RISK DISCLOSURE
FOR FINANCIAL INSTRUMENTS
RISK DISCLOSURE

INTRODUCTION

Trading Point of Financial Instruments Ltd, operating under the trading name XM.com, is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Cyprus under number HE 251334, and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 120/10 (hereinafter “XM”, the "Company", “we”, “us” and “our”, as appropriate).

The Company is operating under the Cypriot Law L. 87(1)/2017 titled “Investment Services and Activities and Regulated Markets Law of 2017” which transposed the European Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (hereinafter “MiFID II”). This Notice, or more specifically this Risk Disclosure, is provided to you in accordance with the requirements of the above legislation because you consider the use or you already use the services of the Company to enter into transactions in financial instruments provided by the Company (hereinafter “supported financial instruments”, “financial instruments” or “products”).

This Notice cannot and does not disclose or explain all of the risks and other significant aspects associated with our services and Company’s financial instruments. Its purpose is to explain, in general terms, the nature of the risks particular to entering into transactions (i.e. trade) in the Financial Instruments provided by the Company and to help you to take investment decisions on an informed basis. For a detailed explanation on how our services operate, you should read the following documents, which together with this Notice, form our agreement with you:

- Terms and Conditions of Business/Client Agreement;
- Order Execution Policy;
- Summary of Conflicts of Interest Policy;
- Client Categorisation Policy; and
- Privacy Policy.

You should NOT commence trading with us until you have read and understood the documents referred to above.

GENERAL CHARACTERISTICS OF COMPANY’S PRODUCTS

We offer trading services in Contracts For Differences (“CFDs”). CFDs fall under the asset class of derivative financial instruments (hereinafter “derivatives”). A derivative is a financial instrument whose price is dependent upon or derived from the price fluctuations of another underlying financial instrument.

What is a Contract for Difference?

A Contract for Difference (CFD) is an over-the-counter (“OTC”) derivative which enables investors to obtain exposure and participate in the returns (which could end up being positive or negative) from price movements in an underlying financial instrument, without the need to physically acquire that underlying financial instrument.

Who is your Counterparty?

Like all derivatives, a CFD is a contract under which two parties agree to exchange the difference in value between the opening value and the closing value of the contract. For the purposes of Client orders in financial instruments provided by the Company, the Company is always the counterparty (or ‘principal’ to
all of your trades. Therefore, the Company is the sole execution venue for the execution of the Client’s orders. Should you decide to open a position in a financial instrument with the Company, then that open position may only be closed with the Company.

**How is your profit or loss on a CFD trade calculated?**

CFDs allow you to make a profit or loss from the price fluctuations in the underlying financial instrument and the amount of any profit or loss on a CFD trade will be the total of the difference between the opening value of the CFD (Quantity x our price) and the closing value of the CFD (Quantity x our price) less any commissions and/or any other fees you incur and are required to pay to us in respect of the CFD.

<table>
<thead>
<tr>
<th>Our trading service carries a high level of risk and is <strong>not</strong> suitable for everyone. You should <strong>not</strong> trade with us unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade. <strong>You trade entirely at your own risk.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Our trading service is ‘execution-only’. This means that we carry out your trading instructions. We do <strong>NOT</strong> provide you with any investment advice.</td>
</tr>
</tbody>
</table>

**FUNCTIONING AND PERFORMANCE OF COMPANY’S PRODUCTS IN DIFFERENT MARKET CONDITIONS**

CFD products entail the use of “gearing” or “leverage” and are considered speculative products and, as such, carry significantly greater risks than non-leveraged products. Leverage enables you to obtain a large exposure to a financial instrument while only tying up a relatively small amount of your capital. However, your profit or loss is based on the full position (exposure) and, as such, the amount you gain or lose might seem very high in relation to the sum you have invested.

The performance of such products depends on different market conditions which can have positive or negative effects on the performance of a product. Therefore, when trading in CFDs, the market can move in your favour for a profit or against you for a loss.

