Understanding ETF CFDs: Key Information

If you are interested in trading, you may have come across ETF CFDs. But what are they, and how do they work? In this guide, we'll provide key information about ETF CFDs to help you understand the nature of the investment product, including the risks, costs, and potential profits and losses. We'll also provide you with the contact details of the product creator and information regarding the competent authority. This document should be read in conjunction with the full KID. Let's dive in!
The Product Creator: XTB Limited

XTB Limited is responsible for creating ETFCFDs. The company is located at Level 9, One Canada Square, Canary Wharf, London. Contact details: Website: https://www.xtb.com/en, Phone: +44 203 695 3085, Email: ukservice@xtb.co.uk.
## The Product: Contract for Difference (CFD) - ETF

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<th><strong>What is a CFD?</strong></th>
<th><strong>How Does It Work?</strong></th>
<th><strong>What Are the Risks?</strong></th>
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<td>A CFD is a leveraged contract that allows investors to speculate on rising or falling prices of underlying markets, such as indices.</td>
<td>The purpose of the product is to enable clients to benefit from changes in the price of the underlying ETF without owning it. The rate of return on the investment depends on the opening and closing prices of the position. The product reflects changes in the prices of the underlying indices.</td>
<td>The general risk index for this product is 7 (on a scale of 1 to 7), indicating the highest level of risk due to market changes and potential loss. CFDs are leveraged products that can result in rapid losses of the initial investment.</td>
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ETFs are a type of investment that allow you to buy a diversified portfolio of stocks or bonds in a single transaction. They are similar to mutual funds, but trade on an exchange like a stock. ETFs are popular because they offer low costs, tax efficiency, and flexibility.
Target Investor

The product is intended for active individual investors who are aware of the risks involved. Investors should familiarise themselves with governing laws, participate in available training, and understand the demonstration transaction system. The product is not appropriate for every investor.
The Competent Authority: Financial Conduct Authority (FCA)

Regulating Body
The Financial Conduct Authority (FCA) is responsible for regulating the financial services industry in the UK. They set standards and monitor the behavior of companies to ensure that they are following the rules and regulations set by the governing body.

What Does This Mean for the Investor?
If a company like XTB Limited breaches the rules and regulations set by the FCA, investors have a better chance of receiving legal compensation and financial support.
The Risks and Potential Returns of the Product

1. Potential Returns?

The purpose of an ETF CFD is to reflect changes in the prices of the underlying ETF, without owning it. The rate of return on the investment depends on the opening and closing prices of the position.

2. Risk Factors:

- CFDs are leveraged products carries a significant risk of losing all of your investment.
- Market conditions may impact trade closures and prices obtained.
- Losses can exceed the initial margin, but negative balance protection is in place.
- Exchange rate fluctuations can affect the returns of the investment.
## Conditions of Return

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<th>Term</th>
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<td>Maturity</td>
<td>All trades have a maturity date of 365 days.</td>
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<td>Termination</td>
<td>Investors can terminate the investment at any time during market hours without incurring additional costs.</td>
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<td>Profit Limits</td>
<td>There are no upper profit limits for the investor.</td>
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<tr>
<td>Loss Limits</td>
<td>Your entire investment amount.</td>
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Costs of ETF CFDs

One-Off Costs

- Spread: The difference between bid and ask prices at the time of the transaction.
- Transactional fee: Fees related to specific CFD instruments.
- Equivalent of dividend: Fees related to dividend payments for selected CFD instruments.

Recurring Costs

- Swap Point Rates: Fees for holding positions overnight.
Complaints and Other Relevant Information

Complaints

XTB has a detailed complaint procedure in place for investors who have concerns or issues regarding their investment.

Phone: +44 203 695 3085
Email: compliance@xtb.co.uk
Chat: On website and app.

Other Relevant Information

Execution of orders may not occur at the expected price due to time lags. Comprehensive information, including detailed fees, and product features, is available on the website.