Risk Fact Sheet for Contracts for Differences
Updated on: 19 March 2025

1. This Risk Fact Sheet is provided to you in accordance with Notice SFA N04-N15. It highlights the common risks of trading in Contracts for Differences (CFDs) and complements the trading agreement and associated risk disclosures furnished by OANDA Asia Pacific Pte Ltd ("OANDA").

2. This Risk Fact Sheet does not disclose all the risks of trading in CFDs. It is important to read the trading agreement and associated risk disclosures before deciding whether to trade in CFDs. You should also carefully consider whether trading in CFDs is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. If you do not have a copy of the trading agreement and associated risk disclosures, please contact OANDA to request for a copy. You should not trade in CFDs if you do not understand the product or are not comfortable with the accompanying risks.

Q.1 What is my potential loss when I trade on Margin in CFDs?

Margin is a deposit held with OANDA when a trade is open. Margin reflects a percentage of the full value of the position as CFDs are traded on a leverage basis. The amount of Margin required for each type of CFD is listed on OANDA's website. However, if you choose to set a higher Margin requirement than the minimum prescribed by OANDA, the Margin requirement will be computed based on the higher Margin rate that is set by you. Please note that you may lose more than the Margins deposited with OANDA should your losses exceed the Margins deposited.

As an example on how Margins are calculated, say your account is in USD and you are long 10 units of US Wall St 30 at 24974.1. Maximum leverage for Wall St 30 is 20:1 (i.e. Margin rate is at 1/20 = 5%)
Margin required = 5% x Contract Value = 5% x 10 x 24974.1 = USD12,487.05

Q.2 What will happen if I do not have enough Margin to cover my losses?

When the Net Asset Value (NAV) in your trading account is not sufficient to cover the Margin requirements for your open positions, OANDA endeavors to send you a Margin Call alert by email. You are then required to deposit additional funds or close some or all of your open positions to ensure that your NAV is above the Margin requirements.

OANDA has a Margin Close-out policy in order to limit the amount of loss made by a client. A Margin Close-out happens when your NAV falls below 50% of your Margin requirement. When that happens, all of your open positions will be closed-out automatically by the trading platform based on the current rates without further notice. You are responsible for monitoring your account to prevent Margin Close-out.

Example: Here is an example of how the Margin Close-out process works:

You deposit $8,000 in the OANDA trading account. You enter into a CFD contract and OANDA requires you to pay Margin of $8,000 thereby fully utilising the balance of your account. A short time later, there are fluctuations in the market such that your NAV falls to $4200 and is at 52.5% ($4200/$8000) of the Margin requirement. As a result, you will receive a Margin alert email from OANDA since your NAV falls below your Margin requirement.

Say on the next day, the market continues to fluctuate unfavourably such that your NAV is now at $3800. Your Margin Close-out Value is $4,000 (i.e. 50% of $8,000). Since your NAV falls below the Margin Close-out Value, all your open positions will be closed out.

Q.3 How is CFD quoted?

OANDA quotes a lower price and a higher price at which you can place your order. The higher quoted price, known as the Ask price, is the indication of the price at which you can buy the contract. The lower quoted price, known as the Bid price, is the indication of the price at which you can sell the contract.

You may only enter/exit OANDA CFD contracts by using OANDA's prices. The price of a CFD is determined by OANDA with reference to the price of another financial instrument, such as shares, indices, commodities, or cryptocurrency. You should be aware that OANDA is acting as **Principal** to you and so is responsible for setting the prices of opening and closing contracts and OANDA does not act as your **Agent** to find you the best prices.

Q.4 Can my order be executed at a price that is less favourable than the price quoted on the trading system, or the price that I have submitted?

The prices of OANDA's CFDs are derived from the prices in the Underlying Instrument. Sometimes markets moves so quickly that "gapping" occurs. Gapping can happen when there is a significant change in the prices over a short period, for instance, due to economic events or market announcements. Stop Loss Orders (and other order types) may not always be filled and when filled our prices at the time of execution may be markedly different to the price specified in your order.

Q.5 Will my order be manually executed? If so, under what circumstances does the firm rely on manual execution?

OANDA's execution engine is fully automated, so there is no manual intervention.

Q.6 Where are my Margins kept and maintained? Can OANDA use my Margins for its own purposes?

Clients' Margins and money are kept in a segregated trust account with a bank(s) in Singapore which is licensed by the Monetary Authority of Singapore. Your money will be commingled with the money of other customers of OANDA but will be segregated from OANDA's own money. OANDA will not be liable for the insolvency, acts or omissions of any bank where your money is held. In the event of any insolvency of the bank holding your money, OANDA may have only an unsecured claim against the bank on behalf of you and our other clients, and you may be exposed to the risk that the money recovered by us from the bank is insufficient to satisfy your claims in respect of your money held with the bank. OANDA will never use your money to satisfy its own obligations or for its own purposes.

