

Key Information Document

FX Forward Outright

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 LHV Pank AS. Contact us on +372 6800 400 for more information. LHV Pank AS is under the supervision of the Estonian Financial Supervision Authority. This Key Information Document was published on 14th August 2018.

ALERT

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

What is this product?

Type

An FX Forward Outright is a contract where the profit it to be secured or loss avoided by reference to fluctuations in an underlying currency pair, such the Euro (EUR) against the U.S. Dollar (USD), referred to as EURUSD, for future delivery.

Visit lhv.ee/et/broker for further information in relation to the underlying currency pairs available.

Objectives

The objective of trading an FX Forward Outright is to gain exposure to fluctuations related to the underlying currency pair without owning it. Your return depends on the size of the performance (or movement) of the underlying currency pair and the size of your position. This product is entered into for the purpose of speculation or hedging and 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.

Intended retail investor

Trading in this product will not be appropriate for everyone. This product would commonly be used 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

An FX Forward Outright is an execution-only product and generally therefore has no recommended holding period. An FX Forward Outright has tradable tenors from 1 day to 12 months. FX Forward Outright trades do not settle. Instead, when the value date of an open FX Forward Outright position equals the current spot value date, it will be treated as a normal Rolling FX Spot position. From that point on, positions held at the end of a trading day are rolled forward to the next available business day.

Specific information on each underlying investment option can be found [here](#) – [here](#).

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 at a very high level. Be aware of currency risk. You may receive payments in a different currency, so the final return you will 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. 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. In the event of default, LHV shall seek to immediately terminate, cancel and close-out all of part of any outstanding positions, and any shortfall will be borne by you. 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 a number of 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 are detailed [here](#) – [here](#) - including but not limited to;

- Leverage risk
- Risk of unlimited loss
- Margin risk
- Foreign exchange risk
- Market risk
- Unregulated market risk
- Market disruption risk
- Counterparty risk
- Online trading platform and IT risk
- Conflicts of interest

Specific trading examples in this product can be found [here](#) – [here](#).

What happens if LHV is unable to pay out?

LHV Pank AS is a fully accredited European Bank and is a member of The Guarantee Fund (www.tf.ee); an institution established by the Estonian parliament which is supervised by the Ministry of Finance in Estonia. In the unlikely event that LHV Pank is declared bankrupt, The Guarantee Fund covers cash deposits up to EUR 100,000. Securities, for example stocks, held in an individual custody account will be returned to the owner, irrespective of a winding-up order. In the unlikely event that LHV Pank is unable to return the securities held in safe-custody, administered or managed, The Guarantee Fund as a rule covers losses of up to EUR 20,000 per investor. For more information you can visit the Estonian Financial Supervision Authority at www.fi.ee.

What are the costs?

Before you begin to trade an FX Forward Outright you should familiarise yourself with all commissions, fees, and other charges for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our - lhv.ee/et/broker.

Breakdown of possible costs associated with FX Forward Outright

One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size. Specific spreads are available in the platform under the Trading Conditions.
	Minimum commission	The minimum fee charged for the service of carrying out the transaction, only applicable for transactions below the commission fee threshold, i.e. small notional trade sizes. Instrument specific fee and threshold levels are available in the platform under the Trading Conditions.
	Profit/Loss Currency Conversion	+/- 0.5% over the market rate. The fee charged for converting realised profit/loss from the instrument currency to the account currency.
Ongoing costs	Financing of unrealised profit/loss (Financing Interest)	Any unrealised profit that is rolled from one day to the next is subject to an interest income of relevant interbank rate minus mark-up of 0.75% p.a. Any unrealised loss that is rolled from one day to the next is subject to an interest cost of relevant interbank rate plus mark-up of 0.75% p.a.

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

Recommended holding period: NO RECOMMENDED HOLDING PERIOD

An FX Forward Outright has no recommended holding period. Provided that LHV Broker is open for trading you can enter and exit positions at any time.

How can I complain?

If you as a client or a prospective client of LHV Pank AS have raised a question or an issue with LHV for instance with your account manager or another employee of LHV without receiving a satisfactory answer you may file a complaint with LHV Pank AS as per below.

Complaint form: [Can be found here](#)

Attn: Complaints, LHV Pank AS, Tartu mnt 2, 10145 Tallinn, Estonia Or by e-mail to info@lhv.ee

If the person advising or selling to you is not LHV Pank AS directly please contact them directly. If you are not satisfied with the response to your complaint, you may file a complaint directly with The Estonian Financial Supervision Authority: Sakala 4, 15030 Tallinn, Estonia; www.fi.ee

Other relevant information

PRIIP manufacturers shall indicate any additional information documents that may be provided, and whether such additional information documents are made available based on a legal requirement or only at the request of the retail investor.

The information may be provided in summary format, including a link to the website where further details other than the documents referred to are made available.