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Product - Indices

These products are manufactured and distributed by HYCM Capital Markets (UK) Limited, FRN 186171, which is a subsidiary of the HYCM Capital Markets Group. Call +(44) 207 816 5902 or visit www.hycm.co.uk for more information.

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

What is this product?

Type

A Contract for Difference (CFD) is an Over the Counter (OTC) leveraged financial instrument which value is determined based on the value of an underlying asset. The leverage effect is a typical characteristic of a CFD.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying index (whether that be upwards or downwards), without the need to actually buy, sell or otherwise transfer the underlying index. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. For every point the price of the product moves in the investor's favour, a gain multiple of the number of CFD units bought or sold are achieved. At every point the price moves against the investor, a loss will be incurred. For example, if you believe the value of US30 CFD is going to increase, you would buy the Index (also known as "going long"), with the intention to later sell it when they are at a higher value. The difference between the buy and sell prices equates to your profit, minus any relevant costs (detailed below). If you think the value of US30 CFD is going to decrease, you would sell the Index (also known as "going short") at a specific value, expecting to later buy it back at a lower price, resulting in us paying you the difference, minus any relevant costs (detailed below). However, in either circumstance if the US30 CFD moves in the opposite direction and your position is 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. Trading on margin can enhance any losses or profits 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: a) have risk tolerance; b) are trading with money they can afford to lose; c) have experience with, and are comfortable trading on, financial markets and understand the impact of and risks associated with margin trading and d) their investment goals vary according to their needs from generally, speculation and short term exposure to the financial market/instrument to investment and long term exposure

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

The risk and reward Indicator



The risk indicator assumes you keep the product until date. There is no recommended or minimum time period for holding this product. You may be forced due to the volatility of the market to buy or sell your CFD at a price that will significantly impact how much you get back.

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. Products that appear in a lower category do not guarantee a risk-free investment. These products are in this category because it can take higher risks in search of higher rewards and their price may rise and fall accordingly. **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. CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. There is no capital protection against market, credit or liquidity risks.

Be aware of currency risk: It is possible to buy or sell CFDs 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. For example, maintaining a trading account in US Dollars and trading in CFDs that are not priced in US Dollars are subject to foreign exchange risks. This risk is not considered in the indicator shown above.

In some circumstances you may need to make additional payments to compensate for losses. If the margin in your account falls below 50% of the total initial margin required for all the CFDs in your account, then we must close one or more of your positions. You could, therefore, lose your entire investment. However, the total loss you may incur will never exceed your invested amount. **The Company offers Negative Balance Protection to its Clients.**

In addition, the investment may be lost if the Company is unable to pay you out. However, you may benefit from a consumer protection scheme (see the section "what happens if HYCM is unable to pay you"). The indicator shown above does not consider this protection. It is possible that additional investment payment to your initial investment may be required in order to not have your open positions being stopped out.

Investment Performance Information

A CFD on an Index (e.g. US30) allows an investor to invest in the rising or falling prices of an underlying index. The outcome of trading CFDs on Indices (i.e. profit or loss) depends on the type of order placed by the investor (i.e. buy or sell) by taking into consideration his analysis and prediction on whether the price of the underlying index will rise or fall, as well as how long he will choose to keep the order open by having regard to the available margin in his trading account. It should be noted that an order will be automatically stopped out with the investor incurring the relevant loss when the margin level reaches 50%.

The main factors that are likely to affect price movements and future returns include but are not limited to economic or political events such as elections and inflation rates, economic announcements, changes of interest rates, force majeure events such as natural disasters and war, supply and demand level, mergers and acquisitions, and the correlation between underlying assets.

It should be noted that in periods of adverse market conditions and in periods of volatility, rapid price movements occur in the market which could result in either an investor generating higher returns than he would otherwise generate in the case the market moves in his favor or incurring bigger losses in the case the market moves against him.

It should be further noted that even though there is not a recommended holding period for a CFD on an Index, and an investor may close an order whenever he so wishes provided that the market is open, there is a maturity period for Futures Indices CFDs only, which would result in an investor's open orders to be automatically closed at the relevant profit or loss upon the maturity date being reached. However, Spot Indices CFDs do not have a maturity date, thus, the relevant profit or loss depends on when the investor will choose to close by himself any of his open orders.

What could affect my return positively?

An investor can generate returns by trading CFDs on an Index, in the case he places a buy order, and the price of the underlying index rises, or in the case he places a sell order, and the price of the underlying index falls. For example, any industrial or manufacturing news can move the US30, as well as wider economic and earnings news. Therefore, during positive news about manufacturing industries, an investor's returns on order BUY US30, could be positively affected.

What could affect my return negatively?

Conversely to the above, an investor can incur a loss, in the case he places a buy order, and the price of the underlying index falls, or in the case he places a sell order, and the price of the underlying index rises. By taking into consideration the above example, an investor's order SELL on US30, could result in negative returns during positive news about manufacturing industries.

