

Key Information Document Capital Markets Elite Group (UK) Limited

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.

Product

Product Name: Contract for difference on a currency pair (**FX pair**).

Product Distributor: Capital Markets Elite Group (UK) Limited authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Further information: You can find more information about Capital Markets Elite Group (UK) Limited and our products at <https://www.cmelitegroup.co.uk/>. You can contact us using the details on our website or by calling +4402038540040.

This document was last updated to be effective from 20 April 2022.

Alert

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

What is this product?

Type

This document relates to products known as 'contracts for difference', which are also known as **CFDs**. A CFD allows you to obtain an indirect exposure to an underlying asset such as a security, commodity, or currency. This means you will never own the underlying asset, but you will make gains or suffer losses as a result of price movements in the underlying asset to which you have the indirect exposure.

This document provides key information on CFDs where the underlying investment option that you choose is an FX pair (for example GBP/USD). You can visit <https://www.cmelitegroup.co.uk/> for information on the currency pairs available to you.

Objectives

The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset by obtaining an indirect exposure to the underlying asset. Your return depends on movements in the price of the underlying asset and the size of your stake. The first currency listed in an FX pair is called the base currency, and the second currency is called the quote currency (each currency pair is listed as a three-letter code). The price of an FX pair is how much one unit of the base currency is worth in the quote currency. If the base currency rises against the quote currency, then a single unit of the base currency will be worth more units of the quote currency and the pair's FX price will increase. If it drops, the pair's price will decrease. So, if you think that the base currency in a pair is likely to strengthen against the quote currency, you will buy a number of CFDs (this is also known as "going long"), with the intention to later sell them when they are at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below). If you think that the base currency in a pair is likely to weaken against the quote currency, you will sell a number of CFDs (this is also

known as "going short") at a specific value, expecting to later buy them back at a lower price than you previously agreed to sell them for, resulting in us paying you the difference, minus any relevant costs (detailed below). However, in either circumstance if the base currency (and therefore the price of the FX pair) moves in the opposite direction and your position is then closed either by you or as a result of a margin call (detailed below), you would owe us the amount of any loss you have incurred together with any costs. To open a position and to protect us against any losses you incur, you are required to deposit a percentage of the total value of the contract in your account. This is referred to as the margin requirement (see further below). Trading on margin can enhance any losses or gains you make.

Intended Retail Investor

Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

- (i) have a high-risk tolerance on at least part of their portfolio;
- (ii) are trading with money they can afford to lose;
- (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and
- (iv) want to gain short term exposures to financial instruments/markets and have a diversified investment and savings portfolio.

Term

CFDs have no maturity date or minimum holding period. You decide when to open and close your positions.

We may close your position without seeking your prior consent if you do not maintain sufficient margin in your account, but we are under no obligation to do this. More information about when we can close your position is set out below.

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 these products 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 these products as 7 out of 7, which is the highest risk class. This is because there is a very high chance that you could lose your initial investment.

Be aware of the currency risk. You are trading in a product in different currencies, so the final return you will get depends on the exchange rate between the two currencies as well.

The total loss you may incur may represent all of the amount invested.

These losses can materialise quickly due to the use of margin (see further below).

CFD trading requires you to maintain a certain level of funds in your account to keep your positions open. This is called margin. You will be able to open a position by depositing only a small percentage of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses. If the funds in your account are no longer sufficient to keep your position open, we may close your position (immediately and without notice) and you will realise any losses. You could, therefore, lose your entire investment.

Our CFDs are not listed on any exchange, and the prices and other conditions are set by us in accordance with our best execution policy. The contract can be closed only with us and are not transferable to any other provider. If you have multiple positions with us, your risk may be cumulative and not limited to one position. The tax regime of the country in which you are domiciled may impact your return.

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 Capital Markets Elite Group (UK) Limited is unable to pay out'). The indicator shown above does not consider this protection.