For a better understanding as to how the market can have a positive or negative impact on your trades, a number of examples is included in the Appendix of this document.

| Trading in CFDs is **not** suitable for all investors. Thus, you should not invest in CFDs unless you adequately understand the characteristics, and in particular the associated risks, of these products and you are comfortable with these risks when trading on such products. You should seek independent professional advice, if necessary, in order to ensure that investing in these products is suitable for your objectives, needs and financial circumstances and resources. |

**RISKS ASSOCIATED WITH TRADING IN COMPANY’S PRODUCTS**

In considering whether to engage in trading in CFDs, you should be aware of the following:

**A. General Risks associated with the Financial Instruments offered by the Company**

1. The Company does not and cannot guarantee the initial capital of the Clients’ portfolio or its value at any time or any money invested in any financial instrument.

2. Transactions undertaken through the dealing services of the Company may be of a speculative nature. Large losses may occur in a short period of time, equaling the total of funds deposited with the Company.

3. You may be required to deposit additional funds into your account at short notice in order to support your open trades. A failure to deposit additional funds when required to do so may result in your
open trades being closed out (‘stopped out’) at a loss and your pending orders cancelled by us without notice to you.

4. Under certain market conditions, it may be difficult or impossible to execute your order.

5. You must understand that the price of the financial instruments being traded is determined by fluctuations in markets outside our control.

6. We do not guarantee that an order you place to limit the loss on a trade (‘stop loss’) will be filled at the price that you specify. In a fast-moving market, your order may be liable to ‘gap through’, with the result that your trade is closed at an increased loss as compared with the level of the order that you placed. In the event that a ‘gap through’ occurs there can be a markedly different price in the financial instrument being traded with no opportunity to close your trade in-between. Therefore, an order you place to limit the loss on a trade should not be treated as a guarantee to limit your loss on that trade to a specific amount.

7. The Client’s attention is expressly drawn to CFDs on currencies traded irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.

8. Some financial instruments are quoted and settled in currencies other than the base currency of your account. Trading in these instruments carries additional risk as the currency exchange rate at the time you close a trade and when your balance is converted to your base currency at the close of business on the same day may have fluctuated against you. Therefore, if you trade in an instrument that is not quoted in the base currency of your account, currency exchange fluctuations will have an impact upon your profits and losses.

9. Any funds you deposit with us or is credited to your Account will be held in one or more segregated client bank accounts. The client bank accounts will be pooled accounts holding funds of other clients of ours and will not hold any of our own money. You shall have an ownership interest in your share of the balance in the relevant client bank account. However, in the event that a bank at which the client bank account is held has become insolvent or has otherwise failed and is unable to return the full amount of funds held in the client bank account, you may not receive all the funds to which you have an ownership interest.

10. In the event of insolvency of the Company, your positions may be closed out against your wishes.

11. Changes in, or the introduction of new, rules, regulations and laws or the way in which they are applied or interpreted may impact your trading with us. You may be exposed to the risks arising under the rules, laws and regulations of jurisdictions other than the jurisdiction in which you are located and/or with which you are familiar.

12. Trading online, no matter how convenient or efficient, does not necessarily reduce risks associated with trading. In addition, by trading online, you face risks of slow or no internet connectivity and hardware or software failures.

13. It is your responsibility to monitor your account at all times. It is important that you monitor your positions closely due to the speed at which profits or losses can be incurred. If you have open trades you should always be in a position to access and manage your account. You may do this on-line, 24 hours a day, 7 days a week.

B. **Specific Risks associated with transactions in Financial Instruments of the Company**

You should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Supported Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

You should also unreservedly acknowledge and accept that you run a great risk of incurring losses and damages, up to all your invested capital, as a result of the dealing in Financial Instruments and accepts and declares that you are willing to undertake this risk.
The main specific risks associated with transactions in Financial Instruments of the Company are the following:

1. **Leverage**

   As CFD products entail the use of leverage, you may deposit a relatively small proportion of the overall contract value to open a trade. This can work for and against you as a relatively small movement in the price of the underlying financial instrument being traded can have a disproportionate effect on your trade. This may result in you achieving a good profit if the price of the underlying financial instrument moves in your favour, but, equally, may result in you incurring significant losses as an equally small adverse market movement may quickly result in the loss of your entire invested capital. Your losses will never exceed the balance of your account as the Company offers a “negative balance protection”.

