

# Key Information Document: CFDs on Forex

## 1. Purpose of the document

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, and potential gains and losses of this product and to help you compare it with other products.

## 2. Product

**Product name:** Contract for Difference ("CFD") on Forex

**Product manufacturer:** Deriv Investments (Europe) Limited ("the Company"), located at W Business Centre, Level 3, Triq Dun Karm, Birkirkara BKR 9033, Malta (Contact us page: [deriv.com/eu/contact-us](https://deriv.com/eu/contact-us), phone: +356 2131 5791), is regulated by the Malta Financial Services Authority. This document was last updated on 11 September 2025.

**You are about to purchase a product that is not simple and may be difficult to understand.**

## 3. What is this product?

**Type:** CFDs on Forex

CFDs are a form of derivative in which you obtain indirect exposure to an underlying asset, allowing you to speculate on the underlying asset. CFDs are a leveraged product, enabling you to buy or sell a position by depositing a percentage of the full value of the trade. This is referred to as the 'initial margin requirement'. Trading on margin can multiply any gains or losses you make. For more information on trading on margin and contract specifications offered on CFDs, visit <https://deriv.com/eu/trade/cfds>.

Trading CFDs on Forex means the underlying investment option is a forex pair; this involves buying one currency and selling another. For example, the forex pair EUR/USD means buying the EURO ('base' currency) and selling the US Dollar ('quote' currency). For more information on instruments available on forex pairs available on CFDs, please refer to <https://deriv.com/eu/markets/forex>.

### Objectives

When trading on CFDs, the objective is to speculate on the rise and fall of an underlying asset. Gains and losses depend on the price movements of the underlying asset and the size of your position. For instance, if you speculate that the price of an asset will go up, you would buy a CFD (referred to as 'going long'), intending to sell it at a later stage, at a higher value than purchased. Conversely, if you anticipate the price will go down, you would sell a CFD (referred to as 'going short') with the intention of buying the underlying asset back at a lower price than sold.

Profit or loss is calculated by taking the difference between the contract's closing and opening values, multiplying it by the trade size (units), and subtracting the costs as detailed below in the 'What are the costs?' section.

### Intended retail investor

CFDs are intended for investors who have knowledge of and experience with trading leveraged products. The likely investors will comprehend key concepts of trading on margin, how leverage works, and the fact that they may lose more than the initial margin deposited to open the position.

### Term

CFDs typically have no fixed terms or maturity date, and there is no recommended holding period. You may open and close positions based on market movement and your individual trading strategy and objectives.

The Company may unilaterally terminate the contract under specific circumstances outside of the Company's control, which, amongst others, include:

- Delisting of the underlying asset or product,
- A strategic business decision to discontinue the product offering, or
- Regulatory intervention that requires or mandates termination.

In addition, the contract may be automatically terminated on predetermined termination dates or upon the occurrence of specific events, where applicable. These dates and circumstances, if known, will be communicated to the retail investor in advance.

### What are the risks, and what could I get in return?

#### Summary risk indicator ("SRI")

The SRI is a guide to this product's level of risk compared to other products. It shows how likely it is that you 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 is due to the fact that there is a very high chance you could lose more than your initial investment. Market volatility conditions may affect your trade, and it could close at an unfavourable price, which may significantly impact your return. As a result, you may lose your entire investment.



There is no minimum or recommended holding period for this product.

**Be aware of currency risk. If you receive payments in a different currency, the final return you will get depends on the exchange rate between the two currencies. In some circumstances, you may be required to make necessary additional payments to the initial investment to meet the margin requirements and keep the position open. The total loss you may incur may significantly exceed the amount invested.**

You are also exposed to underlying asset risk, since sudden changes in the price or volatility of the underlying asset may lead to significant losses. There is no capital protection against market risk, credit risk, or liquidity risk. This risk is not considered in the SRI shown above

You must maintain sufficient margin in your account to keep your positions open. In the case of negative price movement, if additional funds are not deposited, the CFD may be stopped out (closed automatically), which could result in the loss of your entire investment. This product does not include any protection from future market performance.

## Performance scenarios

A CFD is a derivative that follows the price of an underlying asset. A CFD will make gains or losses as a result of price movement in the underlying asset. A CFD will be offered with a Buy and a Sell price, with the difference being the spread fee. Spreads will affect the returns of your investment and are directly included in the profit calculation.

