

Key Information Document

Spread bet on Forex Baskets

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.

Product

Product Name Spread Betting on Forex Baskets.

Product Manufacturer Stratos Markets Limited trading as Tradu ("Tradu"), a company registered in England and Wales (No. 04072877) authorised and regulated by the Financial Conduct Authority in the United Kingdom FCA #217689

Further Information You can find more information about Tradu's products in our [product guide](#). You can contact us using the details on our [website](#) or by calling +44 2073 984058. Tradu's customer support team is available via phone, email or live chat at www.tradu.com/uk/support.

This document was last updated on 19 December 2024.

! You are about to purchase a product that is complex and may be difficult to understand.

What is this product?

Type

This document relates to a product known as Spread Betting ("SB") on Forex Baskets. A spread bet is a leveraged contract entered into with Tradu on a bilateral basis.

Financial spread betting allows investors to take advantage of rising and falling markets without having to buy an asset from the forex underlying market. An investor has the choice to buy (or go "long") the SB to benefit from rising prices in the underlying market; or to sell (or go "short") the SB to benefit from falling prices. Spread bets are commission-free and are traded with leverage.

Forex Baskets are a form of unique Index spread bet that consist of multiple currency pairs, used to track the performance of a specific market sector.

You can visit Tradu's [website](#) for information on the SBs available to trade with Tradu.

Objectives

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

By way of example, if an investor buys a SB at a size of £1 per point with an initial margin amount of 3.33% and an underlying market price of £400, the initial investment will be approximately £13.00 ($3.33\% \times £400 \times 1$). The effect of leverage, in this case 33:1 ($1 / 3.33\%$) has resulted in a notional value of the contract of £400 ($£13 / 3.33\%$). Please note margin requirements are updated periodically and will not change in real time irrespective of if the rate increases or decreases.

This means that for each 1 point change in the price of the underlying market, 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. Conversely, 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 price of the SB is derived from the price of the underlying forex market price. Forex positions have no maturity date or recommended holding period. You decide when to open and close your positions.

Failure to deposit additional funds in order to meet the margin requirement because of a negative price movement may result in the SB being automatically terminated. This will occur when losses exceed the initial margin amount.

In any circumstance, if the instrument's price moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), your account would be debited for the loss of the trade plus any relevant costs.

Intended Retail Investor

Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

- (i) have a high risk tolerance;
- (ii) are trading with money they can afford to lose;
- (iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and

- (iv) want to gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

Term

Forex Basket SB positions have no maturity date or recommended holding period. You decide when to open and close your positions. Tradu may close your position without seeking your prior consent if you do not maintain sufficient margin in your account.

Traders who believe that the markets may be extremely volatile over the rollover period, or market gap may occur, or that potential large financing charges applied, may simply close out orders and positions ahead of the rollover.

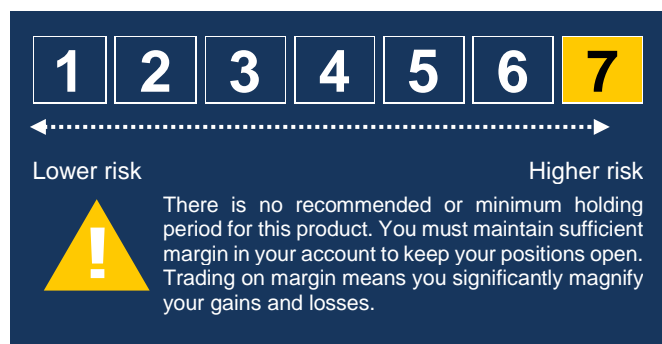
A margin call will occur when the losses of the trade fall exceed 50% of the initial margin amount. Depending on your account type and/or trading platform a margin call may liquidate all open positions on your account or may only close specific positions. Tradu process all liquidations automatically, for more information on how Margin Warnings and Margin Calls work we encourage you to review our [execution risks](#).

Tradu Margin Requirements can vary, are updated monthly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets.

The minimum margin requirement for Forex Baskets is 5%. Current margin requirements can be viewed in the dealing rates and create order windows on the trading platform.

