

## KEY INFORMATION DOCUMENT

### PURPOSE

This key information document (KID) provides you with key investor information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs and fees, potential gains and losses of this product and to help you compare it with other products.

### PRODUCT

PRODUCT NAME:	ROLLING SPOT CONTRACT
PRIIP MANUFACTURER:	JSC "RIETUMU BANKA", UNIFIED BUSINESS IDENTIFIER NO 40003074497
CONTACT INFORMATION:	WWW.RIETUMU.COM, TEL. +371 67025555
COMPETENT AUTHORITY:	LATVIJAS BANKA (THE CENTRAL BANK OF THE REPUBLIC OF LATVIA)
PRODUCED/UPDATED:	09 FEBRUARY 2024

You intend to purchase an investment product that is not categorised as a non-complex one and may therefore be difficult to understand.

### WHAT IS THIS INVESTMENT PRODUCT?

**Type:** This financial product is known as Rolling Spot and allows you to obtain an indirect exposure to an underlying asset such as currency pair, commodities or other asset types. This means that you will never actually own the underlying asset, but you may gain profit or suffer loss as a result of downward or upward price movements in the underlying asset.

Rolling Spot are contracts with the 'built-in' leverage (leveraged product). This means that the value of the exposure to an underlying asset substantially exceeds your amount invested. At day-end, a rollover takes place where all open positions are rolled over to the next business day. Swap fee (also known as a financing charge or swap rate) is charged for keeping a position open overnight (this is the cost of extending the open position into the next trading day).

**No maturity date:** Rolling Spot contracts do not have a pre-defined maturity date and are therefore open-ended. Each investor determines an appropriate holding period. The investor's decision is based on his individual objectives. At day-end, all open positions are rolled over to the next business day and a swap fee is charged. The product can be unilaterally terminated by JSC "Rietumu Banka" (here referred as Bank) under extraordinary market conditions, which include, but are not limited to the following: lack of liquidity, termination of the underlying asset, etc. (the listing is not exhaustive)

**The nature of the product:** Rolling Spot serves two main objectives.

**Hedging:** If you own the underlying asset, you may be exposed to market risk (the price of your underlying asset may decrease over time). To avoid the risk, you can use Rolling Spot instruments to fix the underlying asset's price by opening a locked position, i.e. the position of opposite direction against the existing one.

**Speculation:** Rolling Spot contracts allow you to gain exposure to downward or upward price fluctuations related to the underlying asset without actually owning it. For example, the XAU/USD pair. If you think that the XAU price will become more expensive - your goal is to buy XAU/USD at a lower price and sell XAU/USD at a higher price. USD pair. If you think the XAU price will become more expensive - your goal is to buy XAU/USD at a lower price and sell XAU/USD at a higher price. As a result of favourable movement of market prices, you will gain profit. As a result of unfavourable price movement, you will suffer loss. In the both cases, it will be the bid-ask spread multiplied by the contract /exposure amount (please see below a detailed information about calculation of income and remuneration).

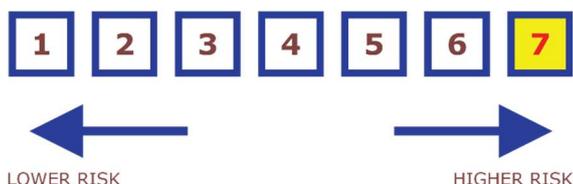
### INTENDED RETAIL INVESTOR

This product is not intended for all retail investors. This product is intended for investors who have sufficient knowledge and prior experience of margin trading with leverage on highly speculative markets. The product is intended for retail investors who are interested in hedging and leverage trading.

### WHAT ARE THE RISKS AND WHAT COULD A GET IN RETURN?

The risk scale gives the product a score from 1 to 7. We have classified this product as 7 out of 7 which is the highest risk class. This product points to probability of potential losses from future market performance.

