## 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.

## Product

**Product Name** Forex Baskets  
**Product manufacturer** FOREX Capital Markets Limited (“FXCM”), authorised and regulated by the Financial Conduct Authority in the United Kingdom FCA #217689.

**Further information** You can find more information about FXCM’s products in our product guide. We encourage you to visit our website https://www.fxcm.com/uk/. FXCM’s customer support team is available via phone, email or live chat https://www.fxcm.com/uk/contact-client-support/.  
This document was last updated in January 2020.

## Risk Warning

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.  

**69.66% 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.

## What is this product?

**Type**

This document relates to products known as Forex Baskets. A Forex Basket is a singular tradeable instrument that is derived from the pricing of multiple correlated Forex pairs. The Purpose of these baskets is to allow traders to speculate on a currency or currencies and reduce risk (by not being exposed to a singular pair) without having to open multiple positions.

FXCM offers trading opportunities on many different Forex baskets. You can visit FXCM’s website for information on the baskets available to trade with FXCM.

**Objectives**

The objective of trading Forex Baskets is to speculate on price movements (generally over the short term) of a singular currency vs a group of others. Your return depends on movements in the price of the basket and the size of your position.

At the time of the baskets inception, each component had equal exposure in terms of the common currency. The baskets will from that point forward measure the collective performance of the common currency vs the counter currencies.

For example:

EMBasket is a basket that pits 4 Emerging Markets vs the US Dollar (USD/TRY, USD/ZAR, USD/CHN and USD/MXN). The Baskets price at inception was $10,000 USD, therefore at inception for each of its 4 components the amount of exotic counter currency available for $2,500 USD was recorded.

If today that same amount of exotic counter currency that was then worth $2,500 is now worth $2,615, that components contribution to the EMBasket will be $2,615.  
The real time contribution of each of the components will formulate the current rate of the Basket.

If you believe the value of any Forex Basket is going to increase, you could buy 1 or more Basket (this is also known as "going long"), with the intention to later sell them (and subsequently close the trade) when it is at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below).

If you think the value of any forex baskets is going to decrease you could sell (this is also known as "going short") with the intention of buying at a future time to close the trade.

However, in either circumstance if the instruments price moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), your account would be debited for the loss of the trade plus any relevant costs.
**Intended Retail Investor**
Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

(i) have a high risk tolerance;
(ii) are trading with money they can afford to lose;
(iii) have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and
(iv) want to gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

**Term**
Forex Basket positions have no maturity date or minimum holding period. You decide when to open and close your positions.

FXCM may close your position without seeking your prior consent if you do not maintain sufficient margin in your account (more information below).

**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 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.

Forex Basket trading requires you to maintain a certain level of funds in your account to keep your positions open. This is called margin. You will be able to open a position by depositing only a small portion of the notional value of the position, creating a leveraged position. Leverage can significantly magnify your gains and losses.

FXCM Margin Requirements are updated monthly and can be increased temporarily to mitigate risks prior to major market events or in increasingly volatile markets. Current margin requirements can be viewed in the dealing rates and create order windows on the trading station platform or by clicking here.

FXCM accounts utilize a Tiered Margin system which consists of an Entry/Maintenance margin and a Liquidation margin

**Entry / Maintenance Margin** – The initial good faith deposit or collateral set aside to open and then maintain a position. On the Trading Station platform the exact amount of margin required to open a position can be viewed in the "MMR" column under the "Simple Dealing Rates" tab or in the "Used Maint Mr" column under the "Accounts" tab.

**Liquidation Margin** (Minimum Required Margin) – Generally 50% of the Entry Margin, If your account equity falls below this level, all positions are closed. On the Trading Station platform the exact amount of margin required before a margin call can be seen in the "Used Mr" column under the "Accounts" tab.

When the equity of the account falls below the required maintenance margin a margin warning will occur. During this time no new positions can be entered.

Margin Call’s will occur when the equity of the account falls below the required liquidation margin. Depending on your account type and/or trading platform a margin call may liquidate all open the positions on your account or may only close specific positions.

FXCM process all liquidations automatically, for more information on how Margin Warnings and Margin Calls work we encourage you to review our execution risks.

