



Key Information Document – CFD FX

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:

CFD FX trading is offered by CFSM Trader Ltd, CFSM Trader Ltd. as a trading name of CFS Management Limited FCA authorised 171480, registered in England and Wales, number 02960433. Contact Number: +44 207 323 020 7 or go to <https://cfsmtrader.com/> for more information.

This document was latest review: May 2021.

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

What is this product?

Type

A FX CFD is a leveraged contract entered into with CFSM Trader on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying FX pair. FX is always traded in pairs, and trading a spread bet on an FX pair involves the simultaneous buying and selling of two different currencies. An FX pair quote will show both currencies, e.g. USD/GBP, the first currency (USD) is known as the base currency and the second (GBP) is known as the variable currency.

CFD FX trading is always “long” and “short”. Giving the investor the choice to buy (or go “long”) the currency pair if they think the price of the base currency will rise in relation to the variable currency, or alternatively to sell (or go “short”) the currency pair if they think that the price of the variable currency will rise in relation to the base currency. For instance, if an investor is long on EUR/GBP spread bet and the price of the underlying FX pair rises, the value of the spread bet will increase - at the end of the contract CFSM Trader 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 underlying FX pair falls, the value of the spread bet will decrease - at the end of the contract they will pay CFSM Trader the difference between the closing value of the contract and the opening value of the contract. The leverage embedded within all FX-spreads has the effect of magnifying both profits and losses. The current (“spot”) prices we offer to you are derived from prices sourced from major liquidity providers to the OTC FX and bullion market. The forward (“future”) prices we offer to you are derived from underlying on-exchange Futures price data.

Objectives

CFS Management is registered in England and Wales with Registered number 02960433 and registered address 55 Riding House Street, London, England, W1W 7EE. CFS Management is authorised and regulated by the Financial Conduct Authority (Register number 171480).
<https://cfsmtrader.com>

The objective of the CFD FX is to allow an investor to gain leveraged exposure to the movement in the value of the underlying FX pair (whether up or down), without actually needing to buy or sell the underlying FX-pair. The exposure is leveraged since the CFD FX 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 CFD FX.

By way of example, USD/GBP is trading at 0,7200 at mid-price . If an investor buys a CFD FX spread worth £5 per point and an initial margin amount of 0.5% the initial investment will be \$ 1.800 (0,05x5x10x0,72), which demonstrates the effect of leverage, in this case 20:1 (1/0,05) This means that for eac1 point change (to the fourth decimal 0,7200) in the price of the underlying FX Pair so the value of the CFD changes by \$5. Pr. 1 point move.

The FX bet does not have a pre-defined maturity date and is therefore open-ended. There is no recommended holding period 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 the case of negative performance for the trade may result an auto-close. CFSM retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Intended Retail Investor

FX CFD is intended for investors who have knowledge of, or experience with, leveraged products. Likely investors will understand how the prices of FX pair CFDs are derived and the key concepts of margin and leverage, and that losses may exceed deposits in a given position. They will understand the risk/reward profile of the product compared to traditional FX dealing, and desire short-term, high-risk exposure to the underlying asset. Investors will also have appropriate financial means, hold other investment types 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 CFSM Trader are not able to pay you.

The FX CFD is leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested in a given position and you may be required to deposit additional funds in order to maintain your positions. There is no capital protection against market risk, credit risk or liquidity risk. It is possible to lose the total balance on your account.

Be aware of currency risk. It is possible to buy or sell FX CFDs on a FX pair 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 FX CFD trade on a FX pair is closed at less favourable price, which could significantly impact how much you get back. We may close your open FX CFD contract if you do not maintain the minimum margin that is required, if you are in debt to the company, 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. You can compare them with the scenarios of other products. The scenarios presented are an estimate of FX pair performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD FX. 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:

FX CFD (held intraday)		
Price:	P	0,7200
Margin %:	TS	5%
Lot size (\$/pt.):	M	5

Margin Requirement (\$):	$MR = P \times TS \times M$	500
Notional value of the trade (\$):	$TN = MR/M$	\$10,000

Table 1

Performance scenario	Closing price (inc. spread)	Price change	Profit/loss	SHORT Performance scenario	Closing price (inc. spread)	Price change	Profit/loss
Favourable	0.7308	1.5%	\$150	Favourable	0.7092	-1.5%	\$150
Moderate	0.7236	0.5%	\$50	Moderate	0.7164	-0.5%	\$50
Neutral	0.7200	0.0%	£0	Neutral	0.7200	0.0%	£0
Unfavourable	0.7092	-1.5%	-\$150	Unfavourable	0.7308	1.5%	-\$150
Stress	0.6840	-5.0%	-\$500	Stress	0.7560	5.0%	-\$500

What happens if CFSM Trader is unable to pay out?

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

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

FX CFD 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 FX CFD bet on a FX pair at any time during market hours.

The figures shown 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 are the costs?

Trading a FX CFD on an underlying FX pair incurs the following costs:

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

Undated 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.
Undated and Futures	One-off entry or exit costs	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.
Undated only	Ongoing costs	Daily holding cost	A overnight 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 costs.
Undated and Futures	Incidental costs		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	Equal to the applicable spread to open and close a trade.

T R A D E R

Complaints

If you wish to make a complaint, you should contact our Compliance Department on +44 (0)207 323 0207, by emailing support@cfsmtrader.com or in writing to Compliance Department compliance@cfsm.co.uk, 55 Riding House Street, London, W1W 7EE, England. 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 for further information. If your complaint is about an advisory or discretionary manager is acting on your account, please contact the firm providing the service.

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. You should ensure that you are familiar with all the terms and policies that apply to your account. The Product Overview on our platform contains additional information on trading a CFD.



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