



Understanding Index CFDs: Key Information

If you are interested in trading, you may have come across Index CFDs. But what are they, and how do they work? In this guide, we'll provide key information about Index 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 Index CFDs. 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) - Index

What is a CFD?

A CFD is a leveraged contract that allows investors to speculate on rising or falling prices of underlying markets, such as indices.

How Does It Work?

The purpose of the product is to enable clients to benefit from changes in the price of the underlying index 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.

What Are the Risks?

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.

What is an Index?

An index is a group of stocks or other assets that represent a particular market or sector. For example, the S&P 500 is an index of the 500 largest publicly traded companies in the US. Investors can buy or sell shares of an index like they would a stock, which allows them to invest in the performance of an entire market rather than just one company.

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 Index CFD is to reflect changes in the prices of the underlying indices, without owning them. 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

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

Costs of Index 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.