



eToro (UK) Limited

Interest Rates and Bonds CFD - Key Information Document (“KID”)

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

This KID is related to:

Product Type: Contract for difference (“CFD”)

Asset Class: Interest Rates and Bonds

Direction: Long (buy)/Short (sell)

Counterparty: Your trading counterparty is eToro (Europe) Limited.

Product Manufacturer: eToro (Europe) Limited (“eToro EU”) is a company registered in the Republic of Cyprus under registration number HE200585 and with registered office at 4, Profiti Ilias Street, Kanika Business Centre, 7th Floor, Germasoglia, CY-4046 Limassol. eToro EU is regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 109/10.

Product Distributor: eToro (UK) Limited (“eToro UK”) is a company registered in England and Wales under registration number 07973792 and with registered office at 24th Floor, One Canada Square, Canary Wharf, London, E14 5AB, United Kingdom. eToro UK is authorised and regulated by the Financial Conduct Authority (“FCA”) under firm reference number 583263. (<https://www.etoro.com/>).

Further information: You can find more information about eToro UK and eToro EU and our products at <https://www.etoro.com/>. You can contact us on our website <https://www.etoro.com/support/>.

KID Preparation Date: This document was produced on 04/09/2023.

**YOU ARE ABOUT TO PURCHASE A PRODUCT THAT IS NOT SIMPLE AND WHICH MAY BE DIFFICULT TO UNDERSTAND.
This product is not suitable for all investors. Before trading, please make sure that you understand the risks involved.**

WHAT IS THIS PRODUCT?

Type: A CFD is a contract agreed between you and your counterparty to exchange, at the closing of the contract, the difference in price between the opening and closing price of the product. This means that you do not physically buy or hold the underlying asset; you trade a contract whose value captures the change of the price of the underlying asset. The opening of a CFD position requires an initial deposit of margin; the amount of which depends on the particular leverage of the product. Ultimately, this product is 'leveraged' and exhibits additional risks that are not present within non-leveraged products. This particular product relates to the asset class: Interest Rates and Bonds CFD.

Objectives: The aim of investing in this product is to benefit from the rise or fall in the price of an underlying product. If you expect the price of the underlying product to go up, you place a 'buy' position. However, if you expect the price to go down, you place a 'sell' position. You make a profit on closing the buy position if the price at the closing of the contract exceeds the original price when the contract was opened. The opposing logic applies to a sell position and a profit is made in the event that the price at the open of the contract exceeds the price at the closing of the contract. It is important to stress that you DO NOT invest directly in the underlying market product but rather you speculate on the change of the underlying asset price.

If a position is held at the 'financing calculation time', your trading account may be subject to an 'overnight financing charge' depending on the leverage used. This charge represents the cost of the counterparty extending leverage to you.

This is a leveraged product which means a relatively small change in the price of the underlying market may lead to a proportionally much larger movement in the profit/loss on your position relative to the capital invested. This may lead to losses exceeding your account balance or may result in a 'margin call' (in which you are required to deposit additional margin to cover any potential further losses on your account). However, due to Negative Balance Protection required by the law, your risk is limited to your total account deposit but subject to margin close out rule, your loss on an individual trade basis may significantly exceed that of the initial margin investment in that trade.

Intended Retail Investor: This product is targeted at speculative retail investors who wish to gain leveraged exposure to the rising or falling price of a particular underlying market. Target investors should be fully conversant with leveraged products and should have sufficient experience and knowledge to invest in such products. In addition, investors should be comfortable with the underlying asset which they are exposed to and should be able to employ effective money and risk management techniques.

There is no recommended holding period for an investment in the product and there is no direct relationship between the product holding period and rate of return. Normally, an investor will hold on to their position for a very short period of time (quite frequently intraday) with some holding a position for several days, weeks or sometimes (but rarely) years. For purposes of this KID, the recommended holding period has been set to 1 day.

The majority of products have no defined maturity date and as such, remain open indefinitely unless you opt to terminate/close your open position through a counter-transaction, thus realising the profit/loss on the position in question. Those products that do have a corresponding maturity date will automatically expire on such date as specified unless 'rolled' to the next available maturity term. An unfavourable price development and/or a change in underlying market conditions that leads to an increased margin requirement can result in you having to lodge additional collateral with the counterparty. If you do not comply with such a demand, an open position can be terminated forcibly.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk Indicator:



The Summary Risk Indicator ('SRI') 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. If the currency of your account is different from the currency of the product, you run the risk of losing money as a result of the conversion of the realised profit or loss from the currency of the product into

the account currency.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Performance

What factors could affect my future returns?

This CFD is a leveraged derivative product. Its price is derived from an underlying reference asset (or assets). The price of the CFD is therefore highly correlated to the underlying asset and moves in tandem with it but not necessarily identically. You should expect a similar level of price volatility as that of the underlying reference asset.

This Key Information Document represents the "Interest Rates and Bonds" asset class and 10 Year Treasury Note Future is used as a representative asset for this asset class. The purpose of this representative asset is to give a general sense of the cost, risk and performance characteristics of the overall asset class.

Market Risk: You will be exposed to the risk of price movement of the underlying asset to which your CFD relates. The prices of underlying assets are – generally - influenced by number of factors including (non-exhaustively) supply-and-demand, economic/geo-political factors, interest rates, foreign exchange rates and value perception.

Leverage: CFDs are leveraged products. The use of leverage allows you to take on a larger exposure than the amount invested. This has the effect of magnifying profits and losses and the rate at which they may accrue.

