RISK DISCLOSURE

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1. INTRODUCTION

Trading Point MENA Limited (hereinafter "Trading Point MENA", the "Firm", "us", "we", "our", provides you with this Risk Disclosure Notice (the "Notice") to assist you in understanding the risks involved when trading Contract for Differences ("CFDs"). However, you should note that this Notice cannot and does not disclose or explain all of the risks and other significant aspects associated with trading in CFDs nor does it explain how these relate to your personal circumstances. Its purpose is to explain, in general terms, the nature of the risks particular to entering into transactions (i.e. trade) in the Financial Instruments provided by the Firm and to help the Client (hereinafter "Client", "you", "your"), to take investment decisions on an informed basis. You should read this Notice in conjuction with the following documents, which are available through our website:

- Terms and Conditions of Business/Client Agreement;
- Order Execution Policy;
- Summary of Conflicts of Interest Policy; and
- Client Categorisation Policy.

Please ensure that any decision to engage in trading CFDs is made on an informed basis and in light of your knowledge and experience as well as to your personal circumstances (e.g., your financial position). Additionally, you need to ensure that you understand the nature of CFDs and the extent of all risks and aspects involved in trading CFDs. It is your responsibility to consider whether the products are suitable for you or not and whether you can afford to risk all of your initial investments and/or any realised or unrealised trading profits'.

Please note that CFDs are leveraged financial products and as such, trading CFDs involves a high risk of loss as price movements are influenced by the amount of leverage you are using and you are at risk of losing all of your initial investments and/or any realised or unrealised trading profits. Trading CFDs is not appropriate for all persons. Under no circumstances, you should risk more than you are prepared to lose.

You should NOT commence trading with us until you have read and understood the documents referred to above. If you are in any doubt you should seek professional or legal advice before signing this document. If you are not sure that you understand a particular product, instrument, service or transaction, you should also first seek appropriate professional advice before entering into the product, instrument, service or transaction.

2. APPROPRIATENESS

In offering our products/Services to you, we are required to assess and document whether these are appropriate for you and you are suitable to deal in the products/Services we provide (i.e., OTC derivatives) by requesting from you certain information and/or documentation, relating to your circumstances, experience and knowledge of trading such products, which will help us assess whether you understand the risks associated with dealing in them and to determine whether you satisfy the target client profile, as defined by the Firm.

Generally, we will ask you for this information during the Account opening procedure in the Client Application Form, but we may need to ask you for additional information in the future, for example (but not limited to), if you decide to deal in a new product type or sector.

If you do not provide sufficient information to allow us to carry out the appropriateness assessment, or do not provide any information at all, we will be unable to assess whether you have the necessary knowledge and experience to understand the risks involved, what is appropriate for you or is in your best interests, and you may not be allowed to use our Services.

If, on the basis of the information that you have supplied to us in relation to your knowledge and experience, we consider dealing in the particular instrument/product is not appropriate for you, you will be informed of this. Following this warning, if you still wish us to proceed with the Services, we may allow you to do so, at our sole discretion.

If in doing so, you should note that these products may be unsuitable for you and you may be exposing yourself to risks that fall outside your knowledge and experience and/or which you may not have the knowledge or experience to properly assess and/or control.

3. GENERAL CHARACTERISTICS OF FIRM'S PRODUCTS

We offer trading services in Contracts For Differences ("CFDs"). CFDs fall under the asset class of derivative financial instruments (hereinafter "derivatives"). A derivative is a financial instrument whose price is dependent upon or derived from the price fluctuations of another underlying financial instrument.

What is a Contract for Difference?

A Contract for Difference (CFD) is an over-the-counter ("OTC") derivative which enables investors to obtain exposure and participate in the returns (which could end up being positive or negative) from price movements in an underlying financial instrument, without the need to physically acquire that underlying financial instrument (i.e., you do not own the underlying financial instrument(s) and you are not entitled to the physical delivery of any financial instruments you trade).

Who is your Counterparty?

Like all derivatives, a CFD is a contract under which two parties agree to exchange the difference in value between the opening value and the closing value of the contract. For the purposes of Client orders in financial instruments provided by the Firm, the Firm is always the counterparty (or 'principal') to all of your trades. Should you decide to open a position in a financial instrument with the Firm, then that open position may only be closed with the Firm.

How is your profit or loss on a CFD trade calculated?

