

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.

Spread bets on commodities are offered by **InterTrader Limited** (“InterTrader”).

InterTrader is a Gibraltar incorporated company, authorised and regulated by the Gibraltar Financial Services Commission and is subject to limited regulation by the Financial Conduct Authority for its Branch activity (ref 597312).

This document was last updated on 15th July 2020.



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

What is this product?

Type

A spread bet (“SB”) is a leveraged contract entered into with InterTrader on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying index.

An investor has the choice to buy (or go “long”) the SB to benefit from rising commodity prices; or to sell (or go “short”) the SB to benefit from falling commodity prices. The price of the SB is derived from the price of the underlying commodity price, which may be either the current (“cash”) price or a forward (“future”) price.

For instance, if an investor is long a crude oil SB, and the price of crude oil rises, the value of the SB will increase - at the end of the contract InterTrader will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the cash price of crude oil falls the value of the SB will decrease - at the end of the contract the investor will pay InterTrader the difference between the closing value of the contract and the opening value of the contract.

A SB referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date – a date upon which the contract automatically closes or must be rolled into the next period.

The leverage embedded within all SBs has the effect of magnifying both profits and losses.

Objectives

The objective of the SB is to allow an investor to gain leveraged exposure to the movement in the value of the underlying commodity (whether up or down), without actually needing to buy or sell the physical commodity. The exposure is leveraged since the SB only requires a small proportion of the notional value of the contract (the value of the underlying commodity) to be put down upfront as initial margin and is one of the key features of trading SBs.

By way of example, if an investor buys a SB worth £1 per point with an initial margin requirement of 10% and an underlying commodity price of 6,000, the initial investment would be £600 (10% x 6,000 x 1). The effect of leverage, in this case 10:1 (1 / 10%) has resulted in a notional value of the contract of £6,000 (£600 x 10). This means that for each 1 point change in the price of the underlying commodity the value of the SB changes by £1.

For instance, if the investor is long and the market increases in value, a £1 profit will be made for every 1 point increase in that market. However, if the market decreases in value, a £1 loss will be incurred for each point the market decreases in value. Equally, if an investor holds a short position, a profit is made in line with any decreases in that market, and a loss for any increases in the market.

The cash SB **does not** have a pre-defined maturity date and is therefore open-ended; but in contrast, a future SB **does have** a pre-defined expiry date. As a result, there is no recommended holding period for either and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

Failure to deposit additional funds in the case of negative price movement may result in the spread bet being auto-closed.

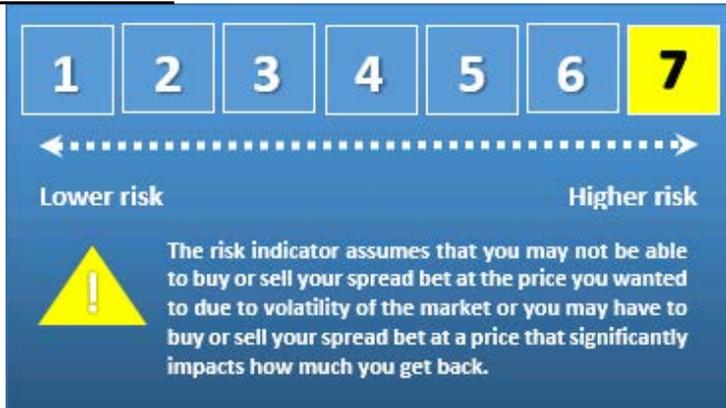
InterTrader also retains the ability to unilaterally terminate any spread bet contract where it deems that the terms of the contract have been breached.

Intended Retail Investor

SBs are intended for investors who have knowledge of, or experience with, leveraged products. Likely, investors will understand how the prices of spread bets are derived and the key concepts of margin and leverage, and that losses may exceed deposits in a given position. The investor will understand the risk/reward profile of the product compared to traditional share dealing, and 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 in excess of the initial amount invested.

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.

Spread bets are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested in a given position and you may be required to deposit additional funds in order to maintain your positions. There is no capital protection against market risk, credit risk or liquidity risk. **It is possible to lose the total balance on your account.**

Be aware of currency risk. It is possible to buy or sell SBs on a commodity in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Market conditions may mean that your SB trade on a commodity is closed at a less favourable price, which could significantly impact how much you get back. We may close your open SB if you do not maintain the minimum margin that is required, if you are in debt to the company, or if you contravene market regulations. This process may be automated.

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 we are unable to pay you"). The indicator shown above does not consider this protection.

Performance scenarios

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 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 hold the SB. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

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

Commodity Spread Bet (held intraday)		
Commodity opening price:	P	6000
Trade size (per SB)	TS	2
Margin %:	M	10%
Margin Requirement (£):	$MR = P \times TS \times M$	£1200
Notional value of the trade (£):	$TN = MR/M$	£12,000

Table 1

LONG Performance scenario	Closing price (inc. spread)	Price change	Profit/loss	SHORT Performance scenario	Closing price (inc. spread)	Price change	Profit/loss
Favourable	6090	1.5%	£180	Favourable	5910	-1.5%	£180
Moderate	6030	0.5%	£60	Moderate	5970	-0.5%	£60
Unfavourable	5910	-1.5%	-£180	Unfavourable	6090	1.5%	-£180
Stress	5700	-5.0%	-£600	Stress	6300	5.0%	-£600

The figures shown include all the costs of the product itself. If you have been sold this product by someone else or have a third party advising you about this product, these figures do not include any cost that you may be required to pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if InterTrader Limited is unable to pay out?

If InterTrader is unable to meet its financial obligations to you, you may lose the value of your investment. However, InterTrader segregates all retail client funds from its own money in accordance with applicable Client Asset rules.

InterTrader is also part of the Gibraltar Investor Compensation Scheme. <http://www.gics.gi/gicswhowhat.html>

What are the costs?

Trading a SB on an underlying commodity incurs the following costs:

This table shows the different types of cost categories and their meaning			
Cash and Futures	One-off entry or exit costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
		Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.
Cash only	Ongoing costs	Daily holding cost	A fee is charged to your account for each night your position is held. This means the longer you hold a position, the more it costs.
Cash and Futures	Incidental costs	Distributor fee	We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you.
Futures Only	Other Costs	Rollover costs	We charge you to roll over a futures contract into the next month or quarter, equal to half the applicable spread to open and close a trade.

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

SBs are intended for short term trading, in some cases intraday and are generally not suitable for long term investments. There is no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a SB on a commodity at any time during market hours.

How can I complain?

In the first instance you can contact our Customer Support team via email at support@intertrader.com or via [telephone on +44 203 364 5189](tel:+442033645189). You can also contact the Compliance Department at Compliance@intertrader.com. 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 for further information or the Gibraltar Financial Services Commission.

Other relevant information

The Terms and Policies 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.

Our 'Market Information' sheets contain additional information on trading a CFD/SB on an underlying commodity. These can be found on the trading platform.

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.