



# Forex CFD

## Key Information Document (KID)

### 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, risks, costs, potential gains and losses of this product and to help you compare it with other products. **You are about to purchase a product that is not simple and may be difficult to understand.**

### Product

PRIP Name	Forex CFD
PRIP Manufacturer	Interactive Brokers Ireland Limited (IBIE) part of the Interactive Brokers Group
Website	<a href="http://www.interactivebrokers.ie">www.interactivebrokers.ie</a>
Telephone	+353 1 246 9881
Competent Authority	Central Bank of Ireland (CBI) is responsible for supervising IBIE in relation to this Key Information Document
Date of KID	30 June 2023

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### What is this product?

#### Type

An Over the Counter (“OTC”) Derivative Contract for Difference (“CFD”) – Forex CFD

#### Objective

A Forex CFD is not a listed instrument but is traded as an over-the-counter contract between you and IBIE.

The objective of trading this product is to gain exposure to price movements on the underlying currency pair (the base currency and the quote currency). A Forex CFD is an agreement between you and IBIE to exchange the difference in price of the underlying over a period of time. The difference to be exchanged is determined by the change in the exchange rate between two currencies. Thus, if the exchange rate of the base currency rises you receive cash in the settlement currency from IBIE and vice versa. A Forex CFD can be bought long or sold short to suit your view of market direction in the future.

A Forex CFD is a leveraged product that requires you to deposit a smaller amount of cash as margin than the notional value of the position. For retail investors, the CBI mandates a minimum initial margin depending on the currency pair of 3.33% or 5% of the notional value of the Forex CFD and requires IBIE to liquidate open positions latest if the qualifying equity (CFD cash and unrealized CFD P&L) in your CFD account falls below 50% of the initial margin requirements for all CFD positions. In addition, IBIE establishes house-margin requirements based on historic volatility of the underlying and other factors and will apply the house-margin requirement if it is higher than the CBI requirement.

#### Intended Retail Investor

Trading in this product will not be appropriate for every investor. This product is intended for investors who have knowledge of, or are experienced with, leveraged products; who have a high risk tolerance; and who understand that they may lose more than the initial margin deposited to open the position. Note, however, that the CBI prescribes that losses reported by a retail investor cannot in aggregate exceed the funds invested in a retail CFD account.

By way of example, you deposit €10,000 in your retail CFD account and open a long position with a notional value of €80,000. The initial margin paid to open the position is €4,000. If the position loses 15% of its initial value and it is closed-out, you will have reported a loss of €12,000. The loss will consume your entire account equity, but, as a retail investor, you will not have to pay IBIE the negative balance of €2,000 – meaning losses cannot exceed your deposits.

#### Insurance Benefits

None.

#### Term

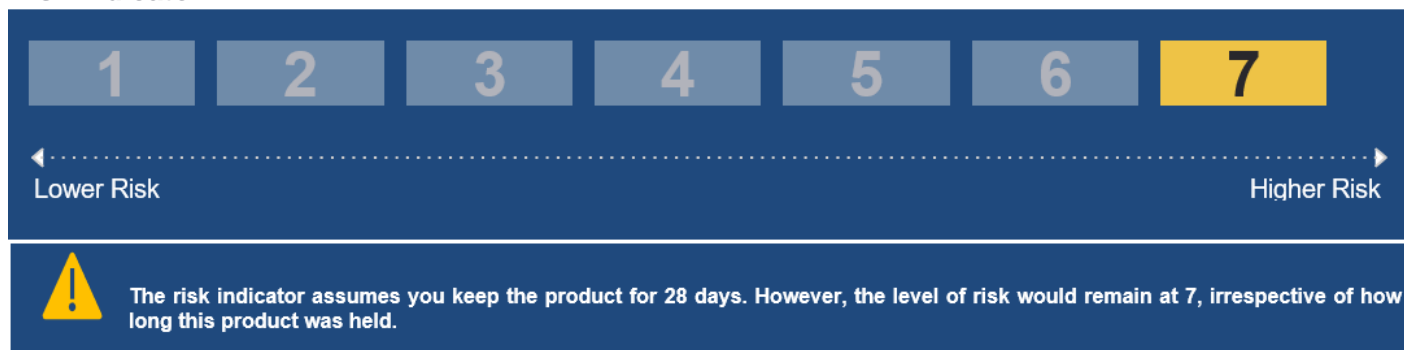
A Forex CFD does not have a pre-defined maturity date (i.e., it is an open-ended investment to be bought and sold at your discretion). There is no recommended holding period or contract expiration implicit in this instrument; you have the discretion to determine the appropriate holding period based on your own individual trading strategy and objectives, however your position will only be kept open to the extent that you have available margin.



## 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.

### Risk Indicator



We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level in poor market conditions, which can result in a total loss of the capital you invested in this product.

**Be aware of currency risk.** All margins, profits, losses, charges and financing credits and debits in relation to a contract are calculated using the currency in which the contract is denominated, exposing you to fluctuations in the value of that currency if it is not the base currency of your account. This risk is not considered in the indicator shown above.

