Key Information Document – Contract for Difference (CFD) 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 offered by Capital Index (UK) Ltd, ("Capital Index", "we", or "us" a company registered in England and Wales, number 09532185. Capital Index is authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom, registration number: 709693. Call +44 (0)207 060 5120 or go to www.capitalindex.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?

Type

This document relates to products known as "Contracts for Difference" or CFDs. A CFD allows you to obtain an indirect exposure to an underlying asset such as a security, commodity or currency. This means you will never own the underlying asset, but you will make gains or suffer losses because of price movements in the underlying asset to which you have indirect exposure.

This document provides key information on CFDs where the underlying investment option that you choose is an FX Pair e.g. GBP/USD.

FX is always traded in currency pairs (e.g. GBP/USD) and involves the simultaneous buying and selling of two different currencies. The first currency referenced in a currency pair (in the example, GBP) is known as the base currency and the second (in the example, USD) is known as the quote currency. The price of the CFD is derived from the price of the underlying FX pair, which references the current ("spot") price. FX trading gives an investor 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 quote currency, or alternatively to sell (or go "short") if they think that the price of the quote currency will rise in relation to the base currency. For instance, if an investor is long on GBP/USD CFD and the price of the underlying FX pair rises, the value of the CFD will increase - at the end of the contract CIUK 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 CFD will decrease - at the end of the contract the investor will pay CIUK 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.

Objectives

The objective of a 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 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. As an example, if GBPUSD is trading at 1.30400 [we use one price for simplicity], and an investor buys 2 CFDs with each CFD having a contract size of £100,000 (i.e. 1 standard lot), with an initial margin of 3.33%, this will mean the initial margin will be £6,660 [Trade size x Contract size x Margin requirement as a % = 2 x 100,000 x 3.33%]. The shows the effect of leverage, in this case 33.3:1, means that for each 1 pip change in the price of the underlying FX pair, the value of the CFD changes by 20 USD or £15.34. For instance, if the investor is long and the market increases in value, a 20 USD profit will be made for every 1 pip increase in that market. However, if the investor is short, a 20 USD loss will be incurred for each pip the market increases in value. The cash CFD does not have a pre-defined maturity date and is therefore open-ended. As a result, there is no recommended holding period and it is down to the discretion of each individual investor to determine the most

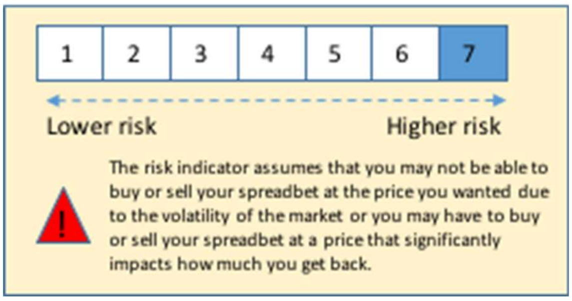
appropriate holding period based on their own individual trading strategy and objectives. Failure to deposit additional funds in order to meet the margin requirement as a result of negative price movement may result in the CFD being auto closed. Assuming that only one position is being open at the time on the account, this may occur when equity on the account reaches 50% of minimum margin required for this particular open position. Capital Index also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Intended Retail Investor

CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage and the fact that although retail clients may be subject to negative balance protection, they can still lose their entire investment. Professional clients' losses can exceed their deposits. Indeed, they will understand the risk/reward profile of the product compared to traditional share dealing. Investors will also have appropriate financial means and the ability to bear losses of the entire investment if they are retail clients or more than their deposits if they are professional clients.

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 these products 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 these products as 7 out of 7, which is the highest risk class. This is because there is a very high chance that you could lose all your investment, if you are a retail client. Professional clients can lose more than they deposited.

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can be up to the entire amount invested (if you are a retail client). Professional clients can lose more than their deposits and they may be required to deposit additional funds to cover their losses. There is no capital protection against market risk, credit risk or liquidity risk.

Even though Retail Clients are subject to negative balance protection, the total loss you may incur may include the entire amount invested.

In some circumstances you may be required to make further payments to pay for losses.

Be aware of currency risk. It is possible to buy or sell CFDs 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.

Market conditions may mean that your CFD trade is closed at a less favourable price, which could significantly impact how much you get back. We may close your open CFD trade if you do not maintain the minimum margin that is required, if you are in debt to Capital Index, or if you contravene market regulations. This process maybe automated.

