

## Key Information Document - CFDs on Futures

**Purpose:** This document provides you with key information about this investment product. It is not marketing material. This information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

CFDs are offered by IC Markets (EU) Ltd (the “Company”, “we” or “us”), registered in the Republic of Cyprus, with registration number HE 356877. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 362/18. For further information please call +357 25010480 or go to [www.icmarkets.eu](http://www.icmarkets.eu).

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

### What is this product?

#### Type

A contract for difference (“CFD”) is a leveraged contract entered into with IC Markets (EU) Ltd on a bilateral basis, settled in cash. CFDs on Futures allow an investor to speculate on rising or falling prices on an underlying Future. An investor has the choice to buy (or go “long”) the CFD to benefit from rising Future prices of that asset, or to sell (or go “short”) the CFD to benefit from falling Future prices of that asset. The price of the CFD on a Future is derived from the price of the underlying Future (which may be an equity, bond, commodity or index) asset’s market price.

Since Futures have a pre-defined expiry date, CFDs on Futures are not rolled over at expiry. Open positions on Futures’ CFDs will be closed automatically at expiry at the last available settlement price.

#### Objectives

The objective of trading in the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying asset (whether up or down), without owning the physical/underlying asset. The exposure is leveraged since the CFD only requires a small proportion of the notional value of the contract to be paid upfront as an initial margin, which is one of the key features of trading CFDs.

The required margin for CFDs on Futures depends on the underlying asset of the Futures’ contract. Assuming that the margin requirement for a CFD on a Futures contract is 20% (maximum leverage of 1:5) then to open a transaction of €10.000 (deal size), investors would need to have a minimum margin of €2.000 in their account. Margin requirements may be decreased at the investor’s request, subject to the fulfilment of certain criteria, whereas margin requirements may be increased at the Company’s discretion in cases of extreme market volatility.

The profit or loss is determined according to the following formula:

**For Buy (Long) positions:** Deal size (in units of base asset) x [Close Bid – Open Ask] = P/L

**For Sell (Short) positions:** Deal size (in units of base asset) x [Close Ask – Open Bid] = P/L

The P/L from closed positions is converted into the currency in which the investor’s account is denominated. At the time that positions are closed, and if applicable, the conversion is carried out at the exchange rate between the currency in which P/L is generated and the currency in which the investor’s account is denominated.

The P/L is also affected by the fees charged by IC Markets (EU) Ltd, as detailed below. The P/L is calculated by, and shown on, the trading platform on a continuous basis, and losses on the positions will affect the investor’s margin. Should the investor’s margin reach 0 (zero), all investor’s positions will automatically close which means that the investor will realize the losses. Therefore, it is important to maintain such a level of margin to support the investor’s open positions.

#### Intended Retail Investor

CFDs are intended for investors who have knowledge of, or are experienced with, trading in leveraged products. Clients need to understand how prices of CFDs are derived, the key concepts of margin and leverage, the risk/reward profile of the specific

financial instruments compared to traditional trading (without leverage) and have the appropriate financial means to bear losses of the entire amount invested.

**Term:** Notwithstanding Futures' expiry dates there is no recommended holding period, and it is down to the discretion of individual investors to determine the most appropriate holding period based on their own individual trading strategy and objectives. Please consult the Company's website for trading times.

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

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 product will lose money because of movements in the markets or because we are not able to pay you.

#### Risk Indicator



The risk indicator assumes that you may not be able to buy or sell your CFD at the price you wanted to due to the volatility of the market or you may have to buy or sell your CFD at a price that significantly impacts how much you will get in return.

We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from the future performance of the product at a very high level.

CFDs are leveraged products that due to underlying market movements can generate losses rapidly. You may not be able to close your position easily or you may have to close at a price that significantly impacts the return on your investment. CFDs may be affected by slippage or the inability to close a position at a desired price due to the unavailability of such a price in the market. The CFD products that we offer are not sold on any exchange, MTFs or other trading venue and positions can only be closed with us and not with any other CFD provider. This product does not include any protection from future market performance so you could lose some or all your investment. There is no capital protection against market risk, credit risk or liquidity risk.

**Currency Risk:** It is possible to buy or sell CFDs in a currency different from the currency of your account. As such you may receive payments in different currencies, so the final return you will get shall also be impacted depending on the exchange rate between the two currencies. This risk is not considered in the indicator above.

