

# Key Information Document

## Contract for Difference (CFD) on an FX pair

This document provides you, as a retail client, 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:****Name of Product:** Contract for Difference (CFD)**Manufacturer:** Price Markets UK Limited**Competent Authority:** Financial Conduct Authority - UK**Firm Contact Details:** Web: [www.pricemarkets.com](http://www.pricemarkets.com) Tel: +44 (0)20 3290 00 88**Date of document:** 31 August 2018

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

## What is this product?

**Type:** Contract for Differences on an FX pair - EURUSD (Euro vs. US dollar)

**Objectives:** This product aims to allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments. It is often used to speculate on those markets. Trading this product enables investors to have exposure to price movements of an underlying financial instrument without actually owning it.

**Intended retail investor:**

Investors who have knowledge or experience of trading in leveraged products, and wish to have exposure to the top listed shares on a particular market, such as;

- Hedgers who seek to reduce risk by protecting an existing Currency exposure against possible adverse price movements in the relevant exchange rate. Hedgers have a real interest in the underlying shares and use CFDs as a means of preserving their performance;
- Speculators who use CFDs in the hope of making a profit on short-term movements. They often buy and sell derivatives contracts in their own right without transacting in the underlying financial instrument. Speculators may have no interest in the underlying financial instrument other than taking a view on the future direction of its price.

**This product is not appropriate for everyone, and should only be used by investors that are able to bear losses, and understand the mechanics and risks of leveraged trading including the use of margin deposits.**

**Term:**

- CFDs are generally used for short term trading, often intra-day, so this product has no maturity date or cancellation period. We may unilaterally close your CFD contract(s) if you do not maintain sufficient margin in your account at all times.

## What are the risks and what could I get in return?

**Risk indicator:**

1	2	3	4	5	6	7
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←

LOWER RISK

HIGHER RISK →

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, as this is a leveraged financial derivative and a small movement in the underlying market may have a large impact on the value of the CFD.

The CFD products that we offer are not listed on a regulated market, and can only be closed with Price Markets UK and not with any other CFD provider. If you fail to maintain an adequate margin deposit to cover any losses, we may close your position without further reference to you.

Be aware of currency risk. You may receive payments in different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator above.

This product does not include any protection from future market performance and in some circumstances you may be required to make further payments to maintain your position. As a retail client, the total loss you may incur is limited to the funds in your trading account.

If we are not able to pay you what is owed, you could lose your entire deposit, however, you may benefit from the Financial Services Compensation Scheme. The indicator shown above does not consider this protection.

**Objectives:**

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without owning the physical FX pair. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. For example, if an investor buys 1 lot of CFD (1 lot equals 100,000) on EUR/USD with an initial margin amount of 3.33 % and an underlying EUR/USD price of 1.19770/1.19780, the initial investment will be EUR €3,333 or the equivalent in your account's currency. The effect of leverage, in this case 30:1 (1 / 3.33). Based on the trade size above for each 1-point change in the price of the underlying FX pair the value of the CFD changes by \$10. For instance, if the investor is long and the market increases in value, a \$10 profit will be made for every 1-point increase in that market. However, if the market decreases in value, a \$10 loss will be incurred

for each point the market decreases in value. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that market, and a loss for any increases in the market..

## Performance scenarios

The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The following assumptions have been used to create the scenarios in Table 1:

	FX CFD (held intraday)	
Index opening price:	P	1.1575
Trade size (per CFD)	TS	1 lot (100,000 base ccy)
Margin %:	M	3.33%
Margin Requirement (EUR)	$MR = P \times TS \times M$	EUR 3,333
Notional value of the trade	$TN = MR/M$	EUR 100,000

Table 1:

LONG Performance scenario	Closing price	Price change	Profit/Loss	SHORT Performance scenario	Closing price	Price change	Profit/Loss
Favourable	1.2156	1.50%	1473	Favorable	1.1797	-1.50%	1526
Moderate	1.2037	0.50%	498	Moderate	1.1917	-0.50%	503
Unfavourable	1.1797	-1.50%	-1526*	Unfavourable	1.2157	1.50%	-1481*
Stress	1.1378	-5%	-5265*	Stress	1.2576	5%	-4764*

