Key Information Document: Multipliers on Derived Indices (Crash/Boom 300)

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

2. Product

Product name: Multipliers

Product manufacturer: Deriv Investments (Europe) Limited ("DIEL"), located at W Business Centre, Level 3, Triq Dun Karm, Birkirkara BKR 9033, Malta (Contact us page: deriv.com/eu/contact-us, phone: +356 2131 5791), is regulated by the Malta Financial Services Authority. This document was last updated on 6 June 2024.

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

3. What is this product?

Type: Multipliers on a synthetic index — Crash 300 and Boom 300

Multipliers combine trading features of options and contracts for difference, allowing you to obtain indirect exposure to an underlying asset. In a multipliers contract, the return is determined by the percentage in price movement multiplied by your stake and increased by the multiplier chosen.

The generation of our synthetic indices involves first generating a random number and then using that random number to produce a market quote. Our random number generator follows a cryptographically secure methodology to generate random numbers from a uniform distribution. This means that synthetic indices will not be affected by any adverse market conditions. Therefore, no real-world event could trigger price movement in an unexpected manner. For more information on contract specifications offered on multipliers, visit deriv.com/eu/trade/multipliers.

Objectives

When trading on multipliers, the objective is to speculate on the price movement of an underlying asset. For instance, if you think the price will go up, you may purchase a "Multipliers Up" contract. Conversely, if you anticipate that the price will go down, you may purchase a "Multipliers Down" contract. The difference between the open and close price of the contract is the price movement. You will earn a profit when the price moves in favour of your contract. For example, for a Multipliers Up contract, you earn a profit by closing your trade when the price moves higher than the price at which you purchased your contract.

The Crash and Boom indices are generated to include upward/downward trends, respectively, with periodic crashes or booms. The average frequency (in the number of ticks) of the crashes and booms is indicated by the number in the index name. Hence, for Crash 300, the index will experience a crash every 300 ticks on average. Analogous logic follows for Boom 300.

Your return is based on this price movement multiplied by your stake and ultimately amplified by the amount of the multiplier. The multiplier value increases your market exposure, potentially increasing your profit. However, multipliers differ from other forms of trading on leverage, as your loss will never exceed your initial stake.

Your profit or loss is determined by calculating the difference between the closing price and the opening price of the contract, then multiplying that difference by the trade size (units), and subtracting any costs from the result (see the '**What are the costs?**' section for more details).

Intended retail investor

Multipliers are intended for investors who have knowledge of and experience with trading complex financial instruments such as options and leveraged products. The likely investors will comprehend key concepts of trading on leverage. They will also have the ability to bear the loss of their entire investment.

Term

Multipliers on synthetic indices have no fixed term 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.

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

Summary risk indicator ('SRI')

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the client 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. Volatility conditions may affect your trade, and it could close at an unfavourable price, which may significantly impact how much you get back.

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.

There is no minimum or recommended holding period for this product. Price movement may affect your return, and you may lose up to your initial investment.

There is no capital protection against market risk, credit risk, or liquidity risk. Volatility conditions may affect your trade, and it could close at an unfavourable price, which may significantly impact how much you get back. This product does not include any protection from future market performance.

Performance scenarios

The following scenarios illustrate how your investment could perform. You can compare them with the scenarios of other products. The table below takes the synthetic index Crash 300 Index with the following trade parameters into consideration.

Multipliers (held intraday)			
Opening price:	8,400	Multiplier Value:	5
Stake (USD):	200	Notional value of the trade (USD):	1,000

Up Multiplier				Down Multiplier			
Performance scenario	**Closing price**	**Price change**	**Profit/Loss**	**Performance scenario**	**Closing price**	**Price change**	**Profit/Loss**
Favourable	9,500.40	13.10%	130.80 USD	Favourable	7,299.60	-13.10%	130.80 USD
Moderate	8,458.80	0.70%	6.80 USD	Moderate	8,341.20	-0.70%	6.80 USD
Unfavourable	7,299.60	-13.10%	-131.20 USD	Unfavourable	9,500.40	13.10%	-131.20 USD
Stress	6,056.40	-27.90%	-200.00 USD	Stress	10,743.60	27.90%	-200.00 USD

The performance scenarios displayed represent what you could get depending on the price movement, stake, and multiplier. In the most extreme scenario, when the price moves against your prediction, you will not lose more than your initial investment, which is the stake.

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 it does not take into account a situation where we are not able to pay you.

What happens if Deriv Investments (Europe) Limited is unable to pay out?

In the event that DIEL is unable to fulfil its financial obligations, you may lose your entire investment.

DIEL participates in the Investor Compensation Scheme, which covers 90% of our net liability to a client in respect of investments which 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 by reading the section entitled 'Protection of your funds' in our terms and conditions.

What are the costs?

The table below shows the cost involved when you purchase a multipliers contract on a Crash 300 Index.

Breakdown of costs			
One-off costs	Entry cost	Commission	A percentage of the notional value (stake*multiplier) is included in the purchase price of the contract for all underlying instruments. Commission applied can be up to 0.1% of the notional value or a minimum of ten cents of your account's currency. This is displayed prior to the purchase of your contract. For example: If you purchase a Multipliers UP contract on Crash 300 Index with a stake of 200 USD and a multiplier value of 5, the notional value of the contract is 1,000 USD. The commission is 0.036% of the notional value. Therefore, the cost of commission is 0.36 USD.

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

Multipliers 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 multipliers contract at any time during market hours.

How can I complain?

Complaints may be submitted to 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.

Other relevant information

Multipliers are available on our Deriv Trader platform. Other features available for customising your trade to suit your trading strategy include stop loss, take profit and deal cancellation. More information on trading Multipliers can be found at deriv.com/eu/trade/multipliers. For further information, refer to 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.