

## 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.

## Product

**Product Name** Index CFD's (Contracts for Difference).

**Product manufacturer** KVB PRIME (UK) LIMITED ("KVB Prime"), authorised and regulated by the Financial Conduct Authority in the United Kingdom FCA 622574.

**Further information** You can find more information about KVB Prime CFD's products in our CFD product guide. We encourage you to visit our website <https://www.kvbprime.com>. KVB Prime's customer support team is available via phone, email or live chat.

This document was last updated on 1 January 2019.

## Risk Warning

**Our service includes products that are traded on margin and carry a risk of losses in excess of your deposited funds. The products may not be suitable for all investors. Please ensure that you fully understand the risks involved.**

## What is this product?

### Type

This document relates to products known as 'contracts for difference', which are also known as **CFDs**. A CFD allows you to obtain an indirect exposure to an underlying asset such as a security, commodity or index. This means you will never own the underlying asset, but you will make gains or suffer losses as a result of price movements in the underlying asset to which you have the indirect exposure.

There are many types of CFD's this document provides key information on Index CFD's where the underlying investment option that you choose is a stock index such as the FTSE, Dow Jones or Dax.

An equities "index," or in plural form "indices," is a distinct cross section of each stock exchange's most prominent companies. You can visit KVB Prime's [website](#) for information on the underlying assets available to trade at KVB Prime.

### Objectives

The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset by obtaining an indirect exposure to the underlying asset. Your return depends on movements in the price of the instrument and the number of contracts opened (size of your stake).

For example, if you believe the value of an index is going to increase, you could buy a one or more contracts of that Index's CFD (this is also known as "going long"), with the intention to later sell them (and subsequently close the trade) when they are at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below).

If you think the value of an index is going to decrease, you could sell a number of CFD contracts (this is also known as "going short") at a specific value, expecting to later buy them back at a lower price than you previously agreed to sell them for.

However, in either circumstance if the index moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), your account would be debited for the loss of the trade plus any relevant costs.

To open a position and to protect us against any losses you incur, you are required to deposit a portion of the total value of the contract in your account. This is referred to as the margin requirement (see further below). Trading on margin can enhance any losses or gains you make.

### Execution Model

Contract for Difference products are generally subject to Dealing Desk execution. KVB Prime reserves the right to switch a client's execution to No Dealing Desk without prior consent from the client for any reason, including but not limited to, the product being traded, trading style of client, or volume traded. KVB Prime does not generally execute CFD orders with an external counterparty. KVB Prime is the final counterparty for most CFD positions which you undertake. Please note that as the final counterparty KVB Prime may receive compensation beyond our standard fixed mark-up. KVB Prime makes prices for the CFD instruments it offers to its clients. Although these prices may

be indicative of the underlying market for the product being traded, they do not represent the actual prices of the underlying asset on the physical market or exchange where it is listed.

**Intended Retail Investor**

Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

- (i) have a high risk tolerance;
- (ii) are trading with money they can afford to lose;
- (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and
- (iv) want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

**Term**

Index CFDs have no maturity date or minimum holding period. You decide when to open and close your positions.

KVB Prime may close your position without seeking your prior consent if you do not maintain sufficient margin in your account (more information below).

## 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 these products 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 these products as 7 out of 7, which is the highest risk class. This is because there is a chance that you could lose more than your initial investment.

CFD trading requires you to maintain a certain level of funds in your account to keep your positions open. This is called margin. You will be able to open a position by depositing only a small portion of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses as products that are traded on margin carry a **risk of losses in excess of your deposited funds**

Margin can be thought of as a good faith deposit required to maintain open positions. This is not a fee or a transaction cost, it is simply a portion of your account equity set aside and allocated as a margin deposit. Margin requirements (per 1 Contract for CFDs) are determined by taking a percentage of the notional trade size plus a small cushion. A cushion is added to help alleviate daily/weekly fluctuations.

KVB Prime Margin Requirements are updated monthly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets. Current margin requirements will differ depending on account type and can be viewed in the dealing rates and create order windows on the trading station platform.

Margin Call's will occur when the equity of the account falls below the required margin. Depending on your account type and/or trading platform a margin call may liquidate all open the positions on your account or may only close specific positions.

KVB Prime process all liquidations for CFD products automatically, for more information on how Margin Calls work we encourage you to review our execution risks.

KVB Prime aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of limited liquidity. During periods such as these, your order type, quantity demanded, and specific order instructions can have an impact on the overall execution you receive.

