

# Key Information Document Indices

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## Key Information Document Indices

### Purpose

This document is aimed at providing you with key information regarding this specific investment product and should not be taken as marketing material. It is a legal requirement to provide this information in order to help you understand the nature, risks, costs, potential gains and losses related to this product and to enable you to compare this product against other products on offer.

### Product

**Name of Product:** Contract for difference (“CFD”) on an Index.

**Provider:** EC Markets Ltd (hereinafter referred to as “EC Markets”, “we” or “us”), address: suite 4B, Global Village, Jivan's Complex, Mont Fleuri, Mahe, Seychelles, is a Seychelles Investment Firm registered with the Registrar of Companies in Seychelles under number: 8413793-1, and regulated by the Seychelles Financial Services Authority ('FSA') under license number SD009. Please call +248 4224099 or go to <http://www.ecmarkets.sc> for more information.

**Date of Production:** August 2022.



**You are about to purchase a product that is highly sophisticated and may be difficult to understand.**

## What Is This Product?

### Type

A contract for difference (“CFD”) is a leveraged contract entered into with EC Markets on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying index.

An investor has the option to buy (or go “long”) the CFD in an attempt to benefit from rising index prices; or to sell (or go “short”) the CFD to benefit from falling index prices. CFD price is derived from that of the underlying index price, which may be either the current (“cash”) price or a forward (“future”) price. For example, if an investor is long a FTSE 100 CFD and the price of the underlying index rises, the value of the CFD will increase in turn. Once the contract is over, EC Markets will pay the investor the difference between the closing value of the contract and the opening value of the contract, i.e. the investor’s profit. On the other hand, if an investor is long and the cash price of the underlying index falls, the value of the CFD will decrease – so, at the end of the contract the investor will pay EC Markets the difference between the closing value of the contract and the opening value of the contract. CFDs referencing the underlying future price work in exactly the same way, however such contracts have a pre-defined expiry date – detailing the date upon which the contract will close automatically. Index CFDs must always be settled financially and cannot be settled by the physical or deliverable settlement of any other asset(s). CFD leverage also has a magnifying effect on both profits and losses.

### Objectives

CFDs are derivative financial instruments. A CFD is an agreement between two counterparties to exchange the price difference of a specific underlying instrument for the time period the deal was opened.

CFDs are leveraged products and are traded not on an exchange basis but Over-the-Counter (OTC) and there is no central clearing of the transactions. EC Markets trades on a matched principal basis.

A CFD is a speculative instrument and while trading CFDs with different underlying assets, the trader does not become the owner of this asset. CFD pricing reflects the price movement of the underlying assets received by the Liquidity Providers. Long position means buying the instrument with the expectation for its value to rise. Short position suggests selling the asset expecting its value to decrease.

CFDs are speculative products which are traded with leverage and are not appropriate for all investors. CFDs, are leveraged products where most of them mature when you choose to close an existing open position. Positions may also be closed due to margin calls/stop outs. Information on margin calls/stop out per account can be accessed on the Company’s website. Moreover, in case where the Company intends to remove the availability of a CFD, it shall inform you (i.e. the Client) in order for you to close any open positions until a specific deadline. If the Client does not close the position by the said deadline, the Company has the right to close any open positions on his behalf. By investing in CFDs, you assume a high level of risk which can result in the loss of all of your invested capital.

Trading in CFDs carries high level of risk and thus can generate great profits as well as great losses. You should never invest more that you are willing to lose, as it is possible to lose your initial investment. Unless a Client knows and fully understands the risks involved in CFD trading, they should not engage in any trading activity. Clients should consider whether CFDs are appropriate for them according to their financial status and goals before trading. If you do not have enough knowledge and experience to trade, we suggest you seek independent advice before you invest. If you still don’t understand these risks after consulting an independent financial advisor, then you should refrain from trading at all. Trading in CFDs comes with a significant risk of losses and the investment value can both increase and decrease. CFDs require constant

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### The Intended Retail Investor

This product is intended for investors who already have an understanding and previous experience in dealing with leveraged products. Commonly, before committing any capital investors will already understand how prices of CFDs are derived, have a clear grasp of the concepts of margin and leverage and understand the fact that all deposits to the trading account may be completely lost. They should also understand the risk/reward profile of the product when compared to that of share dealing. It is also obligatory for investors to have the appropriate financial means and ability to bear a loss of the initial amount invested.

## What are the Risks and Returns?

### Summary Risk Indicator

1      2      3      4      5      6      7

Lower risk

Higher risk

The summary risk indicator is a summary of the level of risk that this product has when compared to other products. It signifies how likely it is that the product will lose money because of market movements or because we are not able to pay you.

We have classified this product to be 7 out of 7, which is the highest-possible 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 movements within the underlying market, can rapidly generate losses. Losses may amount to the total value of an initial investment. There are no means of protection of your capital 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 sum you may receive in return depends on the exchange rate between the two currencies. This risk has not been considered in the risk indicator you can see above.

The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.

Conditions in the market may mean that your CFD trade on an Index is closed at a less favourable price, which could significantly impact the level of returns you receive. We reserve the right to close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to EC Markets, or if you contravene market regulations. This process may be automated.

Future market performance is not protected against, 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 EC Markets Ltd is unable to pay you"). The risk indicator you can see above does not consider these protections.

### Performance Scenarios

The scenarios outlined in this section are designed to show you how your investment could perform. It would be good practice to compare them with the relative scenarios of other products. These scenarios are an estimate of future performance based on past evidence on how the value of this investment may vary, and are, by no means, an exact indicator. Any returns you receive depend on how the market performs and how long you hold the CFD for. The stress scenario signifies what you may receive in extreme market circumstances and does not take into account a situation where we are not able to pay you.

**The scenario is based on trading 1 Lot of the US30 Index that is equal to 1 contract of US30 assuming a 1:20**

EC Markets is a trading name of EC Markets Ltd

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KID\_CFD\_INDEX August\_2022

### **How Long Should I Hold it and Can I Take Money Out Early?**

As stated above, these products have no recommended holding period, nor cancellation period and, therefore, no cancellation fees. Opening and closing of a CFD on an Index can be done at any time during market hours. Please note that holding a CFD on an Index for a long term may incur substantial daily holding costs.

### **How Can I Complain If I Need to?**

If you are dissatisfied with any aspect of the service provided to you by EC Markets Ltd you may, in the first instance, contact our Customer Services Team by phone: +248 4224099; by email: [compliance@ecmarkets.sc](mailto:compliance@ecmarkets.sc); or in writing: Ec Markets Group Ltd, 17<sup>th</sup> Floor, 110 Bishopsgate, London, EC2N 4AY, United Kingdom.

You can also refer to the European Commission's Online Dispute Resolution Platform; however, we should inform you that it's likely that they will refer you to the FOS.

### **Other Relevant Information**

If there is a 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. You should ensure that your Internet connection is sufficiently strong enough before trading. The 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 contract specifications contain additional information on trading a CFD on an underlying Index can be found on the trading platform and on our website: <http://www.ecmarkets.sc>.