CFDs allow you to make a profit or loss from the price fluctuations in the underlying financial instrument and the amount of any profit or loss on a CFD trade will be the total of the difference between the opening value of the CFD (Quantity x our price) and the closing value of the CFD (Quantity x our price) less any commissions and/or any other fees you incur and are required to pay to us in respect of the CFD.

Our trading service carries a high level of risk and is **not** suitable for everyone. You should **not** trade with us unless you understand the nature of the transaction you are entering into and the extent of your potential loss from a trade. **You trade entirely at your own risk**.

Our trading service is **'execution-only'**. This means that we carry out your trading instructions. We do **NOT** provide you with any investment advice.

4. FUNCTIONING AND PERFORMANCE OF THE FIRM'S PRODUCTS IN DIFFERENT MARKET CONDITIONS

CFD products entail the use of "gearing" or "leverage" and are considered speculative products and, as such, carry significantly greater risks than non-leveraged products. Leverage enables you to obtain a large exposure to a financial instrument while only tying up a relatively small amount of your capital. However, your profit or loss is based on the full position (exposure) and, as such, the amount you gain or lose might seem very high in relation to the sum you have invested.

The performance of such products depends on different market conditions which can have positive or negative effects on the performance of a product. Therefore, when trading in CFDs, the market can move in your favour for a profit or against you for a loss.

For a better understanding as to how the market can have a positive or negative impact on your trades, a number of examples is included in the Appendix of this document.

Trading in CFDs is **not** suitable for all investors. Thus, you should not invest in CFDs unless you adequately understand the characteristics, and in particular the associated risks, of these products and you are comfortable with these risks when trading on such products. You should seek independent professional advice, if necessary, in order to ensure that investing in these products is suitable for your objectives, needs and financial circumstances and resources.

5. RISKS ASSOCIATED WITH TRADING IN THE FIRM'S PRODUCTS

In considering whether to engage in trading in CFDs, you should be aware of the following:

A. General Risks associated with the Financial Instruments offered by the Firm

1. The Firm does not and cannot guarantee the initial capital of the Clients' portfolio or its value at any time or any money invested in any financial instrument.

2. Transactions undertaken through the dealing services of the Firm may be of a speculative nature. Large losses may occur in a short period of time, equaling the total of funds deposited with the Firm.

3. You may be required to deposit additional funds into your account at short notice in order to support your open trades. A failure to deposit additional funds when required to do so may result in your open trades being closed out ('stopped out') at a loss and your pending orders cancelled by us without notice to you.

4. Under certain market conditions, it may be difficult or impossible to execute your order.

5. You must understand that the price of the financial instruments being traded is determined by fluctuations in markets outside our control.

6. We do not guarantee that an order you place to limit the loss on a trade ('stop loss') will be filled at the price that you specify. In a fast-moving market, your order may be liable to 'gap through', with the result that your trade is closed at an increased loss as compared with the level of the order that you placed. In the event that a 'gap through' occurs there can be a markedly different price in the financial instrument being traded with no opportunity to close your trade in-between. Therefore, an order you place to limit the loss on a trade should not be treated as a guarantee to limit your loss on that trade to a specific amount.

7. The Client's attention is expressly drawn to CFDs on currencies traded irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.

8. Some financial instruments are quoted and settled in currencies other than the base currency of your account. Trading in these instruments carries additional risk as the currency exchange rate at the time you close a trade and when your balance is converted to your base currency at the close of business on the same day may have fluctuated against you. Therefore, if you trade in an instrument that is not quoted in the base currency of your account, currency exchange fluctuations will have an impact upon your profits and losses.

9. Any funds you deposit with us or is credited to your Account will be held in one or more segregated client bank accounts. The client bank accounts will be pooled accounts holding funds of other clients of ours and will not hold any of our own money. You shall have an ownership interest in your share of the balance in the relevant client bank account. However, in the event that a bank at which the client bank account is held has become insolvent or has otherwise failed and is unable to return the full amount of funds held in the client bank account, you may not receive all the funds to which you have an ownership interest.

10. In the event of insolvency of the Firm, your positions may be closed out against your wishes.

11. Changes in, or the introduction of new, rules, regulations and laws or the way in which they are applied or interpreted may impact your trading with us. You may be exposed to the risks arising under the rules, laws and regulations of jurisdictions other than the jurisdiction in which you are located and/or with which you are familiar.

12. Trading online, no matter how convenient or efficient, does not necessarily reduce risks associated with trading. In addition, by trading online, you face risks of slow or no internet connectivity and hardware or software failures.

