

KEY PRODUCT INFORMATION DOCUMENT CONTRACT FOR DIFFERENCES (CFD) ON
INDICES – FOR RETAIL CLIENTS

This is not a marketing material. This document provides you with key information about this product group. The purpose of this information document is to assist you understanding the nature, risks, costs and potential gains and losses of this product group. In addition, this document may help you to compare this product with other products.

PRODUCT DESCRIPTION

Name of the Product	: Contract for Difference (CFD) on an Index
Offered by	: Gildencrest Capital Limited (“GILDENCREST”, “we” or “us), authorised and regulated by the Financial Conduct Authority FCA Registration number 564741
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Last Updated	: February 2024

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

TYPE & OBJECTIVE

In a *CFD contract*, the parties agree to exchange the difference, in cash, between the opening value and the closing value of the contract. You can open and close a CFD at any time during market hours. There is no recommended holding period, no cancellation period and therefore no cancellation fees. *CFD on an index* is a leveraged contract entered into between you and GILDENCREST that allows you to speculate on rising or falling prices on an underlying index. Leverage means you only have to outlay a percentage of the contract size of a transaction.

Index trading involves the *buying (known as “going long”) and selling (known as “going short”)* underlying index (such as DAX, S&P or Dollar’s relative value). They can be traded on the current price, “spot” or on a forward, “future” price. A stock index is computed from the prices of selected stocks. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies. Index CFDs can be traded on the current price, “spot” or on a forward, “future” price. The price of the CFD is derived from the price of the underlying index. Trading indices gives you the choice to speculate on index directions; for instance, you buy DAX CFD (D30EUR) if you think DAX will rise, or alternatively to sell DAX CFD (D30EUR) if you think that DAX will fall. A *futures CFD* works in exactly the same way as a spot contract except that *future contracts have a pre-defined expiry date*. You should roll their existing contract into the next period by closing the open position in one expiry and opening a new position in the next expiry; this can be done via the platform. The positions will not be automatically rolled-over. Indices are quoted by *bid and ask prices* at any given time. If you want to sell (short) the index, you sell at bid price. If you want to buy (long) the index, you buy at ask price.

Example:

Stock Index: D30EUR (DAX – German 30 Index); Trading at: 13473.3 (bid) / 13474.8 (ask); Contract Size: €1

Going long (or buying) D30EUR means you believe that DAX index will rise (quoted in Euro). Alternatively, going short (or selling) D30EUR means you believe that DAX index will fall (quoted in Euro). Therefore, if you long D30EUR, then you buy it at 13474.8 based on this example. Alternatively, if you short D30EUR, you sell it at 13473.3. For instance, if the price of D30EUR changes to 13475.5 / 13477.0, then long positions would have earned and short positions would have lost. You can close your long position at 13475.5 with profit and/or you can close your short position at 13477.0 with loss. Indices have *pre-determined contract sizes* (see our list in our website under Products/Indices) and in lots. 1 lot equals to 1 contract size. In addition, you can see contract sizes when you click the related symbol in your Meta Trader 4 platform under “symbol properties”. *The objective of this product* is to give you a leveraged exposure to the movement in the value of the underlying index (whether up or down) and to allow you to speculate on the price movement of an index without ever taking delivery of the index over any period. Leverage or trading on margin is one of the key features of trading CFDs. Leverage is the ratio of the margin required to open the position against the notional trade value (contract size).

If you buy 1 lot standard contract, then your exposure would be $1 \times 1 \times 13474.8 = \text{€}13,474.8$. If your leverage is 1:20 (5.0%), then your required margin is $13474.8/20 = \text{€}674$ (i.e., 5.0% of the exposure). The formula to calculate profit and loss in a CFD index is as follows: (close price – open price) x contract size x lots. Assuming you closed your long position in Example at 13475.5, then your profit calculations would be as follows: $(13475.5 - 13474.8) \times 1 \times 1 = \text{€}0.7$. Make sure you fully understand the nature of CFD Trading and the below risks associated with trading such products.

