



Forex CFD

Key Information Document

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

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **60.5% of retail investor accounts lose money when trading CFDs with IBKR (UK).** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

Product

PRIIP Name Forex CFD
PRIIP Manufacturer Interactive Brokers (U.K.) Limited
Website www.interactivebrokers.co.uk
Telephone 00800-42-276537; +41-41-726-9500
Competent Authority Financial Conduct Authority
Date 7 th January 2020

What is this product?

Type

An Over the Counter ("OTC") Derivative Contract for Difference ("CFD") - Forex CFD

Objective

A Forex CFD is not a listed instrument but is traded as an over the counter contract between you and Interactive Brokers (U.K.) Limited (IBKR (UK)).

A Forex CFD enables you to have exposure to price movements on the underlying currency pair (the base currency and the quote currency). A Forex CFD is an agreement between you and IBKR (UK) to exchange the difference in price of the underlying over a period of time. The difference to be exchanged is determined by the change in the exchange rate between two currencies. Thus if the exchange rate of the base currency rises you receive cash in the settlement currency from IBKR (UK) and vice versa. A Forex CFD can be bought long or sold short to suit your view of market direction in the future.

A Forex CFD is a leveraged product that requires you to deposit a smaller amount of cash as margin than the notional value of the position. For retail investors, the European Securities and Markets Authority (ESMA) mandates a minimum initial margin depending on the currency pair of 3.33% or 5% of the notional value of the Forex CFD, and requires IBKR (UK) to liquidate open positions if the qualifying equity (CFD cash and unrealized CFD P&L) in your CFD account falls below 50% of the initial margin requirements for all CFD positions. In addition, IBKR (UK) establishes house-margin requirements based on historic volatility of the underlying and other factors and will apply the house-margin requirement if it is higher than the ESMA requirement.

Intended Retail Investor

This product is intended for investors who want to gain exposure to the underlying currency pair and who understand that by holding this instrument they receive exposure to the underlying asset on a leveraged basis and may lose more than the initial margin deposited to open the position. Note however that ESMA prescribes that losses reported by a retail investor cannot in aggregate exceed the funds invested in a retail CFD account.

By way of example, you deposit €10,000 in your retail CFD account and open a long position with a notional value of €80,000. The initial margin paid to open the position is €4,000. If the position loses 15% of its initial value and it is closed-out, you will have reported a loss of €12,000. The loss will consume your entire account equity, but, as a retail investor, you will not have to pay IBKR (UK) the negative balance of €2,000.

Insurance Benefits

None



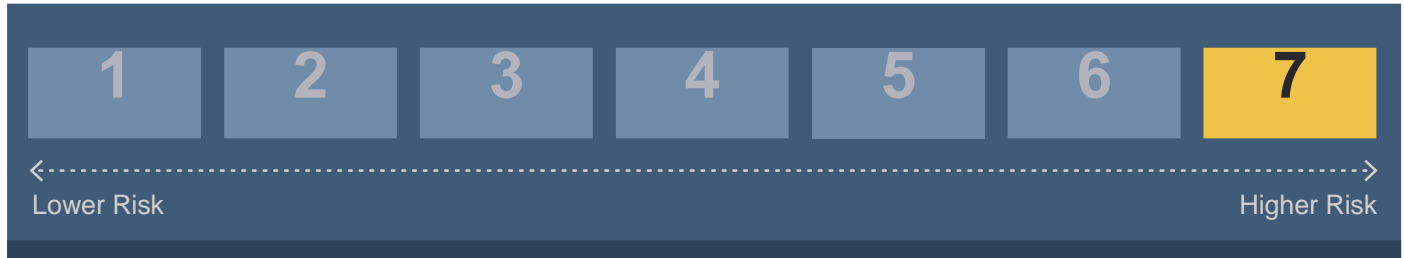
Term

There is no predetermined investment holding period or contract expiration implicit in this instrument - it is an open-ended investment to be bought and sold at your discretion. Please consult the IBKR (UK) website for trading times.

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

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 market.