#### Performance Scenarios

The scenarios shown below illustrate how your investment could perform. You can compare them with the scenarios of other products. Market developments in the future are uncertain and cannot be accurately predicted. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you hold the CFD. Figures shown include all costs applicable to Standard accounts (not charged commission). Commissions applied to other types of accounts may impact returns. If you have third parties advising you about this product, these figures do not include any cost that you pay to them. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

CFDs on Futures - Wheat Futures		
Account Balance	\$ 4,000.00	USD
Lots traded	10	
Contracts (Lot size)	4	
Opening Price	740	
Notional Value of the trade	\$ 29,600.00	USD
Leverage	1:10	
Margin %	10%	
Margin Required	\$ 2,960.00	USD

Profit/Loss Calculations								
Scenarios	Favourable	Moderate	Unfavourable	Stress	Favourable	Moderate	Unfavourable	Stress
Direction	Long				Short			
Opening Price	740.00	740.00	740.00	740.00	740.00	740.00	740.00	740.00
Closing Price	747.40	740.59	732.60	666.00	732.60	739.41	747.40	814.00
Price change	7.40	0.59	-7.40	-74.00	-7.40	-0.59	7.40	74.00
Profit/Loss (USD)	296.00	23.60	-296.00	-2960.00	296.00	23.60	-296.00	-2960.00
Change in Equity %	7.40%	0.59%	-7.40%	-74.00%	7.40%	0.59%	-7.40%	-74.00%
Return on Notional Value %	1.00%	0.08%	-1.00%	-10.00%	1.00%	0.08%	-1.00%	-10.00%

\* Note that due to the company's Negative Protection Balance policy, Clients will not lose more than they have deposited.

*(!) Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.*

#### What happens if IC Markets (EU) Ltd is unable to pay out?

In the event that IC Markets (EU) Ltd becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible for compensation of up to €20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission. For more information, please read our Investor Compensation Fund Protection Scheme Policy [here](#).

#### What are the costs?

IC Markets EU Ltd charges a spread when investors buy CFDs. Spread is the difference between the Sell ("Bid") and Buy ("Ask") the price of the CFD. The spread per each underlying asset is available on the [Trading](#) page as well as in the trading platform but each investor may have different spreads on all or some of the underlying assets based on transaction size, account type, or other factors.

This table shows the different types of cost categories and their meaning. Please refer to the Company's website for more details [here](#).

One-off costs	Spread	<p>Spread cost is realized every time you open/close a trade, it is variable, and its size (distance between Bid and Ask prices) may differ at the times of opening and closing a trade. Prices of CFDs as well as their commercial terms, like the spreads, may vary to reflect periods of (actual or expected) heightened market volatility and reduced liquidity. For details regarding the spread per each underlying asset, please refer to the Company's <a href="#">website</a>.</p> <p><b>Example:</b> Assume that you have a EUR trading account with IC Markets (EU) Ltd., and you enter a trade to go long (buy) 10 units/lot in EURBBL futures (1 Lot = 100 contracts) with 5 points spread (as shown on the platform). One point is the one-unit change in the last decimal in which the price of a CFD is quoted (in this case the second decimal) i.e., the spread is 0.05 (5 points x 0.01). Spread cost in our example would be:</p> <p><b>1 (number of lots traded) x 100 (lot size for futures) x 0.05 (spread) = 5 EUR.</b></p> <p>5.00 EUR will be deducted from the P/L upon opening the transaction. Keep in mind that had your trading account been denominated in a currency other than EUR the platform would automatically convert the opening P/L to the currency of your account.</p>
	Commissions	<p>Our platform charges a one-time fee for every executed deal. This fee is deducted from the clients' equity. The commission rate can be found on our website, as well as in the contract specifications for each symbol on the platform. Please note that this is only applicable to <a href="#">Raw Spread Accounts</a>.</p>
	Currency conversion	<p>This is the cost for converting realised profits and losses as well as any costs and charges that are denominated in a currency other than the base currency of your trading account.</p>

Ongoing costs	Financing costs/ <b>Swap/ Rollover/ Financing costs</b>	All our platforms	Swap is the fee for keeping the position open overnight (overnight financing fee). Swaps may be positive or negative (depending on the underlying instrument and depending on the direction of the trade, long/short). CFDs where the underlying is a Futures Contract are not subject to Swap charges.
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#### How long should I hold it, and can I take money out early?

Recommended (required minimum) holding period: None.

There is no recommended holding period or minimum holding period. There are no consequences for you choosing to close your position other than ending your exposure to the underlying at that time. Early termination may occur in the event your account has insufficient funds to support the margin requirement for your position, because of certain corporate actions, if the Company for other reasons decides to discontinue the CFD, or if the Company were to become insolvent.

#### How can I complain?

If you want to submit a complaint you can complete and send the Complaint Form via email to [complaints@icmarkets.eu](mailto:complaints@icmarkets.eu). For more information, please see our [Complaints Handling Policy](#). If you are still dissatisfied with our handling or findings in relation to that complaint, you may refer the matter to the Financial Ombudsman Of the Republic of Cyprus, by post to the P.O. Box 25735, 1311 Nicosia or via mail to [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy) for further investigation and resolution.

#### Other relevant information

If there is a time lag between the time you place your order and the moment it is executed, your order may not be executed at the price you expected. The Trading Terms & Conditions as well as all related Policies and other Disclosure Documents of our website contain important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account. This key information document does not contain all information relating to the product. For other information about the product and the legally binding terms and conditions of the product, please refer to our website at [www.icmarkets.eu](http://www.icmarkets.eu).