Key Information Document – CFD on an Interest Rate

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.

CFDs on an interest rate are offered by **CAPSTOCK LTD** (“CAPSTOCK”), a company registered in Mauritius, number C12109509. Capstock Ltd is authorised and regulated by the Financial Services Commission in the Republic of Mauritius, register number C112010791. Call 268 1406 or go to www.capstock.mu for more information.

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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 CAPSTOCK on a bilateral basis. It allows an investor to speculate on rising or falling prices in an underlying interest rate.

An investor has the choice to buy (or go “long”) the CFD to benefit from **falling** interest rates; or to sell (or go “short”) the CFD to benefit from **rising** interest rates.

Prices for interest rate based instruments are displayed as 100 - base rate. So, if the UK base rate was at 0.5%, you could expect UK Short Sterling to be trading at around 99.50. If the base rate increased to 2.0%, then the price would be around 98.00. Therefore where interest rates increase, the price of these products will decrease.

An interest rate CFD forward contract has a pre-defined expiry date – a date upon which the contract either automatically closes or must be rolled 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 being auto-closed at the expiry date. An interest rate CFD undated contract does not have an expiry date but will incur an overnight Holding Cost.

The price of the CFD Forward and undated contracts are derived from the price of the underlying future price.

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 interest rate market (whether up or down), without actually needing to buy or sell the underlying interest rate. 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 0.5% and an underlying interest rate price of 100, the initial investment will be £0.50 (0.5% x 100 x 1). The effect of leverage, in this case 200:1 (1 / 0.5%) has resulted in a notional value of the contract of £100 (£0.5 x 200). This means that for each 1 point change in the price of the underlying interest rate market 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.

There is no recommended holding period for these products 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 exceed the deposited amount. In the case of forward CFDs, investors will be given the option to roll their existing contract into the next period

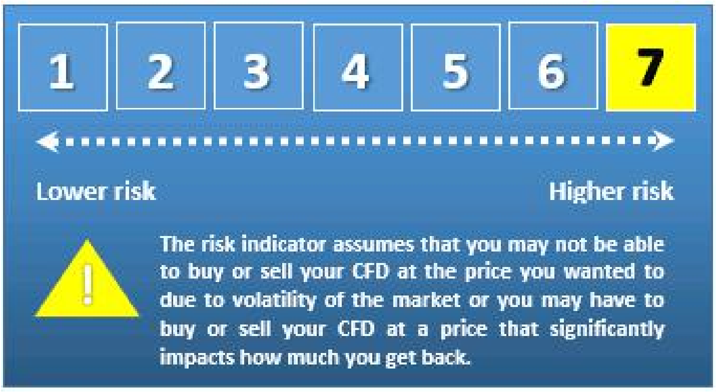
CAPSTOCK also retains the ability to unilaterally terminate any CFD contract where it deems that the terms of the contract have been breached.

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.

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 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 on an interest rate 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 on an index 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, 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. 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:

Interest Rate CFD (held intraday)		
Interest rate opening price	**P**	9950
Trade size (Units):	**TS**	500
Margin %:	**M**	0.5%
Margin Requirement (£):	***MR = P x TS x M***	*£248.75*
Notional value of the trade (£):	***TN = MR/M***	*£49,750*

Table 1

LONG Performance scenario	Closing price (inc. spread)	Price change	Profit/loss	SHORT Performance scenario	Closing price (inc. spread)	Price change	Profit/loss
Favourable	9952.18	0.022%	**£10.90**	Favourable	9948.01	-0.020%	**£9.95**
Moderate	9951.19	0.012%	**£5.95**	Moderate	9948.10	-0.019%	**£9.50**
Unfavourable	9948.01	-0.020%	**-£9.95**	Unfavourable	9952.18	0.022%	**-£10.90**
Stress	9934.87	-0.152%	**-£75.65**	Stress	9977.06	0.272%	**-£100.30**

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 CAPSTOCK is unable to pay out?

If Capstock is unable to meet its financial obligations to you, you may lose the value of your investment. However Capstock segregates all retail client funds from its own money in accordance with the Mauritius FSC's Client Asset rules.

What are the costs?

Trading a CFD on an underlying interest rate incurs the following costs:

This table shows the different types of cost categories and their meaning			
Undated and Forwards	**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.
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 rollover a forward contract into the next month or quarter, equal to 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 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 on an interest rate 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 268 1406, by emailing trading@capstock.mu or in writing to Capstock Ltd, Hub 40, French Hub, Grand Baie Coeur de Ville, Grand Baie. If you do not feel that your complaint has been resolved satisfactorily, you may refer your complaint to the Financial Services Commission (FSC). See https://www.fscmauritius.org/en/consumer-protection/complaints-handling 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 an underlying interest rate. Additional information on costs can be found on our website.