Key Information Document
Spread bets on Delta One Indices

Key Information Document – Delta One Spread Bets on Indices

Purpose

This document provides you with key information about this investment product. This 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 provided by **Monecor (London) Ltd**, a company registered in England and Wales, number 00851820. ETX Capital is a trading name of Monecor (London) Limited which is authorized and regulated by the Financial Conduct Authority in the United Kingdom, register number 124721.

Call 0800 138 4582 or go to www.etxcapital.com for more information. This document was created/last updated on May 30th, 2018. **You are about to purchase a product that is not simple and may be difficult to understand.**

What is this product?

Type

A Delta One product allows the investor to gain exposure to the reference market in a more capital efficient manner. Delta One products allow our clients the ability to gain leveraged exposure to the reference market while containing no pricing optionality. As such, movement of the Delta One markets will always be 1:1 with the reference market on which it is based. A spread bet is a leveraged contract entered with ETX Capital. It allows an investor to speculate on rising or falling prices in the reference Indices market.

A Delta One Spread Bet Contract is a leveraged contract opened with ETX Capital that allows an investor to speculate on rising or falling prices of a Stock Index. Delta One Indices trading gives an investor the choice to buy (go "long") the Stock Index if they think the price of the reference Index will rise; or alternatively to sell (go "short") the Stock Index if they think that the reference Index will fall. The ETX Capital Delta One Spread Bet contracts will be calculated using the current price of the reference contract and will offset that price with a "strike" price. For example, if an investor buys 1 Delta One Spread Bet of DOW it might have a strike price of 14949 and as a result will make a Delta One Price of 9966. This represents a reference price of 24915. If the price of the index was to move 9966, the Delta One Spread Bet would settle. The Delta One would not show a negative price.

For example, if an investor is long on a spread bet and the price of the reference Index spread bet rises, the value of the Delta One Spread Bet will increase. At the end of every contract the price of the Delta One market will move for 1 point for every 1 point in the reference and ETX will pay the difference between the closing value of the contract and the opening value. Conversely, if an investor is long and the price of the reference Index falls, the Delta One Spread Bet will decrease. The client will pay the difference between the closing value of the contract and the opening value of the contract. The leverage embedded within all Spread Bets has the effect of magnifying both profits and losses.

Objectives

The objective of the Delta One Spread Bet is to allow an investor to gain an ETX leveraged exposure to the movement in the value of the reference Index (whether up or down), without needing to buy or sell the reference Index. The exposure is leveraged since the spread bet only requires a small proportion of the notional value of the contract to be put down as initial margin, which is one of the key features of spread bets.

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 the case of negative price movement may result in the spread bet being auto-closed. This will occur when losses exceed the specified margin level for the product. 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.

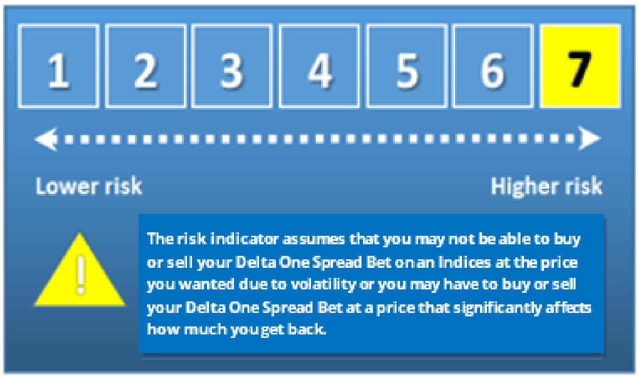
For more information and examples please see the ETX website.

Intended Retail Investor

Delta One Spread Bets are intended for investors who have knowledge of, or experience with, leveraged products. They will therefore understand how the prices of Spread Bets are derived, the key concepts of margin and leverage, and 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 a reference asset. Investors will also have appropriate financial means, hold other investment types and have the ability to bear losses in excess of the initial amount invested.

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. Delta One Spread Bets are leveraged products that, due to reference market movement, can generate losses rapidly. Losses can exceed the amount invested and you may be required to deposit additional funds. 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 Delta One Spread Bets on an index 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. **The total loss you may incur may significantly exceed the amount invested.**

Market conditions may mean that your Delta One Spread Bet trade on an index is closed at less favourable price, which could significantly impact how much you get back. We may close your open Delta One Spread Bet contract 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. 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 "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. 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 following assumptions have been used to create the scenarios in Table 1:

For example if an investor buys a Delta One Spread Bet worth £1 per point of DOW with an initial margin of 5% and a reference price of 24915 and a strike price of 14949, the Delta One Price is 9966. The initial investment will be £498.3 (9966 x £1) x 0.05%. The delta One has a notional value of £9,966 (9966 x 1). This means that for each 1 point change in the price of the reference indices the value of the Delta One Spread Bet also changes by 1 point (£1).

Index spread bet		
Index Price	P	24915
Strike Price	S	14949
Delta One opening price:	D1P= P-S	9966
Trade size (per point):	TS	£1
Margin %:	M	5%
Margin Requirement (£):	MR = D1P x TS x M	£498.3
Notional value of the trade (£):	TN = D1P x TS	£9,996

Table 1

LONG Performance Scenario	Reference Price	Initial Delta Price	Price Change	Reference Price Points movement	Percent Movement of Reference Price	Delta Price after move	Stake	Profit/Loss
Favourable	24915	9966	1.50%	149.49	0.60%	10115.49	1	149.49
Moderate	24915	9966	0.50%	49.83	0.20%	10015.83	1	49.83

Unfavourable	24915	9966	-1.50%	-149.49	-0.60%	9816.51	1	-149.49
Stress	24915	9966	-5%	-498.3	-2.00%	9467.70	1	-498.3
SHORT Performance Scenario	Price Change	Price Change	Price Change	Reference Price Points movement	Percent Movement of Reference Price	Delta Price after move	Stake	Profit/Loss
Favourable	24915	9966	-1.50%	-149.49	-0.60%	9816.51	1	-149.49
Moderate	24915	9966	-0.50%	-49.83	-0.20%	9916.17	1	-49.83
Unfavourable	24915	9966	1.50%	149.49	0.60%	10115.49	1	149.49
Stress	24915	9966	5.00%	498.3	2.00%	10464.30	1	498.3

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 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. For more information and examples please see the ETX website.

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 Asset rules. ETX Capital also participates in 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?

Trading a spread bet on a reference index incurs the following costs:

This table shows the different types of cost categories and their meaning		
One-off entry and 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.
Ongoing costs	Daily holding cost	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs.
Incidental costs	Distributor fee	We may from time to time 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.

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

Delta One 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 0800 138 4582, by emailing customer.service@etxcapital.com or in writing to One Broadgate, London EC2M 2QS. 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.

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 Terms and Policies 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.