   The Company offers to its Retail Clients fixed leverage ratios which vary from 1:2 to 1:30 according to the volatility of the underlying financial instrument, as follows:

<table>
<thead>
<tr>
<th>CFDs on the following financial instruments</th>
<th>New margin rates (leverage levels) from 1st August 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major FX – Currency pairs composed of any two (2) of the following: USD, EUR, JPY, GBP, CAD and CHF</td>
<td>3.33% (30:1 leverage)</td>
</tr>
<tr>
<td>Other FX – All other currency pairs</td>
<td>5% (20:1 leverage)</td>
</tr>
<tr>
<td>Gold</td>
<td>5% (20:1 leverage)</td>
</tr>
<tr>
<td><strong>Minor indices</strong> – All other indices (CHI50, EU50, SING, SWI20, USDX, CHI50Cash, EU50Cash, GREE20Cash, HK50Cash, IT40Cash, NETH25Cash, POL20Cash, SINGCash, SPAIN35Cash and SWI20Cash)</td>
<td>10% (10:1 leverage)</td>
</tr>
<tr>
<td><strong>Commodities (other than gold)</strong></td>
<td>10% (10:1 leverage)</td>
</tr>
<tr>
<td><strong>Shares and other reference values</strong></td>
<td>20% (5:1 leverage)</td>
</tr>
<tr>
<td><strong>Cryptocurrencies</strong></td>
<td>50% (2:1 leverage)</td>
</tr>
</tbody>
</table>

For example, if a retail investor wants to open a position on EUR/USD worth of USD 30,000 and for which the fixed leverage ratio offered is 1:30, then the investor would only need to use USD 1,000 (i.e. USD 30,000 / 30) of his/her funds to do so.

2. **Volatility of price and limitation on the available market**

   The products provided by the Company are derivative financial instruments, where their price is derived from the price of the underlying financial instruments in which the financial instruments refer to. Derivative financial instruments or markets can be highly volatile. The prices of derivative financial instruments and the underlying instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in market conditions, none of which can be controlled by the Client or the Company. Under certain market conditions, it can be impossible to execute any type of Clients order at the declared price. Therefore, even an open trade with a ‘stop loss’ order cannot always guarantee the limit of loss.

   The prices of derivative financial instruments are influenced by, amongst others, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and/or the behavioural characteristics in a
Transactions in the products provided by the Company are not undertaken on a Trading Venue (Regulated Market, Multilateral Trading Facility or Organised Trading Facility), rather they are executed by the Company, through its Electronic Trading Platform and/or Mobile Application, which is not a Trading Venue, and as such you may be exposed to greater risks than those of a Trading Venue. The terms and conditions and trading rules are established solely by the Company. You must close an open position of any given financial instrument during the opening hours of the Company’s Trading Platform.

3. Impediments on closing an open trade

There may be circumstances where there is low liquidity in a financial instrument and/or where you have a large position and, therefore, it is not possible to close your open trades immediately. During that time, the value of your open trades could fall, possibly by a significant sum, and you will be liable for the full amount of the losses that arise.

4. Margin requirements

You are required to deposit a margin with the Company in order to open a trade. The margin requirement will depend on the underlying instrument of the derivative Financial Instrument, the level of your leverage and the value of position to be established. When the margin level required to maintain the open position(s) in your trading account falls below the minimum margin requirement, as specified by the Company, we may, but shall have no obligation whatsoever, issue a ‘margin call’ and in this case you will have to either increase the ‘equity’ in your trading account by depositing additional funds and/or close your positions. If you do not perform any of the aforementioned and the trading account reaches or falls below the ‘stop out level’, as this is specified by the Company, the automatic ‘stop out mechanism’ will be initiated and will start closing the open positions at the current market prices, in descending order on the basis of level of loss of each trade. The Company guarantees that there will be no negative balance in your account when trading in financial instruments provided by the Company due to the negative balance protection offered by the Company.

5. Additional obligations

Before you commence trading with us, you should ensure that you are aware of our charging system. If any charges are not expressed in money terms, but for example as a spread, you may request and obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

The value of open positions in certain financial instruments provided by the Company is subject to ‘financing fees’ (for example ‘swap rates’). The price of long positions in financial instruments is reduced by a daily financing fee throughout their life. Conversely, the price of short positions in financial instruments is increased by a daily financing fee throughout their life. Financing fees are based on prevailing market interest rates, which may vary over time.

Details of our charging system (such as spreads, commissions and financing fees) may be found on the Company’s website under the link: [https://www.xm.com/spreads](https://www.xm.com/spreads).