**\*The loss is restricted to your account balance as Price Markets UK offer negative balance equity protection**

This table shows the money you could make or lose over one day (illustrative holding period), under different scenarios, assuming that your contract has a notional value of €33,650 and would require a minimum initial margin requirement of 3.33% (€1,682.5) to open. The scenarios shown illustrate how your contract could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on five years of daily price data on the underlying financial instrument. The market may perform differently in the future. Intraday movements may exceed daily movements. What you make or lose will vary depending on how the market performs and how long you keep the contract open. Note that your contract may be closed automatically if you do not maintain sufficient margin in your account. The stress scenario shows what you might get back in extreme market circumstances, but it is not the worst case and it does not take into account the situation where we are not able to pay you. The figures shown include all the costs of the product itself, but may not include all the costs you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

## Effect of leverage



**Please note that leverage will magnify any profits or losses based on the price movements in the underlying financial instrument. For example, on a leverage of 33:1 you would be required to deposit and maintain a minimum initial margin deposit of 3.33% of the notional value of your contract.**

**In the performance scenarios above, based on a notional contract value of €100,000 and leverage of 33:1, you would be required to deposit €3,330 as initial margin. If the value of underlying financial instrument moved against you by more than 3.33%, you would lose all of your initial margin deposit.**

## What happens if Price Markets UK Ltd are unable to pay out?

We participate in the Financial Services Compensation Scheme (FSCS), which means you may be entitled to compensation from the FSCS if we are unable to pay, subject to a maximum compensation of (GBP) £50,000. Further information about the compensation is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, United Kingdom ([www.fscs.org.uk](http://www.fscs.org.uk)).

## What are the costs?

Before you begin to trade CFDs on an FX pair you should familiarise yourself with all one-off and ongoing costs for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our website. This table shows the different types of cost categories and their meaning

## Composition of costs?

One-off costs	Spread	All Price Markets Trading Platforms	The difference between the buy (bid) and sell (offer) price is called the "spread"
	Commission	All Price Markets Trading Platforms	This is a commission charged when you open and close a CFD on an Index based on the notional value of the trade
	Currency conversion	All Price Markets Trading Platforms	This is a fee charged for converting realised profit/loss from the instrument currency to the account currency
Ongoing costs	Financing Costs (Swap fees)	All Price Markets Trading Platforms	This is a financing cost for every day you keep a position open. Depending on the position (long/short) and our prevailing swap fees, your account will be debited or credited accordingly with the financing cost.

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

CFDs are generally used for short term trading on price movements, often intraday. This product has no minimum or recommended holding period and you can close your contract at any time during market hours.

## How can I complain?

If you have any complaints about the product or conduct of Price Markets UK Limited or the person advising on or selling the product, you may lodge your complaint in one of the three ways:

- You can contact us by calling our Customer Services team on +44 (0)20 3290 00 88 who will explain what to do;
- You can log your complaint by emailing us on [compliance@pricemarkets.com](mailto:compliance@pricemarkets.com)
- You can write to us at Price Markets Limited, 22 Upper Ground, London, SE1 9PD, United Kingdom

Price Markets Compliance Department will then handle your complaint in accordance with Price Markets UK Ltd complaint handling procedure and aim to send a final written response to you within 8 weeks of the receipt of your complaint.

If more than 8 weeks from the date of your complaint have passed, or you are dissatisfied with the final response you have received, if you are an eligible complainant you can refer your complaint to the Financial Ombudsman Service ("FOS") at Exchange Tower, London E14 9SR, email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk), Tel. 0800 023 4567 or 0300 123 9123 or from outside the United Kingdom +44 20 7964 0500 ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)). Please note you must refer your complaint to the FOS within 6 months of the date of our final response.

## Other relevant information

This document is a high-level summary of this product only. You can find our Key Information Documents and further information, including performance scenarios, relating to the other products we offer on our website at [www.pricemarkets.com](http://www.pricemarkets.com).