13. You must not fund your Account using money obtained from any credit facility (including bank loan or otherwise) and you should never rely on being able to profit on any trade in order to repay such amounts.

14. It is your responsibility to monitor your account at all times. It is important that you monitor your positions closely due to the speed at which profits or losses can be incurred. If you have open trades you should always be in a position to access and manage your account. You may do this on-line, 24 hours a day, 7 days a week.

B. Specific Risks associated with transactions in Financial Instruments of the Firm

You should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Firm, the value of the supported Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

You should also unreservedly acknowledge and accept that you run a great risk of incurring losses and damages, up to all your invested capital, as a result of the dealing in Financial Instruments and accept and declare that you are willing to undertake this risk.

The main specific risks associated with transactions in Financial Instruments of the Firm are the following:

1. Leverage

As CFD products entail the use of leverage, you may deposit a relatively small proportion of the overall contract value to open a trade. This can work for and against you as a relatively small movement in the price of the underlying financial instrument being traded can have a disproportionate effect on your trade. This may result in you achieving a good profit if the price of the underlying financial instrument moves in your favour, but, equally, may result in you incurring significant losses as an equally small adverse market movement may quickly result in the loss of your entire invested capital.

During the Account opening process your default classification will be that of a Retail Client and the maximum default leverage is set at 50:1. If you are classified as a Professional Client, you can request a higher leverage but this will be at the discretion of the Firm, subject to the applicable rules and regulations. The Firm offers to its Retail Clients fixed leverage ratios which vary from 1:1 to 1:50 according to the volatility of the underlying financial instrument, as follows:

CFDs on the following financial instruments	Margin rates (leverage levels)
Major Currency Pairs, Major Indices and Gold Underlying	2% (50:1 leverage)
Minor Currency Pairs, Oil and any other Underlying	5% (20:1 leverage)
Shares of Individual Stocks Underlying	10% (10:1 leverage)

For example, if a retail client wants to open a position on EUR/USD worth of USD 30,000 and for which the fixed leverage ratio offered is 1:50, then the investor would only need to use USD 600 (i.e. USD 30,000 / 50) of his/her funds to do so.

2. Volatility of price and limitation on the available market

The products provided by the Firm are derivative financial instruments, where their price is derived from the price of the underlying financial instruments in which the financial instruments refer to. Derivative financial instruments or markets can be highly volatile. The prices of derivative financial instruments and the underlying instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in market conditions, none of which can be controlled by the Client or the Firm. Under certain market conditions, it can be impossible to execute any type of Clients order at the declared price. Therefore, even an open trade with a 'stop loss' order cannot always guarantee the limit of loss.

The prices of derivative financial instruments are influenced by, amongst others, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and/or the behavioural characteristics in a capital market.

Transactions in the products provided by the Firm are not undertaken on a Trading Venue (Regulated Market, Multilateral Trading Facility or Organised Trading Facility), rather they are executed by the Firm, through its Electronic Trading Platform and/or Mobile Application, which is not a Trading Venue, and as such you may be exposed to greater risks than those of a Trading Venue. The terms and conditions and trading rules are established solely by the Firm. You must close an open position of any given financial instrument during the opening hours of the Firm's Trading Platform.

3. Impediments on closing an open trade

There may be circumstances where there is low liquidity in a financial instrument and/or where you have a large position and, therefore, it is not possible to close your open trades immediately. During that time, the value of your open trades could fall, possibly by a significant sum, and you will be liable for the full amount of the losses that arise.

4. Margin requirements

You are required to deposit a margin with the Firm in order to open a trade. The margin requirement will depend on the underlying instrument of the derivative Financial Instrument, the level of your leverage and the value of position to be established. When the margin level required to maintain the open position(s) in your trading account falls below the minimum margin requirement, as specified by the Firm, we may, but shall have no obligation whatsoever, issue a 'margin call' and in this case you will have to either increase the 'equity' in your trading account by depositing additional funds and/or close your positions. If you do not perform any of the aforementioned and the trading account reaches or falls below the 'stop out level', as this is specified by the Firm, the automatic 'stop out mechanism' will be initiated and will start closing the open positions at the current market prices, in descending order on the basis of level of loss of each trade.

5. Foreign Exchange and Other Related Risks

If you are trading in a product that is denominated in a currency other than the currency of your Account you will be impacted by foreign exchange movements. Any currency conversion calculations are provided by the Firm to the Client in the currency in which the said Account is denominated and the currency of the relevant CFD, using the cross-spot rate.

