

## 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.

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

## Product

CFDs on Crude Oil West Texas - Cash are offered by CMC Markets UK plc ("CMC"), a company registered in England and Wales, number 2448409. CMC Markets UK plc is authorised and regulated by the Financial Conduct Authority in the United Kingdom, register number 173730. Call 020 7170 8200 or go to [cmcmarkets.com](http://cmcmarkets.com) for more information.

This document was last updated on Thursday, 7 May 2020

## What is this product?

### Type

A contract for difference ("CFD") on Crude Oil West Texas - Cash is a leveraged contract entered into with CMC on a bilateral basis. It allows an investor to speculate on rising or falling price in the underlying market.

An investor has the choice to buy (or go "long") the CFD to benefit from rising prices/rates; or to sell (or go "short") the CFD to benefit from falling prices/rates.

For instance, if an investor is long and the price of the underlying asset rises, the value of the CFD will increase - at the end of the contract CMC 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 asset falls, the value of the CFD will decrease - at the end of the contract they will pay CMC the difference between the closing value of the contract and the opening value of the contract.

The price is derived from the price of the underlying asset, which may be either the cash price and/or the future price depending on the CFD.

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 Crude Oil West Texas - Cash (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 paid upfront as initial margin and is one of the key features of trading CFDs.

By way of example, if an investor buys 1 unit with an initial margin amount of 10% and an underlying commodity price of 6000 (cents of USD), the initial investment will be \$600. ( $10\% \times 6000 \times 1$ ). The notional value of the contract is \$6,000 ( $\$600 \times 10$ ), with the effect of leverage being 10:1 ( $1 / 10\%$ ) in this case. This means that for each 1 point change in the price of the underlying commodity 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 underlying 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.

An undated CFD does not have a pre-defined maturity date and is therefore open-ended. Undated contracts incur an overnight holding cost.

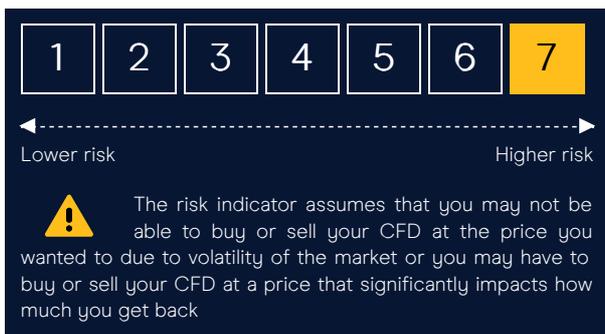
Forward CFD contracts have a pre-defined expiry date where investors can choose to cash settle their position or roll their existing contract into the next period - i.e., from a January expiry into a February expiry. Rolling is at the discretion of the investor but failure to do so will result in the CFD either being auto-closed at the expiry date or automatically rolled over to the next period, depending on the investor's Forwards Settlement Behaviour account setting. There is no recommended holding period and it is down to the 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 automatically closed. This will occur when there is not enough money in the account to cover the margin requirement. CMC 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. They will understand the risk/reward profile of the product compared to trading other products, 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 of the total amount invested.

## 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 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.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 78% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money. 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 Crude Oil West Texas - Cash in a currency that 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. 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 contract if you do not maintain the minimum margin that is required, 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 "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. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. 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. To create the scenarios in Table 1 the following assumptions have been made: notional value of \$10,000.00 and a holding period of one day.

Table 1.

SHORT Performance scenario	Price change	Profit/Loss	LONG Performance scenario	Price change	Profit/Loss
Stress*	12.2282%	-\$1,222.82	Stress*	-10.5674%	-\$1,056.74
Unfavourable*	2.5330%	-\$253.30	Unfavourable*	-2.8382%	-\$283.82
Moderate	0.0403%	-\$4.03	Moderate	0.0403%	\$4.03
Favourable	-2.8382%	\$283.82	Favourable	2.5330%	\$253.30

\*Losses will be limited to your account value.

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 CMC Markets UK plc is unable to pay out?

If CMC is unable to meet its financial obligations to you, you may lose the value of your investment. However CMC segregates all retail client funds from its own money in accordance with the UK FCA's Client Asset rules. CMC also participates in 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](http://www.fscs.org.uk).

### What are the costs?

Costs have been calculated based notional value of \$10,000.00 and a holding period of one day. The price at the close of business from the previous trading day was bid (SHORT) \$9.023 and ask (LONG) \$9.103. This has been used to calculate some of the costs below.

Costs incurred trading a CFD on Crude Oil **SHORT** **LONG**  
West Texas - Cash

Total Cost			\$33.36	\$34.48	Includes spread, currency conversion, commission and daily holding costs
Reduction in Yield			0.3336%	0.3448%	
This table shows the different types of cost as a proportion of total costs			SHORT	LONG	
Undated and Forwards	One-off entry or exit	Spread	\$33.10	\$33.10	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.
Undated and Forwards	One-off entry or exit	Currency conversion	\$0.00	\$0.00	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. This has been calculated based on the moderate performance scenario.
Undated	Ongoing	Daily holding cost	\$0.26	\$1.38	A holding cost is charged to your account for every night that you hold a position. The amount could be positive or negative depending on the instrument you are holding and whether you are long or short. The longer you hold a position, the more it costs.
Undated and Forwards	Optional one-off exit	Guaranteed stop loss order (GSLO)	\$33.25	\$32.96	A guaranteed stop-loss order (GSLO) works in the same way as a stop-loss order except that it guarantees to close out a trade at the price specified, regardless of the market volatility or gapping. The cost of the GSLO is 100% refunded if it is not triggered

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

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 trade at any time during market hours.

### How can I complain?

If you wish to make a complaint, you should contact our Client Management Team on 020 7170 8200, by emailing [clientmanagement@cmcmarkets.co.uk](mailto:clientmanagement@cmcmarkets.co.uk) or in writing to CMC Markets UK plc, 133 Houndsditch, London EC3A 7BX. 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.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) for further information. If your complaint is about an advisory or discretionary manager acting on your account, please contact the firm providing the service.

### Other relevant 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. The Legal Documents section of our website contains important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account. The Product Overview on our platform contains additional information on trading a CFD on Crude Oil West Texas - Cash. Additional information on costs can be found on our website.