

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 bets are 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 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 is a leveraged contract entered into with Spreadex on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying bond.

An investor has the choice to buy (or go “long”) the spread bet to benefit from rising bond prices; or to sell (or go “short”) the spread bet to benefit from falling bond prices. The price of the spread bet is derived from the underlying bond future, which may be either the undated or a forward price. For instance, if an investor is long the undated German Bund spread bet and the price of the underlying bond future rises, the value of the spread bet 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 bond future falls, the value of the spread bet 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. A spread bet referencing the underlying forward 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 spread bets has the effect of magnifying both profits and losses.

Objectives

The objective of the spread bet is to allow an investor to gain leveraged exposure to the movement in the value of the underlying bond future (whether up or down), without actually needing to buy or sell the underlying future or the constituent asset. The exposure is leveraged since the spread bet 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 spread bets. By way of example, if an investor buys a spread bet at a size of £10 per point and an initial margin amount of 0.5% and an underlying bond price of 16000, the initial investment will be £800 (0.5% x 16000 x £10). The effect of leverage, in this case 200:1 (0.5% / 1) has resulted in a notional value of the contract of £160,000 (800 x 200). This means that for each 1 point change in the price of the underlying market so the value of the spread bet changes by £10. For instance, if the investor is long and the market increases in value, a £10 profit will be made for every 1 point increase in that market. However if the market decreases in value, a £10 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.

The undated spread bet does not have a pre-defined maturity date and is therefore open-ended; by contrast, a future spread bet has a pre-defined expiry date. As a result, 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.

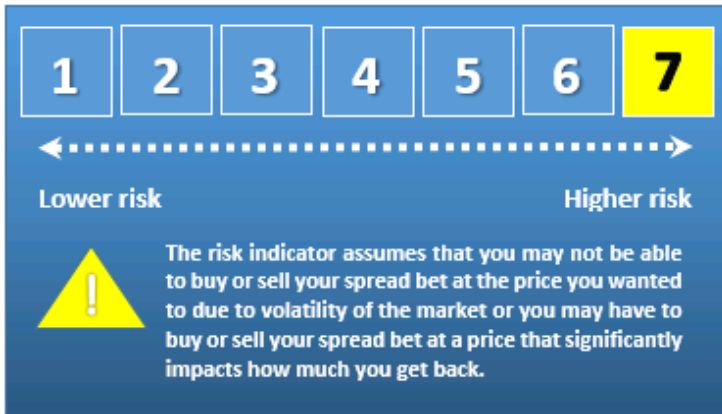
Failure to deposit additional funds in the case of negative price movement may result in the spread bet being auto-closed. Spreadex also retains the ability to unilaterally terminate any spread bet contract where it deems that the terms of the contract have been breached.

Intended Retail Investor

Spread bets 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.

Spread bets 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 spread bets on a bond 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 spread bet trade on a bond is closed at less favourable price, which could significantly impact how much you get back. We may close your open 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 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.

What are the costs?

Trading a spread bet on an underlying bond incurs the following costs:

This table shows the different types of cost categories and their meaning			
Undated and Futures	One-off entry or 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.
Undated only	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.
Undated and Futures	Incidental costs	Distributor fee	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.
Futures only	Other costs	Rollover costs	We charge you to rollover a futures contract into the next month or quarter, equal to the applicable spread to open and close a trade.

How long should I hold a spread bet on a bond, and can I take out my money early?

Spread bets 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 spread bet on a bond 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 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 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 option. 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.