

CMC MARKETS UK PLC  
and  
CMC MARKETS CANADA INC.  
Relationship Disclosure Document

December 2018

Registered in England. Company No. 02448409

Authorised and regulated by the Financial Conduct Authority. Registration No. 173730

Incorporated in Canada. Corporation No. 4303075



## RELATIONSHIP DISCLOSURE DOCUMENT

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*(December 2018)*

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## RELATIONSHIP DISCLOSURE DOCUMENT

### CMC MARKETS UK PLC and CMC MARKETS CANADA INC.

This is a summary of some of the important information contained in the CFD Terms of Business for Non-US Residents between you and CMC Markets UK Plc ("**CMC Markets UK**") and CMC Markets Canada Inc. ("**CMC Markets Canada**"). In this document, CMC Markets UK and CMC Canada are together referred to below as "**CMC Markets**", "**we**", "**us**" or "**our**".

#### 1. About Us

CMC Markets Canada is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Canadian Investor Protection Fund (**CIPF**). We are here to execute your trading instructions; we do not provide advice or recommendations. All trades and investment decisions on your account are made by you. Our platform executes trading instructions on a wide range of products (FX, Commodities, Equities, Indices and Treasuries) through the use of contracts for difference (**CFDs**). We offer margin accounts to retail clients.

Investing in CFDs or other financial derivatives products carries a high level of risk to your capital. The prices of CFDs may change to your disadvantage very quickly. It is possible to lose more than any initial investment and you may be required to make further payments. These products may not be appropriate for all investors. Therefore you should ensure you understand the risks involved and seek independent advice if necessary.

#### 2. Important Client Information

Obtaining and maintaining correct Know-Your-Client (**KYC**) information on you is a regulatory requirement. We also have a responsibility to demonstrate to our regulators that the high risk nature of CFD trading is consistent with your financial status, trading experience and investment knowledge. To accomplish this, we will need to collect information from you, including but not limited to, information required to:

- verify your identity;
- assess your financial circumstances (including details of your employment, annual salary and net worth) and your trading knowledge and experience;
- ascertain whether you are an insider or controlling shareholder in a public company or a politically exposed person;
- ascertain, if you are opening a corporate account, the nature of the business and specifics of any holdings and the identities of any individual who owns (directly or indirectly) or controls more than 10% of the corporation's shares; and
- confirm that the opening of a CFD account is suitable based on the information provided. For the avoidance of doubt, as an execution-only dealer once your account is opened we are not required (and do not) assess whether or not each individual trade is suitable for you.

If, at any time in the future, you make any changes that could affect (in particular) your income, investment objectives, risk tolerance, net worth or regulatory obligations, please let us know so we can ensure that the information we have on you is up to date. When CMC Markets Canada becomes aware of a material change to your KYC information, we are required to demonstrate to our regulators that your account is still appropriate based on the revised information. At a minimum, CMC Markets Canada will request that you confirm the information you have

provided to us on an annual basis. If you do not respond to our request for confirmation your account may be restricted from opening new positions. You should acquaint yourself with all relevant sales literature and other documents pertaining to your investments. Carefully reviewing all your sales, legal and other documents will help you fully understand your investments. Our representatives are trained to provide you with the support you need to manage your investment account, but will not provide you with any investment advice. We encourage you, where appropriate, to seek independent advice from appropriately qualified professionals.

### **3. Risks of Trading CFDs**

Our CFDs can carry a high risk to your capital as prices may move rapidly against you. You can lose more than any initial investment and you may be required to make further payments. Please note that the higher the leverage, the higher the risks involved. You should not enter into trades with us unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

This document cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in CFDs and other financial derivative products. You should take sufficient time to read all the relevant information that we provide to you, including our Risk Warning Notice, our CFD Terms of Business, our Order Execution Policy Summary for CFDs, and the information on our website and platform. In light of the risks, you should undertake to trade CFDs only if you understand the nature of the product and contractual relationships into which you are entering and the extent of your exposure to risk.

