

Purpose of the "Key Information Document" (KID)

This KID provides you with key information about the investment product described in the following section. It is not a marketing material. This 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**Contract for Difference (CFD) on Exchange Traded Funds ("ETFs")**

This Product can be traded "Over the Counter" (OTC).

PRIP manufacturer: **Name:** HF Markets (UK) Ltd (the "Company") | **Website:** www.hfmarkets.co.uk | **Telephone number for additional information:** +44 2035199898 | **Supervisory Authority:** Financial Conduct Authority ("FCA")

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

What is the product?**Type**

A contract for difference on ETFs (Exchange-Traded Funds) is a leveraged product entered into with HF Markets (UK) Ltd on a bilateral basis, settled in cash. It allows an investor to speculate on rising or falling prices on an underlying ETF. An investor has the choice to buy (or go "long") the CFD to benefit from rising ETF prices; or to sell (or go "short") the CFD to benefit from falling ETF prices. The price of the CFD on an ETF results from the price of the underlying ETF. CFDs on ETFs are leveraged products and leverage is fixed to 1:5. At the end of the day any open positions are rolled over and charged a daily swap charge. The Company imposes triple swap on Wednesday. Please note that margin trading requires extra attention, since you can achieve large profits if the price moves in your favor, but you are in risk of extensive losses if the price moves against you. In case there is failure to deposit additional funds to meet the maintenance margin requirement (resulting from a negative price movement) may cause the CFD on ETFs to be stopped out. This will happen when your remaining account equity drops below the maintenance margin requirement. This product does not have any maturity or termination date. HF Markets (UK) Ltd retains the ability to unilaterally terminate any CFD contract whenever it is believed that the terms of the contract have been breached.

Objectives

The objective of a CFD on an ETF is to enable an investor to get leveraged exposure to the movement in the value of the underlying ETF (whether up or down), without owning the physical basket of securities that constitute the ETF. The exposure is leveraged since the CFD on ETFs only requires a small proportion of the notional value of the contract to be put down upfront as initial margin. For example, if an investor buys 1 lot of CFD (1 lot equals 1 contract) on QQQ (Invesco QQQ Trust Series 1) with an initial margin amount of 20% and an underlying QQQ price of 302.73/302.76, the initial investment will be 66.55 USD or the equivalent in your account's currency. The effect of leverage in this case is 5:1 (1/0.2). Based on the trade size above, for each 1 tick (i.e from 302.76 to 302.77) change in the price of the underlying ETF, the value of the CFD changes by 1 cent of USD. For instance, if the investor is long and the price increases in value, a 0.01 USD profit will be made for every 1 tick increase in this price. However, if the price decreases in value, a 0.01 USD loss will be incurred for each tick the price decreases in value. Conversely, if an investor holds a short position, a profit is made in line with any decreases in that price, and a loss for any increases in the price.

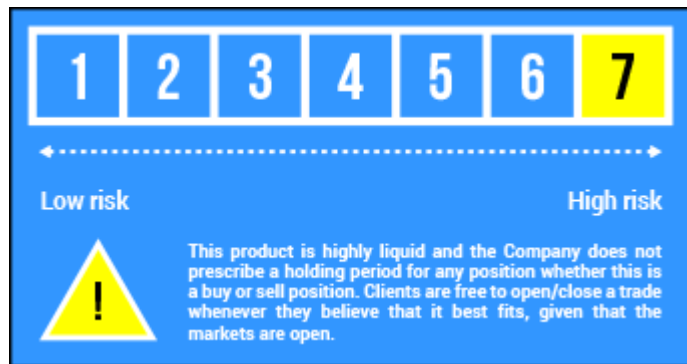
CFDs in general do not have a recommended holding period and it relies on the judgement of each individual investor to determine the most appropriate holding period based on their own trading strategy and goals.

Intended Retail Investor

CFDs are intended for investors who have knowledge of, or are experienced with, leveraged products and who understand a) how the prices of CFDs are derived, b) the crucial notions of margin and leverage, c) the fact that losses may exceed deposits and d) who have the appropriate financial leniency to bear the loss of their entire investment.

