

## KEY INFORMATION DOCUMENT- FOREX

### **PURPOSE**

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, costs, risks and rewards of this product and to help you compare it with other products.

### **PRODUCT**

Product name: **Forex (FX)**

CFD on Forex is offered by Forex24 Global, a brand name of the Company Lydia Financial Ltd company registered in Cyprus number HE 334292. Forex24 Global, is a trading name of Lydia Financial Ltd which is authorized and regulated by the Cyprus Security and Exchange Commission with License number 300/16. For more information call +357 25 000199 or go to [www.Forex24.com](http://www.Forex24.com) for more information. This document was last updated on the 2nd January 2018. You are about to purchase a product that is not simple and may be difficult to understand.

### **Risk Warning**

Trading in Contracts for Difference ('CFDs') carries a high level of risk and can result in the loss of all your investment. As such, CFDs may not be appropriate for all investors. You should not invest money that you cannot afford to lose. Before deciding to trade, you should become aware of all the risks associated with CFD trading, and seek advice from an independent and suitably licensed financial advisor. Under no circumstances shall we have any liability to any person or entity for (a) any loss or damage in whole or part caused by, resulting from, or relating to any transactions related to CFDs or (b) any direct, indirect, special, consequential or incidental damages whatsoever. For more information about the risks associated with trading CFDs please find and read our '[General Risk Disclosure](#)'.

Forex24 Global does not provide services to residents of the USA, Canada, Japan, North Korea, Iran, Belgium and some other regions.

### **WHAT IS THIS PRODUCT**

#### **TYPE**

This document relates to products known as Forex. Forex, also known as foreign exchange, FX or currency trading, is a decentralized global market where all the world's currencies trade. The forex market is the largest, most liquid market in the world with an average daily trading volume exceeding \$5 trillion. Forex24 Global offers trading on many different Forex pairs. Depending on your account type, you can trade on the most liquid pairs with us. Visit Forex24 Global <https://www.forex24.com/trading/trading-specification/> for information on the currency pairs available to trade.

#### **OBJECTIVE**

The objective of trading CFDs is to speculate on price movements (generally over the short term) in an underlying asset. Your return depends on movements in the price of the underlying asset and the size of your position. The first currency listed in an Forex pair is called the base currency, and the second currency is called the quote currency (each currency pair is listed as a three-letter code). The price of an FX pair is how much one unit of the base currency is worth in the quote currency. If the base currency rises against the quote currency, then a single unit of the base currency will be worth more units of the quote currency and the FX pair's price will increase. If it drops, the FX pair's price will decrease.

For example, if you believe that the base currency in a pair is likely to strengthen against the quote currency, you would buy a CFD (this is also known as "going long"), with the intention to later sell it when it is at a higher value. The difference between the price at which you buy and the price at which you subsequently sell equates to your profit, minus any relevant costs (detailed below). If you believe that the base currency in a pair is likely to weaken against the quote currency, you would sell a CFD (this is also known as "going short") at a specific value, expecting to later buy it back at a lower price than you previously agreed to sell it for, resulting in us paying you the difference, minus any relevant costs (detailed below). However, in either circumstance if the base currency (and therefore the price of the FX pair) moves in the opposite direction and your position is closed, either by you or as a result of a margin call (detailed below), you would owe us the amount of any loss you have incurred subject to our negative balance protection.

#### **INTENDED RETAIL INVESTOR**

Trading in this product will not be appropriate for everyone. This product would commonly be used by persons who want to generally gain short term exposures to financial instruments/markets; are using (trading with) money which they can afford to lose; have a diversified investment and savings portfolio; have a high-risk tolerance; and understand the impact of and risks associated with margin trading.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN

### **Risk Indicator**



The summary risk indicator is a guide to the level of risk of these products compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified these products as 7 out of 7, which is the highest risk class. This is because there is a very high chance you could lose up to 100% of your trading account balance (subject to our negative balance protection).

CFD trading requires you to maintain a certain level of funds in your account in order to open position(s) and to keep your position(s) open. This is called the initial margin and maintenance margin respectively. You will be able to open a position by depositing only a small percentage of the notional value of the position, creating a leveraged position. Leverage enables you to open bigger positions using a small amount of capital in your account. Leverage can significantly magnify your gains and losses. If the funds in your account decrease to the point that they will soon become insufficient to keep your position(s) open – meaning that your equity is getting close to the total maintenance margin - a margin alert will be issued, asking you to consider depositing additional funds. If you fail to deposit additional funds and the market continues to move against you, we may close your position(s) (immediately and without notice) and you will realize any losses.