CFD trading is decentralised and pricing will vary from broker to broker. KVB Prime's CFD's are not listed on any exchange, and the prices and other conditions are set by KVB Prime in accordance with our best execution policy. CFD contracts can be closed only with KVB Prime, and are not transferable to any other provider. If you have multiple positions your risk is cumulative and not limited to one position.

### Performance Scenarios

This key information document is not specific to a particular product. It applies to a CFD on any index. For each CFD trade you enter, you will be responsible for choosing the instrument, when you open and close, the size (risk) and whether to use any risk mitigation features (such as stop loss orders).

Each instrument has a different pip cost (value risked for every change of a certain digit in price) associated to it. Pip cost can be found in the CFD Product Guide, when entering a Market or Entry Order.

This table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of £1000 and choose to buy/sell 100 Index CFD contracts. This particular CFD contract has a pip cost of £0.1 per contract, meaning in this case you will make or lose £10 for every pip the price moves. A pip on this instrument is the last digit before the decimal place. The price at which you can buy is 1000.00.

The below table does not include overnight holding costs (discussed further below).

Scenarios		Trade P/L	New Equity
<b>Stress scenario:</b> You go long and the price falls by 30 pips and you then receive a margin call	<b>Open Price: 1000.00</b> <b>Close Price: 970.00</b>	-£300	£700 Δ -30%
<b>Unfavourable scenario:</b> You go short and price increase by 7 pips and you exit the position.	<b>Open Price: 1000.00</b> <b>Close Price: 1007.00</b>	-£70	£930 Δ -7%

<b>Moderate scenario:</b> You go long or short and exit the position at the same rate you entered	<b>Open Price: 1000.00</b> <b>Close Price: 1000.00</b>	£0	£1000 Δ 0%
<b>Favourable scenario:</b> You go Long and price increases by 5 pips and you exit the position	<b>Open Price: 1000.00</b> <b>Close Price: 1005.00</b>	£50	£1050 Δ +5%

## What happens if KVB Prime is unable to pay out?

If KVB Prime is unable to meet its financial obligations to you, this could cause you to lose the value of any CFDs you have with KVB Prime. KVB Prime segregates your funds from its own money in accordance with the UK FCA's Client Asset rules. Should segregation fail, your investment is covered by 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](http://www.fscs.org.uk).

## What are the costs?

This table shows the different types of costs involved when you trade Index CFD products

<b>One off costs</b>	<b>Spread</b>	The spread is the difference between the buy (ask) and sell (bid) price quoted. For example, if the instrument is trading at 100, our Ask price (the price at which you can buy) might be 101 and our bid price (the price at which you can sell) might be 99.
<b>Ongoing costs</b>	<b>Overnight financing costs</b>	<p>This is the interest paid for holding a position past 5 PM EST and is based on the size of the position. For Index CFDs the formula for financing cost is as follows:</p> <p><math>[\text{Closing Price of the Index} * [(\text{the relevant 3-month LIBOR rate}/100) + \text{KVB Prime's Markup}]/\text{Number of Days}] * \text{Trade Size}</math></p> <p>Note that the financing markup for long positions on CFDs is +3% and for short positions is -2%.</p> <p>On Fridays, to account for holding a position into the weekend, financing costs are 3X times as usual.</p>
<b>Ongoing costs</b>	<b>Dividend Adjustments</b>	<p>Index CFD's are made up of a group of stocks that may pay dividends throughout the year. When a dividend is paid on a stock, the value of the stock will drop and therefore so does the value of the index.</p> <p>Short positions will be positively impacted by the drop in Index Price, while long positions are negatively impacted.</p> <p>Dividend adjustments are applied on Index CFD products to negate the impact of the drop in Index Price.</p> <p>Long Dividend Adjustments are subject to a KVB Prime markup.</p>

To avoid ongoing costs, you can close your position before 5PM EST and the charge would not apply.

The costs will vary depending on the instrument you choose.

## How can I make a trade inquiry or complaint?

If you wish to submit a complaint you can contact our customer support found on our website.

Per KVB Prime's Complaint Procedure, if you are dissatisfied with the resolution, you are able to submit a formal complaint.

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) for further information.

## Other relevant information

You should ensure that you read the terms of business, order execution policy and risk warning notice displayed in the legal section of our website, at the Standard Business Terms page on our website. Such information is also available on request.