Information Regarding Product

ver. 12.17
CONTRACTS FOR DIFFERENCE (CFD`s)

Nature and Characteristics of the product

Trading in CfDs is VERY SPECULATIVE AND HIGHLY RISKY and is not appropriate for all members of the general public but only for those investors who:

understand, acknowledge and are willing to assume the economic, legal and other risks involved.

taking into account their personal financial circumstances, financial resources, life style and obligations are financially able to assume the loss of their entire investment.

have the knowledge and experience to understand CfDs trading.

The financial instruments the Company offers are CfDs in their totality, i.e. complex derivative financial instruments whose value is derived from an array of underlying assets (such as shares traded on exchange, Currency pairs, commodity futures etc.). The Client should understand that fluctuations in the prices of the underlying assets will have an impact on the value of any derivative financial instrument such as CfDs. The Client acknowledges and accepts that while the prices of CfDs are derived by the prices of the underlying assets, this does not imply that the CfD’s price will match that of the underlying asset.

Trading Conditions

The Client acknowledges and understands that the Company will not provide the Client with any advice relating to CfDs, the Underlying Assets for CfDs and (if applicable) the Markets or Exchanges where the underlying assets are traded, or make investment recommendations including occasions where the Client shall request such advice and/or recommendation. The Client shall take any and all investment decisions on his own time and accord.

The Company may provide the Client with information and tools produced by third parties on an “as is” basis. The Client accepts and understands that this information and/or tools is always produced by third parties unrelated to the Company and the Company does not have any input or say towards their creation/production. These tools may be indicative of trading trends or possible investment opportunities. The Client accepts and understands that by taking any actions based on the information and/or tools provided by third parties may result in losses. The Company does not accept liability for any such losses resulting from actions taken by the Client on the basis of information and or tools produced by third parties.

Information from third parties relating to the past performance of CFDs, the Underlying Assets and Markets does not guarantee current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the CFDs to which the said information refers.

Maximum Possible Loss

By definition CfDs (Contracts for Difference) do not confer any rights (or obligations) upon the underlying asset. The Company shall deliver to (or where appropriate subtract from) the Client’s trading account the monetary value of a concluded CFD contract. This monetary value shall be the difference between the opening and closing price of a CFD position (opened and closed at the initiative of the Client),
which may be either negative (loss) or positive (profit). The maximum possible loss for any Client is not only the margin used to open a CfD position with the Company but may extend to part or the entirety of the Client’s deposited amount in his/her trading account. Refer to the numerical example below.

**Volatility:**

The price of a CfD is derived from the price of the Underlying Asset (said Assets may range from shares, indices commodities, etc. please refer to our [Contract Specification Document](#) for details). Financial Instruments and related Underlying Markets can be highly volatile. The prices of Financial Instruments and the Underlying Asset may fluctuate rapidly and over wide ranges beyond the control of the can be the Client or the Company. Under certain market conditions it may be impossible for a Client Order to be executed at declared prices. The prices of Financial Instruments and the Underlying Assets will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant market place.

**Liquidity:**

Liquidity risk refers to the capacity to readily monetize assets without suffering a significant discount in their prices. The Client accepts and acknowledges that the Underlying Instruments on some Derivative Products on offer by the Company may be inherently illiquid or sometimes face persistent liquidity strains due to adverse market conditions. Illiquid Underlying Assets may exhibit high levels of volatility in their prices and consequently a higher degree of risk, this typically leads to larger gaps in ASK and BID prices for an Underlying Instrument than would otherwise prevail under liquid market conditions. These large gaps may be reflected on the prices of the Derivative Product the Company offers.

**Off-exchange transactions in Derivative Financial Instruments:**

CFDs offered by the Company are off-exchange transactions (i.e. over-the-counter) while the online trading platform(s) the Company offers is not linked to a Regulated Market or a Multilateral Trading Facility, such as e.g. authorised stock exchanges.

The trading conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our [Client Agreement](#) and with our [Best Execution Policy](#). Each CFD and that the Client opens through our Trading Platform results in the entering of an Order with the Company; such Orders can only be closed with the Company and are not transferable to any other person.

While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk.

**Slippage:**

Slippage is the difference between the expected price of a Transaction in a CFD and the price the Transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an Order at a specific price impossible to execute and also when large Orders
are executed when there may not be enough interest at the desired price level to maintain the expected price of trade. Slippage is a natural occurrence in the financial markets and while the Company takes steps to minimise impact, slippage cannot be completely and utterly eradicated. Refer to the Company’s Best Execution Policy for details.

**Leverage:**

In order to place a CFD Order, the Client is required to maintain a margin. Margin is usually a relatively modest proportion of the overall contract value in money terms. This means that the Client will be trading using “leverage”. This means a relatively small market movement can lead to a proportionately much larger movement in the value of the Client’s position, and this can work either against the Client or in favour the Client.

At all times during which the Client opens trades, they must maintain enough equity, consider all running profits and losses, for meeting the margin requirements. If the market moves against the Client’s position and/or Margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain his position. Failing to comply with a request for a deposit of additional funds, may result in closure of his position(s).

It is the Clients’ responsibility to monitor their trading accounts and take appropriate actions, as leverage multiplies losses and/or profits. The Company does not monitor Clients’ accounts and cannot take any decisions with respect to open positions on the Clients’ behalf.

**Example:**

Assume that the Client has deposited in his trading account 1000 USD and the effective leverage applied is 1:100. Therefore the maximum possible notional value that the Client trade with is 100,000 USD (100 leverage X 1000 USD).

Assume that the Client has opened a CFD position with a notional value of 100,000 USD if the underlying market moves by 1% against the Client this will result in a reduction to the Client’s equity by 1000 USD and as a consequence the position will be closed automatically resulting in the Client losing his entire deposited amount. Conversely a market movement of 1% in favour of the Client will result in an increase in equity of 1000 USD that will not be credited to the Client’s trading account until such times as the Client closes the position.

Please note that for simplicity purposes in the above example the effects of commissions (such as premium charges) were not considered. To learn more about the Company’s charges and or commissions please click here.

**Risk Mitigation**

The Company offers risk mitigation tools such as stop loss that can limit the amount the Client is willing to lose.

The Client is responsible to place a stop loss instruction at his own initiative. When a stop loss is placed following the opening of a position, such position will close automatically based on the limits chosen by the client as to the amount the client is willing to lose.
Nevertheless the Client acknowledges and accepts that these risk mitigating tools are not guaranteed to properly operate always and especially when there are e.g. adverse market conditions. In addition, under certain market conditions the execution price of a Stop Loss Order may be worse than its price set by the Client and the realized losses can be larger than expected.