

Key Information Document – Rolling Spot FX Pair CFD (FX CFD)

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.

Product

- Rolling Spot FX Pair Contract For Difference ('FX pair').
- Manufactured and sold by PhillipCapital UK Limited ('PCUK'), authorised and regulated by the Financial Conduct Authority in the United Kingdom.
- You can find more information about PCUK and our products here <https://www.phillipcapitaluk.com> or by calling us at +44 (0) 207 398 3100.
- This document was last updated on 1 January 2018.

Alert

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 FX pairs traded in the form of a CFD. A CFD allows you to obtain an **indirect** and **leveraged** exposure to an underlying asset such as a security, commodity, index or currency. The 'indirect' and 'leveraged' elements are key features of CFDs and are important to understand. Indirect means you will never own the underlying asset. Instead, you will have a non-transferable contract with us under which you will make gains or suffer losses as a result of price movements in the underlying asset to which you have the indirect exposure. Leveraged means you pay or deposit only a very small proportion of the notional value of the contract upfront (this is known as 'margin' and is explained further below). For example, if you want exposure to £100,000 worth of Euros your initial margin might be £250. This implies leverage of 400x. **Leverage greatly increases your profits and losses, meaning both profits AND LOSSES can easily exceed your initial investment.** This is wholly different from traditional share or bond trading where your losses are generally limited to your initial investment.

An FX pair quote will show both currencies, e.g. EUR/USD. The first shown currency (EUR) is known as the 'base' currency and the second shown currency (USD) is known as the 'variable' or 'quote' currency. When you see a price quoted on the PCUK platform the price is telling you how much one Euro is worth in US dollars (in this example). You always see two prices because one is the buy price (from your point of view) and the other is the sell price. The difference between the two is called the spread.

Objectives

The objective of trading FX pairs is to speculate on price movements (generally over a very short term) between two currencies. If, for example, you expect the Euro to appreciate against the US dollar you would buy (or 'go long') the EUR/USD pair. If you expect the Euro to depreciate against the US dollar you would sell (or 'go short') the pair.

The difference between the price at which you buy and sell (or vice versa) equates to your profit or loss before any relevant costs (detailed below). Your total return depends on the size of the price movement and size of your position. Whether you go long or short, if the FX pair moves against you and your position is closed, either by you or us (as detailed below), you will owe us the full amount of any loss you have incurred together with any costs.

Intended Retail Investor

Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who (i) have a high risk tolerance, (ii) are trading with money they can afford to lose, (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading, (iv) want to generally gain short term exposures to financial instruments/markets, and (v) have a diversified investment and savings portfolio.

Term

CFDs have no maturity date or minimum holding period. You decide when to open and close your positions.

We may close your position without seeking your prior consent if you do not maintain sufficient margin in your account, but we are under no obligation to do this. More information about when we can close your position is set out below.

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 more than your initial investment. Figures published by the Financial Conduct Authority show that approximately 82% of retail clients lose money on CFD products.

Currency conversion. In addition to the currency risk obviously involved in trading an FX pair, if you are trading in a

currency different from the base currency of your trading account there will be a currency conversion of any profit or loss and this may affect the final amount you pay or receive. This risk is not considered in the indicator shown above.

Additional margin requirement and close-out by us. Although only a small amount of initial margin is required to open a position, additional margin will be required where your position shows an unrealised loss – this is a ‘margin call’. It is your obligation to monitor your positions and any margin call alerts raised by the dealing platform. We strongly advise you to do this. If you do not meet your margin call promptly, we may close your position (immediately and without notice) and you will realise any losses. Our close-out process may be automated. Due to the effect of leverage, margin calls can be frequent and significantly greater than the initial margin paid.

We also reserve the right to close out your position where you are in debt to PCUK or have breached a material term of the terms of business in place between us.

Non-transferability. Our CFDs are not listed on any exchange, and the prices and other conditions are set by us in accordance with our best execution policy. The contract can be closed only with us, and is not transferable to any other provider. If you have multiple positions with us, your risk may be cumulative and not limited to one position.

Tax. The tax regime of the country in which you are domiciled and your personal tax situation may impact your return.

