

Key Information Document – Foreign Exchange (FX) Spread Bet

Product Description: A Foreign Exchange Spread Bet is quoted as a currency pair, for instance GBP/USD, the British Pound against the US dollar. The first currency listed is referred to as the base currency and the exposure of a spread bet is reflected in the second currency quoted, otherwise known as the quote currency.

Objective: Allows investor to speculate on the price movement of an exchange rate without ever taking delivery of the currency over any period.

Intended Retail Investor: Small to large scale investors who want to speculate on movements in the foreign exchange market.

This document is put together by Finsa Europe Ltd, trading as Core Spreads, and provides you with key information about this investment product. It is required by law to help you understand the nature, risks, costs and potential losses in investing with these products and to help you compare against other products before you make a decision to invest.

Nature of Product

A Spread Bet is a financial product under which the parties agree to exchange the difference, in cash, between the opening price and the closing price of a trade. Spread Bets are leveraged financial products, meaning that you only have to outlay a small percentage of the notional value of a transaction.

We offer a two-way price on a number of FX Spread Bets. For instance, GBP/USD 1.33560-1.33578. If you expected GBP to increase in value against the USD you would buy at 1.33578, if you expected it to depreciate you would sell at 1.33560. You would nominate the stake per tradeable unit, in this case it would be the amount you wished to stake for each 0.0001 movement in price. Let's say you chose to buy a stake of £10 per unit at 1.33578. This would equate to a notional value of £133,578 (13357.8 units multiplied by £10). In order to place the trade we would require margin on your account of 3.33% of the notional value of the trade, which equates to £4,448.15 in this case.

In the above example, the value of your open position would increase by £10 for every 0.0001 increase in price and decrease by £10 for every 0.0001 fall in price. You can close your position at any time during our trading hours. Positions can be automatically closed if the available funds on your account fall below 50% of the required margin to have positions open. There are a number of different order types that you can place in connection to a trade to manage your risk such as stop loss, trailing stop loss and guaranteed stop loss orders.

Please make sure you fully understand the nature of spread betting and the below risks associated with trading such products before making a decision to trade. Financial spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 75% of retail investor accounts lose money when trading CFDs with this provider.

Risks of Product

Although Spread Bets allow you to speculate on the rise and fall of global financial markets at a relatively low cost, without ever owning the underlying asset, they are considered to be risky products:

Counterparty risk - Spread Bets are "over the counter" (OTC) products, which means that they are not traded on a licensed financial market, such as a Stock Exchange. They are a contract between you and us, which means you are exposed to the risk of us as the counterparty not fulfilling our obligations to you.

Leverage risk - The leverage nature of Spread Bets means that a relatively small move in the price can cause an immediate and substantial loss to you.

Gapping risk - Financial markets can be very volatile. Gapping refers to an occurrence whereby the quoted price moves sharply from one level to the next, through an order level meaning your order may be executed at a worse price than you had hoped, for which you may incur losses beyond expectation.

Costs of Product

The principle cost or commission of trading Spread Bets is incorporated in what is known as the Spread, which is the difference between the sell and buy price. The Spread is fixed and can be viewed, along with other specific product information, in the Market Information Sheets which can be found here <https://corespreads.com/markets/market-information/>.

There is a cost of holding FX Spread Bets overnight, known as the Overnight Financing Charge. The effect of these adjustments is to mirror the effect of us financing the asset in the underlying market on your behalf. When holding long positions your account will typically be *debited* with the charge and, when holding short positions, may lead to you being *credited* with the charge but it will depend on the relative interest rates of the countries of the currencies involved in the trade.

How to complain

If you have a complaint about this product, you should contact us immediately at compliance@finsaurope.com. We must give you a response within 8 weeks, but we will normally respond to complaints within 3 days or less.

Please see <https://www.corespreads.com/legal/complaints/>. If you are not happy with our response, you may take the complaint to the Financial Ombudsman Service <http://www.financial-ombudsman.org.uk/>