Key Information Document – Contract for Difference (CFD)

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.

CFD's are offered by BLACK PEARL SECURITIES LTD ("we, or us") a company registered in England and Wales, number 08823678. Vestle UK is a trading name of BLACK PEARL SECURITIES LTD, which is regulated and authorised by the Financial Conduct Authority in the United Kingdom, registration number 688456. If you require further information please visit www.vestle.co.uk or call +44 020 3807 4161.

This document was last updated on 27 December 2017.

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

What is this product?

Type
A contract for difference ("CFD") is a leveraged contract entered into with Black Pearl Securities on a bilateral basis. It allows investors to speculate on rising or falling prices on an underlying product.

An investor has the choice to buy (go "long") a CFD to benefit from rising prices; or to sell (go "short") a CFD to benefit from falling prices. The price of a CFD is derived from the price of the underlying commodity, security or currency. This means you will never own the underlying asset, but you will make gains or suffer losses as a result of price movements in the underlying asset to which you have indirect exposure.

Objectives
The object of a CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying product (whether up or down), without actually needing to buy or sell the underlying product. 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 CFD's. As an example, if an investor buys 1 CFD with an initial margin amount of 0.5% and an underlying index price of 7000, the initial investment will be £35.00 (0.5% x 7000 x 1). The effect of leverage, in this example is 200:1 (1 ÷ 0.5%) which has resulted in a notional value of the contract of £7,000 (£35 x 200). 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 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 cash CFD does not have a pre-defined maturity date and is therefore open-ended; by contrast a future CFD has a pre-defined expiry date. As a result, 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 order to meet the margin requirement as a result of negative price movement may result in the CFD being auto-closed.

Intended Retail Investor
CFD's are intended for investors who have knowledge of, or are experienced with, leveraged products. Likely investors will understand how the prices of CFD's are derived, the key concepts of margin and leverage and the fact that losses may exceed deposits. Indeed, they will understand the risk/reward profile of the product compared to traditional share dealing. Investors will also have appropriate financial means and the ability to bear losses in excess of the initial amount invested.

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

Risk Indicator

1	2	3	4	5	6	7

Lower Risk — Higher Risk

The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted due to the volatility of the market or you may have to buy or sell your CFD at a price that significantly losses. In some circumstances your losses may exceed your initial investment.

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. This is because there is a very high chance that you could lose more than your initial investment.

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 circumstance you may be required to make further payments to pay for losses. The total loss you may incur may significantly exceed the amount invested. **This does not apply to Retail Clients who are awarded Negative Balance 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. The following assumptions have been used to create the scenarios in Table 1.

Index CFD (held intraday)		
Opening Price	P	700
Trade Size (per CFD)	TS	5
Margin %	M	0.5%
National Value of the trade	TN = P x MR / M	£35,000
Margin Requirement (£)	MR = P x TS x M	£175

LONG Performance Scenario	Closing Price (inc Spread)	Price Change	Profit / Loss	SHORT Performance Scenario	Closeing Price (inc Spread)	Price Change	Profit / Loss
Favour Moderate	7105 7035	1.50% 0.50%	£525 £175	Favour Moderate	6895 6965	-1.50% -5.00%	£525 £175
Unfavourable Stress	6895 6650	-1.50% -5.00%	-£525 -£1750	Unfavourable Stress	7105 7350	1.50% 5.00%	-£525 -£1750

The stress scenario above shows how small price movements can rapidly lead to losses and in this circumstance, will result in a forced closure out of your position. In this stress scenario, you may owe us additional money for your trading losses and therefore lose more than your investment. This does not take into account a situation where we are unable to pay you. 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 and are not exact indicators. What you get will vary depending on how the market performs and how long you keep the investment.

The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back. This performance scenario assumes you only have one position open, and does not take into account the negative or positive cumulative balance you may have if you have multiple open positions with us.

What happens if BLACK PEARL SECURITIES LTD is unable to pay out?

If BLACK PEARL SECURITIES LTD is unable to meet its financial obligations to you, you may lose the value of your investment. Black Pearl Securities Ltd segregates all retail client 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 £50,000 per person, per firm. See www.fscs.org.uk.

What are the costs?

This table shows the different type of cost categories and their meaning			
Cash and Futures	One-off entry or 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.
Cash only	Ongoing costs	Daily holding Cost (swaps)	A fee is charged to your account for each night that your position is held. This means the longer you hold a position, the more it costs. The current swaps fee can be referenced within the trading platform in the symbol specification section.
Cash and Futures	Incidental costs	Distributor fee	We may from time to time share a proportion of our spread, commissions and other account fees with other persons including a distributor that may have introduced you.
Futures only	Other costs	Rollover costs	We charge you to roll over a future contract into the next month, or quarter, equal to half the applicable spread to open and close a trade.

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 they 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.**

How can I complain?

If you wish to make a complaint, you should contact our Client Sales Team on +44 020 3807 4161, or email cs@vestle.co.uk, or in writing to Black Pearl Securities Ltd, 62 Great Eastern St., London, EC2A 3QR. 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 for further information.

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 Terms and Policies 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, these can be found on our website www.vestle.co.uk.