# Key Information Document

CFD Futures

## 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, costs, risks and rewards of this product and to help you compare it with other products.

## Product

Contract for Difference ("CFD") on Futures
The manufacturer of this product is Saxo Capital Markets UK Limited ('SCML') - https://www.home.saxo/en-gb
Contact us on +44 (0)20 7151 2000
SCML is under the supervision of the Financial Conduct Authority (FRN 551422)
This Key Information Document was produced on 1st January 2023

## Alert

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

## What is this product?

### Type

A 'Contract for Difference' ("CFD") is a derivative (leveraged) financial instrument entered into with SCML on a bilateral basis. It allows you an indirect (also described as "synthetic") exposure (whether up or down) to an underlying product or financial instrument (for example, to a security, commodity or index). You will have no direct interest in the underlying product/financial instrument. Accordingly, you can make gains or suffer losses as a result of price or value movements in relation to the underlying product or financial instrument to which you have the indirect exposure. This type of product is an OTC derivative since it is traded outside of a trading venue (over the counter).

### Objectives

The objective of trading a CFD on Futures is to gain exposure (whether up or down) to movements related to a financial instrument without owning it. Your return depends on the size of the performance (or movement) of the underlying instrument and the size of your position. For example, if you believe the value of a commodity future is going to increase, you would buy a number of CFDs ("going long"), with the intention to later sell them when they are at a higher value. The difference between the buy price and your subsequent sell price would equate to your profit, minus any relevant costs (detailed below). If you think the value is going to decrease, you would sell a number of CFDs ("going short") at a specific value, expecting to later buy them back at a lower value than you previously agreed to sell them for, resulting in SCML paying you the difference, minus any relevant costs (detailed below). However, if the underlying instrument moves in the opposite direction, and your position is closed, you would owe SCML for the amount of loss you have incurred (together with any costs).

This product is traded on margin. Margin refers to the use of a certain amount of capital to support an investment of a larger exposure. Please note that margin trading requires extra caution, because whilst you can realize large profits if the price moves in your favour, you risk extensive losses if the price moves against you.

For each individual CFD, two different margin rates apply: 1) Initial Margin is the required collateral to open a new position. This requirement limits the client's notional investment exposure in relation to the amount of money invested. The Initial Margin percentages depend by type of underlying, and 2) Maintenance Margin, required to maintain an open position, is minimum 50% of the Initial Margin.

For example, the Initial Margin rate for UK Crude Oil is 10% and the Maintenance Margin is 5%. If the CFD is trading at 60 USD (50 EUR) and you trade 200 contracts, a margin of 1,000 EUR (50 × 200 × 10%) is required to open a Long/Short position. To hold the position, the maintenance margin of 500 EUR (50 × 200 × 5%) is required.

The Maintenance Margin is used to calculate the margin utilization. If your margin utilization reaches 100%, then automatic margin close–out will occur, meaning that orders to close positions will be placed and existing orders will be cancelled.

When trading CFDs on Futures, **Retail** clients have negative balance protection on their trading account. Should your account fall into a negative balance, you will not be obliged to make additional payments – meaning losses cannot exceed your deposits.

CFDs on Futures are execution only products and generally therefore have no recommended holding period (RHP). Future contracts have a pre-defined maturity date but can be exited prior to this date. It is up to you to open and close your position, however your position will only be kept open to the extent that you have available margin.

### Intended retail investor

Trading in this product will not be appropriate for everyone and are intended for investors who have knowledge or experience with leveraged products. The product would most commonly be utilized by persons who will understand how the prices are derived, the concepts of margin and leverage and want to generally gain short term exposures to financial instruments/markets; are using (trading with) money which they can afford to lose; have a diversified investment and savings portfolio; have a high-risk tolerance; and understand the impact of and risks associated with margin trading.



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## What are the risks and what could I get in return?

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.




**Lower risk** **Higher risk**

The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.

We have classified this product as 7 out of 7, which is the highest risk class.

Be aware of currency risk. You may receive payments in a different currency, so the final return you will get depend 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 payments to pay for losses. The total loss you may incur may significantly exceed the amount invested. This product does not include any protection from future market performance, so you could incur significant losses.

Trading risks are magnified by leverage.

Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out.

