

## 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.

Digital 100s are offered by **CMC Markets UK plc** (“CMC”), a company registered in England and Wales, number 2448409. CMC Markets UK plc is authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 173730. Call 020 7170 8200 or go to [cmcmarkets.com](http://cmcmarkets.com) for more information.



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

## What is this product?

### Type

Digital 100s are trades entered into with CMC on a bilateral basis that allow an investor to speculate on whether an event will happen during set timeframes. There are only two possible outcomes to the trade when it is held to expiry, either yes (settlement at 100) or no (settlement at 0). If the investor believes the event will happen then they might buy the Digital 100, whereas if they think the event will not happen they might sell the Digital 100. The timeframes are predefined on the platform during trading hours and it is possible to enter into a trade during a timeframe that has already begun, except during the pre-close period.

A Digital 100 is priced from 0-100 according to the likelihood of an event occurring. Digital 100 pricing can be thought of as the probability the option will expire in (win) or out-of-the-money (lose) at expiration depending on if the option is bought or sold. A price nearer to 100 means the event is considered likely to happen, and nearer to 0 means it is considered less likely to happen.

Digital 100s may be closed out by the investor before the end of the chosen timeframe, and in this case, will settle according to the binary price at closure.

### Variations that are available

Ladder – settlement price at or above specified strike price at the expiry

One touch – settlement price to reach the specified strike price before or at expiry

Up/down - settlement price at or above the stated starting price at expiry

Range - settlement price to settle within specified range before expiry

### A Digital 100 example

The underlying market which the Digital 100 is based on is trading at around 7099.00. One Digital 100 with a strike price of 7093.50 (meaning settlement at 100 if the underlying expiration value is even 0.001 above that strike price) expiring the next day, is available for 64. The price of 64 (64/100) is the probability the Digital 100 will expire in the money, a ‘yes’ outcome. Risk/reward is clearly defined with binary options, which result in a pay-out of £100 for every contract. The buyer pays £64 to enter the trade and receives £36 (100-64) if the underlying market closes above the strike price at expiration. Based on the purchase price, an investor who bought the binary had a 64% chance that the Digital 100 would expire above the strike price, and settle at 100, and therefore is rewarded with a smaller possible pay-out due to percentage being in their favour when the trade was initiated. If during the Digital 100 timeframe, the binary price rises to 74 and the investor decides to close the Digital 100, perhaps expecting a price decrease before the timeframe expires, they will receive a pay-out of £8 (74-64).

### Opening price

CMC creates Digital 100 prices using a blend of the underlying price data and futures price data, implied volatility, interest rates, time to expiry and market sentiment.

## Settlement price

The settlement price used is the official underlying market price for the relevant instrument. In the case of FX, there is no official underlying market but settlement is sourced from several major banks providing our FX feeds and liquidity.

Only two events can occur at settlement so if the underlying market expires at the same level as the strike price it is treated as finishing above the strike price.

## Objectives

The objective of the Digital 100 is to allow an investor short-term, limited-risk exposure to the movement in the value of the underlying product. The Digital 100 trade has a pre-defined and set expiry and strike prices for each underlying product. Investors then choose which strike and expiry they wish to trade in order to meet their own trading strategies and objectives.

It is possible to exit a Digital 100 trade before it expires at any time except once the pre-close period has been reached approaching expiry. For 5 minute products this pre-close period is 30 seconds and for daily or hourly products it is 2 minutes.

## Intended Retail Investor

Likely investors will understand how prices are derived, the risk/reward profile of the trades and the concept of probability. They will 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 whole sum at stake.

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

### Risk indicator



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.

Digital 100s are products that can generate losses rapidly. It is possible to lose the entire amount invested. This product does not include any protection from future market performance.

Digital 100s are only offered during trading hours as and when they are made available. It is possible to close the trade early before the end of the expiry period.

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 might perform. You can compare them with the scenarios of other products. The win or lose scenarios presented below are the only possible outcomes for a Digital 100 trade held to expiry. The below example does not take into account the situation where we are not able to pay you.

Binary expires at 100 as the event occurred. Stake \* (100 – opening Digital 100 Price)

Binary expires at 0 as the event did not occur. Stake \* (0 – opening Digital 100 Price)

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

Price of underlying	7099.00
Selected strike price	7093.50
Selected Digital 100 price	64
Stake	1

Table 1

ABOVE Performance scenario	Outcome	Settlement price	Return
Favourable	WIN	7094.5	£36
Unfavourable	LOSE	7093.0	£0 (loss of £64)

### What happens if CMC Markets UK plc 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 UK FCA's Client Asset rules. CMC also participates in the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £50,000 per person, per firm. See [www.fscs.org.uk](http://www.fscs.org.uk).

### What are the costs?

Trading a Digital 100 incurs the following cost:

<b>One-off entry costs</b>	<b>Stake</b>	This cost is debited each time you open a Digital 100 trade.
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### How long should I hold it and can I take money out early?

Digital 100 expiries range from 5 minutes to 1 week. There is no recommended holding period, no cancellation period and therefore there are no cancellation fees. You can open a Digital 100 trade at any time it is made available during trading hours. It is possible to exit a Digital 100 trade before it expires (before the pre-close period) without incurring fees.

### How can I complain?

If you wish to make a complaint, you should contact our Client Management Team on 020 7170 8200, by emailing [clientmanagement@cmcmarkets.co.uk](mailto:clientmanagement@cmcmarkets.co.uk) or in writing to CMC Markets UK plc, 133 Houndsditch, London EC3A 7BX. 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](http://www.financial-ombudsman.org.uk) for further information. If your complaint is about an advisory or discretionary manager acting on your account, please contact the firm providing the 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 (improve or get worse). 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 a Digital 100s. Additional information on costs can be found on our website.