

Dear customers,

the aim of this document is to introduce you the ESMA restrictions related to the Contract for differences (hereinafter "CFD").

**Investment service Provider**<sup>2</sup> is **LYNX B.V., Branch CZ** (hereinafter „LYNX“); ID no.: 02451778; **Address:** Za Hanspaulkou 879/8, 160 00 Praha 6-Dejvice, Czech Republic; legal form: Branch, file no. A 76398 registered via Municipal court in Prague.

**LYNX applies honest, fair and professional conduct in the provision of services in accordance with the best interests of its customers**<sup>3</sup> (hereinafter "clients"). **Investor's protection and Consumer protection, incl. their interests of all clients, is our priority.**

**The European Securities and Markets Authority** (hereinafter "ESMA") issued a statement, guidelines and FAQs related to the marketing, distributing or selling contracts for differences (CFDs)<sup>4</sup> to **retail clients**.

Key law: **Act No. 256/2004 Coll., on Capital Markets Undertakings, as amended ("ZPKT")** – applicable only for Czech clients.

### CFD warnings and further relevant information for the retail clients:

- [Public statement](#) issued 11 July 2019; ESMA adopts final product intervention measures on [CFDs and binary options](#) (available [here](#)); ESMA warns CFDs providers on application of product intervention measures (available [here](#)); ESMA's product intervention measures in relation to [CFDs and binary options](#) offered to retail investors ([FAQs](#));
- ESMA's measures consist of restrictions to the: marketing, distribution or sale of CFDs to retail clients and include a.o.:
  - leverage limits on opening positions;
  - a margin close-out rule on a per account basis;
  - a negative balance protection on a per account basis;
  - preventing the use of incentives by a CFD provider; and
  - a firm specific standardized risk warning;
- When treating a retail client as a **professional client on request**, LYNX must comply with the criteria and procedures set out in Section II of Annex II of MiFID II.
- **National Competent Authorities** issued their own product intervention and warnings.

<sup>1</sup> CFDs have been considered as "financial instruments" related to the provisions of local Czech ZPKT section 3 (1), lit f).

<sup>2</sup> LYNX B.V. is regulated by the Czech National Bank and is conducted as "Branch of foreign Investment firm (non-bank)" via the [Lists of regulated and registered financial market entities](#).

<sup>3</sup> **Customers coming from Slovak Republic and Poland have been pre-accepted by the LYNX Branch Czech Republic.**

<sup>4</sup> The Statement also addresses the providers of binary options, where applicable.

**The Czech National Bank:** CFD investments are inappropriate for most non-professional customers; CFD is not a standardized product, and is not suitable for "buy & hold" investments (the provision of CFDs may be linked to a possible conflict of interest; the customer is not able to check the quotes); **CFDs are very risky and are not suitable for retail clients**<sup>4</sup>. The investor's losses may exceed its initial deposit when is used leverage; In the event of a reduction margin compared to the previous valuation, the CFD provider may require immediate payment of this difference; Costs may exceed gross investment gains.

### LYNX implemented procedures & policies; published info

LYNX has implemented procedures & principles mainly in "Personal Transactions Regulation"; policy contains description of mainly ethical rules and prevention of market abuse and personal trades of employees, rules for the management of conflicts of interest, rules for the provision of information to LYNX clients. Further implemented policies are e.g. "AML/CDD Policy", "Remuneration policy", "Inducement Policy", "Whistleblowing policy" etc.

Control function is also implemented e.g. Legal/Compliance function. The LYNX B.V. Group policies are implemented mandatory and staff must adhere to them. LYNX has retail, private and corporate clients. All of them have been informed about published information and documents via our webpages:

LYNX has published information related to the several offered investment products; risks are clearly described via his webpages (you can find them in the section Documents<sup>5</sup>).

In the Czech language, document "[Povaha a rizika obchodování s cennými papíry](#)";

In the Slovak language, document "[Povaha a riziká investovania na kapitálových trhoch](#)"

In the Polish language, document "[Charakter i ryzyko inwestycji w papiery wartościowe](#)"

CFDs, incl. risk warning has been mentioned a.o. via our webpages mentioned below:

Czech customers can find it via <https://www.lynxbroker.cz/tarify/cfd/>

Slovak customers can find it via <https://www.lynxbroker.sk/tarify/cfd/>

Polish customers can find it via <https://www.lynxbroker.pl/oplaty-i-prowizje/cfd/>

Specific warnings from the Czech regulator (the Czech National Bank), and e.g.

Client documentation you may find

Czech customers <https://www.lynxbroker.cz/podpora/dokumenty/>

Slovak customers <https://www.lynxbroker.sk/podpora/dokumenty/>

Polish customers <https://www.lynxbroker.pl/wsparcie/dokumenty/>

Printed version of this document is available in the LYNX office; LYNX B.V. reserves the right to take an update of this document. If you have any questions, contact us:

Slovak web: <https://www.lynxbroker.sk/info/press/>

Polish web: <https://www.lynxbroker.pl/wsparcie/kontakt> and

Czech web: <https://www.lynxbroker.cz/info/press/>. Thank you

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**CNB information**, available here: <https://www.cnb.cz/cs/dohled-financni-trh/vykon-dohledu/upozorneni-pro-verejnost/Upozorneni-na-rizika-spojena-s-obchodovanim-s-rozdilovymi-smlouvami-CFD/> ;

**NBS information** is available here: <https://nbs.sk/dohlad-nad-financnym-trhom/upozornenia-a-oznamenia/upozornenia-europskych-organov-dohladu/upozornenia-esma/> ;

**KNF information** is available here: [https://www.knf.gov.pl/en/news?articleId=66719&p\\_id=19](https://www.knf.gov.pl/en/news?articleId=66719&p_id=19) and here [https://www.knf.gov.pl/knf/en/komponenty/img/Communication from the KNF on Opinion of the ESMA cfd 66848.pdf](https://www.knf.gov.pl/knf/en/komponenty/img/Communication%20from%20the%20KNF%20on%20Opinion%20of%20the%20ESMA%20cfd%2066848.pdf)

<sup>5</sup> Please open them in a new window.