

## Purpose

This document provides you with key information about this 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.

Spread bets 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.



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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 fully margined spread bet is a contract entered into with CMC on a bilateral basis. It allows a client to speculate on rising or falling prices in an underlying market such as a share, currency, commodity or index.

A client has the choice to buy (or go “long”) the spread bet to benefit from rising prices in the underlying market; or to sell (or go “short”) the spread bet to benefit from falling prices. The price of the spread bet is derived from the price of the underlying market price. For instance, if a client is long a spread bet and the price of the underlying rises, the value of the spread bet 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 a client is long and the price of the underlying falls, the value of the spread bet 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.

### Objectives

The objective of a fully margined spread bet is to allow a client to gain 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 spread bet requires the full notional value of the contract to be put down upfront as initial margin, meaning that at the point of purchase the Spread Bet is non-leveraged. This is one of the key features of trading Fully Margined spread bets. However, when holding a Short Fully Margined Spread Bet, it is possible that your exposure becomes greater than your Account Equity, and as such your position can become subject to leverage.

By way of example, if a client buys a spread bet worth £1 per point with an initial margin amount of 100% and an underlying index price of 6000, the initial margin required will be £6000 (100% x 6000 x 1). This means that for each 1 point change in the price of the underlying index so the value of the spread bet changes by £1. For instance, if the client 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 a client 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. If the market increases, then your Margin Requirement will increase simultaneously, while your Account Equity decreases, potentially requiring you to deposit additional funds.

Undated Fully Margined Spread Bet contracts do not have an expiry date and are therefore open-ended but an overnight Open Position Maintenance Fee is charged. There is no recommended holding period and it is down to the discretion of each individual client to determine the most appropriate holding period based on their own individual trading strategy and objectives.

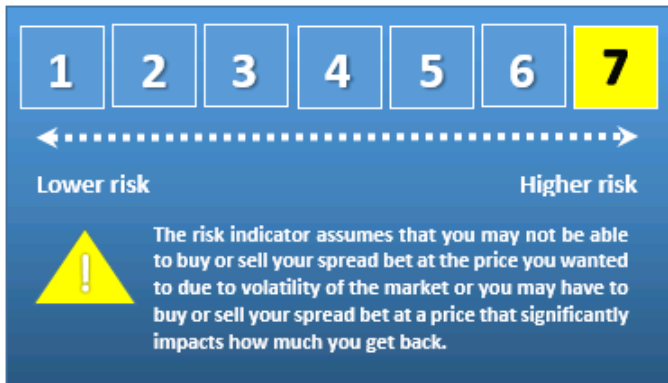
In extreme circumstances, if holding a short position and the underlying market moves sufficiently against your position it is possible to receive a margin call. Failure to deposit additional funds in the case of negative price movement may result in the fully margined spread bet being auto-closed. This will occur when losses plus the margin required for the product exceed the cash deposited. CMC also retains the ability to unilaterally terminate any spread bet contract where it deems that the terms of the contract have been breached.

### Intended Retail Clients

Spread bets are intended for clients who have knowledge of, or experience with, derivative products. Likely clients will understand how the prices of spread bets are derived, the key concept of margin, and that losses may exceed deposits. They will understand the risk/reward profile of the product compared to traditional share dealing, and desire high-risk exposure to an underlying asset. Clients 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.

Spread bets are complex instruments and come with a high risk of losing money rapidly due to leverage. You should consider whether you understand how spread bets 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 spread bets 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.

Market conditions may mean that your spread bet trade is closed at a less favourable price, which could significantly impact how much you get back. When holding short positions where the underlying has moved significantly against your opening price, we may close your open 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 equity. If we are not able to pay you what is owed, you could lose your entire available equity. However, you may benefit from a consumer protection scheme (see the section “What happens if CMC Markets UK plc is unable to pay out?”). The indicator shown above does not consider this protection.

### Performance scenarios

The scenarios shown illustrate how your bet 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 fully margined spread bet. The Extreme scenario shows what you might get back in severe 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:

Fully margined spread bet (held intraday)		
Index opening price:	P	7000
Bet size (£/point):	TS	5
Margin %:	M	100%
Margin Requirement (£):	$MR = P \times TS \times M$	£35,000
Notional value of the trade (£):	$TN = MR/M$	£35,000

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	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

Extreme	0	-100%	£35,000	Extreme	15400	120%	£42,000
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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 account. 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 clients up to £85,000 per person, per firm. See [www.fscs.org.uk](http://www.fscs.org.uk).

### What are the costs?

Depending on the product you trade, you may incur some or all of the following costs:

This table shows the different types of cost categories and their meaning			
Undated	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.
Undated	One-off entry and exit costs	Foreign exchange fee	A fee applicable to trade instruments where the product currency is different to your account currency.
Undated	Ongoing costs	Open position maintenance fee	An overnight cost is applied each night that your position is held.

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

Fully margined spread bets have no recommended holding period, no cancellation period and therefore no cancellation fees. You can open and close a spread bet 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 fully margined spread bet. Additional information on costs can be found on our website.