You should be aware that your trades in financial instruments may be or become subject to tax and/or any other duty, for example, because of changes in legislation or in your personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. You are responsible for any taxes and/or any other duties which may accrue in respect of your trades.

C. Risks associated with CFDs on Cryptocurrencies

1. You should acknowledge and understand that Cryptocurrencies are a type of decentralised digital currency or asset, which is not issued by any Central Bank or any other issuer, in which encryption
techniques are used to facilitate the generation of units of the currency or asset and verify the transfer of units. Trading in Cryptocurrencies and/or in CFDs on Cryptocurrencies is not appropriate for all investors and, thus, you should not trade in such products unless you understand and accept the specific characteristics and risks related to these products.

2. You should acknowledge and accept that, by trading in such products, a significantly higher risk of loss of the invested capital may occur within a very short period of time as a result of sudden adverse price movements of the Cryptocurrencies. This is due to the fact that the price formation and price movements of the Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without prior notice. This leads to a very high intra-day volatility in the prices of the Cryptocurrencies, which may be substantially higher relative to other financial instruments provided by the Company.

3. Particularly, you hereby further acknowledge and accept, prior to investing in CFDs on Cryptocurrencies, that you are aware of the following:
   a. Such products are complex, extremely risky, and usually highly speculative;
   b. Such products entail a high risk of losing all of your invested capital;
   c. The values of virtual currencies (i.e. Cryptocurrencies) are subject to extreme price volatility and hence, may result in significant loss over a short period of time;
   d. Such products are not appropriate for all investors. As such, you should not engage in trading in relation to such products if you do not have the necessary knowledge in this specific product or if you cannot bear the loss of your entire invested amount; and
   e. You shall be fully aware of, and understand, the specific characteristics and risks in relation to these products.

4. The market and pricing data on Cryptocurrencies is derived from the digital decentralised exchanges that the Cryptocurrencies are traded on. The Company bases the price of its Cryptocurrency products on the underlying market, made available to it by the exchanges and market-makers with which it trades. It is important to make a distinction between indicative prices which are displayed on charts and dealable prices which are displayed on our Online Trading Facility. Indicative quotes only give an indication of where the market is. Because the Cryptocurrencies market is decentralized, meaning it lacks a single central exchange where all transactions are conducted, each market maker may quote slightly different prices. Therefore, any prices displayed on any chart made available by us or by a third party will only reflect "indicative" prices and not necessarily actual "dealing" prices where trades can be executed.

5. You should be aware that when the software of different miners of a Cryptocurrency becomes misaligned, a split (or "Fork") in the blockchain may occur and the latter results in the existence of two different blockchains. In the case where both blockchains continue to exist, the Company, at its reasonable discretion, may follow the blockchain that has the majority consensus of Cryptocurrency users and use this as the basis for its prices. The Company reserves the right to determine which blockchain and Cryptocurrency unit have the majority consensus behind them. When a Fork occurs, there may be substantial price volatility around the event, and we may suspend trading throughout if we do not have reliable prices from the underlying market. We will endeavour to notify you of potential blockchain Forks, however it is your responsibility to make yourself aware of the Forks that could occur.

6. If at any time any of the Cryptocurrencies that forms the subject of your order is delisted and/or we no longer support the trading in such Cryptocurrencies for any reason, then the applicable order will be immediately closed. If the Company is notified that a Cryptocurrency you hold in your Account is likely to be delisted and/or removed and/or canceled from any of the exchanges (some of them or all) and the Company believes that it shall not be able to trade in such Cryptocurrencies, the Company shall make an effort to close any current orders in CFDs on such Cryptocurrencies on your behalf at such time and price, and in such manner, as it determines.

7. There is no guarantee that your order will be filled in full or in part. Where a delay occurs for any reason, we will attempt to execute the order as soon as reasonably practicable. You acknowledge and accept that the market price of the Cryptocurrencies may have moved during the time between our receipt and acceptance of your order and our attempt to execute order. In these circumstances, the third-party who has provided the quotation to us is not obliged to honor the indicative price you
have received. Such movements in price may be in your favor or against you.