Your capacity to trade CFDs may also be affected as a result of changes in the legal, regulatory, taxation environment and/or other.

Foreign markets will involve other risks from those that the United Arab Emirates markets may face. The potential for profit or loss from CFDs relating to a foreign market or denominated in a foreign currency will be affected by fluctuations in foregn exchange rates. It is possible for you to incur a loss if exchange rates change to your detriment, even if the price of the instrument to which the CFD relates remains unchanged.

6. Technical Risks

The Firm endeavours to generate prices continuously and provide you with access to our trading platforms and/or mobile application(s) throughout the trading sessions as indicated on our website. However, there are instances where this is not possible; for example, instances of poor telecommunication/internet connectivity, system errors, etc. The latter may cause prices to change between the time an order is places and the time the order has been received by the Firm. In addition, although rare, technical risks may impact the execution of your orders.

7. Additional obligations

Before you commence trading with us, you should ensure that you are aware of our charging system. If any charges are not expressed in money terms, but for example as a spread, you may request and obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

The value of open positions in certain financial instruments provided by the Firm is subject to 'financing fees' (for example 'swap rates'). The price of long positions in financial instruments is reduced by a daily financing fee throughout their life. Conversely, the price of short positions in financial instruments is increased by a daily financing fee throughout their life. Financing fees are based on prevailing market interest rates, which may vary over time.

Details of our charging system (such as spreads, commissions and financing fees) may be found on the Firm's website under the link: https://www.xm.com/mena/spreads.

You should be aware that your trades in financial instruments may be or become subject to tax and/or any other duty, for example, because of changes in legislation or in your personal circumstances. The Firm does not warrant that no tax and/or any other stamp duty will be payable. You are responsible for any taxes and/or any other duties which may accrue in respect of your trades.

C. CLIENT MONEY

Any money we hold on your behalf will be kept in a separate trust account with an institution within or outside DIFC but within the UAE or the EU, separated from the Firm's own funds. According to the applicable legilsation, the Client money can be pooled with money belonging to other Clients of the Firm (i.e., "Omnibus account") or co-mingled with other Clients' money, which is also held on trust. Therefore, an individual Client will not have a claim against a specific sum in a specific account, in the event of insolvency. A Client's claim may be against the Client Money in the Omnibus Account. In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the institution defaults without any consideration of the ultimate beneficial owners of the Omnibus Account. Another risk might be that the funds in the Omnibus Account may be exposed to obligations of the Firm connected with the positions of other Clients in case the Firm is unable to meet its obligations towards them. In the event that the solvency of the institution that the Firm utilises to keep Client Money is partially or fully compromised, any loss shall be borne by you, not the Firm. In the event that any such institution defaults, the Client shall have no redress against the Firm.

There is also a risk that ou insolvency or default may lead to your positions being liquidated or closed out without your consent. All deposits made with us are held on trust for you in a regulated trust accountl in such circumstances, those deposits would attact all the legal protections afforded to trust money. Net unrealised running profits are also held on trust by us (in excess of our contractual and regulatory requirements) and would normally be similarly protected for your benefit as beneficial owner, unless a court does not uphold the trust in relation to such net unrealised profits. The obligations to you under the Client Agreement and the CFDs are unsecured obligations, meaning that your rights against the Firm are those of an unsecured creditor.

In the event of insolvency, winding up or other distribution event that results in a distribution of Client's money, such distribution will be subject to the DFSA's Client Money Distribution Rules. In cases where the Client Money is held in a jurisdiction outside the DIFC, the market practices, insolvency and legal regime applicable in that jurisdiction may differ from the regime applicable in the DIFC.

D. PAST PROFORMANCE

Past performance, simulation or prediction of OTC Derivetives does not constitute as an indication of future results. You are responsible for the value of your investment and it can decrease (as well as increase) as the market price of the underlying asset may fluctuate downwards (or upwards).

E. NO ADVICE

Trading Point MENA does not give any personal or general investment advice on any products or Services it offers. The client agreement specifically states that this is not within the scope of your Agreement with the Firm.

The Firm may from time to time issue and/or distribute third party material, which contains information on financial markets, posted through the website and other media channels. Any material is considered to be marketing communication only and is not and shouldn't be assumed to be investment advice and/or investment recommendation and/or an offer of, or solicitation for, any transactions in financial instruments. Any decision to enter into a specific transaction shall be made by the Clients following an assessment by themselves of their own situation and circumstances. The Firm doesn't make any representation and bears no liability as to the accuracy or completeness of the information provided or for any loss arising from any investment based on information or forecast supplied by Trading Point MENA, third party or otherwise.