Performance Scenarios

This key information document is not specific to a particular product. It applies to a CFD on any FX pair we offer on our platform. However, each CFD you enter into with us is specific to you and your choices. You will be responsible for choosing the currencies in FX pair (subject to availability on our platform); when you open and close your position, the size of your position and your margin; and whether to use any risk mitigation features we offer (such as stop loss orders), for example. Each of your positions will also be impacted by any other open position you have with us. These underlying options offered for each CFD will have a material impact on the risk and return of your investment. Specific information on the underlying currency pairs you can trade is available at <https://www.cmelitegroup.co.uk/>

This table shows the money you could get back under different scenarios. The scenarios assume you choose to buy 1 CFD contract or "lot" of EUR/USD. This particular CFD contract has a standard size of 100,000. This means that you will make or lose \$10 for every point the price of the FX pair moves. In this example, the price at which you buy is 1.1825. This means that you will have notional exposure to the underlying asset of \$118,250 (1 contract x 100,000 per contract x the price of 1.1825). You will have to deposit \$3,941.67 as margin, which is 3.33% of your notional exposure of \$118,250, leading to a leveraged exposure of 30:1.

Notional exposure of \$118,250 Initial margin \$3,941.67 Leverage 30:1* Spread 1.5 points			
Scenarios – (Please see cmelitegroup.co.uk for maximum leverages)		Intra-day	5 days
Stress scenario: The price falls by 185 points and we close you out	What you might lose after costs	-\$1,850	-\$9,250
	Percentage return	-46.93%	-234.67%
Unfavourable scenario: The price falls by 100 points and you exit the position	What you might lose after costs	-\$1,000	-\$5,000
	Percentage return	-25.37%	-125.85%
Moderate scenario: The price does not change, and you exit the position	What you might lose after costs	-\$15	-\$55.45
	Percentage return	-0.38%	-1.41%
Favourable scenario: The price increases by 80 points and you exit the position	What you might get back after costs	\$800	\$4,000
	Percentage return	20.30%	101.48%

Other than the *Moderate* scenario, the scenarios do not take into account our spread or overnight holding costs, which may vary per instrument and depending on market conditions. Further information about these trading costs is available at <https://www.cmelitegroup.co.uk/>. The *Moderate* scenario shows the potential impact of our spread and overnight holding costs where the price of the CFD contract does not change. There are no other fees, but please see below for "Other Costs". The performance scenarios assume you have equity in your trading account to cover losses – there is no additional payments obligation.

The stress and unfavourable scenarios above show how small price movements can rapidly lead to losses and the forced close out of your position. In these scenarios, you would lose your entire investment. This does not take into account a situation where we are unable to pay you. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance and are not exact indicators. What you get will vary depending on how the market performs and how long you keep the investment. The figures do not take into account your personal tax situation, which may also affect how much you get back. This performance scenario assumes you only have one position open and does not take into account the negative or positive cumulative balance you may have if you have multiple open positions with us.

What happens if Capital Markets Elite Group (UK) Limited is unable to pay out?

If Capital Markets Elite Group (UK) Limited is unable to meet its financial obligations to you, this could cause you to lose the value of any CFDs you have with Capital Markets Elite Group (UK) Limited. Capital Markets Elite Group (UK) Limited segregates client funds from its own money in accordance with the UK FCA's Client Asset rules. Should the company and the segregation fail, investments are covered by the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £85,000 per eligible claimant. See www.fscs.org.uk.

What are the costs?

This table shows the different types of costs involved when you trade CFD on an FX pair.

One-off costs	Spread	The spread is the difference between the buy (offer) and sell (bid) price that we quote. For example, if the underlying asset is trading at 100, our offer price (the price at which you can buy) might be 101 and our bid price (the price at which you can sell) might be 99. You pay the spread on opening and closing a contract.
	Currency conversion	A currency conversion rate is charged if dealing in a currency other than your account currency.
Ongoing costs	Overnight holding costs	Cash positions on your account at the end of a trading day will be subject to overnight holding costs . These can be positive or negative depending on the direction of the position, and the current holding rate.
	Distribution fees	We may make payments from time to time to certain partners who introduce business to us. These payments may be based on your trading activity. We only make these payments if they do not breach the Financial Conduct Authority's rules on inducements.
Other		

The costs will vary depending on the underlying investment options you choose. Specific information can be found on our trading platform.

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

This product generally has no fixed term and will expire when you choose to exit the product or in the event you do not have available margin. You should monitor the product to determine when the appropriate time is to exit. **You can close your contract at any time.**

How can I complain?

If you wish to make a complaint, you should contact our client services team on +4402038540040, or email complaints@cmelitegroup.co.uk. If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See <https://www.financial-ombudsman.org.uk/> for further information.

Other relevant information

You will find detailed information on our products by reviewing our website and the trading platform. You should ensure that you read the client agreement, order execution policy and risk warning notice displayed on our website, at <https://www.cmelitegroup.co.uk/> or by request to us.