**Be aware of margin risk.** If your account does not contain enough equity to meet applicable margin requirements your open positions will be liquidated. In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.** You may not be able to close your position easily or you may have to close at a price that significantly impacts your realized profit/loss. Markets may fall overnight and we may not be able to close out your position at a price that would avoid losses greater than the margin originally deposited. This product does not include any protection from future market performance so you could lose some or all of your investment. If IBIE is not able to pay you what is owed, you could lose your entire investment.

### Performance Scenarios

What you get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. What you get will also vary depending how long you keep the product and, importantly, whether or not you have sufficient funds in your account to sustain the losses depicted. IBIE will automatically liquidate positions if losses cause the equity in the account to become insufficient to cover maintenance margin requirements.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The volatility of the underlying is an important factor; we have illustrated the possible performance with a low, medium and high volatility product.

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. The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of the product based on historical performance over the last two years. Markets could develop very differently in the future. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account a situation in which we are not able to pay you. However, you may benefit from a consumer protection scheme (see the Section "what happens if IBIE is unable to pay you").

Recommended holding period:		Not applicable. However, for the purpose of this example the assumed holding period is 28 days.		
Example Notional investment		€10,000		
Minimum:		There is no minimum guaranteed return. You could lose some or all of your investment.		
		Low Volatility	Medium Volatility	High Volatility
Stress	What you might get back after costs	€ 9,550	€ 9,380	€ 9,060
	Percentage return on notional investment	-5%	-6%	-9%
Unfavorable	What you might get back after costs	€ 9,740	€ 9,610	€ 9,520
	Percentage return on notional investment	-3%	-4%	-5%
Moderate	What you might get back after costs	€ 10,040	€ 9,940	€ 10,070
	Percentage return on notional investment	0%	-1%	1%
Favorable	What you might get back after costs	€ 10,360	10,290	€ 10,640
	Percentage return on notional investment	4%	3%	6%

The figures shown include all the costs of the product itself (see further below) but do not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. Opening a long position means that you think the underlying price will increase, and opening a short position means that you think the underlying price will decrease.



## What happens if IBIE is unable to pay out?

If IBIE is unable to pay out, you may lose the value of your investment. IBIE segregates all client funds from its own money as required by the Irish CBI Client Assets Regulations. IBIE is a member of the Investor Compensation Scheme (ICS). This means that if IBIE is unable to pay out, retail investors and certain other investors may be eligible to make a claim of up to EUR 20,000 under the limits and conditions set out under the Irish Investor Compensation Act 1998 (as amended) but may otherwise lose all of their initial investment and any returns generated on their initial investment. For more information and eligibility criteria visit [www.investorcompensation.ie](http://www.investorcompensation.ie).

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amount shown here are cumulative costs of the product itself for an estimated holding period of 4 weeks. The figures are estimates and may change in the future.

## Costs Over Time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

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

We have assumed: (i) the product performs as shown in the moderate scenario; and (ii) €10,000 notional investment.

Notional Investment €10,000	If you cash in after 28 days
Total Costs	-€ 0.11
Cost Impact*	0.00%

\*This illustrates how costs reduce your return over the assumed holding period and a moderate return scenario for a medium volatility forex pair. For example, it shows that if you exit after 28 days, your average return is projected to be -0.6% before costs and -0.6% after costs.

## Composition of Costs

The table below shows the impact of the different types of costs.\*\*

One-off costs upon entry or exit		Cost if you exit after 28 days
Entry costs	Brokerage Commissions of 0.002%. These are the costs you pay when entering your investment. This is the most you will pay, and you could pay less.	€ 0.20
Exit costs	Brokerage Commissions of 0.002%. These are the costs you pay when exiting your investment. This is the most you will pay, and you could pay less.	€ 0.20
Ongoing costs		
Management fees and other administrative or operating costs	Financing costs of 0.04% based on an overnight deposit benchmark plus a maximum spread of 2.5% per annum.	-€ 0.29
Transaction Costs	There are no transaction costs for this product.	N/A
Incidental costs taken under specific conditions		
Performance fees	There are no performance fees for this product.	N/A

This illustrates the effect of costs over a holding period of less than one year. This percentage cannot be directly compared to the cost impact figures provided for other PRIIPs.

\*\*This illustrates costs in relation to the notional value of the PRIIP.

## 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 of 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 or if IBIE for other reasons decides to discontinue the CFD, or if IBIE were to become insolvent.

## How can I complain?

Complaints about the product or the conduct of IBIE should be addressed to Interactive Brokers Ireland Limited, 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland ([complaints@interactivebrokers.ie](mailto:complaints@interactivebrokers.ie)). IBIE maintains a [Complaints Handling Procedure](#) where you can find more detail on how to submit a complaint and what to expect. In certain cases, you may refer your complaint to the Financial Services and Pensions Ombudsman (FSPO). Please find a copy of the FSPO's customer leaflet [here](#).

## Other relevant information

While this key information document is a detailed summary of this product, it does not contain all information relating to the product. For product specifications details (trading hours, margin calculation, leverage, contract sizes etc.) please refer to the [product section](#) available on our website. The terms and policies displayed on 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.