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 at a very high level in poor market conditions. **Be aware of currency risk. When you deal in a CFD that is denominated in a currency other than the base currency or a currency you have on a deposit in your account with us, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. This risk is not considered in the indicator shown above.** In some circumstances, if your account does not contain enough equity to meet applicable margin requirements your open positions will be liquidated. **The total loss you may incur may significantly exceed the initial margin requirement but cannot exceed the equity in your retail CFD account.** You may not be able to close your position easily or you may have to sell at a price that significantly impacts your realised profit/loss. Markets may fall overnight and we may not be able to close out your position at a price that would avoid losses greater than the margin originally deposited. In addition, if IBKR (UK) is not able to pay you what is owed, you could lose your entire investment.

Performance Scenarios

Scenarios (assuming EUR 2,000 investment held for 4 Weeks)		Low Volatility	Medium Volatility	High Volatility
Stress Scenario	What you might get back after costs	€1,360	€999	€668
	Average return each month	-32%	-50%	-67%
Unfavorable Scenario	What you might get back after costs	€1,617	€1,323	€1,114
	Average return each month	-19%	-34%	-44%
Moderate Scenario	What you might get back after costs	€2,084	€1,962	€1,916
	Average return each month	+4%	-2%	-4%
Favourable Scenario	What you might get back after costs	€2,546	€2,638	€2,738
	Average return each month	+27%	+32%	+37%

The scenarios shown illustrate how your investment could perform. The stress scenario shows what you might get back in extreme market circumstances. You can compare them with the scenarios of other products. The volatility of the underlying is an important factor; we have illustrated the possible performance with low, medium or high volatility.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product, and importantly whether or not you have sufficient funds in your account to sustain the losses depicted. IB will automatically liquidate positions if the equity in the account is insufficient to meet margin requirements.

The figures shown include all the costs of the product itself but do not include all 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. Opening a long position holds that you think the underlying price will increase, and opening a short position holds that you think the underlying price will decrease.

What happens if Interactive Brokers (U.K.) Limited is unable to pay out?

Interactive Brokers (U.K.) Limited segregates all client funds from its own money as required by the UK FCA Client Assets rules. In addition, IBKR (UK) participates in the Financial Services Compensation Scheme. This means that if Interactive Brokers (U.K.) Limited is unable to pay out, retail



investors and certain other investors may be eligible for compensation up to GBP 50,000 but may otherwise lose all of their initial investment and any returns generated on their initial investment.

What are the costs?

The Reduction in Yield (“RIY”) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amount shown here are cumulative costs of the product itself for an estimated holding period of 4 weeks. The figures assume you invest €2,000 for a €40,000 notional value. The figures are estimates and may change in the future.

Costs Over Time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Estimated Holding Period 4 Weeks	
Investment	€2,000
Notional Amount	€40,000
Total Costs	-€59.41
Impact on Return	-3.0%

Composition of Costs

The table below shows:

- The impact each year of the different types of costs.
- What the different cost categories mean.

This table shows the impact on return per year			
One-off costs	Entry costs	0.002%	Brokerage Commissions. This is the most you will pay, and you could pay less.
	Exit costs	0.002%	Brokerage Commissions. This is the most you will pay, and you could pay less.
Ongoing costs	Portfolio Transaction costs	0%	Not Applicable
	Other on-going costs	2.33%	Financing costs. Paid on the notional amount based on overnight deposit benchmark plus a maximum spread of 2.5% pa.
Incidental costs	Performance fees	0%	Not Applicable
	Carried interest	0%	Not Applicable

How long should I hold it and can I take money out early?

Recommended (required minimum) holding period: None

There is no recommended holding period or minimum holding period. There are no consequences of you choosing to close your position other than ending your exposure to the underlying at that time.

Early termination may occur in the event your account has insufficient funds to support the margin requirement for your position, as a consequence of certain corporate actions, or if IBKR (UK) for other reasons decides to discontinue the CFD, or if IBKR (UK) were to become insolvent.

How can I complain?

Complaints about the product, the conduct of *PRIP Manufacturer* should be addressed to Interactive Brokers (U.K.) Limited, Heron Tower, 110 Bishopsgate (Level 20), EC2N 4AY London (complianceuk@interactivebrokers.com).

Web link; <http://www.interactivebrokers.co.uk/ukcomplaints>.

Other relevant information

The full terms and conditions of the product are set out in the IBKR (UK) Customer Agreement. These documents can be found under “Forms and Disclosures” on www.interactivebrokers.co.uk/disclosure. There are further details on the “Contracts for Difference (CFDs)” page on the same webpage.