Trading Point Mena does not provide investment, financial, legal, tax, regulatory or other advice relating to investments or trading CFDs. Any material or information or other features, which may be provide through the Website, trading platforms, marketing or training events or otherwise, is generic and shall not be treated as advice.

The Client must seek independent professional advice from a suitably qualified advisor, if necessary, prior to engaging in trading.

F. RETAIL RISK DISCLOSURE

This disclosure is a necessary addition to the Client Agreement with Trading Point MENA. This disclosure is not intended to include all risks associated with the products and Services the Firm provides. It is the Client's responsibility to consider all the risks associated with the products and Services the Firm offers, either personally, or through any legal or professional advice, and consider whether the products are suitable for the Client or not and if he/she is able to absorb the risks assocated to their investment.

Significant Loss Potential and No Guarantees

You should be aware that the risk of loss can be substantial when transacting in OTC Derivatives. You should carefully consider whether such Transaction are suitable for you and only risk the amount of money which you can affort to invest/lose. You should also note that the funds you deposit as your initial deposit and the CFD positions you hold with us are not guaranteed. The Firm may use these deposits against losses generated by your Transactions. You are solely and personally responsible for all losses resulting from these positions.

Stop Loss Limits

These are set to limit your losses. However, during times of significant market volatility, limited liquidity, failure of electronic or telecommunications systems, or force majeure it may not be possible to give effect to Stop Loss Limits at the requested price. Stop Losses are not guaranteed (i.e., may not be effective or may fail) and you remain at risk of accummulating losses rapidly and losing all of your capital outlay. You will remain liable for all losses.

Electronic Trading Platforms

Electronic Trading Platforms, no matter how convenient or efficient, do not remove the risks associated with Transactions.

This brief risk disclosure does not disclose all risks associated with Transactions. For further information, please also ensure that you fully read and understand the Retail OTC Derivatives Risk Disclosure which is available on our website.

G. ONGOING REVIEW AND AMENDMENT OF RISK DISCLOSURE

The Firm reserves the right to review and/or amend its Risk Disclosure, at its sole discretion, whenever it deems fit or appropriate.

If there is anything in the Risk Disclosure you do not understand, please contact our Compliance Department: menacompliance@xm.com.

APPENDIX

EXAMPLES

The below examples illustrate how the market can move in your favor or against a Client when trading in CFDs. Please note that the examples provided herein below are only provided for illustrative purposes and do not necessarily reflect current or future market or product movements, the values that the Firm will apply to a trade, nor how such trades impact your personal circumstances. Also, the figures used in the examples do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which the Firm may exercise its powers or discretions. These examples do not constitute general or personal advice to any person reading this document:

1. CFD on a Currency Pair (Forex)

Example 1 – Buy Order (profitable trade)

Currency Pair: EUR/USD
Base currency: USD
Contract size: 1 Standard Lot (100,000 units)
Current Bid/Ask price: 1.28380/1.28390
Selected Leverage: 1:50 (or 2% margin)
Commission/Fees: No

You believe that signals in the market are indicating that the EUR will go up against the USD (“$”). You decide to enter into a CFD on EUR/USD and place a ‘buy order’.

Therefore, you open one standard lot (100,000 units of EUR/USD), buying the EUR at the offered leverage of 1:50 (or 2% margin) and wait for the exchange rate of EUR/USD to climb. When you buy one lot (100,000 units) of EUR/USD at a price of 1.28390, you are effectively buying 100,000 EUR, which is worth $128.390 (100,000 units of EUR x 1.28390). As the margin requirement is 2%, then approximately US$2,567.80 (US$128,390 x 2%) would be set aside in your account to open up the trade. You now ‘control’ 100,000 EUR with just US$2,567.80.

Your predictions come true and you decide to close your trade. The Euro strengthens to 1.28420/1.28430. Now, to realise the profits, you close your order, i.e sell one lot (100,000 units) of EUR/USD at the current rate of 1.28420 and you receive $128,420 for that trade (100,000 units x 1.28420).

Result of your closed trade
You bought one lot (100,000 units) of EUR/USD at a price of 1.28390, paying $128,390. Then, you sold one lot (100,000 units) of EUR/USD at a price of 1.28420, receiving $128,420. That is a positive difference of $30 ($128,420 – $128,390 = +$30).

