Key Information Document

CFD on FX

Key Information Document – CFD on FX

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.

CFDs are provided by **Monecor (London) Ltd**, the product manufacturer, a company registered in England and Wales, number 00851820. ETX Capital is a trading name of Monecor (London) Limited which is authorized and regulated by the Financial Conduct Authority in the United Kingdom, register number 124721. Call **+44 (0) 20 7392 1494** or go to www.etxcapital.com for more information.

This document was created/last updated on 1 April 2020. **You are about to purchase a product that is not simple and may be difficult to understand.**

What is this product?

A contract for difference ("CFD") is a leveraged contract entered with ETX Capital that allows a client to speculate on rising or falling prices for an underlying FX pair. FX is always traded in pairs, and trading a CFD on an FX pair involves the simultaneous buying and selling of two different currencies. An FX pair quote will show both currencies, e.g. EUR/GBP, the first currency (EUR) is known as the base currency and the second (GBP) is known as the variable currency.

CFD on a FX pair is one of the contract for difference products which ETX Capital offers and these are over the counter financial products in which orders are executed outside a trading venue such as a regulated market within specific trading hours. The trading of a CFD will be performed by ETX Capital where it agrees to settle in cash the performance of the asset which the client decides to speculate on.

The price of the CFD is derived from the price of the FX market. Price movements in the value of the underlying asset are measured in points. FX trading gives a client the choice to buy (or go "long") the currency pair if they think the price of the base currency will rise in relation to the variable currency, or alternatively to sell (or go "short") the currency pair if they think that the price of the variable currency will rise in relation to the base currency.

For instance, if a client is long on EUR/GBP CFD and the price of the underlying FX pair rises, the value of the CFD will increase - at the end of the contract ETX Capital will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if a client is long and the spot price of the underlying FX pair falls, the value of the CFD will decrease - at the end of the contract they will pay ETX Capital the difference between the closing value of the contract and the opening value of the contract. **The leverage embedded within all CFDs has the effect of magnifying both profits and losses.**

The current ("spot") prices we offer to you are derived from prices sourced from major liquidity providers to the OTC FX and bullion market. The forward ("future") prices we offer to you are derived from underlying on-exchange Futures price data.

Objectives

The objective of the CFD is to allow a client to gain leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without actually needing to buy or sell the underlying 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 and is one of the key features of trading CFDs.

The spot CFD does not have a pre-defined maturity date and is therefore open-ended; by contrast, a future CFD has a pre-defined expiry date. As a result, there is no recommended holding period and it is down to the discretion of each individual client to determine the most appropriate holding period based on their own individual trading strategy and objectives. In the case of future CFDs, clients will be given the option to roll their existing contract into the next period – i.e., from a January expiry into a February expiry. Rolling is at the discretion of the client but failure to do so will result in the CFD being auto-closed at the expiry date.

Failure to deposit additional funds in the case of negative price movement may result in the CFD being auto-closed. This will occur when losses exceed the specified margin level for the product. ETX Capital also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

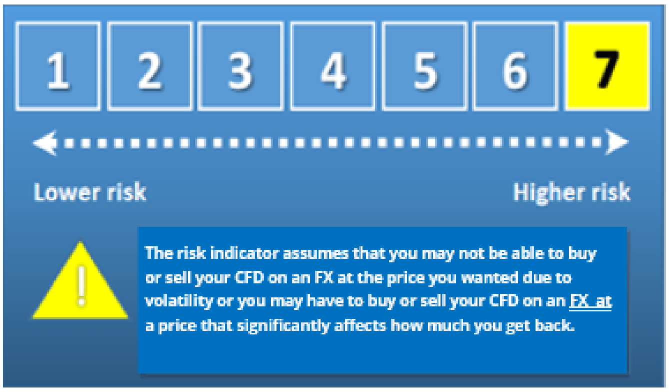
For more information and examples of the key features of trading CFDs please see the ETX website https://www.etxcapital.com/.

Intended Retail Client

CFDs are intended for clients who have knowledge of, or experience with, leveraged products. Likely clients will understand how the prices of CFDs are derived, the key concepts of margin and leverage, and that losses may exceed deposits. They will understand the risk/reward profile of the product compared to traditional share dealing, and desire short-term, high-risk exposure to an underlying asset. Clients will also have appropriate financial means, hold other investment types and have the ability to bear losses in excess of the initial amount invested. In times of high volatility and or macroeconomic uncertainty, asset values may fluctuate significantly and adversely affect a client's position. Such fluctuations can be even more significant in the case of leveraged products such as CFDs.

