Key Information Document – CFD on a commodity

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 Contract for difference ("CFD") on a commodity.

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 '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.

This document provides key information on CFDs where the underlying investment that you choose is a Commodity such as US Crude Oil or Brent Crude. A commodity derivative is a contract that has a popular commodity 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 trading CFDs is to speculate on price movements in an underlying asset by obtaining an indirect exposure to the underlying asset. Your return depends on movements in the price of the underlying asset and the size of your stake. For example, if you believe the value of a commodity is going to increase, you would buy a number of CFDs (this is also known as "going long"), with the intention to later sell them 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 a commodity is going to decrease, you would sell a number of CFDs (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, resulting in us paying you the difference, minus any relevant costs (detailed below). However, in either circumstance if the commodity moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), you would owe us the amount of any 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

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

Cash CFDs have no maturity date or minimum holding period whilst a CFD 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 CFD 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.

What are the risks and what could I get in return?

Risk Indicator

1 2 3 4 5 6 **7**

Lower risk — Higher risk

There is no recommended or minimum holding period for this product. You must maintain sufficient margin in your account to keep your positions open. Trading on margin means you could lose significantly more than your initial investment.

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 very high chance that you could lose more than your initial investment. Figures published by the Financial Conduct Authority show that approximately 82% of retail clients lose money on CFD products.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Your losses can materialise quickly due to the use of margin (see further below).

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 percentage of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses. If the funds in your account are no longer sufficient to keep your position open, you will be required to make up this shortfall. This is a margin call. If you do not meet your margin call, we may close your position (immediately and without notice) and you will realise any losses. You could, therefore, lose more than your entire investment.

Our CFDs are not listed on any exchange, and the prices and other conditions are set by us in accordance with our best execution policy. The contract can be closed only with us and are not transferable to any other provider. If you have multiple positions with us, your risk may be cumulative and not limited to one position.

The tax regime of the country in which you are domiciled may impact your return.

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 LCG UK is unable to pay out'). The indicator shown above does not consider this protection.

Performance Information

A CFD (Contract for Difference) 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 CFD will make gains or incur losses because of price movements in the underlying asset. A CFD 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 CFD 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 London Capital Group Limited is unable to pay out?

If London Capital Group Limited is unable to meet its financial obligations to you, this could cause you to lose the value of any CFDs you have with London Capital Group Limited. London Capital Group Limited 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 CFD products

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**	There is no overnight holding costs associated with futures contracts since it is priced in the spread.
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 in the United Kingdom 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?

A cash CFD has no fixed term and will expire when you choose to exit the product or in the event you do not have available margin. A CFD future has a pre-defined expiry. You may still choose to open or close as you wish unless the position remains open at the expiry date where the position will be closed at the market expiry or in the event you do not have available margin. You should monitor the product to determine when the appropriate time is to exit. **You can close your contract at any time.**

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 https://www.lcg.com/markets/spreads-costs/ 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.