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

The summary risk indicator is a manual to the degree of the risk of this product compared to other products. It indicated how probable it is that the product might lead to the loss of money because of market movements or because we are not able to pay you.



We have classified this product as 7 out of 7 which is the higher risk category. This ranks the potential losses from future performance of the product at a very high level.

CFDs are leveraged products that which - owing to underlying market movements - can generate losses quickly. There is no capital protection against market risk, credit risk or liquidity risk.

Be aware of currency risk. It is possible to buy or sell CFDs on ETFs in a currency which is different to the base currency of your account. The final return you may end up with depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Leveraged trading magnifies the losses of price movements and failure to deposit additional funds may result in the CFD being stopped out. You are also prone to risks related to internet failures, communications failures and delays or even account password theft.

It is possible to lose all your investment; however, your loss is restricted to your actual account balance as the Company offers **negative balance equity protection**. 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 HF Markets (UK) Ltd is unable to pay you"). It is possible that additional investment payments 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 ETF (e.g. QQQ) allows an investor to invest in the rising or falling prices of an underlying ETF. The outcome of trading CFDs on ETFs (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 ETF 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 automatically be 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 a CFD on an ETF has neither a recommended holding period nor a maturity or termination date, and an order, once opened, can be closed by the investor whenever he so chooses provided that the market is open.

What could affect my return positively?

An investor can generate returns by trading CFDs on ETFs, in the case he places a buy order, and the price of the underlying ETF rises, or in the case he places a sell order, and the price of the underlying ETF falls. For example, the QQQ tracks the NASDAQ 100 index, so in the event of strong news flow and earnings from the large technology companies, the investor's returns on order BUY QQQ, could be affected positively.

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 ETF falls, or in the case he places a sell order, and the price of the underlying ETF rises. By taking into consideration the above example, an investor's order SELL on QQQ, could result in negative returns in times of strong news flow and earnings from the large technology companies.

What happens if HF Markets (UK) Ltd is unable to pay out?

All client money held by the Company are held in segregated bank accounts, separately from the Company's own funds, and safeguarded with highly rated credit institutions. The Company performs, on a daily basis, internal and external reconciliations as required by the FCA and prescribed by the rules of MiFID II for the Company to ensure that it maintains adequate amounts in its client money accounts to cover all client funds.

In the unlikely event that the Company will be unable to pay you out, the client can contact the Financial Services Compensation Scheme (the "FSCS"). The FSCS is the UK's statutory fund of last resort for customers of UK regulated financial services firms. This means that the FSCS can pay compensation up to £85,000 per eligible client, if the Company is unable to fulfil its financial obligations. The actual level of compensation that will be paid out by the FSCS will be based on your claim. Further information on the FSCS can be found [here](#).

What are the costs?

Before you begin to trade CFDs on equities you should familiarize yourself with all one-off and ongoing costs for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our [website](#).

This table shows the different types of cost categories and their meaning		
One- Off entry and/or exit costs	Spread	The difference between the buy price and the sell price. This cost is realised each time you open and close a trade.
	Commission	This is a commission charged when you buy and sell a CFD on ETFs based on the notional value of the trade. More information can be found on the Company's website .
On- going costs	Daily holding costs (swaps)	It is the interest paid or for holding a position overnight. It is a credit or debit as a result of daily interest rates. When you hold positions overnight, they are either credited or debited interest based on the rates at the time. Swap is also called Rollover. Rollover can add a significant extra cost or profit to your trade.

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

CFDs are intended for short-term trading, in some cases intraday trading and are generally not suitable for long-term investments. There is no recommended holding period and no cancellation period. You can open and close a CFD on an equity at any time during the market trading hours of each CFD.

How can I complain?

All complaints or grievances must be in writing and shall be addressed to the Customer Support Department of the Company via email at support@hfmarkets.co.uk (for any issues other than trading issues) or the Trading department reachable at trading@hfmarkets.co.uk for any trading issues. If a client is not satisfied by the response from any of the Departments, the complaints shall be forwarded to the Client Audit Team at clientaudit@hfmarkets.co.uk. For more information please see the Company's [Complaint Handling Procedure](#).

Other relevant information

We draw your attention to the information documents required to be made available by Law, which are to be found and are available to you at all times [here](#).