TERM

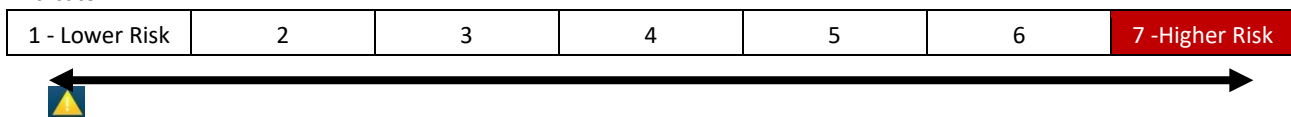
The spot CFD does not have a pre-defined *maturity date* (i.e.; open-ended). There is no recommended holding period; you have the discretion to determine the appropriate holding period based on your own individual trading strategy and objectives. A futures CFD has a *pre-defined expiry date*; thus you should (if you do not want position to be liquidated) roll your existing contract into the next period by closing the open position in one expiry and opening a new position in the next expiry (for instance, from February expiry to March expiry). The positions will not be automatically rolled-over. In addition, you must maintain sufficient margin in your account to keep your positions open. Trading on margin means you could quickly lose your trading balance.

INTENDED RETAIL INVESTOR

Small to large scale retail investors aiming to speculate on movements in the indices market:

- The investor must have a higher risk tolerance
- The investor must be aware of the fact that losses may exceed deposits (however, there is negative balance protection this means that the liability of a retail investor in respect of a CFD trading account is limited to payments already made into the account and any uncrystallised profits on open positions within the account.)
- The investor must understand the mechanics and risks of leveraged trading including the use of margin *RISKS*.

Risk Indicator:



The above summary risk indicator is a guide to the level of risk of this product compared to other products. It shows the probability of incurring a monetary loss on the product due to market changes, or as a result of GILDENCREST being unable to pay money out. We have classified this product as 7 out of 7 (i.e., highest risk class). This risk factor includes the assumption that you can hold the product even for a short period of time for speculation purposes. This rates the potential losses from future performance at a very high level (7) and poor market conditions could impact our capacity (6) to pay you. The product can be denominated in a currency other than the currency of your account; therefore the return can be subject to additional changes, depending on the exchange rate fluctuations. The risk indicator assumes you keep the product. The product does not include capital protection against market risk.

- **Leverage Risk:** Trading risks are magnified by leverage. CFD trading requires you to maintain a certain level of funds (called margin) in your account to keep your positions open. It is calculated by taking a percentage of the contract size as explained above in Example. ESMA (The European Securities and Markets Authority) has restricted leverage by product in order to reduce the risk of detriment to retail investors. Restrictions on leverage would be expected to ameliorate investor returns. In many cases, retail investors continuing to trade CFDs will be required to post additional margin. As the exposure is higher than the margin due to leverage, an adverse movement in the underlying index may cause a substantial loss to your deposit. However, in general, the leverage limits being introduced by ESMA are designed to ensure that automatic close-out happens only rarely and negative balance protection on account basis prevent the potential for an investor to owe money to a firm as a result of extreme market conditions from occurring. See our scenario analysis at the bottom of this document to have a better understanding.
- **Currency Risk:** The contract currency of the CFD may be different from the base currency of your account. For instance, your account/base currency may be GBP however, you may trade D30EUR. The final proceed you will get depends on the exchange rate between the two currencies (GBP and EUR). The proceeds may not be worth as much as they would have been at the onset of trade due to an adverse movement in the exchange rate. This risk is not considered in the indicator shown above.
- **Counterparty risk:** CFDs are “Over the Counter” (OTC) products, implying that they are not traded on a licensed financial market or on an organized exchange such as London Stock Exchange. Basically, CFD is a contract entered into between you and us. The CFD products that we offer can only be closed with us and not with any other CFD provider. Therefore, you are exposed to the risk of GILDENCREST as a counterparty. We may not be able to fulfil our obligations to you including the risk that we may not be able to pay you. In this case, you could lose your entire deposit, however, you may benefit from a consumer protection scheme (FSCS). GILDENCREST segregates all retail client funds from its own money in accordance with FCA’s Client Asset rules. Please refer to www.fscs.org.uk for detailed information. The risk indicator shown above does not consider the consumer protection.
- **Margin Risk:** We may close your open CFD trade if you do not maintain the minimum margin that is required, if you are in debt to us, or if you contravene market regulations. This process may be automated. ESMA set the Margin close-out protection on an account basis at 50% of minimum required initial margin. Under this option, GILDENCREST is required to close out one or more of an investor’s positions on the best possible terms for the investor if the value of the margin in a CFD trading account falls below 50% of the total minimum initial margin required for all CFDs in the account. Margin close-out protection limits clients’ losses in normal trading circumstances.