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 these products 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 these products as 7 out of 7, which is the highest risk class. SBs are leveraged products that, due to underlying market movement, can generate losses rapidly. Therefore, there is a very high chance that you could lose all invested funds.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will 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 trade is closed at a less favourable price, which could significantly impact how much you get back. We may close your open contract if you do not maintain the minimum margin that is required.

This product does not include any protection from future market performance so you could incur significant losses. If Tradu is not able to pay you what is owed, you could incur significant losses. However, you may benefit from a consumer protection scheme (see the section 'What happens if Tradu is unable to pay out'). The indicator shown above does not consider this protection. It is possible to lose the entire balance of your account.

Investment performance information

There are several factors that may affect the future returns you receive, or indeed the future loss you may suffer. What you get back will vary depending on how the market performs, how long you hold the SB, the costs of the product itself, and also your personal tax situation.

Each instrument has a different Point Size (where the Point is located - a certain digit in price) associated to it. Point Size is displayed in the trading platform, when entering a Market or Entry Order.

When trading in SBs, you will either elect to 'go long' (*i.e.*, whereby you are betting that the value of the underlying benchmark increases) or 'go short' (*i.e.*, where you are betting that the value of the underlying benchmark decreases) against an underlying currency value. Whether the underlying currency appreciates or depreciates, and thereby whether your prediction to go 'long' or 'short' bore out, will be the primary factor in determining your returns or losses.

Commissions and Financing Costs may also impact your total returns and are outlined further in the cost section below and in the [Rate Card](#).

Benchmark

The underlying instruments of SBs are traded over-the-counter ("OTC") and are not financial instruments that are traded on a singular specific underlying exchange. Therefore pricing may vary from broker to broker and a singular benchmark does not exist. To create the prices for these SBs, Tradu aggregates the price feeds from various liquidity providers.

What could affect my return positively?

When Spread betting, the main factor that could affect your return positively, would be if you trade 'long' on an instrument that then appreciates in value, or conversely trade 'short' on an instrument that then depreciates in value.

What could affect my return negatively?

When Spread betting, the main factor that could affect your return negatively would be if you trade 'long' on an instrument that then depreciates in value, or conversely trade 'short' on an instrument that then appreciates in value.

Impact of severely adverse market conditions?

When Spread betting, extreme market circumstances (for instance, severe market volatility or the sudden depreciation of a particular instrument that is otherwise relatively stable), can result in the sudden loss of the majority or all of your investment, and such extreme circumstances are different to a situation where we are not able to pay you.

What happens if Tradu is unable to pay out?

If Tradu is unable to meet its financial obligations to you, this could cause you to lose the value of any positions you have with Tradu. Tradu segregates your funds from its own money in accordance with the UK FCA's Client Asset rules. Should segregation fail, your investment is covered by the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £85,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

This table shows the different types of costs involved when you trade SB products.

One off costs	Spread	The spread is the difference between the buy (ask) and sell (bid) price quoted. Spreads are subject to variations, especially in volatile market conditions. Real time spread can be seen on the trading platform.
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Ongoing costs	Financing Charge	Financing costs (debit or credit) are displayed in the platform. This is the financing cost incurred for holding a position past 5 PM EST at the <u>rollover date</u> when we roll over a contract into the next one and is based on the size of the position. For SB trades the formula for financing cost is as follows: $(\text{Intra Bank Swap rates} \times \text{pip cost}) \times (1 \pm \text{mark-up})$
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How long should I hold it and can I take money out early?

This product generally has no fixed term and will expire when you choose to exit the product or in the event you do not have available margin. You should monitor the product to determine when the appropriate time is to exit. **You can close your spread bet at any time during market hours.**

How can I make a trade inquiry or complaint?

If you wish to submit a trade audit you can contact our customer support or submit the following online [form](#).

Per Tradu's Complaint Procedure, if you are dissatisfied with the audit resolution, you are able to submit a formal complaint. You may submit your complaint:

- online via the following [form](#);
- via email to compliance@tradu.com; or
- via postal mail to Tradu at: 125 Old Broad Street, 9th Floor, London EC2N 1AR, United Kingdom.

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

Other relevant information

You should ensure that you read the terms of business, order execution policy and risk warning notice displayed in the legal section of our website, on the [General Business Terms](#) page. Such information is also available on request.