

## 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.

Spread bet on an interest rate is offered by **Spreadex Limited** ("Spreadex"), a company registered in England and Wales, number 03720378. Spreadex Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 190941. Call 01727 895000 or go to [www.spreadex.com](http://www.spreadex.com) for more information.

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**You are about to purchase a complex product that may be difficult to understand.**

## What is this product?

### Type

A spread bet ("SB") is a leveraged contract entered into with Spreadex on a bilateral basis. It allows an investor to speculate on rising or falling interest rates.

An investor has the choice to buy (or go "long") the SB to benefit from falling interest rates; or to sell (or go "short") the SB to benefit from rising interest rates. The price of the SB is 100 minus the underlying interest rate. For instance, if an investor is long an interest rate SB and the underlying interest rate falls, the value of the SB will increase - at the end of the contract Spreadex 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 interest rate market falls the value of the SB will decrease - at the end of the contract they will pay Spreadex the difference between the closing value of the contract and the opening value of the contract. An interest rate SB contract has 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 SBs has the effect of magnifying both profits and losses.

### Objectives

The objective of the SB is to allow an investor to gain leveraged exposure to the movement in the value of the underlying interest rate market (whether up or down), without actually needing to deposit or borrow money at a fixed interest rate. The exposure is leveraged since the SB 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 SBs. By way of example, if the underlying interest rate is 1% and an investor buys a £1 per point SB with an initial margin rate of 0.3%, the SB price would be 99.00 (100.00 – 1.00). One point is 0.01. The initial investment will be £29.70 (0.5% x 99 x 1 / 0.01). The notional value of a £1 per point spread bet is £40,000. This is the deposit that would be required to earn £1 interest in three months at an interest rate of 0.01%. The leverage on this contract would be 1,346.8:1. If the investor is long and the interest rate decreases, a £1 profit will be made for every 0.01% decrease in the rate. However if the interest rate increases, a £1 loss will be incurred for each 0.01% the interest rate increases. Conversely, if an investor holds a short position, a profit is made in line with any increase in the interest rate, and a loss for any decrease in the interest rate.

A future SB has a pre-defined expiry date. 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.

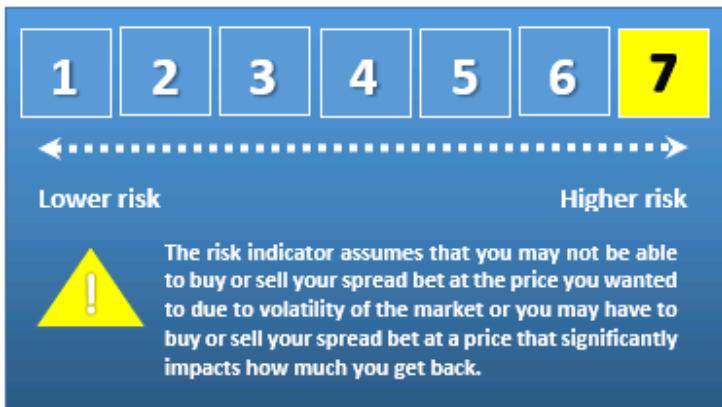
Failure to deposit additional funds in the case of negative price movement may result in the spread bet being auto-closed. Spreadex also retains the ability to unilaterally terminate any spread bet contract where it deems that the terms of the contract have been breached.

### Intended Retail Investor

SBs are intended for investors who have knowledge of, or experience with, leveraged products. Likely investors will understand how the prices of spread bets are derived and the key concepts of margin and leverage, and that losses may exceed deposits in a given position. 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 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.

SBs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested in a given position and you may be required to deposit additional funds in order to maintain your positions. There is no capital protection against market risk, credit risk or liquidity risk. **It is possible to lose the total balance on your account.**

**Be aware of currency risk.** It is possible to buy or sell SBs on an interest rate 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.

Market conditions may mean that your SB trade on an interest rate is closed at a less favourable price, which could significantly impact how much you get back. We may close your open SB 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 the section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

### Performance Information

A spread bet is a leveraged financial derivative that follows the price of an underlying financial market. A spread bet will make gains or incur losses as a result of price movements in the underlying asset. A spread bet 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 Spread bet may be affected by factors such as inflation, interest rates, geopolitical events, government policy and economic factors.

### What happens if Spreadex Limited is unable to pay out?

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

Trading a SB on an underlying interest rate incurs the following costs:

### This table shows the different types of cost categories and their meaning

|                                    |                            |  |
|------------------------------------|----------------------------|--|
| <b>One-off entry or exit costs</b> | <b>Spread</b>              | 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.  |
|                                    | <b>Currency conversion</b> | 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. |
| <b>Incidental costs</b>            | <b>Distributor fee</b>     | We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor, that may have introduced you.  |
| <b>Other Costs</b>                 | <b>Rollover costs</b>      | We charge you to roll over a futures contract into the next month or quarter, equal to half the applicable spread to open and close a trade.   |

## How long should I hold a spread bet on an interest rate and can I take my money out early?

SBs 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 SB on an interest rate at any time during market hours.

## How can I complain?

If you wish to make a complaint, you should contact our Customer Services Team on 01727 895000, by emailing [info@spreadex.com](mailto:info@spreadex.com) or in writing to Spreadex Limited, Churchill House, Upper Marlborough Road, St Albans, Hertfordshire, AL1 3UU. 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 [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. The Market Information Sheets contain additional information on trading an SB on an Interest rate. These can be found on the trading platform. For retail clients, a mandatory margin close-out rule is applied on an account level basis. This means that when the value of your account (i.e., the net profit and loss, any deposited margin and any other funds) falls below 50% of the initial margin requirement (that was paid to enter into all of the open CFD and/or spread bet positions at any point in time), one or more of your CFD and/or spread bet positions will be closed out. We may set a higher percentage than 50%. Retail clients who trade leveraged CFDs and spread bets have the benefit of negative account balance protection. Where this is the case, your liability will be limited to the funds in your account (which includes any funds that are not required to be maintained as margin to keep your positions open, regardless of whether those positions relate to this product).

You should ensure that you read the General Terms, including Risk Warning, Order Execution Policy and more which can be found in the Terms and Policies section of our website: <https://www.spreadex.com/financials/terms-and-conditions/>. Such information is also available on request.