Key Information Document – Spread bet on an index

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 Spread bet on an index.

Product manufacturer London Capital Group Limited ("LCG UK"), authorised and regulated by the Financial Conduct Authority in the United Kingdom (FRN: 182110).

Further information You can find more information about LCG UK and our products https://www.lcg.com/markets/. You can contact us using the details on our website https://www.lcg.com/ or by calling +44 (0) 207 456 7020. This document was last updated on 1 January 2023.

Alert

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type

This document relates to products known as spread bets. A spread bet allows you to obtain an indirect exposure to an underlying asset such as a commodity, security 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.

This document provides key information on a spread bet where the underlying investment option that you choose is an index. An index derivative is a contract with a collection of securities as the underlying asset. You can visit https://www.lcg.com/markets/ for information on the underlying assets available to you.

Objectives

The objective of a spread bet is to speculate on price movements in an underlying asset by obtaining an exposure to the underlying asset. Price movements in the value of the underlying asset are measured in points. For example, if you believe the value of an index is going to increase, you would make a spread bet on the value increasing (this is referred to as "going long"). If the price of the underlying asset is higher when your spread bet is closed, the amount of points that the price has risen multiplied by the size of your spread bet will be your profit, minus any relevant costs (detailed below). If you think the value is going to decrease, you would make a spread bet on this occurring (this is referred to as "going short" or "shorting"). If the price of the underlying asset is lower when your spread bet is closed, your profit will be the amount of points that the price has fallen multiplied by the size of your spread bet, minus any relevant costs (detailed below). However, if in either circumstance the price moves in the opposite direction and the spread bet is closed either by you or as a result of a margin call (detailed below), you would owe us the amount of loss you have incurred together with any costs.

To open a position and to protect us against any losses you incur, you are required to deposit a percentage 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.**

Intended Retail Investor

Spread Betting 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

Cash spread bets have no maturity date or minimum holding period whilst a spread bet future has a pre-defined expiry date. You decide when to open and close your positions for both contract types however if you hold a spread bet future to the expiry date your position will be automatically closed at the market settlement price (you may choose to roll to the next futures contract if you wish).

If your margin level falls below 50%, we will automatically close positions on your account until your margin level returns above the 50% threshold level.

Performance Information

A SB (Spread Bet) is a financial derivative that is derived from an underlying financial market, it follows the price of the underlying market 1:1 and it is traded with leverage. A SB will make gains or incur losses because of price movements in the underlying asset. A SB will be quoted with a buy price and a sell price (Bid and Ask), with the difference of the two being the spread fee which is described in the table below. Spreads will affect the returns of your investment. The price of a SB may be affected by factors such as inflation, interest rates, geopolitical events, government policy and economic factors.

What could affect my return positively?

A Buy (Long) trade will make a profit if closed at a higher sell price. A Sell (Short) trade will make a profit if closed at a lower buy price.

What could affect my return negatively?

A Buy (Long) trade) will incur a loss if closed at a lower sell price. A Sell (Short) trade will incur a loss if closed at a higher buy price. Severely adverse market conditions can negatively impact your positions. If your margin level is at or below the margin close-out level, we will close any or all your open positions as quickly as possible. This may result in the loss of your entire account balance.

What happens if LCG UK is unable to pay out?

If LCG UK is unable to meet its financial obligations to you, this could cause you to lose the value of any spread bets you have with LCG UK. LCG UK 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 £85,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

This table shows the different types of costs involved when you trade a spread bet

One off costs	**Spread**	The spread is the difference between the buy (offer) and sell (bid) price that we quote. For example, if the underlying asset is trading at 100, our offer 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. You pay the spread on opening and closing a contract.
	Currency conversion	A currency conversion rate is charged if dealing in a currency other than your account currency. If your account is denominated in GBP and you are trading a USD instrument, any P&L realised in USD will be converted back into GBP, currently we charge 0.5% on such transactions.
Ongoing costs	**Overnight holding costs**	Cash positions on your account at the end of a trading will be subject to overnight holding costs. These can be positive or negative depending on the direction of the position, and the current holding rate. If you are long the market you will pay the 1 month bank rate + 2.5% If you are short the market you will pay the 1 month bank rate -2.5% If you are short and the 1 month bank rate exceeds 2.5% you will receive credit overnight.
Other costs	**Distributor fees**	We may make payments from time to time to certain partners who introduce business to us. These payments made be based on the revenues we earn and your trading activity. We only make these payments if they do not breach the Financial Conduct Authority's rules on inducements.

The costs will vary depending on the underlying investment options you choose. Specific information can be found https://www.lcg.com/markets/spreads-costs/.

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

This spread bet will expire in the event you do not have available margin or you have chosen to trade a spread bet future which has a pre-defined expiry date. You should monitor the product to determine when the appropriate time is to exit. You can close your spread bet at any time before its designated expiry time, assuming the spread bet is open for trading.

How can I complain?

If you wish to make a complaint, you should contact our client services team on +44 (0) 207 456 7020, or email customerservices@lcg.com. 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 for further information.

Other relevant information

You will find detailed information on our products by reviewing the Index pages. 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 https://www.lcg.com/lcg/legal-documentation/. Such information is also available on request.