

## KEY INFORMATION DOCUMENT – INDEX FUTURES

**DATE RELEASED:** 17/10/2019 – Version 3

**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, costs, risks and rewards of this product and to help you compare it with other products.

**PRODUCT: INDEX FUTURES:** - The Manufacturer of this product is the exchange or central counterparty on which the product is listed.

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

### **WHAT IS THIS PRODUCT?**

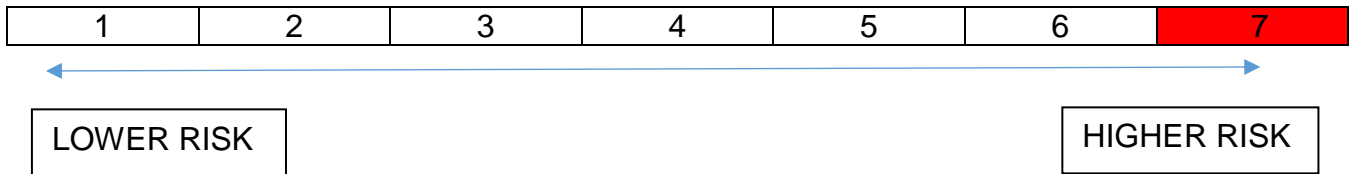
An Index Futures contract (“**Index Future**”) is an agreement to buy or sell an Index at a certain time in the future (“**Expiry Day**”) for a certain price (“**Contract Price**”). Each Index Future has its own Last Trading Day and Expiry Day, after which the product will expire. You can close your position on any trading day up to and including the Last Trading Day. If you (as a buyer) ‘opened’ a position by buying an Index Future, you sell the same contract to ‘close’ your position. If you (as a seller) ‘opened’ a position by selling an Index Future, you buy the same contract to ‘close’ your position. If on the Expiry Day the final Exchange Delivery Settlement Price (“**EDSP**”) exceeds the Contract Price the buyer has made a profit and the seller suffers a loss. In this case the seller has to pay the buyer the difference in Index points between the EDSP and the Contract Price multiplied by the relevant index points for that Index Future (e.g. in the case of the FTSE 100 it is £10) (“**Contract Multiplier**”). If on the Expiry Day the final EDSP is less than the Contract Price the seller makes a profit and the buyer suffers a loss. In this case the buyer has to pay the seller the difference in index points between the Contract Price and the EDSP multiplied by the Contract Multiplier. Index Futures will (unless you choose to close your position beforehand) automatically expire on the relevant Expiry Day.

**INTENDED RETAIL INVESTOR:** Trading in this product will not be appropriate for everyone. This product could commonly be used by persons who want to generally gain short term exposures to financial instruments/markets; are using (trading with) money which they can afford to lose; have a diversified investment and savings portfolio; have a high risk tolerance, and understand the impact of and risks associated with margin trading.

**TERM:** Futures will expire each month and will be cash settled on the expiry date of the underlying future. Front month (current contract) and back month (following contract) will be offered to enable clients to manually roll positions from one contract to the next.

## **RISKS AND RETURNS**

### **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 the broker is 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 at a very high level. Investors should be aware of currency risk. You may receive payments in a different currency, so the final return you will get depends on the exchange rate between two currencies.

This risk is not considered in the indicator shown above. In some circumstances you may be required to make further payments to pay for losses. The total loss you may incur may significantly exceed the amount invested. This product does not include any protection from future market performance so you could lose some or all of your investment.

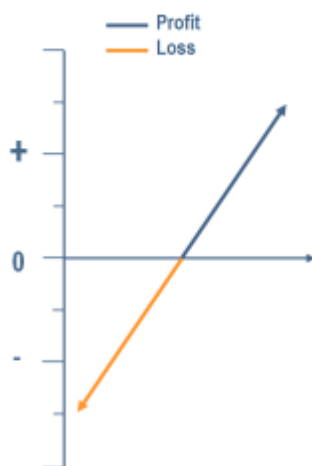
This product can expose a retail investor to unlimited liabilities in certain circumstances and can be used for a variety of purposes e.g. for hedging/risk management or as a stand-alone instrument. This is a complex product and is only likely to be appropriate for the most experienced, sophisticated and knowledgeable types of investors.

### **PERFORMANCE SCENARIOS**

These graphs illustrate how your investment could perform. The graphs presented give a range of possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying, the graphs show what the profit or loss of the product would be. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss.

