

## 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 equity is offered by **GAIN Capital UK Limited** (“GAIN”, “we” or “us”), a company registered in England and Wales, number 1761813. Finspreads is a trading name of GAIN Capital UK Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 113942. Call 020 3194 1802 or go to [www.finspreads.com](http://www.finspreads.com) for more information.

This document was last updated on 8 December 2017.



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

## What is this product?

### Type

A spread bet (“SB”) is a leveraged contract entered into with GAIN on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying equity.

An investor has the choice to buy (or go “long”) the SB to benefit from rising equity prices; or to sell (or go “short”) the SB to benefit from falling equity prices. The price of the SB is derived from the price of the underlying equity price, which may be either the current (“cash”) price or a forward (“future”) price. For instance, if an investor is long on ABC Company SB and the price of the underlying equity rises, the value of the SB will increase - at the end of the contract GAIN 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 equity falls, the value of the SB will decrease - at the end of the contract they will pay GAIN the difference between the closing value of the contract and the opening value of the contract. 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 equity (whether up or down), without actually needing to buy or sell the underlying equity. 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 an investor buys a SB worth £10 per point of an equity with an initial margin amount of 2% and an underlying equity price of 500p, the initial investment will be £100 ( $0.02 \times 500p \times 10 \times 100$ ). The effect of leverage, in this case 50:1 ( $1 / 0.02$ ) has resulted in a notional value of the contract of £5,000 ( $50 \times 100$ ). This means that for each 1p change in the price of the underlying equity so the value of the SB changes by £10. For instance, if the investor is long and the market increases in value, a £10 profit will be made for every 1p increase in that market. However if the investor is short, a £10 loss will be incurred for each point the market decreases in value.

The SB does not have a pre-defined maturity date and is therefore open-ended; by contrast, a future CFD 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 order to meet the margin requirement as a result of negative price movement may result in the SB being auto-closed. This will occur when losses exceed the initial margin amount. In the case of futures CFDs, investors will be given the option to roll their existing future CFD contract into the next period – e.g., from a January expiry into a February expiry. Rolling is at the discretion of the investor but failure to do so will result in the future CFD being auto-closed at the expiry date.

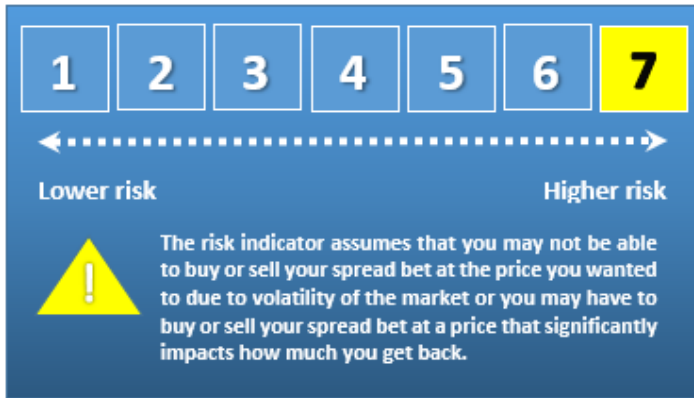
GAIN also retains the ability to unilaterally terminate any SB contract where it deems that the terms of the contract have been breached.

### 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 SBs are derived, the key concepts of margin and leverage, and the fact that losses may exceed deposits. Indeed, they will understand the risk/reward profile of the product compared to traditional share dealing. Investors will also have appropriate financial means, 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 and you may be required to deposit additional funds. There is no capital protection against market risk, credit risk or liquidity risk.

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

In some circumstances, you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**

Market conditions may mean that your SB trade on an equity is closed at less favourable price, which could significantly impact how much you get back. We may close your open SB contract if you do not maintain the minimum margin that is required, if you are in debt to GAIN, 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 scenarios

The scenarios shown illustrate how your investment could perform, but are not an exact indicator. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and is not an exact indicator. What you get will vary depending on how the market performs and how long you hold the SB. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The following assumptions have been used to create the scenarios in Table 1:

Equity Spread Bet (held intraday)		
Equity opening price:	P	500
Trade size (per point):	TS	10
Margin %:	M	0.50%
Margin Requirement (£):	$MR = P \times TS \times M$	£25.00
Notional value of the trade (£):	$TN = MR/M$	£5,000

Table 1

LONG Performance scenario	Closing price (inc. spread)	Price change	Profit/loss	SHORT Performance scenario	Closing price (inc. spread)	Price change	Profit/loss
Favourable	507.5	1.5%	£75	Favourable	492.5	-1.5%	£75
Moderate	502.5	0.5%	£25	Moderate	497.5	-0.5%	£25
Unfavourable	592.5	-1.5%	-£75	Unfavourable	507.5	1.5%	-£75
Stress	475	-5.0%	-£250	Stress	525	5.0%	-£250

The figures shown below include all the costs of the product itself. If you have been sold this product by someone else, or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

### What happens if GAIN Capital UK Limited is unable to pay out?

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

Trading a SB on an underlying equity incurs the following costs:

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

Cash 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.
Cash only	Ongoing costs	Daily holding cost fee	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 will cost.
Cash 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 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 it and can I take 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 equity at any time during market hours.

### How can I complain?

If you wish to make a complaint, you should contact our Client Management Team on 020 3194 1802, by emailing [enquiries@finspreads.com](mailto:enquiries@finspreads.com) or in writing to GAIN Capital UK Limited, Park House, 16 Finsbury Circus, London EC2M 7EB. 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.

You can also refer to the European Commission's Online Dispute Resolution Platform, however it is likely that you will be referred to the FOS.

### 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 a SB on an underlying equity. These can be found on the trading platform.