as Terms of Business, Financial instruments specification. These documents and other product information are available online at https://www.tmseurope.com/documents