 The summary risk indicator (SRI) assumes you keep the product for one business day. The actual risk can vary significantly if you cash in at an early stage and you may get back less. 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 does not include any protection from future market performance. So, you could lose some or all of your investment. 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.

**Currency risk.** Please be aware of currency risk: If the product is denominated in a currency other than the currency of your investments (the primary currency of the trading account), your final return will depend on the exchange rate between the two currencies. This risk is not considered in the SRI shown above.

**Trading risks.** Leverage fuels higher trading risks. The total losses can substantially exceed the sum originally invested. The prices can fluctuate significantly in highly volatile trading conditions and amidst economic uncertainty. This aspect (the fluctuations) becomes increasingly important if you hold a leveraged position. Margin calls can occur immediately or more frequently.

**Not responding to a margin call** results in immediate cancellation or in the closure of all existing positions at the discretion of Bank (also known as automated margin close-out). You will cover your losses independently.

### PERFORMANCE SCENARIOS\*

The scenarios illustrate how your investment could perform. The scenarios relate to any Rolling Spot contract offered by Bank. In respect of each transaction, you take full responsibility for all relevant aspects, such as choice of the underlying instrument, time when you open and close your position, size of the position, and the use of other available opportunities, e.g. stop-loss mechanisms (stop-loss orders).

XAU/USD		
POSITION SIZE	+1 lot	1 lots = 100 Oz
OPENING PRICE	1 800	US\$1 800 /Oz
MARGIN REQUIREMENTS	5% (1:20)	AVAILABLE FUNDS REQUIRED TO OPEN THE POSITION
MARGIN REQUIREMENTS (USD)	US\$ 9 000	$1000 \times 5\% \times \text{XAU/USD price} = 9\ 000$
COMMISSION /FEE	US\$45	$100 \times 1\ 800 \times 0.025\% = 45$
SWAP FEE**	US\$30	$(5.50\% + 0.5\%) \times 100\ 000 \times 1\ 800/360$
ACCOUNT BALANCE	US\$10 000	account deposit

INVESTMENT of US\$10 000	PRICE CHANGES %	ANNUAL RETURN (THE AMOUNT TO BE REPAYED BACK (RETURN %))	
		WITHIN ONE DAY (THE RECOMMENDED HOLDING PERIOD)	5 DAYS
<b>SCENARIOS</b>			
MINIMUM		NO GUARANTEED MINIMUM RETURN (GMR). YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT.	
STRESS***	-2%	US\$ -3 645 (-36.45%)	US\$ -3 795 (-37.95%)
UNFAVOURABLE***	-1%	US\$ -1 845 (-18.45%)	US\$ -1 995 (-19.95%)
MODERATE	0%	US\$ -45 (-0.45%)	US\$ -195 (-1.95%)
FAVOURABLE	+1%	US\$1 755 (17.55%)	US\$ 1 605 (16.55%)

\* The performance scenarios described above apply only to retail investors. The tax law of a Member State, where the respective retail investor is a resident, can affect the costs actually incurred.

\*\* Taking into account that the swap fee = market rate +0.5%. The market rate in the example = 5.50%

\*\*\* Please take note of the following: under this scenario, the sum of the own funds is less than the required margin requirement of US\$ 9 000. The situation is known as insufficient coverage situation. Bank has the right to close out the position(s) at its sole discretion.

### WHAT HAPPENS IF BANK IS UNABLE TO PAY OUT?

In accordance with the Deposit Guarantee Act [*Noguldījumu garantiju likums*] of the Republic of Latvia, a depositor is entitled to receive the state-guaranteed amount. The level of deposit protection is up to EUR 100 000. The guaranteed reimbursement refers to deposits, current account balances, etc. Latvijas Banka pays out the guaranteed reimbursement to clients who have lodged their claims with the liquidator or insolvency/bankruptcy administrator. For more information, please visit the central bank's website <http://www.bank.lv> and <https://likumi.lv/doc.php?id=274737>

In accordance with the Investor Protection Act [*Ieguldītāju aizsardzības likums*] of the Republic of Latvia, an investor is entitled to receive the guaranteed reimbursement at the rate of 90% of the value of irretrievably loss financial instruments, however, no more than EUR 20 000. For more information, please visit the central bank's website <http://www.bank.lv/> and <https://likumi.lv/doc.php?id=55829>

## WHAT ARE THE COSTS?

Persons who sell the product or consult you on this product may charge other costs. In this case the person will provide you with information on the relevant costs and impact that the total costs you pay will exert on your investment.