**Performance Scenarios**
This key information document is not specific to a particular basket. It applies to any instrument. For each trade you enter, you will be responsible for choosing the instrument, when you open and close, the size (risk) and whether to use any risk mitigation features (such as stop loss orders).

Each instrument has a different pip cost (value risked for every change of a certain digit in price) associated to it. Pip cost calculation is displayed in the Trading Station, when entering a Market or Entry Order.

This table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of $10,000 and choose to open 10 FX Basket Position’s. This particular basket has a pip cost of $1 USD per 1 unit,
meaning in this case you will make or lose $10 for every pip the price moves. The price at which you can buy is $10,000. A pip on this instrument is the last digit before the decimal place. The Entry Margin Requirement for the position was $5000 and therefore the Liquidation Margin Requirement is $2500.

The below table does not include overnight holding costs or commissions (discussed further below).

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Trade P/L</th>
<th>New Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stress scenario: You go long and the price falls by 751 pips and your equity drops below the Liquidation Margin Requirement. You receive a margin call.</td>
<td>Open Price: 10,000</td>
<td>-$7,510</td>
</tr>
<tr>
<td></td>
<td>Close Price: 9,249</td>
<td>$2,490</td>
</tr>
<tr>
<td></td>
<td>Δ -75.1%</td>
<td></td>
</tr>
<tr>
<td>Unfavourable scenario: You go short and price increase by 17 pips and you exit the position.</td>
<td>Open Price: 10,000</td>
<td>-$170</td>
</tr>
<tr>
<td></td>
<td>Close Price: 10,017</td>
<td>$9,830</td>
</tr>
<tr>
<td></td>
<td>Δ -1.7%</td>
<td></td>
</tr>
<tr>
<td>Moderate scenario: You go long or short and exit the position at the same rate you entered</td>
<td>Open Price: 10,000</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Close Price: 10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>Δ 0%</td>
<td></td>
</tr>
<tr>
<td>Favourable scenario: You go Long and price increases by 5 pips and you exit the position</td>
<td>Open Price: 10,000</td>
<td>$50</td>
</tr>
<tr>
<td></td>
<td>Close Price: 10,005</td>
<td>$10,050</td>
</tr>
<tr>
<td></td>
<td>Δ +0.5%</td>
<td></td>
</tr>
</tbody>
</table>

What happens if FXCM is unable to pay out?

If FXCM is unable to meet its financial obligations to you, this could cause you to lose the value of any position’s you have with FXCM. FXCM segregates your 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 types of costs involved when you trade Forex Baskets.

<table>
<thead>
<tr>
<th>One off costs</th>
<th>Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The spread is the difference between the buy (ask) and sell (bid) price quoted. For example, if the instrument is trading at 10,202, our Ask price (the price at which you can buy) might be 10,203 and our bid price (the price at which you can sell) might be 10,201.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ongoing costs</th>
<th>Rollover (Debit or Credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rollover is the interest paid or earned for holding a position overnight.</td>
</tr>
<tr>
<td></td>
<td>Any client holding an open position at the end of the trading day (5pm EST) will be credited or debited rollover.</td>
</tr>
<tr>
<td></td>
<td>On Wednesday, to account for holding a position into the weekend, Rollover are 3X times higher than usual.</td>
</tr>
<tr>
<td></td>
<td>Rollover can add a significant extra cost or profit to your trade. Upcoming Rollover can be viewed in the Trading Station from the simple and advanced dealing rates windows.</td>
</tr>
<tr>
<td></td>
<td>Rollover for Forex Baskets is derived based on the Rollover of the individual components that make up the Basket. The required rollover of each forex pair (based on its current size in the Basket) is added together to formulate the Basket rollover.</td>
</tr>
</tbody>
</table>

How can I make a trade inquiry or complaint?

If you wish to submit a trade audit you can contact our customer support or submit the following online form.

Per FXCM’s Complaint Procedure, if you are dissatisfied with the audit resolution, you are able to submit a formal complaint. You may submit your complaint online via the following form.

If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). See www.financial-ombudsman.org.uk for further information.

Other relevant information

You should ensure that you read the terms of business, order execution policy and risk warning notice displayed in the legal section of our website, at the General Business Terms page on our website. Such information is also available on request.