

KEY INFORMATION DOCUMENT CFD ON AN INDEX

PURPOSE

This information documents provides key information about the investment product CFD. The information is required by law in order for you to understand the nature, risks, costs, potential profits and losses of this investment product and to help you to compare it with other investment products.

AKFX Financial Services Ltd is registered in Malta, number C60473. AKFX Financial Services Ltd. is authorised and regulated by the Malta Financial Services Authority (MFSA).

Warning

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

WHAT ARE CFDS?

A contract for difference ("CFD") is a leveraged contract entered into with CMC on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying index.

An investor has the choice to buy (or go "long") the CFD to benefit from rising index prices; or to sell (or go "short") the CFD to benefit from falling index prices. The price of the CFD is derived from the price of the underlying index price, which may be either the cash price and/or the future price. For instance, if an investor is long a UK 100 CFD and the price of the underlying index rises, the value of the CFD will increase - at the end of the contract GKFX will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the price of the underlying index falls, the value of the CFD will decrease - at the end of the contract they will pay GKFX the difference between the closing value of the contract and the opening value of the contract. A CFD referencing the underlying future price works in exactly the same way except that such contracts have a pre-defined expiry date – a date upon which the contract either automatically closes or must be rolled into the next period. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Objectives

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying index (whether up or down), without actually needing to buy or sell in the underlying market. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be put down upfront as initial margin and is one of the key features of trading CFDs. By way of example, if an investor buys a CFD worth £1 per point with an initial margin amount of 1% and an underlying index price of 6000, the initial investment will be £60 ($1\% \times 6000 \times 1$). The effect of leverage, in this case 100:1 ($1 / 1\%$) has resulted in a notional value of the contract of £6000 ($£60 \times 100$). This means that for each 1 point change in the price of the underlying index so the value of the CFD 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

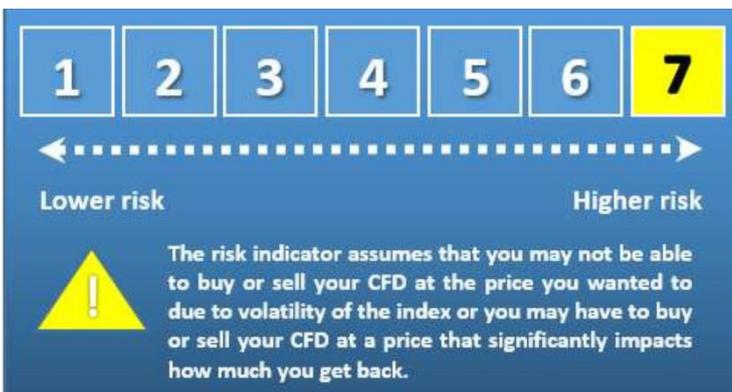
made in line with any decreases in that market, and a loss for any increases in the market.

Undated CFD contracts do not have an expiry date and are therefore open-ended but an overnight Holding Cost is charged. A forward contract has a pre-defined expiry date where the CFD is either cash settled (closed) or rolled into the next forward contact, - i.e., from a January expiry into a February expiry. Rolling is at the discretion of the investor. There is no recommended holding period for either and it is down to the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

Failure to deposit additional funds in the case of negative price movement may result in the CFD being auto-closed. This will occur when losses plus the margin required for the product exceed the cash deposited. GKFX also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

Intended Retail Investor

CFDs are intended for investors who have knowledge of, or experience with, leveraged products. Likely investors will understand how the prices of CFDs are derived, the key concepts of margin and leverage, and that losses may exceed deposits. They will understand the risk/reward profile of the product compared to traditional share dealing, and desire short-term, high-risk exposure to an underlying asset. Investors will also have appropriate financial means, hold other investment types and have the ability to bear losses in excess of the initial amount invested.



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 of the product at a very high level.

RISK INVOLVED AND RETURNS

Risk Indicators

CFDs are leveraged products that, due to underlying market movement, can generate losses rapidly. Losses can exceed the amount invested and you may be required to deposit additional funds.

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 in a currency which is different to the base currency of your account. The final return you may get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

In some circumstances you may be required to make further payments to pay for losses. The total loss you may incur may significantly exceed the amount invested.

Market conditions may mean that your CFD trade is closed at a less favourable price, which could significantly impact how much you get back. We may close your open CFD trade if you do not maintain the minimum margin that is required, if you are in debt to the company, or if you contravene market regulations. This process may be automated. This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section “what happens if we are unable to pay you”). The indicator shown above does not consider this protection.

PERFORMANCE SCENARIOS

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

What you get will vary depending on how the market performs and how long you hold the CFD. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The following assumptions have been used to create the scenarios in Table 1:

CFD (held intraday)		
Opening price:	P	7000
Trade size (Units):	TS	5
Margin %:	M	1%
Margin Requirement (£):	$MR = P \times TS \times M$	£350
Notional value of the trade (£):	$TN = MR/M$	£35,000

Table 1

LONG Performance scenario	Closing price	Price change	Profit/loss	SHORT Performance scenario	Closing price	Price change	Profit/loss
Favourable	7175	2.5%	£875	Favourable	6811	-2.7%	£945
Moderate	7142	2.03%	£710	Moderate	6853	-2.1%	£735
Unfavourable	6811	-2.7%	£945	Unfavourable	7175	2.5%	£875
Stress	6419	-8.3%	-£2,905	Stress	7609	8.7%	£3,045

The performance figures above do not include the costs shown below. If you have been sold this product by someone else, or have a third party advising you about this product, these figures do not include any cost that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

WHAT HAPPENS IF AKFX FINANCIAL SERVICES LTD. IS UNABLE TO PAY OUT?

If GKFX is unable to meet its financial obligations to you, you may lose the value of your investment. However GKFX segregates all retail client funds from its own money in accordance with the MFSA's Client Asset rules. GKFX also participates in the Investor Compensation Scheme which covers eligible investments up to EUR 20,000 per person, per firm.

Costs

Trading a CFD on an underlying FX pair incurs the following costs:

This table shows the different types of cost categories and their meaning			
Undated and Forwards	One-off entry and exit costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
		Currency conversion	Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.
Undated only	Ongoing costs	Daily holding cost	A fee is charged to your account for every night that your position is held. This means the longer you hold a position, the more it costs.
Forwards only	Other costs	Rollover costs	We charge you to roll over a forward contract into the next month or quarter, equal to half the applicable spread to open and close a trade.

TRADING STRATEGY

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

TRADING STRATEGY

If you wish to make a complaint, you should contact us by emailing admin@gkfx.com or in writing to AKFX Financial Services Ltd Level 2, 10 Lapsi Street, St Julian's STJ 1261, Malta. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Ombudsman Service (FOS).

See www.financialombudsman.org.uk for further information.

OTHER INFORMATION

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. Ensure your internet signal strength is sufficient before trading.

You should ensure that you are familiar with all the terms and policies that apply to your account.