equiti

Risk Warning: Options Trading

CFD Options are complex financial instruments and are not the same as CFD futures or CFD spot. Although both derive their value from an underlying market, CFD options prices/premiums behave differently and can change in ways that may be unfamiliar to CFD futures and CFD spot traders.

Unlike CFD futures or CFD spot, the value of a CFD option is affected not only by movements in the underlying price, but also by time remaining until expiry, market volatility, and interest rates. As a result, a CFD option's price may fall or rise even if the underlying market moves in the direction you expect. In particular, CFD options lose value as they approach expiry ("time decay"), which does not occur in the same way with CFD futures or CFD spot.

CFD options prices/premiums may also react non-linearly to market movements. This means small changes in the underlying price or volatility can lead to disproportionately large changes in the CFD option price, or sometimes very little change at all.

Buying CFD options can result in the loss of the entire premium paid.

CFD options are therefore not suitable for all. You should only trade CFD options if you fully understand how they are priced, how they differ from futures or spot, and the risks involved. If you are unsure, you should seek independent financial advice before trading.