

CITY INDEX Key Information Document – Spot 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

Spot Commodity contracts are offered by **StoneX Financial Ltd** ("SFL", "we" or "us"), a company registered in England and Wales with registration number 05616586. City Index is a trading name of StoneX Financial Ltd which is authorised and regulated by the Financial Conduct Authority in the United Kingdom with reference number 446717. Call [0845 355 0801](tel:08453550801) or go to www.cityindex.com for more information.

This document was last updated on 25th September 2024.

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

What is this product?

Type

A Spot Commodity contract is a leveraged contract entered into with SFL on a bilateral basis. It allows an investor to speculate on rising or falling prices for an underlying commodity.

An investor has the choice to buy (or go "long") the Spot Commodity contract to benefit from rising commodity prices; or to sell (or go "short") the Spot Commodity contract to benefit from falling commodity prices. The price of the Spot Commodity contract is derived from the spot price of the underlying commodity. For instance, if an investor is long on a Spot Commodity contract and the price of the commodity rises, the value of the Spot Commodity contract will increase - at the end of the contract SFL 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 spot price of the commodity falls, the value of the Spot Commodity contract will decrease - at the end of the contract the investor will pay SFL the difference between the closing value of the contract and the opening value of the contract. The leverage embedded within all Spot Commodity contracts has the effect of magnifying both profits and losses.

Objectives

The objective of the Spot Commodity contract is to allow an investor to gain leveraged exposure to the movement in the value of the underlying commodity (whether up or down), without actually needing to buy or sell the physical underlying commodity. The exposure is leveraged since the Spot Commodity contract only requires a proportion of the notional value of the contract to be paid up front as initial margin and is one of the key features of trading Spot Commodity contracts. By way of example, if an investor buys 20 Lots on XAU/USD at the price of USD 1285.5 with an initial margin amount of 5%, the initial investment will be USD 1,285.5 (20 x USD 1285.5 x 5%). The effect of leverage, in this case 20:1 (1 / 5%) has resulted in a notional value of the contract of \$25,710. For instance, if the investor is long and the market increases in value, a USD 20 profit will be made for every 1 point increase in that market. However, if the market decreases in value, a USD 20 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. Spot Commodity contracts do not have a pre-defined maturity date and are therefore open-ended. 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.

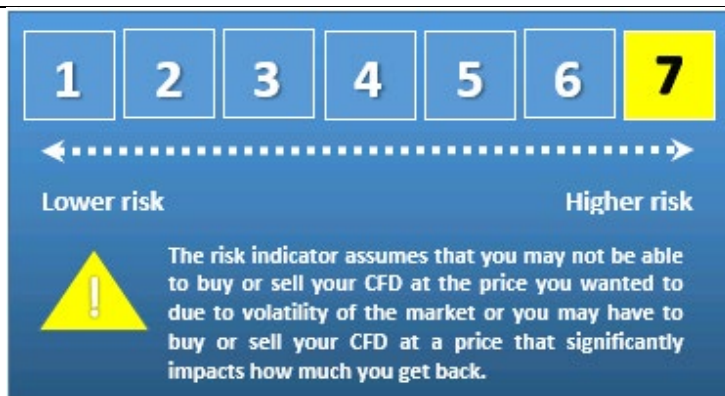
Failure to deposit additional funds in order to meet the margin requirement as a result of a negative price movement may result in the Spot Commodity contract being automatically terminated by SFL. This will occur when losses exceed the initial margin amount. SFL also retains the ability to unilaterally terminate any Spot Commodity contract and any of your other open positions where certain events of default have occurred with respect to you (e.g., failing to maintain sufficient margin in your account).

Intended Retail Investor

Spot Commodity contracts are intended for investors who have knowledge of, or are experienced with, leveraged products and who are looking to gain a short-term exposure to commodities. Likely investors will understand how the prices of Spot Commodities are derived and the key concepts of margin and leverage. They will understand the risk/reward profile of the product compared to trading in the underlying physical commodity. Investors will also have appropriate financial means and the ability to bear losses.

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.

There is no recommended or minimum holding period for this product. Please see below section: “[How long should I hold it and can I take money out early?](#)”

Spot Commodity contracts are leveraged products that, due to underlying market movement, can generate losses rapidly. There is no capital protection against market risk, credit risk or liquidity risk. Even though losses may be incurred, retail clients are subject to negative balance protection which means that your losses cannot exceed the funds in your account (which includes any funds that are not required to be maintained as margin to keep your positions open).

Be aware of currency risk. It is possible to buy or sell a Spot Commodity contract that is denominated 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 Spot Commodity contract is closed at a less favourable price, which could significantly impact how much you get back. We may close your open Spot Commodity positions if you do not maintain the minimum margin that is required, if you are in debt to SFL, 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 the section “what happens if we are unable to pay you”). The indicator shown above does not consider this protection.

Performance Information

Spot markets can be traded using CFDs or Spread Bets (“SB”), both leveraged financial derivatives that follow the price of an underlying financial market. A CFD and SB will make gains or incur losses as a result of price movements in the underlying asset. A CFD and SB 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. Commodity spot prices may be affected by factors such as supply and demand, currency movements, geopolitical situations, economic growth, weather and government policies.

What could affect my return positively?

A position that is taken at a buy price (going long) will make a profit if closed at a higher sell price.
A position that is taken at a sell price (going short) will make a profit if closed at a lower buy price.

What could affect my return negatively?

A position that is taken at a buy price (going long) will incur a loss if closed at a lower sell price.
A position that is taken at a sell price (going short) 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 of your open positions as quickly as possible. This may result in the loss of your entire account balance.

What happens if SFL is unable to pay out?

If SFL is unable to meet its financial obligations to you, you may lose the value of your investment. SFL segregates all retail client funds from its own money in accordance with the UK FCA’s Client Asset rules. SFL 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 Spot Commodity contract incurs the following costs:

This table shows the different types of cost categories and their meaning			
Cash	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	Ongoing costs	Daily holding cost	A fee is charged to your account for each night that your position is held. This means the longer you hold a position, the more it will cost.
Cash	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.

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

Spot Commodity contracts 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 Spot Commodity contract 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 [0845 355 0801](tel:08453550801), by emailing support@cityindex.com or in writing to StoneX Financial Ltd, 1st Floor, Moor House, 120 London Wall, London, EC2Y 5ET. If you do not feel that 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

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 the City Index 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 Spot Commodity contract. 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.cityindex.com/en-uk/terms-and-policies/>. Such information is also available on request.