- **Gap/Slippage Risk:** Markets are sometimes very volatile, especially during data announcements and volatility tend to rise under unexpected developments regarding a currency. The quoted prices may move sharply from one level to the next, implying that your order may be executed at a worse price than you had intended.
- **Technical Risks:** Trading largely depends on technology; i.e., PC, mobile phone, tablets and internet are used to connect and trade for your own account. Therefore, disruptions in said services may lead to delays in the opening and closing of transactions. GILDENCREST assumes no responsibility under these circumstances.

SCENARIO ANALYSIS

D30EUR		Notional Value: 1 x 7959.22 = €7,959.22			Symbol Leverage:1:20		
		Initial Margin: €398 @7959.22 price					
		Minimum Margin: €199			----->> 50% stop out level		
Scenario		FOR LONG POSITIONS			FOR SHORT POSITIONS		
		Absolute	% of Notional	% of Initial Margin	Absolute	% of Notional	% of Initial Margin
Stress	What you might make (lose)	(€239.37)	-3.0%	-60.1%	(€239.36)	-3.0%	-60.1%
Unfavourable	What you might make (lose)	(€102.04)	-1.3%	-25.6%	(€102.03)	-1.3%	-25.6%
Moderate	What you might make (lose)	€6.40	0.1%	1.6%	€6.40	0.1%	1.6%
Favourable	What you might make (lose)	€109.92	1.4%	27.6%	€109.92	1.4%	27.6%

This analysis is aimed at showing you potential gains or losses over one day under different scenarios. Each scenario represents an estimate of future performance based on five years of daily historical price data for D30EUR (German 30 Index). The market may perform differently in the future. Intra-day movements may exceed daily movements. Your return, both negative and positive, will vary depending on how the market performs and how long you hold the CFD. Your contract may be closed automatically if you do not maintain sufficient margin in your account. Stress scenario shows what you might get back in extreme market circumstances; however it is not the worst case scenario. The figures do not take into account your personal tax situation.

COSTS

(1) *Spread*: the difference between the buy and sell price (or bid and ask price). This cost is realised each time you open and close a position. Our raw spreads are variable. Plus, we put a mark-up on raw spreads, which are fixed. Since we are not market makers, our spreads fluctuate related to the spreads we get from our liquidity providers. For instance, in our example under scenario analysis, entry and exit cost (spread cost) for 1 lot would be €1.5.

(2) *Financing costs, or swap charges*: A swap is charged every day to your account for positions carried overnight. Sometimes swap are debited and sometimes credited, depending of your position being long or short as well as the relative interest rates of the countries of the currencies involved in the trade. The current swap fees can be referenced within the trading platform in the symbol specification section. As swap costs are charged overnight, the longer you hold your position, the larger it gets. On the other hand, there are *no swap charges in futures CFDs*. GILDENCREST will not cover deposit and withdrawal fees from payment service provider/bank for amounts below 100 in your account currency.

(3) *Currency conversion* is also a cost for the trades that are denominated in a currency other than the base currency of your account because 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.

(4) *Rollover costs* (Futures only): We charge you to roll over a futures contract into the next month or quarter, equal to the applicable spread to open and close a trade.

(5) *Occasional costs*: 10 (in your account currency) fee for inactivity 12 months, this charge will not place account into negative but account may be closed when balance is zero and no trading for 12 months. 25USD one off withdrawal fee if no trades were made on the account and full deposit is requested for withdrawal.

COMPLAINTS

The Company has established and maintains a Complaints Handling Procedure. If you wish to submit a complaint, you can send an email to compliance@gildencrest.co.uk or in writing to Gildencrest Capital Limited, Studio 11, 7th Floor, One Canada Square, Canary Wharf, E14 5AA, UK. If you remain dissatisfied with final our response, you may refer your complaint to the Financial Ombudsman Service. Please find a copy of the Financial Ombudsman Service's consumer leaflet at <http://www.financial-ombudsman.org.uk/publications/consumerleaflet.htm#c>. For more information, please refer to their website: www.financial-ombudsman.org.uk or read our summary booklet [here](#). The Financial Ombudsman Service's contact details are: Email: complaint.info@financial-ombudsman.org.uk. Address: The Financial Ombudsman Service Exchange Tower London United Kingdom E14 9SR

OTHER RELEVANT INFORMATION

This document is a detailed summary of this product group. Please send an email to customersupport@gildencrest.co.uk for more detailed information and for additional inquiries. You may find our product specifications (trading hours, swap and margin calculation, leverage, contract sizes, etc.) on our website at www.gildencrestcapital.co.uk/Products.