Trade Nation

Trade Nation UK

Key Information Document – Equity CFD

Product Description: An Equity Contract for Difference (CFD) is a leveraged financial derivative based on the price of an equity such as Vodafone or BP.

Objective: Allows investor to speculate on the price movement of an equity without ever owning the equity.

Intended Retail Investor: Small to large scale investors who want to speculate on movements in an individual equity price.

This document is put together by Finsa Europe Ltd, trading as Trade Nation, and provides you with key information about this investment product. It is required by law to help you understand the nature, risks, costs and potential losses in investing with these products and to help you compare against other products before you make a decision to invest.

Nature of Product

A CFD is a contract under which the parties agree to exchange the difference, in cash, between the opening value and the closing value of the contract. CFDs are leveraged financial products, meaning that you only have to outlay a small percentage of the notional value of a transaction.

We offer a two-way price on a number of Equity CFDs. To derive our price we wrap a spread around the market price of the underlying equity, which is typically calculated as a percentage of the price of the underlying equity. For instance, we may quote 232.50-233.00 for the Vodafone CFD. If you expected the price of Vodafone to rise you would buy at 233.00, if you expected it to fall you would sell at 232.50. You nominate the number of contracts you wish to trade, with the value of each contract determined by the tradeable unit of the contract. For instance, in this case one contract would represent £1 for each penny movement in price. Let’s say you chose to buy 10 contracts at 233.00. This would equate to a notional value of £2,330 (233.00 multiplied by

10 contracts). In order to place the trade we would require margin on your account which, for a FTSE 100 equity, is at least 20% of the notional value, and would be at least £466.00 in this case.

In the above example, the value of your open position would increase by £10 for every penny movement in the price of Vodafone and decrease by £10 for every penny fall in the price of Vodafone. You can close your position at any time during our trading hours. Positions can be automatically closed if the available funds on your account fall below 100% of the required margin to have positions open.

There are a number of different order types that you can place in connection to a trade to manage your risk such as stop loss, trailing stop loss and guaranteed stop loss orders.

Please make sure you fully understand the nature of spread betting and the below risks associated with trading such products before making a decision to trade. Financial spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 78% of retail investor accounts lose money when trading CFDs with this provider.

Risks of Product

Although CFDs allow you to speculate on the rise and fall of global financial markets at a relatively low cost, without ever owning the underlying asset, they are considered to be risky products:

Counterparty risk - CFDs are "over the counter" (OTC) products, which means that they are not traded on a licensed financial market, such as a Stock Exchange. They are a contract between you and us, which means you are exposed to the risk of us as the counterparty not fulfilling our obligations to you.

Leverage risk - The leverage nature of CFDs means that a relatively small move in the price can cause an immediate and substantial loss to you.

Gapping risk - Financial markets can be very volatile. Gapping refers to an occurrence whereby the quoted price moves sharply from one level to the next, through an order level meaning your order may be executed at a worse price than you had hoped, for which you may incur losses beyond expectation.

Foreign Exchange risk - CFDs are denominated in the currency of the relevant underlying market. Whilst trading in foreign denominated CFDs you are exposed to the risk that the proceeds of the Trade will not be worth as much as they would have been at the onset of trade due to an adverse movement in the exchange rate.

Costs of Product

The principle cost or commission of trading CFDs is incorporated in what is known as the Spread, which is the difference between the sell and buy price. Our Spread is typically a fixed percentage of the price of the underlying equity and can be viewed, along with other specific product information, in the Market Information Sheets which can be found on our website. The market spread of the Equity is not fixed and is dependent on the liquidity of the equity in the underlying market.

There is a cost of holding Equity CFDs overnight, known as the Overnight Financing Charge. The effect of these adjustments is to mirror the effect of us financing the asset in the underlying market on your behalf. When holding long positions your account will typically be debited with the charge and, when holding short positions, it may lead to you being credited with the charge but it will depend on the relative interest rates of the country of the underlying market.

How to complain

If you have a complaint about this product, you should contact us immediately at support@tradenation.com. We must give you a response within 8 weeks, but we will normally respond to complaints within 3 days or less.

You may take the complaint to the Financial Ombudsman Service: http://www.financialombudsman.org.uk/

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