Key Information Document – Spread bets

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.

Spread bets are offered by **CMC Markets Germany GmbH** ("CMC"), through CMC Markets Germany GmbH. CMC is registered in the commercial register of the Frankfurt Local Court under number HRB 114199 and is authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")), under registration number 154814. CMC is part of the CMC Markets group of companies. For more information, call 020 7170 8200 or visit our website www.cmcmarkets.com/en-ie.

This document was last updated on December 12th, 2022.

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

What is this product?

Type
A spread bet is a leveraged contract entered into with CMC on a bilateral basis. It allows investment on rising or falling prices in an underlying market. An investor has the choice to buy (or go "long") the spread bet to benefit from rising prices in the underlying market; or to sell (or go "short") the spread bet to benefit from falling prices.

The price of the spread bet 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 spread bet and the price of the underlying rises, the value of the spread bet will increase - at the end of the contract CMC 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 spread bet will decrease - at the end of the contract they will pay CMC the difference between the closing value of the contract and the opening value of the contract.

A spread bet 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 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 index (whether up or down), without actually needing to buy or sell in the underlying market. The exposure is leveraged since the spread bet 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 spread bets.

By way of example, if an investor buys a spread bet worth €1 per point with an initial margin amount of 5% and an underlying index price of 6000, the initial investment will be €300 (5% x 6000 x 1). The effect of leverage, in this case 20:1 (1 / 5%) has resulted in a notional value of the contract of €6000 (€300 x 20). This means that for each 1 point change in the price of the underlying index so the value of the spread bet 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. Undated spread bet contracts do not have an expiry date and are therefore open-ended but an overnight Holding Cost is charged.

A forward contract has a pre-defined expiry date where the spread bet is either cash settled (closed) or rolled into the next forward contact, - i.e., from a January expiry into a February 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 spread bet being auto-closed. This will occur when losses plus the margin required for the product exceed the cash deposited. CMC also retains the ability to unilaterally terminate any spread bet contract 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 experience with, leveraged products. Likely investors will understand how the prices of Spread bets are derived and the key concepts of margin and leverage. 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 bear losses of the total amount invested.

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

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 underlying or you may have to buy or sell your CFD at a price that significantly impacts how much you get back.

CMC does not prescribe a holding period for any position (long/short). Clients can open/close a trade whenever they think it is most convenient for them, as long as the markets are open.

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.

Spread bets are complex instruments and come with a high risk of losing money rapidly due to leverage.

Between 74-89% of retail investor accounts lose money when trading spread bets 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. There is no capital protection against market risk, credit risk or liquidity risk. Market conditions may mean that your spread bet trade is closed at a less favourable price, which could significantly impact how much you get back. We may close your open trade if you do not maintain the minimum margin that is required, or if you contravene market regulations. This process may be automated. 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 the section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

Performance scenarios

The figures shown do not include the costs described below or the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.
What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future.

This table shows the money you could get back **or pay** over a one (1) day holding period, under different scenarios, assuming the following:

- **Index Opening Price**: 2.000€
- **Bet size (€/point)**: 5
- **Margin Requirement**: 5% (500€)
- **Notional Amount:** 10.000€

LONG Performance scenario	Closing price	Price change	Profit/loss	SHORT Performance scenario	Closing price	Price change	Profit/loss
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment						
Favourable	2.087	4,34%	434	Favourable	1.914	-4,29%	429
Moderate	2.000	-0,02%	-2	Moderate	2.000	-0,02%	2
Unfavourable*	1.914	-4,29%	-429	Unfavourable*	2.087	4,34%	-434
Stress*	1.374	-31,30%	-3.130	Stress*	2.930	46,49%	-4.649

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.
(*) Losses will be limited to your account balance.
The return is calculated as a percentage over the notional amount.

What happens if CMC Markets Germany GmbH is unable to pay out?

If CMC is unable to meet its financial obligations to you, you may lose the value of your investment. However, CMC segregates all retail client funds from its own money, in accordance with the requirements of §84 of the German Securities Trading Act (WpHG) in relation to client assets. CMC is also a member of the "Entschädigungseinrichtung der Wertpapierhandelsunternehmen" (EdW), a compensation scheme for financial services companies, which covers justified claims up to €20,000 per Person/per Firm. See www.e-d-w.de.

What are the costs?

The table show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest and how long you hold the product. The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

One-Off Costs Upon Entry or Exit	
Entry or Exit	**Spread**: As soon as you have placed a Bet position, there is a risk of loss in the amount of the difference between the buy and sell Price ("Spread") taking into account the size of your Position, and depending on Price movements, the size of the spread fluctuates.
	Margin: If you enter a Bet (or a Position) with us, you will be required to deposit money into your Account, which is known on the platform as 'position margin'. Position margin represents a percentage of the total value of the Position.
Ongoing costs	
Management fees and other administrative or operating costs	**Daily Holding Cost:** This is only applicable to Spread Bet Margin Trades referencing cash contracts. At the end of each trading day, positions that remain open will be subject to a holding costs. Holding costs can be positive or negative depending on the direction of your Position (buy or sell) and the applicable Holding Cost rate.
Other Costs	
Different costs apply depending on the type/amount	**Corporate Actions:** Where a Corporate Action event occurs for the underlying asset of a Product you hold a Position in, this may result in a debit or credit to your Account ("Price Adjustment") and/or an amendment to your existing Trades or Orders to reflect the effect of that Corporate Action.
	Market Data: Australian Shares are currently chargeable, but each other region is currently free (subject to change), or there may be a fee associated with each subscription plan that is activated or if a fee is applicable for activating a subscription plan this will require your acceptance before any fee is charged. This cost is only applicable to "Private Investors" as per CMC Markets definitions.
	Payments: Transaction or handling fees may be deducted from the gross payment or withdrawal amounts sent to or from CMC Markets by any intermediary bank or third-party provider who process payments or withdrawals on your behalf.
	Guaranteed Stop Loss Order (GSLO): If you wish to place a GSLO on a Spread bet Margin Trade or Position, you will be required to pay a premium, which is known on the Platform as GSLO Premium, when you place the trade. The GSLO Premium required for your Spread bet Margin Trade or Position is calculated using the premium rate which can be found on the Platform in the Product Library.

This is the most you will be charged

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 wish to make a complaint, you should contact our Client Management Team on +353(0)1 256 3000, by emailing info@cmcmarkets.ie or in writing to CMC Markets Germany GmbH, Garden Tower, Neue Mainzer Str. 46-50, 60311 Frankfurt am Main. If you feel your complaint has not been dealt with satisfactorily, you can forward your complaint to the Federal Financial Supervisory Authority (BaFin). See www.bafin.de for more information. Alternatively, you can forward your complaint to the arbitration board of the Deutsche Bundesbank (consumers only). Please refer to www.bundesbank.de/de/service/schlichtungsstelle for further information. If your complaint is related to advisory services or portfolio management that acts on your account, contact the company that provides this service.

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. Ensure your internet signal strength is sufficient before trading.

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.

The Product Overview on our platform contains additional information on trading Spread bets. Additional information on costs can be found on our website.