What happens if HYCM is unable to pay out?

If HYCM is unable to meet its financial obligations to you, you may lose the value of your investment. However, HYCM segregates all retail client funds from its own money in accordance with FCA's Client Assets Rules. Further, HYCM is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Investors may also email them by using the email address provided on the FSCS website at <http://www.fscs.org.uk>. As such, in the event that HYCM becomes insolvent and is unable to pay out to its clients, retail clients may be eligible to compensation of up to 85,000 GBP.

What are the costs?

The reduction in returns shows what impact the total costs you pay will have on the return you might get on your investment. The total costs take into account the one-off, ongoing and incidental costs. The amounts shown are the cumulative costs of the product, for three different holding periods. The figures assume you invest USD 1 000 and buy 1 lot of US30. The figures are estimates and may change in the future.

Investment (US\$1,000)			
Scenarios 1 lot US30 CFD BUY	If you close the position the same day (Intraday)	If you close the position after 1 day	If you close the position after 10 days
Total costs	[3.0%]	[3.0%]	[3.0%]

The below table shows the different types of cost categories and their meaning as well as the impact these may have on your investment.

One-off Entry and Exit costs	Spread	2.00%	The difference between the buy price ("offer price") and the sell price ("bid price") is called the spread. This cost is realised each time you open and close a trade. A fixed spread is offered in most circumstances. A dynamic spread is applicable to certain product offerings. For example: US30 CFD is trading at 35,650 Sell (Bid) and 35,654 Buy (Ask) the difference is 4 pips and equal to \$ 20 cost for opening a trade (a round lot).
	Currency Conversion	N/A	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.
	Commission	N/A	You may be charged a commission on each trade. For all types of CFDs offered, the commission is not incorporated into the quoted price and instead will be agreed with you before entering into any transaction and will be shown on the statement sent to you. In such an event, the Commissions will be charged to the Account. Commissions and charges may be changed from time to time without prior notice. However, commission is applicable to HYCM raw account type and Indices are not provided under this account type.
	Mark-Up (where applicable)	N/A	The prices on which you are trading may include a mark-up which is a charge on the spread as received from the liquidity/price provider.
Ongoing costs	Rollover Charge	N/A	For every night that a position is held open, a rollover (swap) charge is applied. The rollover charge can be positive or negative depending on the direction of an investor's position and the applicable interest rate. The longer the position is held, the more rollover charges will accrue. HYCM does not apply charges for keeping Indices trades overnight. (swap rate 0%). Please refer to our Costs and Charges for more elaborate examples.
Other Costs	Dormant Fees	Fixed Cost	An account is considered dormant or inactive if there has been no activity for a continuous period of 90 days. These accounts will be charged an administration fee of US \$10.00 (or the equivalent value in the account base currency) every month until account activity resumes; the account is closed; or if the account balance reaches zero (0).
	Withdraw Fees	Fixed Cost	Withdrawals via Wire Transfer of less than US\$300 are charged with a handling fee of US\$30. Please also note that the sending and correspondent bank may charge a fee according to their own fee structure.
	Deposit Fees	N/A	HYCM will not apply any charges for depositing funds into the Account. Depositing funds can be done either by credit card payment, bank transfer or any other available payment options we offer online. Please note that when depositing via Wire Transfer, the sending and correspondent bank may charge a fee according to their own fee structure.
Incidental Costs	Slippage	1.00%	Slippage refers to the difference between the expected price of a trade and the price at which the trade is executed. Prices of the financial instruments change several times in a second and this may cause the trading system to execute a trade at a different than the requested price. For example: trading US30 and you want to close your trade with the price 35,650 but the system executed with the next available price 35,652 or 35,648 which may result your trade with \$10 more profit or loss.

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

There is no recommended holding period but CFDs are usually held for less than 24 hours. You can open and close a CFD on an Index at any time during market hours. There is no cancellation period and therefore no cancellation fees. CFDs will expire when the investor chooses to exit the product or in the event the investor does not have available margin.

How can I complain?

In the event of a complaint arising the Compliance department is responsible for the supervision of the complaints resolution process and can be contacted at the following address: *The Compliance Officer, HYCM Capital Markets (UK) Limited, St Clement's House, 27-28 Clement's Lane, London, EC4N 7AE , United Kingdom* or by e-mailing: complaints@hycm.com . If you are not satisfied with our response to your complaint, you may refer the complaint to the Financial Ombudsman Services. See www.financial-ombudsman.org.uk . For more information please visit the Company's website to view the [Complaints Policy](#).

Other relevant information

Investors must check [Terms of Business](#) and [Legal Documents](#) regularly, they can be updated them at any time without prior notice. Investors must agree to any changes if they wish to continue to use the services or features of the trading platform after the terms and conditions have been updated.