Summary of Costs and Fees

Version 3, November 2020

1. Introduction

Key Way Investments Ltd ("Key Way", the "Company) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under licence number 292/16 obtained on 21/01/2016. The Company is located at 18 Spyrou Kyprianou Avenue, Suite 101, Nicosia 1075, Cyprus.

Definitions

In this instruction, the following terms shall have the meanings as described to them below:

Contract for Differences (CFD) shall mean a contract between two parties, typically described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of the underlying asset and its value at contract time (if the difference is negative, then the buyer pays instead to the seller)

Spread shall mean the difference between Ask (buying price) and Bid (selling price) of an Underlying Asset in a CFD

Mid-price shall mean the mid-range value between the Bid and Ask price

Mid Closing Price shall mean the mid-range value between the Bid and Ask price upon the closing time (22:00 GMT summertime or 21:00 GMT winter time) of the market

Used Margin shall mean the amount required and withheld for creating a margin position. It is calculated (Mid Price x Open Volume) of an open position divided by the level of leverage.

Profit and Loss shall mean the realized profit or loss emanate from each CFD position.

Overnight Swap shall mean an interest rate which is debited or credited to client's account when a position is held open overnight after 22:00 GMT during summertime and/or after 21:00 GMT during winter time

Dividend Adjustments shall mean the transaction adjustment that will be performed on a share in order to reflect the actual stock price after the dividend payment.

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CFD Rollover adjustment shall mean the transaction adjustment that will be performed on the expiring Future contract on Bonds, Indices and Commodities, in order to reflect the price of the new one.

Mark up shall mean the amount and/or percentage added to the initial cost before passed to clients.

2. Scope

The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients when providing investment and/or ancillary service(s) (the ‘Services’) to the clients.

Therefore, the purpose of this document is to set out the Company’s costs and associated fees charged by the Company for the provision of its Services, along with explanatory details for a better understanding (the ‘Policy’).

The following costs and fees applied during the provision of the Company’s Services are applied to all the clients of the Company.

3. Types of Costs and Fees

3.1 Spreads

The spread is the difference between the Bid price (selling price) and the Ask price (buying price) of the Contract for Difference (‘CFD’).

A spread cost is charged when you open and close the position.

Across instruments, spread will vary in value and type i.e. can be fixed or variable.

There are several factors that influence the size of the spread. The most important is instrument liquidity. Popular instruments are traded with lower spreads (BID/ASK difference) while rare ones raise higher spreads.

Another factor is market volatility. On a volatile market, spreads (BID/ASK difference) tend to be wider than during quiet market conditions.

A stock’s price has also an impact on spreads (BID/ASK difference). The bid-ask spread will tend to increase when the price is low; this being related to the idea of liquidity. For most low-priced securities either new or small in size, the number that can be traded is limited, making them less liquid.

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How does it work?

Assuming EURUSD is quoted bid and ask prices 1.1158 and 1.1160 respectively. If you buy EURUSD the price will be at 1.1160. If you want to sell EURUSD then the price will be 1.1158.
The difference between ask and bid price is the spread. Under this example, the spread is 1.1160-1.1158=0.0002 (2 pips). If you open 1 lot of EURUSD then each pip value equals to $10. In this case and in money terms the spread cost is $20.

You can read more about our average spreads on our website, at the following link: https://capex.com/en/trading-conditions

3.2 Overnight Swap

Swap refers to an interest applied to a trader's account to all positions that are left open overnight for the following trading day. Positions that were opened before 22:00 GMT during summertime or before 21:00 GMT during winter time and held after that time are subject to swaps.

Every currency trade involves borrowing one currency in order to buy another. For this reason, Interest is paid on the currency that is borrowed and earned on the purchased currency. When you Buy the EURUSD pair, you simply Buy EUROS and Sell US Dollars. On the other hand, if you Sell the EURUSD pair, you simply Sell EUROS and Buy US Dollars. Therefore, your account will either be paid or be charged interest on that position, depending on the underlying interest rates of the two currencies in the pair.

When the interest rate of the country whose currency you are buying is higher than the interest rate of the country whose currency you are selling, the difference of the Interest Rate multiplied by the volume and by the mid closing price will be added to your trading account.

If the interest rate is higher in the country whose currency you are selling, the interest rate multiplied by the volume and by the mid closing price will be deducted from your account.

Please note that the Company reserves the right to charge fees or mark ups for overnight swaps which may affect the final result.

Most banks across the globe are closed on Saturdays and Sundays, so there is no rollover on these days, but the banks still apply interest on these days. To account for that, the Forex market books three days' worth of rollover interest on Wednesdays for CFDs on Forex and for the rest of CFDs (shares, indices, commodities, bonds, ETFs, etc), three days' worth of rollover interest are booked on Friday.

That is why triple swap charge for Forex pairs is applied on Wednesday and for rest of CFDs is applied on Friday.

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Swap Free accounts shall remain free of charges during the grace period as indicated in the below table, in accordance with the respective class that the financial instrument belongs to. Positions that continue to be held after the end of the grace period, will be subject to swap fees which will be charged at 22:00 GMT (or 21:00 during BST) after the end of the said period.

Symbol Group	**Grace Period (# of nights)**
Forex Major	5 Nights
Forex Minor	3 Nights
Forex Exotic	2 Nights
Metals	3 Nights
Indices	2 Nights
Energies	4 Nights
Commodities	4 Nights
ETFs	4 Nights
Shares	4 Nights
Cryptos	3 Nights
Blends	4 Nights

How does it work?

Example A

The interest rate of European Central Bank is 1.50% and the FED's (US) interest rate is 2.50%.