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

Risk indicator



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 of the product at a very high level.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested and you may be required to deposit additional funds in order to keep your positions openThere is no capital protection against market risk, credit risk or liquidity risk. The risks included in this paragraph are non-exhaustive and a comprehensive description of the risks involved can be found at ETX Risk Warning Notice. www.etxcapital.com/en-gb/legal/risk-warning-notice. **Losses may be incurred. Retail clients are subject to negative balance protection and your losses cannot exceed the amount invested.**

Be aware of currency risk. Your profit and loss for an FX pair is always determined in the variable currency so when you buy or sell CFDs on an FX pair in a variable currency different to the currency of your trading account, there will be a currency conversion. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Market conditions may mean that your CFD trade on an FX pair is closed at less favourable price, which could significantly impact how much you get back. We may close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to the company, or if you contravene market regulations. This process may be automated. For all retail clients, a margin close-out protection is applied on an account level basis. This means that when the value of the account falls below 50% of the initial margin requirement (that was paid to enter into a CFD positions at any point in time), one or more CFDs positions will be closed out as soon as market conditions allow. We may set a higher percentage than 50%.

This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

Performance scenarios

The scenarios shown illustrate how your investment could perform, but are not an exact indicator. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies. What you get will vary depending on how the market performs and how long you hold the CFD.

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

For example, If EUR/GBP is trading at 1.19000 will be used for the purpose of calculating the initial investment amount. If a client buys 1 CFDs with an initial margin of 3.33% the initial investment will be £3963 (3.33% x 100,000 x 1.19000). For each 1 point change in the price of the underlying FX pair, the value of the CFD changes by £10. For each 1 point price movement in the underlying FX pair, the value of the CFD changes by £10.

FX pair EUR/GBP CFD (held intraday) 1 Lot (100,000) Example		
FX pair opening price:	P	1.19000
Trade size (per CFD):	TS	Pip value £10
Margin %:	M	3.33%
Margin Requirement (£):	MR = P x TS x M	£3963
Notional value of the trade (£):	TN = P x 100,000	£119,000

Table 1

LONG Performance Scenario	Closing Price (Inc. Spread)	Price Change	Profit/Loss	SHORT Performance scenario	Closing Price (inc. spread)	Price Change	Profit/Loss
Favourable	1.20785	1.5%	£1785	Favourable	1.17215	-1.5%	£1785
Moderate	1.19595	0.5%	£595	Moderate	1.19595	-0.5%	£595
Unfavourable	1.17215	-1.5%	-£1785	Unfavourable	1.20785	1.5%	-£1785
Stress	1.1305	-5%	-£5950	Stress	1.2495	5%	-£5950

The figures shown an example of a trade include all the costs of the product itself. If you have been sold this product by someone else, or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back. For more information and examples please see the ETX website: https://www.etxcapital.com/

What happens if ETX Capital is unable to pay out?

If ETX Capital is unable to meet its financial obligations to you, you may lose the value of your investment. However, ETX Capital segregates all retail client funds from its own money in accordance with the UK FCA's Client Money Rules. ETX Capital also participates in the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £85,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

Trading a CFD on a commodity incurs one-off, ongoing, incidental and other costs. The following costs and charges will reduce any net profit or increase your losses:

This table shows the different types of cost categories and their meaning		
One-off entry and exit costs	Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.
Ongoing costs	Daily holding cost	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs.
Incidental costs	Distributor fee	We may from time to time where permitted by applicable law share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you.
Other costs	Rollover costs	We charge you to roll over a futures contract into the next month or quarter, equal to half the applicable spread to open and close a trade.

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

CFDs are intended for short term trading, in some cases intraday and are generally not suitable for longer term investment. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD on FX at any time during market hours. Please note that a fee charge to your account will be applied for each overnight position carried over.

How can I complain?

If you wish to make a complaint, you should contact our Client Management Team on **+44 (0) 20 7392 1494** , by emailing customer.service@etxcapital.com or in writing to 26 Finsbury Square, London, EC2A 1DS. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information. If your complaint is about an advisory or discretionary manager acting on your account, please contact the firm providing the service.
For further details please refer to our Complaints Handling Policy at: https://www.etxcapital.com/en-gb/legal/complaints-procedure.

Other relevant information

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading.

The Legal section of our website contains important information regarding the terms and conditions relating to your trading with ETX Capital. You should ensure that you are familiar with all the terms and any other policies that apply to your account. www.etxcapital.com/en-gb/legal/customer-terms-and-conditions.