ADSS Key Information Document – Equity Share Spread Bet

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.

Alert

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

Product

Spread Bet on an Equity share.

This product is offered by **ADS Securities London Limited ("ADSS")** (www.adss.com), a company registered in England and Wales, under number 07785265. ADSS is authorised and regulated by the UK Financial Conduct Authority (Register Number 577453). For more information regarding this product contact ADSS on +44 (0) 203 771 5455 or email at support@adsslondon.com.

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What is this product?

Type:

A Spread Bet is a leveraged contract entered into with ADSS on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying equity share.

An investor has the choice to buy (or go "long") the Spread Bet to benefit from rising equity prices; or to sell (or go "short") the Spread Bet to benefit from falling equity prices. The price of the Spread Bet is derived from the price of the underlying equity price. For instance, if an investor is long a Spread Bet on ABC Company and the price of the underlying equity rises, the value of the Spread Bet will increase, and at the end of the bet ADSS will pay the difference between the closing value of the bet and the opening value of the bet. Conversely, if an investor is long and the price of the underlying equity falls, the value of the Spread Bet will decrease, and at the end of the bet they will pay ADSS the difference between the closing value of the bet and the opening value of the bet. The leverage embedded within all Spread Bets has the effect of magnifying both profits and losses.

Objectives:

The objective of the Spread Bet is to allow an investor to gain leveraged exposure to the movement in the value of the underlying equity (whether up or down), without actually needing to buy or sell the underlying equity. The exposure is leveraged since the Spread Bet only requires a 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 Spread Bets.

By way of example, if an investor buys a Spread Bet worth £10 per point of an equity with an initial margin amount of 20% and an underlying equity price of 500p, the initial investment will be £1000 (0.2 x £5 x 10 x 100). The effect of leverage, in this case 5:1 (1 / 0.2) has resulted in a notional value of the contract of £5,000 (5 x 1000). This means that for each 1p change in the price of the underlying equity so the value of the Spread Bet changes by £10. For instance, if the investor is long and the market increases in value, a £10 profit will be made for every 1p increase in that market. However, if the investor is short, a £10 loss will be incurred for each point the market decreases in value.

The Spread Bet does not have a pre-defined maturity date and is therefore open-ended; As a result, 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 Spread Bet being closed out. This process may be automated and, accordingly, your positions may be closed-out with little or no notice being provided to you. ADSS also retains the ability to terminate any Spread Bet where it deems that the terms of the contract have been breached.

Intended retail investor:

Spread Bets are intended for investors who have knowledge of, or are experienced with, leveraged products. Likely investors will understand how the prices of Spread Bets are derived, the key concepts of margin and leverage including the risk/reward profile of the product. In addition, intended investors will also have appropriate financial means and the ability to bear losses of up to the total margin 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

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.

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

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

Spread Bets are leveraged products that, due to underlying market movement, can generate losses rapidly 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. Retail clients are subject to negative balance protection which means, while it is possible to lose the entire amount invested, you are not able to lose more than your investment.

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.

Market conditions may mean that your Spread Bet trade on an equity share is closed at a less favourable price, which could significantly impact how much you get back. We may close your open Spread Bet 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 and, accordingly, your positions may be closed-out with little or no notice being provided to you.

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, but are not an exact indicator. 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. Please remember that past performance is not a reliable indicator of future performance. What you get back will vary depending on how the market performs and how long you hold the Spread Bet. 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

Equity Share Spread Bet (held intraday)		
Equity opening price:	**P**	500
Trade size (per point):	**TS**	10
Margin %:	**M**	20%
Margin Requirement (£):	**MR = P x TS x M**	1000
Notional value of the trade (£):	**TN = P x TS**	5000

Table 1

LONG Performance Scenario	Closing price (inc. spread)	Price change	Profit/loss	SHORT Performance scenario	Closing price (inc. spread)	Price change	Profit/loss
Favourable	507.5	1.5%	£75	Favourable	492.5	-1.5%	£75
Moderate	502.5	0.5%	£25	Moderate	497.5	-0.5%	£25
Unfavourable	592.5	-1.5%	-£75	Unfavourable	507.5	1.5%	-£75
Stress	475	-5%	-£250	Stress	525	5%	-£250

The figures shown include all the costs of the product itself. If you 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 means that you think the underlying price will increase and buying a "short" version of this product means that you think the underlying price will decrease.

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

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

ADSS also participates in the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £50,000 per person, per firm. For further information please refer to the FSCS website www.fscs.org.uk.

What are the costs?

Trading a Spread Bet on an underlying equity share incurs certain of the following costs:

This table shows the different types of cost categories and their meaning		
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.
Ongoing costs	**Daily Funding Charge**	A fee is charged to your account for every night that your position is held. This fee is an interest adjustment to your account to reflect the cost of funding your position and is based on the one month interbank funding rates (LIBOR) and is calculated by the one Month GBP Libor plus 250 basis points divided by 365. Please refer to the Market Information Sheet on our website for further information.
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.

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

Spread Bets 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 Spread Bet 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, 125 Old Broad Street, London EC2N 1AR and compliance@adsslondon.com or call us on +44 203 771 5455. If you are not satisfied with our response to your complaint, you may contact the Financial Ombudsman Service (www.financial-ombudsman.org.uk).

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 (improve or get worse). Ensure your internet signal strength is sufficient before trading.

Our Market Information Sheets contain additional information on trading a Spread Bet. In addition the Legal Documents 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.

Spread Bets are complex instruments and come with a high risk of losing money rapidly due to leverage. **72% of retail investor accounts lose money when trading Spread Bets and CFDs with this provider**. You should consider whether you understand how Spread Bets work and whether you can afford to take the high risk of losing your money.