8. For the avoidance of any doubt, the Company does not own or control the underlying software protocols which govern the operation of Cryptocurrencies available for trading in our Online Trading Facility. In general, the underlying protocols are open source and anyone can use, copy, modify, and distribute them. By using the Company’s Services, you acknowledge and agree (i) that the Company is not responsible for operation of the underlying protocols and that the Company makes no guarantee of their functionality, security, or availability; and (ii) that the underlying protocols are subject to sudden changes in operating rules (i.e., Forks), and that such forks may materially affect the value, function, and/or even the name of the Cryptocurrency the Company holds for your benefit. In the event of a Fork, you agree that the Company may temporarily suspend its operations regarding the Cryptocurrency(ies) (with or without advance notice to you) and that it may, in its sole discretion, (a) configure or reconfigure its systems or (b) decide not to support (or cease supporting) the forked protocol entirely.

According to our sole discretion we may decide (but for avoidance of any doubt we are not obligated to do so) to adjust your Account in respect of a Fork depending on the circumstances of each event attributable to any specific Cryptocurrency held by You. Such adjustment shall be calculated by us, net of any taxes which may apply with respect thereto. In doing so we will make efforts to effect such adjustment on the basis of good faith and fairness and, where appropriate, by taking such action as is consistent with market practice and/or taking into account the treatment we may receive from our counterparties or any relevant third party.

You acknowledge and agree that the Company assumes no responsibility whatsoever in respect of an unsupported branch of a forked protocol.

9. Since blockchain is an independent public peer-to-peer network and is not controlled in any way or manner by the Company, the Company shall not be responsible for any failure and/or mistake and/or error and/or breach which shall occur in blockchain or in any other networks in which the Cryptocurrencies are being issued and/or traded. You will be bound and subject to any change and/or amendments in the blockchain system and subject to any applicable law which may apply to the blockchain. We make no representation or warranty of any kind, express or implied, statutory or otherwise, regarding the blockchain functionality nor for any breach of security in the blockchain.

You acknowledge that our Online Trading Facility is independent of any exchanges and we are under no obligation to quote a particular price or follow the trading rules consistent with such exchanges. You further acknowledge that the triggering of your transaction is linked to the prices we quote on our platform, during trading hours and not the prices quoted on any relevant exchanges. In determining whether the prices quoted on the platform reach or exceed the price accepted by Us in a transaction, We will be entitled (but not obliged) to disregard any prices quoted during any pre-market, post-market or intra-day auction periods in the relevant exchange, during any intra-day or other period of suspension in the relevant exchange, or during any other period that in our reasonable opinion may give rise to short-term price spikes or other distortions. Our prices may differ from the current prices on the relevant exchanges and you acknowledge that a transaction may or may not be triggered even though: (a) an exchange never traded at the level of your transaction; or (b) the exchange did trade at the level of your transaction but for such a short period or in such low volumes that it would have been impractical to execute an equivalent transaction on the exchange.

When entering into an order for CFDs on Cryptocurrencies, You irrevocably and unconditionally agree to accept the security bid/ask prices in which the transaction shall be executed as shall be reflected on our trading platform as final and binding.

10. Without derogating from the generality of the foregoing or any other provision herein, We further reserve the right NOT to execute buy or sell orders for Cryptocurrencies and/or to close any open positions therein, without any further notice to you, in the following circumstances: (1) Your order violates any applicable laws, regulations or Rules, or is intended to defraud or manipulate the market; (2) abnormal market conditions and/or a significant disruption in or premature close of trading in of the underlying Cryptocurrency and/or the market on which the underlying Cryptocurrency is traded; (3) Force Majeure, acts of God, war (declared or undeclared), terrorism, fire or action by an
exchange, regulatory or governmental authority that disrupts trading in the relevant security; (4) in the event liquidity providers are unable to provide liquidity to Us.

11. Due to the various risks and complexity involved in trading underlying cryptocurrencies, there's a limit to the total amount of physical cryptocurrency we can hold as a business. Given the unpredictability, complexity and volatility characterising the Cryptocurrencies’ trading environment we reserve the right to place restrictions on the trading of this class of instruments with the purpose to protect our clients’ best interests and mitigate the trading risk they bear and, specifically, we may set an instrument as buy only (“Unshortable”), sell only (“Unlongable”) and/or close only.

