

Key Information Document

Effective Date: 1st August 2018

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: CFDs are offered by GMO-Z.com Trade UK Limited, ("Z.com", "we" or "us), which is authorised and regulated by the Financial Conduct Authority.

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What is this product?

Type: A contract for difference ("CFD") is a leveraged contract entered into with Z.com on a bilateral basis. It allows an investor to speculate or hedge on rising or falling prices in an underlying market such as currency, commodity or index through online trading platforms. 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 in the underlying market. The price of the CFD is derived from the price of the underlying market price. For instance, if an investor is long a CFD and the price of the underlying market rises, the value of the CFD will increase and when the contract can be closed at profit, Z.com 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 market falls, the value of the CFD will decrease - at the end of the contract they will pay Z.com the difference between the closing value of the contract and the opening value of the contract. 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. 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. For example, if an investor buys 1 lot of a CFD (e.g. 1 unit of US30) with an initial margin amount of 0.5% and an underlying index price of \$25000, the initial investment will be \$125 ($0.5\% \times 25000 \times 1$). The effect of leverage, in this case 200:1 ($1 / 0.5\%$) has resulted in a notional value of the contract of \$25000 ($\125×200). 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 \$1 profit will be made for every 1 point increase in that market. However, if the market decreases in value, a \$1 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. CFD contracts in general do not have an expiry date and are therefore open-ended but an Overnight Financing Charge is incurred. So, 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.

Intended Retail Investor: CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products and that understand how the prices of CFDs are derived, the key concepts of margin and leverage, and that losses may exceed deposits. Investors will also have appropriate financial means to bear losses in excess of the initial amount invested.

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

Risk Indicator



This risk indicator is a guide to the level of risk of CFDs compared to other financial products. It shows how likely the product will lose money because of movements in the market. 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.

CFDs with small margin carry a higher level of risk and may work for or against you due to market movement. In some circumstances you may be required to make further payments to pay for losses. Furthermore, where there is low liquidity, it may not be possible to close your open positions immediately. During this time, the value of the open positions could fall significantly. **The total loss could exceed the amount you invested.**

Performance Scenarios

The scenarios shown below indicate how your investment could perform.

Opening Condition

Opening Price: £5000

Trade Size: 10

Sell/Buy: Buy

Required Margin Ratio: 1%

Required Margin: £500 (5000*10*1%)

Favourable Scenario

Closing Price: £5150

Price Change: 3%

Profit/Loss: £1500

P/L ratio against Required Margin: 300%

Moderate Scenario

Closing Price: £5050

Price Change: 1%

Profit/Loss: £500

P/L ratio against Required Margin: 100%

Unfavourable Scenario

Closing Price: £4800

Price Change: -4%

Profit/Loss: -£2000

P/L ratio against Required Margin: -400%

Stress Scenario

Closing Price: £4500

Price Change: -10%

Profit/Loss: -£5000

P/L ratio against Required Margin: -1000%

What happens if Z.com is unable to pay out?

If Z.com goes into liquidation and we are not able to pay you what we are owed, you may lose the value of your entire investment. However, Z.com segregates all retail client funds from its own money in accordance with the UK FCA's Client Asset rules. Furthermore, the UK government backed Financial Services Compensation Scheme [FSCS] will protect eligible client funds up to a maximum of £50,000 per person, per firm. See <https://www.fscs.org.uk/> for more details.

What are the costs?

Please see following for the costs incurred when trading with us.

Classic Account

Spreads: Floating from 1.0 pips

Commission: None

Swaps, Dividends and Financing Charges: The realised amount will be credited or debited when your position is closed. Swaps, Dividends and Financing charges for each product are clearly detailed within the MT4 platform, under the Account History tab in the Terminal section.

ECN Account

Spreads: Floating from 0.0 pips.

Commission: \$4 per lot per side for FX, Cryptocurrencies, Gold & Silver. No commission for other Commodities and Indices

Swaps, Dividends and Financing Charges: The realised amount will be credited or debited when your position is closed. Swaps, Dividends and Financing charges for each product are clearly detailed within the MT4 platform, under the Account History tab in the Terminal section.

ECN Plus Account

Spreads: Floating from 0.0 pips.

Commission: \$2.5 per lot per side for FX, Cryptocurrencies, Gold & Silver. No commission for other Commodities and Indices

Swaps, Dividends and Financing Charges: The realised amount will be credited or debited when your position is closed. Swaps, Dividends and Financing charges for each product are clearly detailed within the MT4 platform, under the Account History tab in the Terminal section.

Professional Account

Spreads: Floating from 0.0 pips.

Commission: \$2.5 per lot per side for FX, Cryptocurrencies, Gold & Silver. No commission for other Commodities and Indices

Swaps, Dividends and Financing Charges: The realised amount will be credited or debited when your position is closed. Swaps, Dividends and Financing charges for each product are clearly detailed within the MT4 platform, under the Account History tab in the Terminal section.

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

There is no recommended holding period that you keep your opening position and you can open and close a CFD at any time during market hours. For any withdrawal requests received after the cut-off time of 12:00, we cannot guarantee same-day processing, however such requests will be processed on a best-endeavour basis.

How can I complain?

If you wish to make a complaint, you should contact the Compliance Department on 020 3440 7720, by emailing complaints.trade.uk@z.com or by post at GMO-Z.com Trade UK Limited, Becket House, 36 Old Jewry, London EC2R 8DD. If you are not satisfied with the response, you may refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

Other relevant information

The Legal Documents section on 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.