



Forex CFD Key Information Document

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.

Product

Product Name	Forex CFD
Product Manufacturer	Interactive Brokers (U.K.) Limited (IBUK)
Website	www.interactivebrokers.co.uk
Telephone	Call 00800-42-276537; +44 207-710-5695 for more information
Competent Authority	The UK Financial Conduct Authority ("FCA") is responsible for supervising IBUK in relation to this Key Information Document
Date of KID	22 March 2024

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

What is this product?

Type

An Over the Counter ("OTC") Derivative Contract for Difference ("CFD") - Forex CFD.

Objectives

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

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 IBUK 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 IBUK 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 FCA 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 IBUK 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, IBUK 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 FCA requirement.

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.

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 FCA 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 IBUK the negative balance of £2,000 – meaning losses cannot exceed your deposits.

Insurance Benefits and Costs

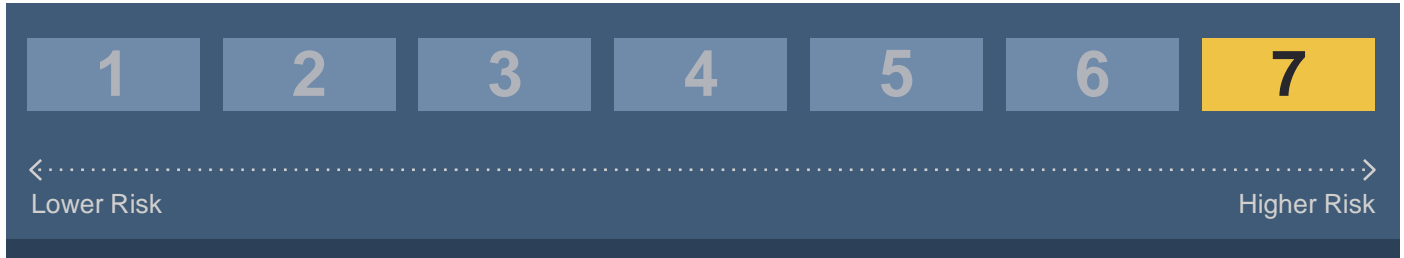
None.



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



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, leverage, counterparty, margin, slippage, and technical risks. All margins, profits, losses, charges and financing credits and debits in relation to a CFD are calculated using the currency in which the CFD 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.** If your account does not contain enough equity to meet applicable margin requirements your open positions will be liquidated. **The total loss you may incur may significantly exceed the initial margin requirement but cannot exceed the equity in your retail CFD account.** You may not be able to close your position easily or you may have to sell at a price that significantly impacts your realised 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. In addition, if IBUK is not able to pay you what is owed, you could lose your entire investment.

Investment Performance Information

An FX CFD will make profits or incur losses as a result of price movements in the underlying currency pair. The performance of a currency against another will be affected by a combination of factors such as macro-economic news, general market volatility including potential market shocks, inflationary pressure, and related government interventions. If you realize FX CFD performance in a currency which is not the base currency of your account, the final return you may receive will depend on the exchange rate between the base currency and the currency used by the CFD.

It is important to note that FX CFDs are leveraged products which means that losses and profits are magnified by the price movements of the underlying currencies.

What could affect my return positively?

An FX CFD opened at a Buy price will make a profit if closed at a higher Sell price. An FX CFD opened at a Sell price will make a profit if closed at a lower Buy price.

Favourable developments in any, or in a combination of the factors mentioned above in relation to the base currency (the first currency in a pair) could positively impact your investment. In such circumstances the level of leverage inherent in a CFD will further enhance returns.

On the other hand, unfavorable developments in relation to the quote (second) currency could also positively impact your investment. The value of your investment depends on the movement of one currency against another.

What could affect my return negatively?

A CFD opened at a Buy price will incur a loss if closed at a lower Sell price. A CFD opened at a Sell price will incur a loss if closed at a higher Buy price.

Unfavorable developments in any, or in a combination of the factors mentioned above in relation to the base currency could negatively impact your investment. In such circumstances the level of leverage inherent in a CFD will multiply the loss. Should the value of your account fall below the maintenance margin requirement, Interactive Brokers may close out your position and may result in the loss of your entire account balance.

The same is true for favourable developments in relation to the quote currency, which could also negatively impact your investment.

Currency investing is therefore complex, and risks are specific to each currency pair. For example, EUR.USD is likely to be less volatile and less susceptible to large moves than a combination involving an emerging market currency such as EUR.MXN.

What happens if IBUK is unable to pay out?

If IBUK is unable to pay out, you may lose the value of your investment. IBUK segregates all client funds from its own money as required by the UK FCA Client Assets rules. IBUK is a member of the Financial Services Compensation Scheme. This means that if IBUK is unable to pay out, retail investors and certain other investors may be eligible to make a claim of up to £85,000 but may otherwise lose all of their initial investment and any



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 amounts 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.

Notional Investment £10,000	If you cash in after 28 days	
Total Costs		£5.75
Cost Impact*		0.06%
*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 -0.1% before costs and -0.1% after costs.		

Composition of Costs

The table below shows the:

- impact of the different types of costs on the investment return you might get
- meaning of the different cost categories

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. ***	£5.35
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

*** Explanation for FX CFD carry interest can be found [here](#).

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

Recommended holding period

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 IBUK for other reasons decides to discontinue the CFD, or if IBUK were to become insolvent.

How can I complain?

Complaints about the product, or the conduct of IBUK should be addressed to Interactive Brokers (U.K.) Limited, 20 Fenchurch Street, Floor 12, London EC3M 3BY (ibukcomplaints@interactivebrokers.co.uk). IBUK 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 Ombudsman Service (FOS). Please find a copy of the FOS's [consumer leaflet](#).

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 www.interactivebrokers.co.uk contain important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account.