### Performance scenarios

This table shows the money you could get back or pay over the next 30 days, under different scenarios, assuming a nominal value of EUR 10,000. 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 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. 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 figures shown include all the costs of the product itself. However, the total cost is based on the assumption that you have a currency account in the same currency as the trading currency, i.e. currency conversion fees are not included in the calculations. The figures do not take into account your personal tax situation or any costs to other third parties you may have a relationship with, which may also affect how much you get back.

| Trade assumptions | | |
|---|---|---|
| **Description** | **Symbol/Equation** | **Value** |
| Instrument | I | UK Crude Oil |
| Opening Price (USD) | P | 60.00 |
| Trade Size (contracts) | TS | 200 |
| Currency Conversion Rate (EURUSD) | CCR | 1.20 |
| Nominal Amount (EUR) | NA = P x TS / CCR | 10,000 |
| Initial Margin (%) | IM | 10.00% |
| Maintenance Margin (%) | MM | 5.00% |
| Initial Margin (EUR) | IMR = P x TS x IM | 1,000 |
| Maintenance Margin (EUR) | MMR = P x TS x MM | 500 |
| Spread (USD) | S | 0.05 |
| Carrying Cost rate | CC | 1.50% |
| Holding time (days) | HT | 30 |

| Performance scenario (Long) | | | | |
|---|---|---|---|---|
| **Long Positions** | **Closing Price (USD)** | **Price Change** | **Total Cost (EUR)** | **Total Profit/ Loss (EUR)** |
| Favourable | 52.41 | 4.81% | 10.63 | 471 |
| Moderate | 50.13 | 0.27% | 10.63 | 16 |
| Unfavourable | 47.94 | -4.13% | 10.63 | -423 |
| Stress | 43.50 | -12.99% | 10.63 | -1,310 |

| Performance scenario (Short) | | | | |
|---|---|---|---|---|
| **Short Positions** | **Closing Price (USD)** | **Price Change** | **Total Cost (EUR)** | **Total Profit/ Loss (EUR)** |
| Favourable | 47.98 | -4.05% | 10.63 | 394 |
| Moderate | 50.11 | 0.22% | 10.63 | -33 |
| Unfavourable | 52.45 | 4.90% | 10.63 | -501 |
| Stress | 57.98 | 15.96% | 10.63 | -1,606 |



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## What happens if Saxo is unable to pay out?

If SCML is unable to pay out, you may lose the value of your investment. However, SCML segregates all retail client funds from its own firm money in accordance with the FCA's client asset sourcebook. SCML also participates in the Financial Services Compensation Scheme (FSCS) which covers eligible investments up to GBP85,000 per person per firm. See www.fscs.org.uk.

## What are the costs?

### Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the performance of the product. The total costs take into account one-off, on-going and incidental costs. The amounts shown here are the cumulative costs of the product itself, for an illustrative holding period of 30 days. The figures assume a nominal value of EUR 10.000. The figures are estimates and may change in the future.

| Cost over time | Long Position | Short Position |
|---|---|---|
| Nominal Amount (EUR) | 10,000.00 | 10,000.00 |
| Initial Margin (EUR) | 1,000.00 | 1,000.00 |
| Holding time (days) | 30 | 30 |
| **Total Cost (EUR)** | **11.04** | **11.04** |
| RIY as % of Notional Value | 0.11% | 0.11% |
| RIY as % of Initial Margin | 1.10% | 1.10% |

### Composition of costs

The table below shows:

// The impact of different types of cost on the performance of the product
// The meaning of the different cost categories.

| Breakdown of possible costs associated with CFD on Commodities | | | |
|---|---|---|---|
| One-off costs | Spread | The difference between the Bid (Sell) and the Ask (Buy) price is called the spread. | Min. Target spread for UK Crude Oil is 0.05 USD (0.04 EUR). |
| | Currency Conversion Fee | The fee charged for converting realised profit/loss from the instrument currency to the account currency. | Currency conversion fee of 0.50%. |
| Ongoing costs | Carrying Cost | If you hold a position in Expiring CFDs overnight, you are subject to a carrying cost. The carrying cost is calculated on the basis of the daily margin requirement and applied when a position is held overnight. | Benchmark rate (BM) +/- 1.50% |
| Incidental costs | - | - | - |

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

Recommended holding period: NO RECOMMENDED HOLDING PERIOD
CFDs on Futures have no recommended holding period. Provided that Saxo is open for trading you can enter and exit positions at any time.

## How can I complain?

If you as a client or a prospective client of Saxo Capital Markets UK Ltd have raised a question or an issue with SCML for instance with your account manager or another employee of SCML without receiving a satisfactory answer you may file a complaint with SCML as per below.

If the person advising or selling to you is not an SCML employee, please contact them directly. Attn: Complaints, Saxo Capital Markets UK Ltd, 26th Floor, 40 Bank Street, London E14 5DA
Or via the platform at https://www.home.saxo/en-gb/legal/complaints/complaints-directions or by email to uklegal@saxobank.com

If you do not feel that your complaint has been resolved to your satisfaction, 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

The General Business Terms 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.
Please refer to our website for any other information https://www.home.saxo/en-gb



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