In addition to the above, when clients open an account with CMC Markets Canada Inc., they will receive: CMC Markets' Risk Warning Notice for CFDs, Order Execution Policy for CFDs, CFD Terms of Business and Relationship Disclosure Document. Clients will also receive IIROC's mandatory disclosure documentation: How IIROC protects investors, Making a Complaint: A Guide for Investors Part 1 of 2, How Can I Get My Money Back: A Guide for Investors Part 2 of 2.

### **4. Conflicts of Interest**

It is important that you understand the nature of your relationship with us and our relationship with other organisations. CMC Markets Canada may engage in activities as an investment dealer in respect of securities of related issuers. CMC Markets Canada is an affiliate of CMC Markets UK. This makes CMC Markets UK a "connected issuer" and a "related issuer" of CMC Markets Canada within the meaning of the securities legislation of each of the provinces of Canada in connection with the offering of CFDs.

In the event that CMC Markets enters into future business relationships that may be perceived to compromise the independence of our client service or supervision of accounts, clients will be advised of the specifics of the potential conflict via e-mail and/or special insert into their regular monthly statement. If we have opened your account pursuant to a referral arrangement, we will provide you with the prescribed regulatory disclosure regarding the compensation structure paid to the referring agent.

It is important that you review and understand our conflict of interest policy, which is on CMC Markets Canada's website, prior to opening an account.

### **5. Fee Structure**

For a full disclosure of our entire current fee structure including all of the costs you will pay in making, holding and selling investments, please consult the fees section of our website. If you have any concerns or issues with this information please contact us before opening your account so that we can help clarify our fee structure.

## 6. Reporting

We will report to you about your account on an ongoing basis by providing trade confirmations and account statements.

**Trade confirmations:** We will always deliver a confirmation for every trade opened or closed on your account, within two business days of the executed transaction. Trade confirmations are incorporated in the daily account statements, which are accessible on the trading platform. You can also elect to have the statements delivered to your email address.

The trade confirmation will contain details about the trade including:

- the quantity and description of the trade;
- the consideration paid for the trade; and
- the commission paid, if any, in respect of the trade.

**Account statements:** Daily and monthly statements are generated for your account when there is a cash balance or trading activity. CMC provides a monthly account statement for your account which is available after 5 business days of the preceding month. The monthly account statement is available on your trading platform and you can elect to have it delivered to your email address. The monthly account statement is an amalgamation of the information relating to your CMC Markets account for the previous calendar month.

The account statements provide you with all of the relevant account activity information pertaining to your account, which includes:

- the opening and closing balance of the account;
- all deposits, credits, withdrawals and debits made to the account;
- the quantity and description of each CFD opened and closed and the applicable dates;
- the quantity, description and value of each CFD held on the account; and
- any applicable commission and costs.

An annual statement is provided to you for a 12-month period ending in December of each year. It is a summary of the account activities including all fees and charges, which have occurred in your accounts throughout the year.

CMC Markets does not provide benchmark comparisons or account percentage returns due to the highly speculative nature of trading CFDs. The performance of your securities are measured through realized and unrealized profits/loss amounts noted in your account statements. In addition to this you will be able monitor your margin balances and open positions on a real time basis on our platform.

## 7. Complaint Resolution

CMC Markets has a comprehensive complaint resolution process designed to ensure that any disputes that may arise between our clients and our employees or firm are investigated thoroughly and objectively, and addressed in a timely manner. Information related to CMC Markets complaint handling process is available on our website. At any time you can also contact us by telephone or e-mail to discuss the complaint process and your options.

## **8. Contact Us**

If you require any further information relating to your investments, account or any other matter of concern to you in your investment relationship with us, please contact our client management team at 416-682-5000 or [clientmanagement@cmcmarkets.ca](mailto:clientmanagement@cmcmarkets.ca).