This product does not include any protection from future market performance so you could lose some or all of your initial investment if you are a retail client. If we are not able to pay what is owed to you, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section, "What happens if Capital Index is unable to pay out?")

Performance scenarios

The scenarios shown 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 consider 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 Intra-Day)		
Opening Price	P	1.3040
Trade Size (per CFD)	TS	2
Margin %	M	3.33%
Margin Requirement (£)	MR = P x TS x M	£6,660.00
Contract Size	CS	100,000
Notional Value of the trade	TN = MR/M	£200,000

LONG Performance Scenario	Closing price (inc Spread)	Price Change	Profit /Loss	SHORT Performance Scenario	Closing price (inc Spread)	Price Change	Profit /Loss
Favourable	1.32356	1.50%	£2,955.67	Favourable	1.32098	-1.50%	£3,045.69
Moderate	1.31052	0.50%	£995.60	Moderate	1.33439	-0.50%	£1,015.23
Unfavourable	1.2844	-1.50%	-£3,045.69	Unfavourable	1.36122	1.50%	-£3,045.69
Stress	1.2388	-5%	-£10,526.32	Stress	169.68	5%	-£10,152.28

The stress scenario above shows how small price movements can rapidly lead to significant losses, including losses greater than the initial margin requirement and can also result in a forced close out of your positions if you do not maintain the minimum margin requirements to keep your positions open. It is possible to lose the total balance on your account.
This does not consider a situation where we are unable to pay you.
The scenarios shown 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 and are not exact indicators. What you get will vary depending on how the market performs and how long you keep the investment.
The figures shown include all the costs of the product itself. The figures do not consider your personal tax situation, which may also affect how much you get back. This performance scenario assumes you only have one position open and does not consider the negative or positive cumulative balance you may have if you have multiple open positions with us.
A CFD is a leveraged financial derivative that follows the price of an underlying financial market.

A CFD will make gains or incur losses because of price movements in the underlying asset. A CFD will be quoted with a buy price and a sell price, with the difference being the spread fee.

Spreads will affect the returns of your investment. The price of a CFD may be affected by factors such as supply and demand, expected and unexpected company news, market sentiment and economic factors.

What could affect my return positively?

A position that is taken at a buy price (going long) will make a profit if closed at a higher sell price.

A position that is taken at a sell price (going short) will make a profit if closed at a lower buy price.

What could affect my return negatively?

A position that is taken at a buy price (going long) will incur a loss if closed at a lower sell price.
A position that is taken at a sell price (going short) will incur a loss if closed at a higher buy price.
Severely adverse market conditions can negatively impact your positions. If your margin level is at or below the margin close-out level, we will close any or all your open positions as quickly as possible. This may result in the loss of your entire account balance.

What happens if Capital Index is unable to pay out?

If Capital Index is unable to meet its financial obligations to you, you may lose the value of your investment. Capital Index segregates all retail client funds from its own money in accordance with the UK FCA's Client Asset rules. Should segregation fail, your investment is covered by 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?

This table shows the different type of cost categories and their meaning.

Cash	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
	One off Entry or 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 Costs (Swaps)	A fee is charged to your account for each night that your position is held. This means the longer you hold a position, the more it costs. The current swaps fee can be referenced within the trading platform in the symbol specification section.

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

CFDs are intended for short term trading, they are generally not suitable for long term investments. This product generally has no fixed term and will expire when you choose to exit the product or in the event you do not have available margin. You should monitor the product to determine when the appropriate time is to exit. You can close your contract at any time.

How can I complain?

If you wish to make a complaint, you should contact our Client Services Team on +44 20 7060 5120, or email Complaints@capitalindex.com, or in writing to Capital Index (UK) Ltd, 75, King William Street, London, EC4N 7BE. If, after receiving a Final Response from the firm, 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.

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.
The Legal Documents 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. Our Market Information sheets contain additional information on trading a CFD. These can be found on our website www.capitalindex.com.
For retail clients, a margin close out rule is applied on an account level basis. This means that when the value of the account equity falls below 50% of the initial margin requirement (that was paid to enter into all of the open CFD positions at any point in time), one or more CFD positions will be closed out. We may set a higher percentage than 50%.