

## Key Information Document - CFD on a US treasury

### 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.

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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

A contract for difference (“CFD”) is a leveraged contract entered into with Fortrade on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying market such as a share, currency, commodity or index.

An investor has the choice to buy (or go “long”) the CFD to benefit from rising prices in the underlying market; or to sell (or go “short”) the CFD to benefit from falling prices. The price of the CFD is derived from the price of the underlying market price, which may be either the current cash price or a future price. For instance, if an investor is long a CFD and the price of the underlying rises, the value of the CFD will increase - at the end of the contract Fortrade 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 price of the underlying falls, the value of the CFD will decrease - at the end of the contract they will pay Fortrade the difference between the closing value of the contract and the opening value of the contract. A CFD 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 CFDs has the effect of magnifying both profits and losses.

#### Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying US treasury (whether up or down), without actually needing to buy or sell in the underlying market. 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.

By way of example, if an investor buys a CFD worth £5 per point (e.g. 5 units of UK100) with an initial margin amount of 1% and an underlying US treasury price of 1000, the initial investment will be £50 (1% x 5000 x 1). The effect of leverage, in this case 100:1 (1 / 1%) has resulted in a notional value of the contract of £5000 (£50 x 100). This means that for each 1 point change in the price of the underlying US treasury so the value of the CFD changes by £5. For instance, if the investor is long and the market increases in value, a £5 profit will be made for every 1 point increase in that market. However if the market decreases in value, a £5 loss will be incurred for each point the market decreases in value. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that market, and a loss for any increases in the market.

Undated CFD contracts do not have an expiry date and are therefore open-ended but an overnight Holding Cost is charged. A forward contract has a pre-defined expiry date where the CFD is either cash settled (closed) or rolled into the next forward contract, - i.e., from a January expiry into a March expiry. Rolling is at the discretion of the investor. There is no recommended holding period for either 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.

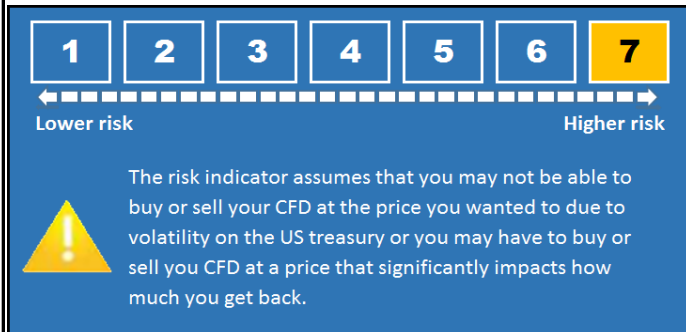
Failure to deposit additional funds in the case of negative price movement may result in the CFD being auto-closed. This will occur when losses plus the margin required for the product exceed the cash deposited. Fortrade also retains the ability to unilaterally terminate any CFD contract where it deems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

#### Intended Retail Investor

CFDs are intended for investors who have knowledge of, or experience with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage, and that you can lose all, but not more than the balance of your Trading Account. 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 and have the ability to bear losses up to but not more than the balance of their Trading Account.

## 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. You can lose all, but not more than the balance of your Trading Account. 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 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. **You can lose all, but not more than the balance of your Trading Account.**

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 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.

The indicator shown above does not consider this protection.

### Performance scenarios

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

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 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:

CFD (held intraday)		
Opening price:	P	7000
Trade size (Units):	TS	5
Margin %:	M	1%
Margin Requirement (£):	$MR = P \times TS \times M$	£350
Notional value of the trade (£):	$TN = MR/M$	£35,000

Table 1

LONG Performance scenario	Closing price	Price change	Profit/loss	SHORT Performance scenario	Closing price	Price change	Profit/loss
Favorable	7175	2.50%	£875	Favorable	6811	-2.7%	£945
Moderate	7142	2.03%	£710	Moderate	6853	-2.1%	£735
Unfavorable	6811	-2.70%	£945	Unfavorable	7175	2.50%	£875
Stress	6419	-8.30%	-£2,905	Stress	7609	8.70%	£3,045

The performance figures above do not include the costs shown below. 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.

### What happens if Fortrade Ltd is unable to pay out?

If Fortrade is unable to meet its financial obligations to you, you may lose the value of your investment. However Fortrade segregates all retail client funds from its own money in accordance with the UK FCA's Client Asset rules. Fortrade 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](http://www.fscs.org.uk).

### What are the costs?

Depending on the product you trade, you may incur some or all of the following costs:

Breakdown of possible costs associated with trading CFD		
One-Time Cost/Credit	Spread	The difference between the buy price and the sell price. This cost applies each time a trade is opened or closed.
	Commission	The fee charged for the service of carrying out the transaction - relevant only for ECN accounts, and not for most Fortrade clients.
	Profit/Loss base currency conversion	The fee charged for converting the realised profit/loss from the instrument's secondary currency to the account's base currency.
	Rollover Costs	The fee charged for automatically rolling over an open position on a CFD when its contract has expired. The cost will be determined by the size of the spread.
	Share dividends	The fee charged/credited for a dividend payout on a share. The credit/debit is determined according to the position direction (buy or sell), while trader holding a long position will receive the dividend to their balance, and traders holding a short position will be charged the exact same amount.
Ongoing Costs	Daily holding cost (Swap)	An overnight debit/credit applied for every night a position is held. The amount is determined according to the symbol and direction of the position (buy/sell).

### 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 long term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a CFD at any time during market hours.

### How can I complain?

If you wish to make a complaint, you should contact our Compliance Department on +44 (0) 207 862 1761, by emailing [compliance@fortrade.com](mailto:compliance@fortrade.com) or in writing to Fortrade Compliance Department, Fortrade Limited, Michelin House, 81 Fulham Road, LONDON United Kingdom. SW3 6RD UK . 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](http://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 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.

The Product Overview on our platform contains additional information on trading a CFD. Additional information on costs can be found on our website.