Key Information Document - Contract for Differences (CFD) on precious metal

Purpose: This document provides you, as a retail client, 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:		
	Name of Product:	Contract for Difference (CFD)
	Manufacturer:	Pepperstone Limited
	Competent Authority:	Financial Conduct Authority - UK
	Firm Contact Details:	**Web:** www.pepperstone.com/uk **Tel:** +44 (0)800 0465473
	Date of document:	December 2022

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

What is this product?

Type Contract for Differences on a precious metal - XAUUSD (Gold vs. US dollar)

Objectives This product aims to allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments. It is often used to speculate on those markets. Trading this product enables investors to have exposure to price movements of an underlying financial instrument without actually owning it.

Intended retail investor

Investors who have knowledge or experience of trading in leveraged products, and wish to have exposure to movements in the precious metals markets, such as;

- Hedgers who seek to reduce risk by protecting an existing exposure against possible adverse price movements in the price of the relevant metal. Hedgers have a real interest in the underlying precious metal.

- Speculators who use CFDs in the hope of making a profit on short-term movements. They often buy and sell derivatives contracts in their own right without transacting in the underlying financial instrument. Speculators may have no interest in the underlying financial instrument other than taking a view on the future direction of its price.

This product is not appropriate for everyone, and should only be used by investors that are able to bear losses, and understand the mechanics and risks of leveraged trading including the use of margin deposits.

Term

- CFDs are generally used for short term trading, often intra-day, so this product has no maturity date or cancellation period. We may unilaterally close your CFD contract(s) if you do not maintain sufficient margin in your account at all times.

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

Risk indicator

The risk indicator reflects the high degree of leverage provided by CFDs. A relatively small adverse movement in the underlying market may result in significant losses. In some circumstances you may lose all the funds in your trading account

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.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level, as this is a leveraged financial derivative and a small movement in the underlying market may have a large impact on the value of the CFD.

The CFD products that we offer are not listed on a regulated market, and can only be closed with us and not with any other CFD provider. If you fail to maintain an adequate margin deposit to cover any losses, we may close your position without further reference to you.

Be aware of currency risk. You may receive payments in different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator above.

This product does not include any protection from future market performance and in some circumstances, you may be required to make further payments to maintain your position. **As a retail client, the total loss you may incur is limited to the funds in your trading account.**

If we are not able to pay you what is owed, you could lose your entire deposit, however, you may benefit from a consumer protection scheme (see section "what happens if we are unable to pay you"). The indicator shown above does not consider this protection.

Investment Performance Information

The purpose of this product is to enable you to get, or hedge, exposure to movements in the prices of gold without actually buying or selling it and without having to deliver, or take delivery of any physical metal.

Gold is highly regarded as a store of value. It is also used in the manufacture of jewellery and for industrial purposes such as in electronic components.

In the longer term, movements in the price of gold are determined by demand for the metal for these purposes. In the shorter term, they are driven by speculation on the future demand for these purposes. This may be influenced by economic trends, fashion, and the development of new manufacturing processes.

This product is priced according to our execution policy to accurately track the price of gold in the underlying market. However, you should note that where a position is held overnight, we will apply a cash adjustment to reflect the costs that would arise if you had bought the metal using borrowed money, or had borrowed the metal to sell short.

For long positions, this adjustment will be an estimate of the interest that you would have to pay to borrow an amount of money equivalent to the value of the underlying metal, and the warehousing costs that would be required to store it . For short positions, it will be an estimate of the cost of borrowing the metal less the interest you would earn on a deposit of a similar amount.

We apply two charges. We charge a spread when you open or close a trade. We also apply a spread to the overnight cash adjustment. These charges are illustrated below

Effect of leverage

Please note that leverage will magnify any profits or losses based on the price movements in the underlying financial instrument. For example, on a leverage of 20:1 you would be required to deposit and maintain a minimum initial margin deposit of 5% of the notional value of your contract.

For example, based on a notional contract value of $180,000 and leverage of 20:1, you would be required to deposit $9,000 as initial margin. If the value of underlying financial instrument moved against you by more than 5%, you would lose all of your initial margin deposit.

What happens if we are unable to pay out?

We participate in the Financial Services Compensation Scheme (FSCS), which means you may be entitled to compensation from the FSCS if we are unable to pay, subject to a maximum compensation of GBP 85,000. Further information about the compensation is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, United Kingdom (www.fscs.org.uk).

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, on-going and incidental costs. The amounts shown here are the cumulative costs of the product itself, for an illustrative holding period of one day. The figures assume a notional contract value of $180,000 with a minimum initial margin deposit of $9,000. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Cost Scenarios Notional value $125,000	Long If you close after one day	Short If you close after one day
Total costs	$10.84	$10.84
RIY as a percentage of notional value RIY as a percentage of initial margin	0.004% per day 0.118% per day	0.004% per day 0.118% per day

Composition of costs

This table shows the different costs involved with our CFD products:				
		Long	Short	
One-off costs	Entry and exit costs - Spread	$8.00	$8.00	The spread is the difference between the buy price and the sell price that we quote on our trading platform and is payable on opening and closing a contract. You could pay more or less depending on the spread rates at the time of contract.
Recurring costs	Overnight holding costs	$2.84	$2.84	Where you hold a position overnight, an overnight holding cost may be debited or credited to your account based on financing rates.
Incidental costs	Currency conversion	A currency conversion fee may be charged where your trades are denominated in a currency other than the base currency of your account.		

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

CFDs are generally used for short term trading on price movements, often intra-day. This product has no minimum or recommended holding period and you can close your contract at any time during market hours.

How can I complain?

If you have any complaints about the product or conduct of **Pepperstone Limited** or the person advising on or selling the product, you may lodge your complaint in one of the three ways:

- You can contact us by calling our Customer Services team on **+44 (0)800 0465473** who will explain what to do;
- You can log your complaint by emailing us on compliance.uk@pepperstone.com
- You can write to us at Pepperstone Limited, 68 Hanbury Street, London E1 5JL United Kingdom

After receiving our final decision for the relevant complaint, if you are still dissatisfied with our handling or findings in relation to that complaint, you may refer the matter to the Financial Ombudsman Service, Exchange Tower, Harbour Exchange, London, E14 9SR, United Kingdom www.financial-ombudsman.org.uk for further investigation and resolution.

Other relevant information

This document is only a high-level summary of this product. You can find our Key Information Documents and further information, including performance scenarios, relating to the other products we offer on our website at www.pepperstone.com/uk