No protection of capital or profit. This product does not include any protection from future market performance so you could lose some or all of your investment and unrealised profit. 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 PCUK is unable to pay out’). The indicator shown above does not consider this protection.

Performance Scenarios

This key information document is not specific to a particular FX pair. It applies to any pair. However, each FX pair CFD you enter into with us is specific to you and your choices. You will be responsible for choosing the currency pair; when you open and close your position; the size of your position and the amount of margin you pay (over and above the minimum required by us); and whether to use any risk mitigation features we offer (such as stop loss orders). Your positions will also be impacted by any other open position you have with us. The choices you make for each CFD position will have a material impact on the risk and return of your investment. Specific information on the underlying investment options is available on the dealing platform.

The table below shows the profit or loss you might make in different scenarios on a EUR/USD pair. It is not an exact indicator but can be used to compare other scenarios for other FX pairs offered by us. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this product varies over short periods of time. The ‘Stress’ scenario illustrates an extreme market move and does not take into account the situation of PCUK being unable to pay you.

Assumptions relevant to LONG and SHORT scenario tables below					
Opening price	Trade size	Initial margin %	Initial margin \$	Notional value of contract	Starting account balance
\$1.25863	100,000	0.25%	\$314.66	\$125,863	\$1,000

LONG position scenario	Close-out (sell) price	Price change	Profit/loss	Remaining account balance
Stress	\$1.19565	-5%	-\$6,298	-\$5,298
Unfavourable	\$1.23975	-1.50%	-\$1,888	-\$888
Moderate* *	\$1.25857	-0.005%	-\$6	\$994
Favourable	\$1.27750	+1.5%	+\$1,888	\$2,888

SHORT position scenario	Close-out (buy) price	Price change	Profit/loss	Remaining account balance
Stress	\$1.32150	+5%	-\$6,287	-\$5,287
Unfavourable	\$1.27750	+1.5%	-\$1,888	-\$887
Moderate* *	\$1.25869	+0.005%	-\$6	\$994
Favourable	\$1.23975	-1.5%	+\$1,888	\$2,888

**The Moderate scenario shows that even if the price of the FX pair has not changed since your purchase/sale you will lose a small amount (i.e. the difference or spread between the quoted buy and sell price).

The scenarios show how small price movements can rapidly lead to large losses. Furthermore, in the case of the 'Stress' and 'Unfavourable' scenarios, the position would have been closed out automatically by PCUK resulting in realised losses which you would be required to pay off.

What you get will vary depending on how the market performs and how long you keep the investment.

This performance scenario assumes you only have one position open, and does not take into account the negative or positive cumulative balance you may have if you have multiple open positions with us.

What happens if PCUK is unable to pay out?

If PCUK is unable to meet its financial obligations to you, this could cause you to lose the value of any CFDs you have with PCUK. PCUK segregates your 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 £50,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

This table shows the different types of costs involved when you trade CFD products

One-off costs	Spread	The spread is the difference between the buy and sell price that we quote. You pay the spread on opening and closing a contract.
	Commission	Where you have Premium account, you will pay commission instead of the spread detailed above. Commission is a set fee per lot transacted – for example £3.00 per lot or £30.00 for a transaction of 10 lots.
	Currency conversion	A currency conversion rate is charged if converting money to or from the base currency of your account (e.g. if paying for a CFD denominated in a currency other than your base currency or converting profits back to your base currency).
Ongoing costs	Overnight holding costs	Cash positions on your account at the end of a trading day (17:00 New York time) will be subject to overnight holding costs . These can be positive or negative depending on the direction of the position, and the current holding rate.
Other costs	Distributor fees	We may make payments from time to time to certain partners who introduce business to us. These payments may be based on the revenues we earn and your trading activity. We only make these payments if they do not breach the Financial Conduct Authority's rules on inducements.

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

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 0207 398 3100, or email complaints@phillipcapitaluk.com. If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

Other relevant information

You will find detailed information on our products by reviewing the <https://phillipcapitaluk.com/whatyoucantrade.aspx> section on the website. You should ensure that you read the terms of business, order execution policy and risk warning notice displayed in the legal section of our website, at <https://www.phillipcapitaluk.com/termsandconditions.aspx>. Such information is also available on request.