12. The Company currently does not allow trading in CFDs on Cryptocurrencies during the weekend. The Company reserves the right, on its reasonable discretion, to suspend and/or cease the offering of trading in CFDs on Cryptocurrencies at any time during business days and for a period of time as deemed necessary. Given that the cryptocurrencies exchanges may operate over weekends, there may be a significant difference between Friday's close and Sunday's open. All such factors may result in you either not completing an order on a specific trading day or completing an order on a substantially less favorable price.

13. You hereby acknowledge, represent and warrant to us that, when trading in CFDs on Cryptocurrencies, you fully understand the specific characteristics and risks related to these Cryptocurrencies and that trading in CFDs on Cryptocurrencies is not appropriate for all investors.

You hereby acknowledge and accept that you have been informed by the Company and understand the associated risks when taking investment decisions in respect of trading in CFDs on Cryptocurrencies.

ONGOING REVIEW AND AMENDMENT OF RISK DISCLOSURE

The Company reserves the right to review and/or amend its Risk Disclosure, at its sole discretion, whenever it deems fit or appropriate.

OTHER INFORMATION

1. The Risk Disclosure is not part of our Client Agreement/Terms and Conditions of Business and are not intended to be contractually binding or impose or seek to impose any obligations on us which we would not otherwise have, but for the Cyprus Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017).

2. We are members of the Investor Compensation Fund (“ICF”). You may be entitled to compensation from the ICF if we cannot meet our obligations. The maximum amount of compensation paid to a client, who will be deemed as eligible for compensation, is EUR 20.000. The said coverage applies to the total amount of claims by a client against an ICF member, irrespective of the number of accounts, the currency and the place of provision of the service. Further information about compensation arrangements is available at the website of the Cyprus Securities and Exchange Commission: https://www.cysec.gov.cy/en-GB/complaints/tae/

3. If there is anything in the Risk Disclosure you do not understand, please contact our Compliance Department: compliance@xm.com.

EFFECTIVE DATE

The effective date is 3 January 2018.
APPENDIX
EXAMPLES

The below examples illustrate how the market can move in your favor or against a Client when trading in CFDs. Please note that the examples provided herein below are only provided for illustrative purposes and do not necessarily reflect current or future market or product movements, the values that the Company will apply to a trade, nor how such trades impact your personal circumstances. Also, the figures used in the examples do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which the Company may exercise its powers or discretions. These examples do not constitute general or personal advice to any person reading this document:

1. **CFD on a Currency Pair (Forex)**

**Example 1 – Buy Order (profitable trade)**

Currency Pair: EUR/USD  
Base currency: USD  
Contract size: 1 Standard Lot (100,000 units)  
Current Bid/Ask price: 1.28380/1.28390  
Selected Leverage: 1:30 (or 3.33% margin)  
Commission/Fees: No

You believe that signals in the market are indicating that the EUR will go up against the USD ("$"). You decide to enter into a CFD on EUR/USD and place a 'buy order'.

Therefore, you open one standard lot (100,000 units of EUR/USD), buying the EUR at the offered leverage of 1:30 (or 3.33% margin) and wait for the exchange rate of EUR/USD to climb. When you buy one lot (100,000 units) of EUR/USD at a price of 1.28390, you are effectively buying 100,000 EUR, which is worth $128,390 (100,000 units of EUR x 1.28390). As the margin requirement is 3.33%, then approximately US$4,275 (US$128,390 x 3.33%) would be set aside in your account to open up the trade. You now 'control' 100,000 EUR with just US$4,275.

Your predictions come true and you decide to close your trade. The Euro strengthens to 1.28420/1.28430. Now, to realise the profits, you close your order, i.e sell one lot (100,000 units) of EUR/USD at the current rate of 1.28420 and you receive $128,420 for that trade (100,000 units x 1.28420).

**Result of your closed trade**
You bought one lot (100,000 units) of EUR/USD at a price of 1.28390, paying $128,390. Then, you sold one lot (100,000 units) of EUR/USD at a price of 1.28420, receiving $128,420. That is a positive difference of $30 ($128,420 – $128,390 = +$30).

**Total profit** = $30 on a deposit of US$4,275.

**Example 2 – Buy Order (loss-making trade)**

Currency Pair: EUR/USD  
Base currency: USD  
Contract size: 1 Standard Lot (100,000 units)  
Current Bid/Ask price: 1.28380/1.28390  
Selected Leverage: 1:30 (or 3.33% margin)  
Commission/Fees: No

You believe that signals in the market are indicating that the EUR will go up against the USD ("$"). You decide to enter into a CFD on EUR/USD and place a 'buy order'.

