Key Information Document - CFD on an Exchange-traded Fund

Purpose

This document is aimed at providing you with key information regarding this specific investment product and should not be taken as marketing material. It is a legal requirement to provide this information in order to help you understand the nature, risks, costs, potential gains and losses related to this product and to enable you to compare this product against other products on offer.

Contract for difference ("CFD") on an exchange-traded fund ('ETF') is offered by **Admiral Markets UK Ltd.** (hereinafter "AM", "we" or "us"), a company registered in England and Wales under Companies House – registration number 08171762. Admiral Markets UK Ltd. is authorised and regulated by the Financial Conduct Authority (FCA) – registration number 595450. The registered office for Admiral Markets UK Ltd. is: 16 St. Clare Street, London, EC3N 1LQ, United Kingdom. Please call +442077264003 or go to www.admiralmarkets.com for more information.

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⚠ **You are about to purchase a product that is highly sophisticated and may be difficult to understand.**

What Is This Product?

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying ETF (whether that be upwards or downwards), without the need to actually buy, sell or otherwise transfer the underlying ETF shares. 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.

For example, if an investor buys 2,000 CFD units, each representing a single ETF share, with an initial margin amount of 10% and an underlying ETF price of USD 5.0, the initial investment will be USD 5.0 x 1.0 x 2,000 x 10% = USD 1,000. The effect of leverage, in this case 1:10 (1 / 10%), has resulted in a notional value of the contract of USD 5.0 x 2,000 = USD 10,000.

This means that for each point change (i.e. a change by 0.01) in the price of the underlying ETF the value of the CFD changes by USD 20. For instance, if the investor is long and the market increases in value, a USD 20 profit will be made for every 1 point increase in that market. On the other hand, if the investor is short, a USD 10 loss will be incurred for each point the market decreases in value.

The CFD does not have a pre-defined maturity date and is therefore open-ended. The length of the holding period is at the discretion of each individual investor, based on their trading strategy, style and intended outcome – there is no recommended length for this period of time.

Automatic closure of a CFD may occur if an investor fails to deposit additional funds with which to meet the margin requirement as a result of a negative price movement. This will happen when an account's valuation (equity) decreases to a certain percentage of the initial margin amount.

Objectives

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The Intended Retail Investor

This product is intended for investors who already have an understanding and previous experience in dealing with leveraged products. Commonly, before committing any capital investors will already understand how prices of CFDs are derived, have a clear grasp of the concepts of margin and leverage and understand the fact that losses may exceed deposits. They should also understand the risk/reward profile of the product when compared to that of ETF shares dealing. It is also obligatory for investors to have the appropriate financial means and ability to bear any and all losses in excess of the initial amount they've invested.

What Are the Potential Risks and Returns?

Risk Indicator

1 2 3 4 5 6 **7**

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 ar sell your CFD at a price that significantly impacts how much you get back.

The risk indicator above is a summary of the level of risk that this product has when compared to other products. It signifies how likely it is that the product will lose money because of market movements or because we are not able to pay you.

We have deemed this product to be 7 out of 7, which is the highest-possible risk class. This rates the potential losses from future performance of the product at a very high level.

CFDs are leveraged products that, due to movements within the underlying market, can rapidly generate losses. Losses can exceed the invested amount and may, therefore, require the depositing of additional funds. AM offers a limited level of protection to retail investors, the Negative Account Balance Protection Policy. However, there are no means of protection of your capital against market risk, credit risk or liquidity risk.

Be aware of currency risk. It is possible to buy or sell CFDs in a currency which is different to the base currency of your account. The final sum you may get receive depends on the exchange rate between the two currencies. This risk has not been considered in the risk indicator you can see above.

As stated, in some circumstances, you may be required to make further payments in order to pay for any losses that have occurred, meaning that **the total loss you may incur could significantly exceed the amount you invest.**

Conditions in the market may mean that your CFD trade on an ETF is closed at a less favourable price, which could significantly impact the level of returns you receive. We reserve the right to close your open CFD contract if you do not maintain the minimum margin that is required, if you are in debt to AM, or if you contravene market regulations. This process may be automated.