**Buy Index Future:**

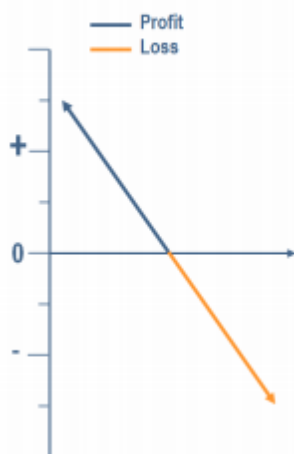
**AT EXPIRATION**



**Transaction:** Buy Index Future. **Investment:** None, but margin is required. **Margin:** Initial margin (approximately 5% of total contract value) plus variation margin to mark to market prices on a daily basis. **Market expectation:** Rising market. Buying this product means that you think the underlying price will increase. **Profit/loss calculation:** The profit or loss at expiration is calculated as follows: **Step one:** Take the EDSP value minus the Contract Price. **Step two:** When the result of Step one is positive the buyer has made a profit. If the result of Step one is negative the buyer has made a loss. **Step three:** Index Futures are priced in index points, the calculation done in Step two determines the profit/loss in index points. To monetise the difference calculated in Step two, multiply the difference between the EDSP and the Contract Price by the Index Future's Contract Multiplier, in the case of the FTSE 100, it is £10. **Profit and loss characteristics:** **Profit:** Unlimited in a rising market. **Loss:** Your maximum loss could be unlimited down to a zero market price and you may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment. **Break-even:** this is reached when the Contract Price and underlying index/EDSP are equal.

**Sell Index Future:**

**AT EXPIRATION**



**Transaction:** Sell Index Future. **Investment:** None, but margin is required. **Margin:** Initial margin (approximately 5% of total contract value) plus variation margin to mark to market prices on a daily basis. **Market expectation:** Falling market. Selling this product means that you think the underlying price will decrease. **Profit/loss calculation:** The profit or loss at expiration is calculated as follows: **Step one:** Take the Contract Price minus the EDSP value. **Step two:** When the result of Step one is positive the seller has made a profit. If the result of Step one is negative then the seller has made a loss. **Step three:** Index Futures are priced in index points, the calculation done in Step two determines the profit/loss in index points. To monetise the difference calculated in Step two you have to multiply the difference between the EDSP and the Contract Price by the Index Future's Contract Multiplier, in the case of the FTSE 100, it is £10. **Profit:** Unlimited to a zero market price in a falling market. **Loss:** Your maximum loss could be unlimited in a rising market and you may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment. **Break-even:** this is reached when the Contract Price and underlying index/EDSP are equal.

**Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.**

**WHAT HAPPENS IF THE MANUFACTURER IS UNABLE TO PAY OUT?**

All derivatives traded on an exchange are centrally cleared by its clearing house. Exchanges and clearing houses are not within the jurisdiction of the CySEC Investors Compensation Fund. In the event of a default by the exchange/ clearing house, your position may become subject to

the exchange's default procedures in accordance with its clearing rules, which may ultimately expose you to a risk of financial loss. Some of your investments may be covered by the CySEC Investors Compensation Fund. If you are in any doubt as to your position you should seek independent professional advice.

## **WHAT ARE THE COSTS?**

Before you begin to trade in Index Futures you should familiarise yourself with all commissions, fees, and other charges for which you will be liable. These charges will reduce any net profit or increase your losses. Below is a table of commissions, fees and other costs charged by the Broker/Custodian with which Fiduserve Asset Management Ltd has an IB agreement:

<b>Futures &amp; Financial Options</b>	<b>Commission (Open)</b>	<b>Commission (Close)</b>	<b>Minimum Commission</b>	<b>Transaction Fee</b>	<b>Exchange Fees &amp; Taxes</b>	<b>Cash Exercise/ Assignment Charge</b>	<b>Stock Exercise/ Assignment Charge</b>
<b>GBP</b>	£5.00 per lot	£5.00 per lot	n/a	n/a	Eg £0.28 FTSE Options	£1.00 per lot	n/a
<b>Euro</b>	€5.00 per lot	€5.00 per lot	n/a	n/a	Eg €0.50 Dax Options	€1.00 per lot	n/a
<b>US</b>	\$5.00 per lot	\$5.00 per lot	n/a	n/a	Eg \$1.16 mini S&P	\$1.00 per lot	n/a

## **HOW CAN I COMPLAIN?**

Retail investors should address complaints to Fiduserve Asset Management in relation to this product. Complaints must be made in writing to Fiduserve Asset Management Ltd, 9 Kafkasou Street, 2112 Aglantzia, Nicosia, Cyprus. You may also consult our client complaints handling procedure found in the Discretionary Investment Management Agreement.

## **WHAT IF I AM STILL UNHAPPY?**

We aim to resolve complaints internally. However, if you are not satisfied with our final response, or if two months have passed since you first raised your complaint with us and it has not been addressed, you may have the right to refer your complaint to the Financial Ombudsman.

You can contact the Financial Ombudsman at this address:

13 Lord Byron Avenue, 1096 Nicosia Cyprus  Phone: +357 22848900 (main number) Facsimile (Fax): +357 22660584, +357 22660118	Email: • Complaints: <a href="mailto:complaints@financialombudsman.gov.cy">complaints@financialombudsman.gov.cy</a> • Financial Ombudsman: <a href="mailto:fin.ombudsman@financialombudsman.gov.cy">fin.ombudsman@financialombudsman.gov.cy</a> • Website: <a href="http://www.financialombudsman.gov.cy">www.financialombudsman.gov.cy</a>
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## **OTHER RELEVANT INFORMATION**

This Key Information Document has been prepared in accordance with the Commission Delegated Regulation 2017/653 and EU Regulation 1286/2014. Other detailed information relating to the Product and to Fiduserve Asset Management Ltd may be found in the Discretionary Investment Management Agreement.