Therefore, you open one standard lot (100,000 units EUR/USD), buying EUR at 3.33% margin and wait for the exchange rate of EUR/USD to climb. When you buy one lot (100,000 units) of EUR/USD at a price of 1.28390, you are effectively buying 100,000 EUR, which is worth $128,390 (100,000 units of EUR x 1.28390). If the margin requirement was 3.33%, then approximately US$4,275 would be set aside in your account to open up the trade (US$128,390 x 3.33%). You now 'control' 100,000 EUR with just US$4,275.
Your predictions do not come true and the Euro weakens to 1.28360/1.28370. Now, you decide to close your order to avoid further losses, you close your trade, i.e. sell one lot (100,000 units) of EUR/USD at the current rate of 1.28360, and you receive $128,360 for that trade (100,000 units x 1.28360).

**Result of your closed trade**
You bought one lot (100,000 units) of EUR/USD at a price of 1.28390, paying $128,390. Then, you sold one lot (100,000 units) of EUR/USD at a price of 1.28360, receiving $128,360. That is a negative difference of $30 ($128,360 – $128,390 = -$30).

**Total loss** = -$30 on a deposit of US$4,275.

2. **CFD on Gold**

**Example 1 – Sell Order (profitable trade)**

Precious Metal: Gold  
Base currency: USD  
Contract size: 1 Standard Lot (100 ounces of Gold)  
Current Bid/Ask price: 1248.20/1248.60  
Selected Leverage: 1:20 (margin of 5%)  
Commission/Fees: No

Imagine the current Bid/Ask price for Gold is: 1248.20/1248.60, meaning that you can enter into a Gold CFD to buy (‘go long’) at 1248.60 or sell (‘go short’) at 1248.20. Suppose that you believe that the value of Gold will fall and, as such, you decide to enter into a CFD on Gold and place a ‘sell order’, i.e. to sell (‘go short’) Gold.

Therefore, with a 5% margin, the amount of US$6,241 (100 ounces x 1248.20 x 5%) would be set aside in your account for selling (going short) 100 ounces (one lot) of Gold. As you expected, the value of Gold drops to 1245.80/1246.20. Now, to realize the profits, you close the order and buy 100 ounces (one lot) of Gold at the current price of 1246.20.

**Result of your closed trade**
You went short one lot (100 ounces) of Gold at 1248.20 for $124,820. Then, you closed your trade, i.e. bought one lot (100 ounces) of Gold at 1246.20 for $124,620. That is a positive difference of $200 ($124,820 - $124,620 = $200).

**Total profit** = $200 on a deposit of US$6,241.

**Example 2 – Sell Order (loss-making trade)**

Precious Metal: Gold  
Base currency: USD  
Contract size: 100 ounces  
Current Bid/Ask price: 1248.20/1248.60  
Selected Leverage: 1:20 (margin of 5%)  
Commission/Fees: No

Imagine the current Bid/Ask price for Gold is: 1248.20/1248.60, meaning that you can enter into a Gold CFD to buy (‘go long’) at 1248.60 or sell (‘go short’) at 1248.20. Suppose that you believe that the value of Gold will fall and, as such, you decide to enter into a CFD on Gold and place a ‘sell order’, i.e. to sell (‘go short’) Gold.

Therefore, with a 5% margin, the amount of US$6,241 (100 ounces x 1248.20 x 5%) would be set aside in your account for selling (going short) 100 ounces (one lot) of Gold. Your predictions do not come true and the value of Gold rises to 1249.80/1250.20. Now, to minimize your losses, you close the order and buy 100 ounces (one lot) of Gold at the current price of 1250.20.

**Result of your closed trade**
You went short one lot (100 ounces) of Gold at 1248.20 for $124,820. Then, you closed your trade, i.e. bought one lot (100 ounces) of Gold at 1250.20 for $125,020. That is a negative difference of $200 ($124,820 - $125,020 = -$200).

**Total loss** = **-$200** on a deposit of US$6,241.

**Risk Warning:**

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **74% of retail investor accounts lose money when trading CFDs with this provider.** You should consider whether you can afford to take the high risk of losing your money.