Q.7 What will happen to my Margins if OANDA becomes insolvent? Will I be able to get back my moneys or other assets?

If OANDA becomes insolvent, you may have only an unsecured claim against OANDA. The amount of money you can recover will depend on the assets and monies available for distribution to unsecured creditors like yourself and other clients in accordance with the Companies Act (Cap 50).

Q.8 Under what circumstances can OANDA close my position or void my order?

OANDA will close all client positions whenever the client no longer has enough Margin available in their account to maintain their positions as explained in Q2 above. OANDA reserves the right to take corrective action, including closing your positions, for Invalid Transaction which includes the right to reverse or amend:

i) any Trade constituting an Invalid Transaction; or

ii) any or all Trades executed subsequent to the execution of an Invalid Transaction and prior to OANDA's corrective action.

OANDA may also unilaterally close out client positions in products and services that OANDA has ceased to provide, or for any other reason in OANDA's sole discretion.

OANDA also reserves the right to establish and change trading and leverage limits in its sole discretion and

where such limits are exceeded, OANDA may refuse any order which creates a new open trade or increases an open position or close any or all client's positions.

Q.9 What are the commissions, fees and other charges that I have or may have to pay?

The cost of your CFD trade is the spread in the Bid and Ask prices. A spread is the difference between the Bid and Ask price. OANDA does not charge additional commission unless you choose to be charged under our Core Pricing scheme. This Core Pricing option provides customers a reduced spread relative to our spread-only pricing in exchange for the payment of a fixed commission per trade. With Core Pricing, the total cost of each trade will be the sum of the applicable Core Pricing spread plus the commission charged. Details of our Core Pricing can be found on our website.

An Inactivity Fee may be imposed if your account remains inactive for an extended period of time. Please refer to our website on how inactivity fees are computed and charged.

There is also fee charged for withdrawals made by bank transfer. Please refer to our website for details.

OANDA calculates Financing Charges or Financing Credits on all open positions held overnight in a client's account. Please refer to our website for more details on how financing fees are applied to OANDA accounts.

An example on how financing fees are calculated is shown below.
Client has a long 130,000 EUR/USD trade open at 5 pm ET Tuesday and the trade was held overnight.
Assuming that the long funding rate for EUR/USD is -3.00% per annum and the short funding rate is 1.6% per annum.
Financing cost = 130,000 x (-3%/365) = 10.68 EUR
A financing charge of 10.68 EUR, converted to the client's account home currency, will be applied to the account.

Q.10 What happens when trading in the underlying share or asset is suspended or halted? How can I exit my position and will I suffer losses?

OANDA does not allow new positions to be opened when trading in the Underlying Instrument is halted or otherwise suspended. In such cases, OANDA may not be able to offer the corresponding CFD, and it may not be possible for you to close out your positions or open a new position. You can exit your position when trading resumes in the Underlying Instrument.

Glossary

Terms	Description
Account Balance	Means the funds available in OANDA's account that may be used for trading, which includes any deposits less any withdrawals, realised profits, realised losses, Financing Charges or Financing Credit, Inactivity Fee and any fees or charges made to your account.
Ask	Means the price which OANDA as the seller is willing to accept i.e. the price at which you can buy the contract.
Bid	Means the price which OANDA as the buyer is willing to accept i.e., the price at which you can sell the contract.
Contract Value	Means the face value of the contract, and is calculated by multiplying the applicable price (or, if an index, the level) of the contract by the number of contracts.
Core Pricing	Means OANDA's optional commission based on pricing model for Trades.
Financing Charges/Financing Credits	Means the interest debited or credited to your account for open positions held in your account.
Inactivity Fee	Means a charge to your account in the event that there are no open Trades in your account for an extended period of time.
Invalid Transaction	Means any Trade which was executed, as determined by OANDA in its sole discretion, using an erroneous or otherwise incorrect rate; in violation of any applicable law or regulation; to take advantage of any system or operator error or in violation of any OANDA's rules published on its website.
Margin	Means the amount of cash which OANDA requires you to deposit or maintain in your account, as a security deposit for any open positions in your account.
Margin Call	Means a demand for additional funds made to the client by OANDA to meet any additional Margin requirement.
Margin Close-out Value	Means the value where an automatic close out of open positions occurs and is at 50% of the Margin requirement.
Net Asset Value	Sum of Account Balance and all unrealised profits or losses associated with your open positions.
Stop-Loss Orders	Order to close a position if the price moves to or beyond a level specified by you.
Trade	Means an order executed by OANDA.
Underlying Instrument	Means the underlying financial assets such as index, bond, commodity or currency to which a CFD relates.