Key Information Document

Spread Bet on Delta One FX

Key Information Document – Delta One Spread Bet on FX

Purpose

This document provides you with key information about this investment product. This 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.

Spread Bets are provided by **Monecor (London) Ltd**, a company registered in England and Wales, number 00851820. ETX Capital is a trading name of Monecor (London) Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 124721.

Call 0800 138 4582 or go to www.etxcapital.com for more information. This document was created/last updated on May 18th, 2018. **You are about to purchase a product that is not simple and may be difficult to understand.**

What is this product?

Type

A Delta One product allows the investor to gain exposure to the reference market in a more capital efficient manner. Delta One products allow our clients the ability to gain leveraged exposure to the reference market while containing no pricing optionality As such; movement of the Delta One markets will always be 1:1 with the reference market on which it is based. A spread bet is a leveraged contract opened with ETX Capital. It allows an investor to speculate on rising or falling prices in the reference Foreign Exchange market.

A Delta One Contract for Spread Bet is a leveraged contract opened with ETX Capital that allows an investor to speculate on rising or falling prices of a reference FX pair. FX is always traded in pairs, and trading a Delta One Spread Bet 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/USD, the first currency (EUR) is known as the base currency and the second (USD) is known as the variable currency. The ETX Capital Delta One contracts will be calculated using the current price of the reference contract and will offset that price with a “strike” price. For example, the EURUSD Delta One Spread Bet might have a Strike price of 0.46668 and as a result will make a Delta One price of 0.70392, which represents a reference price level of 1.1706 in EURUSD. If the price of the currency moved 0.70392 points, the Delta One FX would settle. The Delta One Spread Bet would not show a negative price.

Delta One FX trading gives an investor the choice to buy (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 (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 an investor is long on a Delta One EUR/USD Spread Bet and the price of the referenceing FX pair rises, the value of the Delta One Spread Bet will increase. At the end of the contract the price of the Delta One market will move 1 point for every 1 point movement in the reference. Conversely, if an investor is long and the spot price of the reference FX pair falls, the value of the Delta One Spread Bet will decrease. At the end of the contract the client 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 Spread Bets has the effect of magnifying both profits and losses.

Objectives

The objective of the Delta One Spread Bet is to allow an investor to gain leveraged exposure to the movement in the value of the reference FX pair (whether up or down), without needing to buy or sell the reference FX pair. The exposure is leveraged since the Delta One Spread Bet only requires a small proportion of the notional value of the contract to be put down as initial margin, which is one of the key features of Delta One Spread Bets.

Delta One products create more accessible trading opportunities by allowing the investor the ability to trade the equivalent market price of a reference market and will offset that price by the ‘strike’ price. The exposure is leveraged since the Delta One Spread Bet only requires a small proportion of the notional value of the contract to be put down as initial margin, which is one of the key features of Delta One Spread Bets. There is no recommended holding period and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

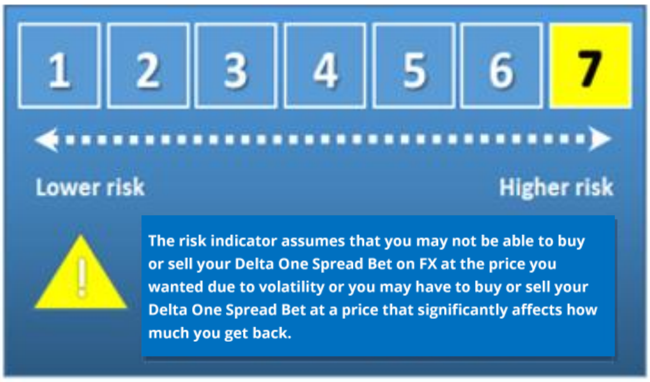
Failure to deposit additional funds in the case of negative price movement may result in the Delta One Spread Bet being auto-closed. This will occur when losses exceed the specified margin level for the product. ETX Capital also retains the ability to unilaterally terminate any Delta One Spread Bet contract where it deems that the terms of the contract have been breached. For more information and examples please see the ETX website

Intended Retail Investor

Delta One Spread Bets are intended for investors who have knowledge of, or experience with, leveraged products. They will therefore understand how the prices of Spread Bets 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 a reference asset. Investors will also have appropriate financial means, hold other investment types and have the ability to bear losses in excess of the initial amount invested.

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. There is no capital protection against market risk, credit risk or liquidity risk.

Be aware of currency risk. It is possible to buy or sell Delta One Spread Bet in a currency which is different to the base currency of your account. 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. 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.**

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Market conditions may mean that your Delta One Spread Bet trade on an FX pair is closed at less favorable price, which could significantly impact how much you get back. We may close your open spread bet 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.
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.
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Performance scenarios

For example If EUR/USD is trading at 1.17060 the Delta One Spread Bet has a Strike price of 0.46668, the Delta One EUR/USD will show 7039.2 which will be used for the purpose of calculating the initial investment amount. If an investor buys 1 Delta One Spread Bet with an initial margin of 3.3% the initial investment will be £232.29 ((1 x 0.70392) x 10,000) x 3.3%. For each 1 point change in the price of the reference FX pair, the value of the Delta One Spread Bet also changes by 1 point (£1).

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

FX pair EURO/DOLLAR (held intraday)		
Reference FX pair opening price	P	1.17060
Strke Price	S	0.46668
Delta One FX pair opening price:	D1P= P-S	0.70392
Trade size (per Spread Bet):	TS	Pip value £1
Margin %:	M	3.3%
Margin Requirement (£):	MR = D1P x TS x M	£232.29
Notional value of the trade (£):	TN = D1P x TS	£7,039.2

Table 1:

LONG Performance Scenario	Reference Price	Initial Delta Price	Price Change	Reference Price Points movement	Percent Movement of Reference Price	Delta Price after move	Stake	Profit/Loss
Favourable	1.1706	0.70392	1.50%	105.588	0.90%	0.71448	1	105.588
Moderate	1.1706	0.70392	0.50%	35.196	0.30%	0.70744	1	35.196
Unfavourable	1.1706	0.70392	-1.50%	-105.588	-0.90%	0.69336	1	-105.588

Stress	1.1706	0.70392	-5%	-351.96	-3.01%	0.66872	1	-351.96
SHORT Performance scenario	Reference Price	Initial Delta Price	Price Change	Reference Price Points movement	Percent Movement of Reference Price	Delta Price after move	Stake	Profit/Loss
Favourable	1.1706	0.70392	-1.50%	-105.588	-0.90%	0.69336	1	105.588
Moderate	1.1706	0.70392	-0.50%	-35.196	-0.30%	0.70040	1	35.196
Unfavourable	1.1706	0.70392	1.50%	105.588	0.90%	0.71448	1	-105.588
Stress	1.1706	0.70392	5%	351.96	3.01%	0.73912	1	-351.96

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.

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 Asset rules. ETX Capital also participates in the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £50,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

Trading a Spread Bet on an option incurs the following costs:

This table shows the different types of cost categories and their meaning		
One-off entry and exit costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
	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.
	Commission	A share commission rate is charged, known as basis points.
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 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?

Delta One Spread Bets 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 Delta One Spread Bet on an FX at any time during market hours.

How can I complain?

If you wish to make a complaint, you should contact our Client Management Team on 0800 138 4582, by emailing customer.service@etxcapital.com or in writing to One Broadgate, London EC2M 2QS. 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.

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 Terms and Policies section of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.