Key Information Document – CFD

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 to help you compare it with other products.

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

Product

Contracts for difference referencing equities, indices, commodities, treasuries and foreign exchange

This product is offered by ADS Securities London Limited (“ADS”) (www.adsprime.co.uk)

Call ADS on +44 (0) 203 771 5455 or email us at support@ads-securities.co.uk for more information regarding this product. ADS is authorised and regulated by the UK Financial Conduct Authority (Register Number 577453).

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What is this product?

Type: A contract for difference (“CFD”) is a leveraged contract entered into with ADS on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying market such as a share, currency, commodity, index or treasury.

An investor has the choice to buy (or go “long”) the CFD to benefit from rising prices in the underlying market; or to sell (or go “short”) the CFD to benefit from falling prices. The price of the CFD is derived from the price of the underlying market price, which may be either the current cash price or a future price. For instance, if an investor is long a CFD and the price of the underlying rises, the value of the CFD will increase - at the end of the contract ADS 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 price of the underlying falls, the value of the CFD will decrease - at the end of the contract they will pay ADS the difference between the closing value of the contract and the opening value of the contract. A CFD referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date – a date upon which the contract either automatically closes or must be rolled into the next period. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Objectives: The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying index (whether up or down), without actually needing to buy or sell in the underlying market. The exposure is leveraged since the CFD 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 CFDs.

By way of example, if an investor buys 10 CFDs (e.g. 10 units of UK100) with an initial margin amount of 0.2% and an underlying index price of 6995.55, the initial investment will be £139.91 (0.2% x 6995.55 x 10). The effect of leverage, in this case 500:1 (1 / 0.2%) has resulted in a notional value of the contract of £69,995.50 (£139.91 x 500). This means that for each 1 point change in the price of the underlying index so the value of the CFD changes by £1.

For instance, if the investor is long and the market increases in value, a £10 profit will be made for every 1 point increase in that market. However if the market goes down, a £10 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.

Undated CFD contracts do not have an expiry date and are therefore open-ended but an overnight Financing Cost is charged. A forward contract has a pre-defined expiry date where the CFD is either cash settled (closed) or rolled into the next forward contact i.e. from a January expiry into a March expiry. Rolling is at the discretion of the investor. 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 the case of negative price movement may result in the CFD being auto-closed. This will occur when losses plus the margin required for the product exceed the cash deposited. ADS also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Intended retail investor: CFDs are intended for investors who have knowledge of, or experience with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage, and that losses may exceed deposits. They will understand the risk/reward profile of the product compared to traditional share dealing, and desire short-term, high-risk exposure to an underlying asset. Investors will also have appropriate financial means, hold other investment types and have the ability to bare losses in excess of the initial amount invested.

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

Summary Risk Indicator:

1	2	3	4	5	6	**7**

Lower Risk ← → Higher Risk

This summary risk indicator assumes that you keep the product for 1 [day/week]. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

This summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how risky the product is because of movement in the markets and leverage.

We have classified this this product as a 7 out of 7, which is the highest risk class. This rates the potential risk of losses from future performance at a very high level.

Beware of currency risk. You may receive payments in a different currency, so the final return you will get may 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 further 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 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 section "What happens if we are unable to pay you"). The summary risk 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.

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 following assumptions have been used to create the scenarios in Table 1:

Index CFD		
Example Instrument		UK100
Instrument opening price	P	6995.55
Trade size per point	TS	10
Margin %	M	0.20%
Margin Requirment	MR = P x TS x M	£ 139.91
National value of the trade	TN = MR/M	£ 69,955.50

LONG Performance scenario	Closing price (inc. spread)	Price change	Profit/Loss	SHORT Performance scenario	Closing proce (inc. spread)	Price change	Profit/Loss
Favourable	7,079.50	1.20%	£ 839.47	**Favourable**	6,911.60	-1.20%	£ 839.47
Moderate	7,030.53	0.50%	£ 349.78	**Moderate**	6,960.57	-0.50%	£ 349.78
Unfavourable	6,911.60	-1.20%	£ 839.47	**Unfavourable**	7,079.50	1.20%	£ 839.47
Stress	6,715.73	-4.00%	£ 2,798.22	**Stress**	7,275.37	4.00%	£ 2,798.22

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. Buying a "long" version of this product holds that you think the underlying price will increase and buying a "short" version of this product holds that you think the underlying price will decrease.

What happens if ADS Securities London Limited is unable to pay out?

If we are not able to pay you what is owed, you could lose your entire investment. However, ADS segregates all retail client funds from its own money in accordance with the Financial Conduct Authority Client Money rules. Moreover, we are covered by the UK Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations to you. This depends on the type of business and the circumstances of the claim. Payments under the UK Financial Services Compensation Scheme are subject to a maximum payment per investor.

What are the costs?

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

Cash 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.
		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 only	Ongoing costs	Daily holding cost	A 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.
Cash and Futures	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.

Futures only	Other costs	Rollover costs	We charge you to roll over a futures contract into the next month or quarter, equal to half the applicable spread to open and close a trade.

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

CFDs 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 CFD on an FX pair at any time during market hours.

How can I complain?

If you have a complaint in respect of this product you should, in the first instance, write to our Compliance Department using the following details: 9th Floor, Stock Exchange Tower, 125 Old Broad Street, London EC2N 1AR and compliance@ads-securities.co.uk or call us on +44 203 771 5455. You may also have a right to complain directly to the Financial Ombudsman Service (www.financial-ombudsman.org.uk).

Other relevant information

This investment product is settled in cash and you do not have any rights to any underlying reference obligation.