Key Information Document

Spread Bet on FX

Key Information Document – Spread bet 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.

Spread bets are offered 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 authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 124721.
Call **+44 (0) 20 7392 1494** or go to https://www.etxcapital.com/ for more information.

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

What is this product?

A spread bet is a leveraged contract entered with ETX Capital. It allows an investor to speculate on rising or falling prices in the underlying Foreign Exchange (FX). A spread bet on FX is one of the products offered by ETX Capital 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 spread bet will be performed by ETX Capital where it agrees to settle in cash the performance of the asset which the investor decides to speculate on.

FX is always traded in currency pairs (e.g., EUR/GBP) and involves the simultaneous buying and selling of two different currencies. The first currency referenced in a currency pair (in our example EUR) is known as the base currency and the second (GBP) is known as the variable currency. The price of the spread bet is derived from the price of the underlying FX pair, which may reference either the current ("spot") price or a forward ("future") price. Price movements in the value of the underlying asset are measured in points. An investor has the choice to buy (or go "long") the spread bet to benefit from rising FX prices; or to sell (or go "short") the spread bet to benefit from falling Indices prices.

For instance, if an investor is long on EUR/GBP spread bet and the price of the underlying FX pair rises, the value of the spread bet 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 an investor is long and the spot price of the underlying FX pair falls, the value of the spread bet 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. A spread bet referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date – a date upon which the contract either automatically closes or must be rolled into the next period. **The leverage embedded within all spread bets has the effect of magnifying both profits and losses.**

Objectives

The objective of the spread bet is to allow an investor to ETX Capital leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without a need to buy or sell the underlying FX pair. The exposure is leveraged since the spread bet 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 spread bets.The spot spread bet does not have a pre-defined maturity date and is therefore open-ended; by contrast, a future spread bet has a pre-defined expiry date. 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 order to meet the margin requirement as a result of negative price movement may result in the spread bet being auto-closed.

This will occur when losses exceed the initial margin amount. In the case of future spread bets, investors will be given the option to roll their existing future spread bet contract into the next period – e.g., from a March expiry into a June expiry. Rolling is at the discretion of the investor. Failure to do so will result in the future spread bet being auto-closed at the expiry date. ETX Capital also retains the ability to unilaterally terminate any spread bet contract where it deems that the terms of the contract have been breached.

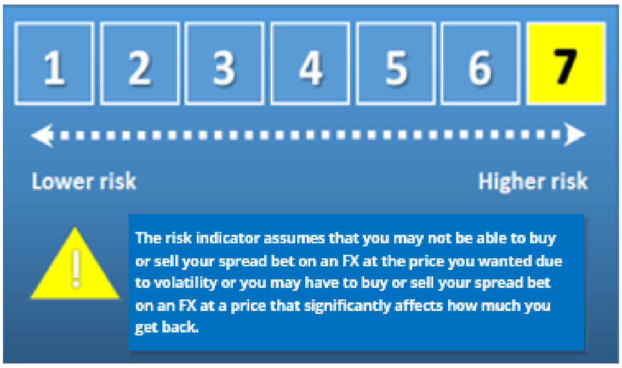
For more information and examples of the key features of trading spread bets, please see the ETX Capital website https://www.etxcapital.com/

Intended Retail Client

Spread bets are intended for investors who have knowledge of, or experience with leveraged products. Likewise, investors will understand how the prices of spread bets are derived, the key concepts of margin and leverage and the fact 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 Investors will also have appropriate financial means, hold other investment types have the ability to bear losses in excess of the initial amount invested. In time of high volatility and or macroeconomic uncertainty, asset values may fluctuate significantly and adversely affect an investor’s positions. Such fluctuations can be even more significant in the case of leveraged products such as spread bets.

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.

Spread bets 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 open. There 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

Be aware of currency risk. It is possible to buy or sell 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. **Losses may be incurred. Retail clients are subject to negative balance protection and your losses cannot exceed the amount invested.**

Market conditions may mean that your spread bet trade on an FX pair is closed at a less favourable 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 ETX Capital, 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 spread bet position at any point in time), one or more spread bet 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 the section “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. 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. What you get will vary depending on how the market performs and how long you hold the spread bet. 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:

For example, If EUR/USD is trading at 1.19000 will be used for the purpose of calculating the initial investment amount. If an investor buys £10 per point with an initial margin of 3.33%, the initial investment will be £3963(£10 X 1.19000 X 3.33%). The notional is £119,000For each 1-point change in the price of the underlying FX pair, the value of the spread bet changes by £10. For each 1-point price movement in the underlying FX pair, the value of the spread bet changes by £10.

FX pair EURO/DOLLAR Spread Bet (held intraday)		
FX pair opening price:	P	1.19000
Trade size:	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 10,000 x TS	£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 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 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 Capital 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 spread bet on an underlying FX incurs the following costs:

This table shows the different types of cost categories and their meaning		
One-off entry or 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.
Incidental costs	Distributor fee	We may from time to time share 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?

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 spread bet 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 **+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 (improve or get worse). Ensure your internet signal strength is sufficient before trading.

The Legal 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. For further details, please refer to the Legal section at https://www.etxcapital.com/en-gb/legal