Total profit = $30 on a deposit of US$2,567.80.

Example 2 – Buy Order (loss-making trade)

Currency Pair: EUR/USD
Base currency: USD
Contract size: 1 Standard Lot (100,000 units)
Current Bid/Ask price: 1.28380/1.28390
Selected Leverage: 1:50 (or 2% margin)
Commission/Fees: No

You believe that signals in the market are indicating that the EUR will go up against the USD (“$”). You decide to enter into a CFD on EUR/USD and place a ‘buy order’.

Therefore, you open one standard lot (100,000 units EUR/USD), buying EUR at 2% margin and wait for the exchange rate of EUR/USD to climb. When you buy one lot (100,000 units) of EUR/USD at a price of 1.28390, you are effectively buying 100,000 EUR, which is worth $128.390 (100,000 units of EUR x

1.28390). If the margin requirement was 2%, then approximately US$2,567.80 would be set aside in your account to open up the trade (US$128,390 x 2%). You now 'control' 100,000 EUR with just US$2,567.80.

Your predictions do not come true and the Euro weakens to 1.28360/1.28370. Now, you decide to close your order to avoid further losses, you close your trade, i.e. sell one lot (100,000 units) of EUR/USD at the current rate of 1.28360, and you receive $128,360 for that trade (100,000 units x 1.28360).

Result of your closed trade
You bought one lot (100,000 units) of EUR/USD at a price of 1.28390, paying $128,390. Then, you sold one lot (100,000 units) of EUR/USD at a price of 1.28360, receiving $128,360. That is a negative difference of $30 ($128,360 – $128,390 = -$30).

Total loss = -$30 on a deposit of US$2,567.80.

2. CFD on Gold

Example 1 – Sell Order (profitable trade)

Precious Metal: Gold
Base currency: USD
Contract size: 1 Standard Lot (100 ounces of Gold)
Current Bid/Ask price: 1248.20/1248.60
Selected Leverage: 1:50 (margin of 2%)
Commission/Fees: No

Imagine the current Bid/Ask price for Gold is: 1248.20/1248.60, meaning that you can enter into a Gold CFD to buy ('go long') at 1248.60 or sell ('go short') at 1248.20. Suppose that you believe that the value of Gold will fall and, as such, you decide to enter into a CFD on Gold and place a 'sell order', i.e. to sell *('*go short') Gold.

Therefore, with a 2% margin, the amount of US$2,496.4 (100 ounces x 1248.20 x 2%) would be set aside in your account for selling (going short) 100 ounces (one lot) of Gold. As you expected, the value of Gold drops to 1245.80/1246.20. Now, to realize the profits, you close the order and buy 100 ounces (one lot) of Gold at the current price of 1246.20.

Result of your closed trade
You went short one lot (100 ounces) of Gold at 1248.20 for $124,820. Then, you closed your trade, i.e. bought one lot (100 ounces) of Gold at 1246.20 for $124,620. That is a positive difference of $200 ($124,820 - $124,620 = $200).

Total profit = $200 on a deposit of US$2,496.4.

Example 2 – Sell Order (loss-making trade)

Precious Metal: Gold
Base currency: USD
Contract size: 100 ounces
Current Bid/Ask price: 1248.20/1248.60
Selected Leverage: 1:50 (margin of 2%)
Commission/Fees: No

Imagine the current Bid/Ask price for Gold is: 1248.20/1248.60, meaning that you can can enter into a Gold CFD to buy ('go long') at 1248.60 or sell ('go short') at 1248.20. Suppose that you believe that the value of Gold will fall and, as such, you decide to enter into a CFD on Gold and place a 'sell order', i.e. to to sell *('*go short') Gold.

Therefore, with a 2% margin, the amount of US$2,496.4 (100 ounces x 1248.20 x 2%) would be set aside in your account for selling (going short) 100 ounces (one lot) of Gold. Your predictions do not come true and the value of Gold rises to 1249.80/1250.20. Now, to minimise your losses, you close the order and buy 100 ounces (one lot) of Gold at the current price of 1250.20.

Result of your closed trade

You went short one lot (100 ounces) of Gold at 1248.20 for $124,820. Then, you closed your trade, i.e. bought one lot (100 ounces) of Gold at 1250.20 for $125,020. That is a negative difference of $200 ($124,820 - $125,020 = -$200).

Total loss = -$200 on a deposit of US$2,496.4.