Future market performance is not protected against, 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 the section “What happens if Admiral Markets UK Ltd. is unable to pay you”) and, as stated, also from the Negative Account Balance Protection Policy. The risk indicator you can see above does not consider these protections.

Performance Scenarios

The scenarios outlined in this section are designed to show you how your investment could perform. It would be good practice to compare them with the relative scenarios of other products. These scenarios are an estimate of future performance based on past evidence on how the value of this investment may vary, and are, by no means, an exact indicator. Any returns you receive depend on how the market performs and how long you hold the CFD for. The stress scenario signifies what you may receive in extreme market circumstances and does not take into account a situation where we are not able to pay you.

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

Exchange-traded Fund CFD (held intraday)		
Cryptocurrency opening price:	P	5
Trade size (per CFD):	TS	2,000
Margin:	M	10%
Margin requirement (USD)	MR = P x TS x M	1,000
Notional value of the trade (USD)	TN = MR / M	10,000

Table 1

LONG Performance scenario	Closing price (bid)	Price change	Profit/loss (USD)	SHORT Performance scenario	Closing price (offer)	Price change	Profit/loss (USD)
Favourable	5,075	1.5%	150	Favourable	4,925	-1.5%	150
Moderate	5,025	0.5%	50	Moderate	4,975	-0.5%	50

Unfavourable:	4,925	-1.5%	-150	Unfavourable:	5,075	1.5%	-150
Stress	4,750	-5.0%	-500	Stress	5,250	5.0%	-500

The figures shown include all product costs. 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 costs that you may need to pay to them. Your personal tax situation, which may also affect how much you get in return, is also not take into account here.

What Happens If Admiral Markets UK Ltd. Is Unable to Pay Out?

If AM is unable to meet its financial obligations to you, you may lose the value of your investment. However, AM segregates all retail client funds from its own money, in accordance with the UK FCA's Client Asset rules. AM also participates in the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to GBP 50,000. Individuals are eligible under the FSCS scheme and smaller businesses may also be eligible. Generally-speaking, larger businesses are generally excluded from the FSCS scheme. See www.fscs.org.uk.

What Are the Costs?

Trading a CFD on an underlying ETF incurs 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 ("offer price") and the sell price ("bid 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 using the median prices of applicable FX pairs in the trading platform, where the median price is calculated as (offer price - bid price) / 2
One-off entry or exit costs	Commission	A commission fee is charged on per-trade basis on our ETF CFD products, for more details please visit the Commissions section on our website.
Ongoing costs	Dividend adjustments	ETF CFDs are subject to cash adjustments reflecting the dividend payouts on the underlying ETF shares. Your account will be credited when holding a long position (buy) or debited when holding a short position (sell) for the appropriate amount on the ex-dividend dates of the underlying ETF, if you have opened a CFD on an ETF before the end of daily trading session on the day prior to such ex-dividend dates.
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.
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?

As stated above, these products have no recommended holding period, nor cancellation period and, therefore, no cancellation fees. Opening and closing of a CFD on an ETF can be done at any time during market hours. Please note that holding a CFD on an ETF for a long term may incur substantial daily holding costs.

How Can I Complain If I Need To?

If you are dissatisfied with any aspect of the service provided to you by Admiral Markets UK Ltd., you may, in the first instance, contact our Client Management Team by phone: +442077264003; by email: compliance.uk@admiralmarkets.com; or in writing: Admiral Markets UK Ltd., 16 St. Clare Street, London EC3N 1LQ, United Kingdom.

If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

You can also refer to the European Commission's Online Dispute Resolution Platform, however we should inform you that it's likely that they will refer you to the FOS.

Other Relevant Information

If there is a 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. You should ensure that your Internet connection is sufficiently strong enough before trading. The Documents and Policies 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.

Our contract specifications contain additional information on trading a CFD on an underlying ETF. These can be found on the trading platform and on our website: www.admiralmarkets.com.