Client's costs include one-off fee in the form of the bid-ask spread and/or commission for the volume (interest rate of the position's size).

Ongoing costs include swap fee. A swap is a fee that is either paid or charged to you at the end of each trading day if you keep your trade open overnight (position remains open at day-end). Swap fee is calculated based on the difference between interest rates of the currencies and remuneration payable to Bank.

### Costs over time

The tables below show the amounts that are taken (deducted) from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product and how well the product performs. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed that:

- by the end of the recommended holding period you would get back the originally invested amount (0 % annual return)
- you have invested: US\$10 000

	IF THE POSITION IS CLOSED	
	WITHIN ONE DAY	AFTER 5 (FIVE) DAYS
TOTAL COSTS	US\$63	US\$213
COST IMPACT	0.63%	2.13%

## COMPOSITION OF COSTS

ONE-OFF COSTS UPON ENTRY OR EXIT		IF YOU EXIT (END THE TRANSACTION)	
		WITHIN ONE DAY	AFTER 5 (FIVE) DAYS
COSTS ASSOCIATED WITH CONCLUDING TRANSACTION	0.45% OF THE AMOUNT PAYABLE UPON ENTRY	US\$ 45	US\$ 45
EXIT (BREAKUP OR TERMINATION) FEE	0.00% OF THE AMOUNT CHARGED FOR EARLY TERMINATION (EXIT). WE DO NOT CHARGE THE EXIT FEE FOR THIS PRODUCT.	US\$ 0	US\$ 0
<b>ONGOING COSTS</b>			
MANAGEMENT FEE AND OTHER ADMINISTRATIVE OR OPERATIVE COSTS	6.00% OF THE VALUE OF YOUR INVESTMENT PER ANNUM. SWAP (OR ROLLOVER, OR FINANCING CHARGE) FEE IS CHARGED WHEN YOU KEEP A POSITION OPEN OVERNIGHT.	US\$0	US\$ 150
TRANSACTION COSTS	SPREAD. THE SPREAD IS THE DIFFERENCE BETWEEN THE BID PRICE (BUY) AND THE ASK PRICE (SELL) QUOTED ON OUR TRADING PLATFORM AND IS PAYABLE ON OPENING AND CLOSING THE CONTRACT. YOU CAN PAY MORE OR LESS, DEPENDING ON THE SPREAD RATES AT THE TIME OF THE CONTRACT.	US\$18	US\$18
<b>INCIDENTAL COSTS ARISING UNDER SPECIFIC CONDITIONS</b>			
PERFORMANCE FEES (AND CARRIED INTERESTS)	WE DO NOT CHARGE PERFORMANCE FEES FOR THIS PRODUCT.	US\$0	US\$0

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

Generally, this product has no the recommended minimum holding period. Rolling Spot contracts are intended for short-term trading. You may open and close the open positions at any time during the normal trading hours of the market.

## HOW CAN I COMPLAIN?

To lodge your complaint, you can use the Internet Banking system iRietumu; call at +371 67025555 (Bank); email your complaint at [complaint@rietumu.lv](mailto:complaint@rietumu.lv). The full list of the means of communication is available at <https://www.rietumu.com/lv/about-bank/about-rietumu/bank-feedback>.

## OTHER RELEVANT INFORMATION

Additional information about Bank's products is available at [www.rietumu.lv](http://www.rietumu.lv)