

# 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 (Cyprus) Limited ("LCG CY"), authorised and regulated by the Cyprus Securities and Exchange Commission in Cyprus (License Number:341/17).

**Further information** You can find more information about LCG CY 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 +357 25 266606. This document was last updated on 1 January 2018.

## 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 Commodities such as US crude oil and Brent. 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 (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 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.

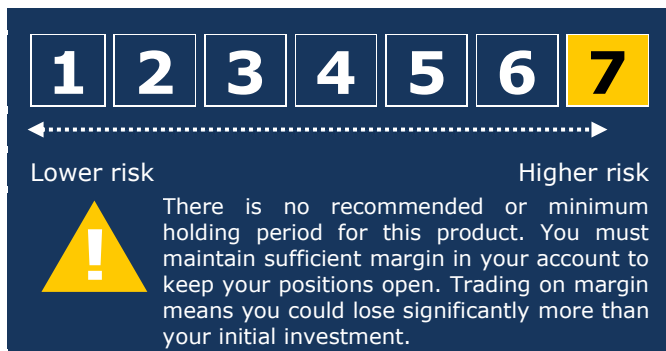
### Term

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

We may close your position without seeking your prior consent if you do not maintain sufficient margin in your account, but we are under no obligation to do this. More information about when we can close your position is set out 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 very high chance that you could lose more than your initial investment.

**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.**

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

### Performance Scenarios

This key information document is not specific to a particular product. It applies to a CFD on any commodity. However, each CFD you enter into with us is specific to you and your choices. You will be responsible for choosing the underlying a commodity; when you open and close your position; the size of your position and your margin; and whether to use any risk mitigation features we offer (such as stop loss orders), for example. Each of your positions will also be impacted by any other open position you have with us. These underlying options offered for each CFD will have a material impact on the risk and return of your investment. Specific information on the underlying investment options is available <https://www.lcg.com/markets/>.

This table shows the money you could get back under different scenarios. The scenarios assume you choose to buy 1 CFD contract relating to an underlying asset, US Crude Future. For example; US Crude Future is currently trading around 56.34. This particular CFD contract is priced at \$1000 per contract, meaning you will make or lose \$1000 for every point the price moves. Assuming the price at which you buy is 56.34 you will have a notional exposure to the underlying asset of \$56,340 (\$1000 x US Crude price). You will have to deposit \$282 as margin, which is 0.5% of your notional exposure, leading to a leveraged exposure of 200:1. The scenario does not charge any overnight funding since it is already in the spread on the futures contracts. It is assumed you deposit £1000 into your account to start and the GBPUSD conversion rate is 1.34.

<b>Notional exposure of \$56,340   Initial margin \$ 282   Leverage 0.5%</b>			
<b>Scenarios</b>		<b>Intra-day</b>	<b>10 days</b>
<b>Stress scenario:</b> The price falls by 1.2 points and we close you out at 55.14	<b>What you will lose after costs</b> Percentage return	-\$1,200.00 -90.0%	-\$1,200.00 -90.0%
<b>Unfavourable scenario:</b> The price falls by 0.3 points and you exit the position at 56.04	<b>What you will lose after costs</b> Percentage return	-\$300.00 -22.4%	-\$300.00 -22.4%
<b>Moderate scenario:</b> The price does not change and you exit the position at 56.30	<b>What you will lose after costs</b> Percentage return	-\$40.00 -3.0%	-\$40.00 -3.0%
<b>Favourable scenario:</b> The price increases by 0.3 points and you exit the position at 56.64	<b>What you might get back after costs</b> Percentage return	\$300.00 22.4%	\$300.00 22.4%

The stress scenario above shows how small price movements can rapidly lead to losses and in this circumstance, will result in a forced close out of your position. In this stress scenario you may owe us additional money for your trading losses and lose more than your investment. This does not take into account a situation where we are unable to pay you.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance and are not exact indicators. What you get will vary depending on how the market performs and how long you keep the investment.

The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back. This performance scenario assumes you only have one position open, and does not take into account the negative or positive cumulative balance you may have if you have multiple open positions with us.

## What happens if London Capital Group (Cyprus) Limited is unable to pay out?

If London Capital Group (Cyprus) 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 (Cyprus) Limited. London Capital Group (Cyprus) Limited segregates your funds from its own money in accordance with the CySEC Safeguarding of Client Funds. Should segregation fail, your investment is covered by the Investors Compensation Fund which covers eligible investments up to €20,000 per person, per firm. See [www.cysec.gov.cy/en-GB/complaints/tae/](http://www.cysec.gov.cy/en-GB/complaints/tae/).

## What are the costs?

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

<b>One off costs</b>	<b>Spread</b>	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.
	<b>Currency conversion</b>	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.
<b>Ongoing costs</b>	<b>Overnight holding costs</b>	There is no overnight holding costs associated with futures contracts since it is priced in the spread.
<b>Other costs</b>	<b>Distributor fees</b>	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 Cyprus Securities and Exchange Commission in Cyprus 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 product generally has no fixed term and will expire when you choose to exit the product 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 +357 25 266606, or email [supportteam@lcg.com](mailto:supportteam@lcg.com). If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the The Financial Ombudsman of the Republic of Cyprus. See [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy) 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-group/legal-documentation/>. Such information is also available on request.