The following scenarios illustrate how your investment could perform. You can compare them with the scenarios of other products. The following table takes a EURUSD pair into consideration with the trade parameters as tabulated below:

CFD (24-hour holding period, held overnight)					
Description	Symbol/Equation	Value	Description	Symbol/Equation	Value
Opening price (USD)	P	1.14178	Margin %	M	3.33%
Contract size	CS	100,000	Margin requirement (USD)	MR = P * CS * V * M	3,802.13
Volume (lots)	V	1	Notional value of the trade (USD)	N = P * CS * V	114,178.00
Swaps Long (in points)	SL	-8.50	Swaps Short (in points)	SS	5.19
Long					
Performance scenario	Closing price (USD)	Price change	Cost (USD)	Profit/Loss (USD)	
Favourable	1.14455	0.24%	-14.55	262.45	
Moderate	1.14255	0.07%	-14.55	62.45	
Unfavourable	1.14050	-0.11%	-14.55	-142.55	
Stress	1.13979	-0.17%	-14.55	-213.55	
Short					
Performance scenario	Closing price (USD)	Price change	Cost (USD)	Profit/Loss (USD)	
Favourable	1.13979	-0.17%	-0.86	198.14	
Moderate	1.14050	-0.11%	-0.86	127.14	
Unfavourable	1.14255	0.07%	-0.86	-77.86	
Stress	1.14455	0.24%	-0.86	-277.86	

The performance scenarios displayed represent what you could get depending on the price movement. The scenarios presented are only indicative; your return will vary depending on how the market performs and how long you hold the contract. These figures do not take into account your personal tax situation, which may also affect your return.

These performance scenarios assume you only have one position open and do not take into account any other positions. If you have multiple positions with us, your risk may be cumulative and not limited to one position.

The stress scenarios above show what you might get back in extreme market circumstances, and they do not take into account a situation where we are not able to pay you.

## What happens if the Company is unable to pay out?

If the Company is unable to fulfil its financial obligations, you may lose your entire investment.

The Company participates in the Investor Compensation Scheme, which covers 90% of our net liability to a client in respect of investments that qualify for compensation under the Investment Services Act, subject to a maximum payment of €20,000 to any one person. Learn more about the Investor Compensation Scheme here: [docs.deriv.com/tnc/eu/general-terms.pdf](https://docs.deriv.com/tnc/eu/general-terms.pdf).

## What are the costs?

The tables below show an example of the amounts that are taken from your investment to cover different types of costs throughout the lifetime of the investment. These amounts depend on how much you invest, how long you hold the product, and how the product performs. The amounts shown here are illustrations based on a notional investment amount.

## Cost over time

The Reduction in Yield ("RIY") shows the impact of total costs you pay on the performance of the investment. The total costs include one-off costs and recurring ongoing costs. The following table shows the cumulative costs of the product itself for an illustrative holding period of one day.

Costs over time	Long	Short
Notional amount (USD)	114,178.00	114,178.00
Required margin (USD)	3,802.13	3,802.13
Holding time (days)	1	1
Total cost (USD)	14.55	0.86
RIY as a percentage of notional amount	0.013%	0.001%
RIY as a percentage of required margin	0.383%	0.023%

## Composition of costs

The table below shows the different types of costs involved when you trade a CFD on Forex pairs:

Breakdown of costs			
One-off costs	Spread	The spread is the difference between the buy (ask) and sell (bid) price. It is incurred for each round-trip trade. These indices have a dynamic spread that widens as the certainty of an upcoming transition increases.	For example, if you buy 1 lot at a price of 1.14178, and the spread is 0.0053%, the spread cost will be: $1.14178 \times 0.0053\% \times 100000 \times 1 \times 1 = \text{USD } 6.05$
	Currency conversion	Currency conversions are applied to the closing profit and loss at our current market rate. Currency conversions only apply when the profit currency differs from the account currency	Current market rates are used.
	Overnight holding costs	The overnight holding fee (swaps) is charged for holding open positions overnight. In our terms, "overnight" refers to any position that remains open as at 20:59 GMT (or 21:59 GMT during daylight saving time). The applicable rate depends on market conditions and interest rates, and may result in either a debit or a credit to your account. Swap rates are subject to change and may vary over time.	If the swap rate is 8.50 in points, the overnight swap charge is: $8.50 \times 100000 \times 1 \times 1 \times 0.00001 = \text{USD } 8.50$

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

CFDs are intended for short-term trading and are generally not suitable for long-term investments. There is no recommended holding period and no cancellation fees. You can open and close a CFD at any time during market hours.

## How can I complain?

Complaints may be submitted to [complaints@deriv.com](mailto:complaints@deriv.com). For more information about our complaints and dispute process, kindly refer to our complaints policy section in [docs.deriv.com/tnc/eu/general-terms.pdf](https://docs.deriv.com/tnc/eu/general-terms.pdf).

## Other relevant information

CFDs are available on our Deriv MT5 platform. For further information, refer to the full suite of terms and conditions here: [deriv.com/eu/terms-and-conditions](https://deriv.com/eu/terms-and-conditions). You may print out this information for your reference or request a paper copy free of charge by emailing [compliance@deriv.com](mailto:compliance@deriv.com).