Slippage: In the event of a market gap (where prices of the underlying asset may exhibit discrete gaps from one price to the next), we may not be able to execute your order at the exact price requested. In such cases, your order may be executed at a significantly worse price.

Currency Risk: CFDs are denominated in US Dollars (USD). Where the currency denomination of the underlying asset is not USD, the final return you get may depend on the exchange rate between the underlying asset currency and USD.

What could affect my return positively?

Underlying Asset Price: If you hold a long/short CFD position and the price of the underlying asset increases/ decreases, this will affect your return positively.

Currency Fluctuations: Favourable foreign exchange movements between the underlying asset currency and USD will affect your return positively.

What could affect my return negatively?

Underlying Asset Price: If you hold a long/short CFD position and the price of the underlying asset decreases/increases, this will affect your return negatively.

Currency Fluctuations: Adverse foreign exchange movements between the underlying asset currency and USD will affect your return negatively.

Ongoing Costs: CFD products attract overnight/margin financing fees where you keep the investment open at the end of the day. The accumulation of such fees (which is proportional to the length of time the investment is held) will negatively impact your return.

Negative Slippage: Negative slippage (where an order is executed at a worse price than that requested) will negatively impact your return.

Under severely adverse market conditions you are at risk of losing the entire amount invested in your CFD trade.

WHAT HAPPENS IF ETORO UK IS UNABLE TO PAY OUT?

The Financial Services Compensation Scheme ("FSCS") exists to protect clients of financial services firms regulated by the FCA, carrying out regulated activities that have failed. The objective of the FSCS is to secure any claims of covered clients against regulated financial services firms and to compensate clients for any claims arising from malfunction by a failed firm in fulfilling its obligations whether that obligation arises from legislation,

the client agreement or from wrongdoing on the part of the failed firm. The payment of compensation by the FSCS to eligible clients is subject to the existence of a well-founded claim by the clients against the firm. The FSCS covers eligible investments up to £85,000 maximum per eligible person. More information can be found [here](#). All client money is segregated from eToro UK's own money.

WHAT ARE THE COSTS?

Costs Over Time			
The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.			
The table shows the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest and how long you hold the product. The amounts shown here are illustrations based on an example (notional) investment amount of \$10,000 which is held for the Recommended Holding Period of 1 day and finally closed.			
	If you close your investment after the Recommended Holding Period		
	Short	Long	
Total Costs	\$ 3.56	\$ 3.56	
Cost Impact*	0.0356%	0.0356%	
* This illustrates the effect of costs over a holding period of less than one year. This percentage cannot be directly compared to the cost impact figures for other PRIIPs. This illustrates costs in relation to the notional value of the PRIIP.			
Different costs apply depending on the investment amount. For example a notional investment amount of \$20,000 would attract twice the (\$) costs stated above.			
Composition of Costs			
One-off Costs Upon Entry or Exit		If you close your investment at the Recommended Holding Period	
Entry Costs	You will pay spread (the difference between the buy and sell price) upon the opening of a position. The spread is already included within the execution price. The spread varies on a per product basis. Spread information may be found within the eToro platform.	\$1.78	
		0.0178%	
Exit Costs	You will pay spread (the difference between the buy and sell price) upon the closing of a position. The spread is already included within the execution price. The spread varies on a per product basis. Spread information may be found within the eToro platform.	\$1.78	
		0.0178%	
Ongoing Costs		Short	Long
Management fees and other administrative or operating costs	Your investment (excluding products with fixed expiry dates) will be subject to overnight/margin financing fees where you keep the investment open at the end of the day. The size of the fee is determined by prevailing currency deposit rates and eToro's applicable charge. Charges are variable and can be found at https://www.eto.com/trading/fees/#cfd . Negative values represent a credit to the client.	0	0
		0.0000%	0.0000%

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

There is no recommended holding period for investing in this product. Normally investors hold their positions for a very short period of time; typically intraday or a few days. Some investors choose to hold positions for longer (several weeks/months but rarely for years). During normal trading hours, you have the option to close a trade by logging into your trading account online. Subject to the availability of funds on your account and free unencumbered margin, you may request to withdraw money from your trading account back to source. Subject to the costs outlined in this KID, there are no additional costs for closing an open position. If you have kept the product for more than one day, overnight financing charges result in an approximately linear increase in running costs (for every day the open position is held). In exceptional underlying market situations, the facility to open or close a position may be temporarily suspended. In the event of a trading platform technical fault, it may not be possible to close an open position.

HOW CAN I COMPLAIN?

If you have any questions that eToro UK can help you with, there are multiple tools for you to use, such as Frequently Asked Questions (FAQ), referring your enquiry via a Ticket system for the Customer Service department, or via a chat with a Customer Service representative.

If eToro UK is unable to answer your question or you feel that our answer is unsatisfactory, you may open an official complaint via [the Customer Service Centre](#). eToro UK will do everything it can to address your complaint within 48 hours and provide you with a response. eToro UK will keep you updated on the progress of your complaint and a full written response will be provided to you no later than eight weeks from the date that eToro UK received the complaint.

If you then feel that your complaint was not resolved satisfactorily by eToro UK, you are able to refer your complaint:

- To the Financial Ombudsman Service**
 Complaints can be addressed to the Financial Ombudsman Service to the following address:
 Office address: Harbour Exchange Square, London E14 9SR
 By phone: 0800 023 4567
 By email: complaint.info@financial-ombudsman.org.uk

OTHER RELEVANT INFORMATION

This document should be read together with our Terms and Conditions, Risk Disclosure, Best Execution and Order Handling Policies and Conflicts of Interests Policies. Please visit our website to read further information related to investing in this product.

