

Risk Warning Notification

Estimated reading time: 2 min

Due to the complex nature of Contracts For Difference (CFDs) and the potential losses, investing in CFDs is considered a high risk investment:

- CFDs are complex products and are not suitable for all investors.
- Don't use money you can't afford to lose. You could lose all the money you invested.
- Costs of trading CFDs will impact the effective return of your investment and must be well understood e.g. spreads, commissions, overnight financing fees (swaps), account management fees, taxes (depending on the jurisdiction in which you and the CFD provider operate).
- Margin: Means the guarantee funds to open and maintain open a trade. Due to market/price movements you may be required to add more funds to restore the margin position and cover potential losses. Inability to add funds, might force your trade to close.
- Main risks of investing in CFDs:
 - Timing: CFDs are not suitable to be hold for long. The volatility of the market together with the leverage on your investment, can result in rapid changes to your overall investment in your favour or against you.
 - Liquidity risk: It is the risk that your CFD cannot be traded at the time you want to trade (to prevent a loss, or to make a profit) due to market circumstances.
 - Leverage risk: Leveraged trading means that potential profits are magnified; it also means that losses are magnified.
 - Execution risk: Trades may not take place immediately due to a time lag between the moment you place your order and the moment it is executed. In this period, the market might have moved against you and the order may not be executed at the price you expected. In some instruments this might be rare but in others more frequent.
 - Counterparty risk: In case your funds are not properly segregated from the CFD provider's funds and the CFD provider faces financial difficulties, then there is a risk that you may not receive back any monies due to you.
 - 'Stop loss' limits: This protection mechanism of closing a position when it reaches a specific price might be less effective in case of rapid price movements, or market closure. Stop loss limits cannot always protect you from losses.
- You should only consider trading in CFDs if:
 - you have experience of trading in volatile markets,
 - you fully understand how they operate, including all the risks and costs involved,
 - you are aware that the greater the leverage, the greater the risk,
 - you understand that your position can be closed whether or not you agree with the provider's decision to close your position,
 - you have sufficient time to manage your investment on an active basis.

Please refer to the following for more information:

- Our full Risk Disclosure is found [here](#)
- Warning issued by the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) regarding CFDs is found [here](#)