Buy

Assuming that you Bought 1 Lot EURUSD, at 1.1160 (Bid-Ask price 1.1158-1.1160) and you are planning to keep your position overnight i.e. after 22:00 GMT and before 22:00 GMT of the following day (in order your position to be subject to an only one overnight credit or debit). In this case the following amount will be deducted from your account:

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Swap = Volume x ((InterestRateDifference + Mark Up) x Mid Closing Price) / Days Per Year

Swap = 100,000 x ((1.50% - 2.50% - 0.10%) x 1.1159) / 365 = EUR -3.36 or USD -3.75

Under these circumstances your account will be charged with the amount of 3.75 USD.

Sell

Assuming that you Sold 1 Lot EURUSD, at 1.1158 (Bid-Ask price 1.1158-1.1160) and you are planning to keep your position overnight i.e. after 22:00 GMT and before 22:00 GMT of the following day (in order your position to be subject to an only one overnight credit or debit). In this case the following amount will be added to your account:

Swap = Volume x ((InterestRateDifference + Mark Up) x Mid Closing Price) / Days Per Year

Swap = 100,000 x ((2.50% - 1.50% - 0.10%) x 1.1159) / 365 = EUR 2.75 or USD 3.06.

Under these circumstances your account will be paid with the amount of 3.06 USD.

Notable to be mentioned, is that upon higher marks up, may turn this amount to negative.

3.3 Conversion Fee

The Company applies a conversion fee when a currency of a client's account differs from the currency of the traded instrument. The conversion fee will be applied by the Company to use a conversion rate and will affect any conversions made on Used Margin, Profit/Loss, Overnight Swap, Dividend Adjustments, and CFD Rollover adjustment.

Conversion Fee applies only for Web-trader users.

How does it work?

Conversion fee is a fix fee set by the Company to 0.5%.

Assuming a Client's account currency is EUR and Client wants to open a BUY position on asset B (a CFD on an US share) which is denominated in USD, with a volume of 10 contracts, Asset B quotes at opening time: 10.50/11.50 USD, asset leverage is 1:10 and EUR/USD trades at 1.15000, then:

Used Margin = Volume x Mid Price* x Margin) = 10 x 11 USD x 10% = 11 USD
Used Margin Converted into Euro = 11 USD / 1.15 (EUR/USD rate) = 9.57 EUR
Conversion Fee on Used Margin = 9.57 x 0.5% = -0.048 EUR
Assuming quotes of asset B change to 12.50/13.50 USD per share, then:

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Profit/Loss = Volume x (Market price – Opening Price) = 10 x (12.50 – 11.50) = 10 USD
Profit/Loss Converted into Euro = 10 USD / 1.15 (EUR/USD rate) = 8.69 EUR
Conversion Fee on Profit/Loss = 8.69 x 0.5% = -0.043 EUR

Assuming company pays dividend of 0.25 USD/share, then:

Dividend adjustment = Volume x Dividend = 10 x 0.25 USD = 2.5 USD
Dividend Adjustment Converted into Euro = 2.5 / 1.15 (EUR/USD rate) = 2.17 EUR
Conversion fee on Dividend Adjustment = 2.17 x 0.5% = -0.01 EUR

Assuming position is held overnight, Overnight Interest Rate for Buy positions being -0.015%, asset quotes remaining at midnight 12.50/13.50 USD per share, then:

Overnight Swap = Volume x Difference on Interest Rate (Buy) x Mid Price ** at midnight = 10 x -0.015% x (12.50+13.50)/2 = -0.019 USD
Overnight Swap converted into Euro = -0.019 / 1.15 (EUR/USD rate) = -0.016 EUR
Conversion Fee on Overnight Swap = -0.016 x 0.5% = = -0.00008 EUR

* Mid Price = Average between BUY and SELL price = (Buy price + Sell price)/2

3.4 Inactivity Fee

If the Client Account is inactive for twelve consecutive months or more i.e. Client fails to provide an Order, the Company will charge each inactive Client account a fee relating to the maintenance, administration and compliance management of these accounts. The inactive accounts will be subject to a monthly charge of fifteen (15) USD or its equivalent in the currency of the trading account from that moment onwards.

<u>How does it work?</u>

- where you have more than one (1) Trading Account and all of such Trading Accounts are Inactive Accounts, the Inactivity Fee shall be charged separately for each Inactive Account;

- where you have more than one (1) Trading Account, and at least one (1) of your Trading Accounts is inactive, the Inactivity Fee shall apply for each Inactive Account(s);

where the balance of any Inactive Account to which Inactivity Fee is applicable under this Clause is less than fifteen (15) USD, then the Inactivity Fee for such Inactive Account shall be equal to the amount of the remaining balance on such Inactive Account. We reserve the right to charge the Inactivity Fee retroactively for any month in which we had the right to charge it but we did not do so, for technical reasons.

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4. Costs over time

Assumptions
Invested Amount: 1,000 EUR
Position: Buy position EURUSD
Size: 0.1 Lot
Entry Price: 1.0000
Leverage: 1:10
Holding Period: 5 days

Based on the abovementioned assumptions the price moved in favor towards 1.1050 resulting to a profit of $50.00 (excluding 2$ spread cost). Assuming that the profit remains stable and you keep the specific position for 5 days. In this case the impact of the costs that will affect the Return in Yield of your investment as follows:

Investment Services and/or ancillary services (Maintenance fees*, Inactivity Fees**)	0	
Financial Instruments (Spreads, Swaps, Conversion Fee)	16.03 USD	32.06%
Total Costs and Charges	**16.03 USD**	**32.06%**

* The Company do not charge any maintenance fees
** Inactivity fees applies to accounts that are inactive for three months

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