Our CFDs are not listed on any exchange, and the prices and other conditions are set by us in accordance with our best execution policy. The contract can be closed only with us, and is not transferable to any other provider. If you have multiple positions with us, your risk may be cumulative and not limited to one position. The tax regime of the country in which you are domiciled may impact your return. This product does not include any protection from future market performance, so you could lose some or all of your investment. This includes both your deposit(s) as well as any accumulated profits.

If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section 'what happens if Forex24 Global is unable to pay out'). The indicator shown above does not consider this protection.

### PERFORMANCE SCENARIOS

There are a number of types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Information on factors that affect the performance of this product are detailed here - including but not limited to; Leverage risk of unlimited loss, Margin risk, Foreign exchange risk, Market risk, Unregulated market risk, Market disruption risk, Counter-party risk, Online trading platform and IT risk Conflicts of interest Specific trading.

The below table shows potential profit and loss under different scenarios. The scenarios assume you have a starting equity of \$1000 and choose to open a long/short 100k position. This particular currency pair has a pip cost of \$0.1 per 1k meaning in this case you will make or lose \$10 for every pip the price moves. The price at which you can buy is 1.10000. A pip on this instrument is the fourth digit after the decimal place.

The below table does not include overnight holding costs or commissions.

Scenarios		Trade P/L	New Equity
Stress scenario: You go long and the price falls by 30 pips and you then receive a margin call	Open Price: 1.10000 Close Price: 1.09700	\$-300	\$700
Unfavourable scenario: You go short and price increase by 7 pips and you exit the position.	Open Price: 1.10000 Close Price: 1.10070	\$-70	\$930
Moderate scenario: You go long or short and exit the position at the same rate you entered	Open Price: 1.10000 Close Price: 1.10000	\$0	\$1000
Favourable scenario: You go Long and price increases by 5 pips and you exit the position	Open Price: 1.10000 Close Price: 1.10050	\$50	\$1050

## **WHAT HAPPENS IF Forex24 Global IS UNABLE TO PAY OUT**

### **Investor Compensation Fund**

Forex24 Global is a member of the Investor Compensation Fund, which provides covered clients the extra security of receiving compensation from the fund for any claims against the company not fulfilling its obligations. For further details please see our [ICF document](#). In the unlikely event that Forex24 Global is declared bankrupt, The Guarantee Fund covers deposits up to EUR 20,000. The Guarantee Fund as a rule covers losses of up to EUR 20,000 per investor. For more information you can visit the Cyprus Security and Exchange Commission at [www.cysec.gov.cy](http://www.cysec.gov.cy).

## **WHAT ARE THE COSTS**

One off Costs	Spread	The difference between the buy price and the sell price is called the spread. This cost is realised each time you open and close a trade.
Open and Close	Commission	Commission is charged at both open and close and will vary depending on the instrument traded and the size of your position. Some accounts do not have any additional commission charges. Charges are laid out in our website <a href="https://www.forex24.com/trading/account-comparison/">https://www.forex24.com/trading/account-comparison/</a>
Ongoing Costs	Rollover (Swaps) Debit or Credit	Rollover is the interest paid or earned for holding a position overnight. Each currency has an overnight interest rate associated with it, and because forex is traded in pairs, every trade involves not only two different currencies, but their two different interest rates. Overnight interest rates will guide whether the trader will ultimately pay to hold the position or earn interest. Typically, these interbank rates will track a central bank's target quite closely, however sharp changes in the supply or demand for a specific currency can shift interbank borrowing rates away from the central bank rates. Typically, if the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn rollover (positive roll). If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay rollover (negative roll). Any client holding an open position at the end of the trading day will be credited or debited rollover. On Wednesday night the swap is charged for 3 days and this is to account for the weekend days, where the swap is charged for 1 day over Friday to Monday.

## **HOW CAN I COMPLAIN**

If you as a client or a prospective client of Forex24 Global have raised a question or an issue with Forex24 Global for instance with your account manager or another employee of Forex24 Global without receiving a satisfactory answer you may file a complaint with Forex24 Global as per below. If the person advising or selling to you is not Forex24 Global directly please contact them directly. Attn: Complaints by e-mail to [complaints@forex24.com](mailto:complaints@forex24.com).

If you are not satisfied with the response to your complaint, you may file a complaint directly to The Financial Ombudsman of the Republic of Cyprus.

Postal Address: P.O. BOX: 25735, 1311 Nicosia, Cyprus Telephone: +35722848900 Fax: +35722660584, +35722660118

Website: file: [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy)

Email address: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

## **OTHER RELEVANT INFORMATION**

Manufacturers shall indicate any additional information documents that may be provided, and whether such additional information documents are made available based on a legal requirement or only at the request of the retail investor. The information may be provided in summary format, including a link to the website where further details other than the documents referred to are made available.