

Paris, 1 December 2010

AMF urges greater caution on forex transactions via CfDs and FX forwards

In recent weeks the Autorité des marchés financiers (AMF) has noted an increasing number of aggressive online advertising campaigns for forex¹ trading, in particular through contracts for difference (CfDs)² and forward sales (FX forwards). The campaigns are supported by strong marketing drives using methods such as email and cold calling.

The AMF is therefore issuing a warning about the following websites in particular, for which no authorised investment services provider has been clearly identified:

- www.bforex.com / BFOREX Limited
- www.gcitradings.com / GCI Financial Limited
- www.nordfx.com/fr / Nord Group Investments Inc
- www.xforex.com / Ultimass Global Holding Inc

The AMF reminds retail investors of the specific risks involved in CfDs and FX forwards, which are chiefly marketed on the Web:

1°) Before committing yourself, you should make sure that the intermediary offering or recommending these products appears on one of the lists of financial institutions authorised to operate in France:

- [list of investment services providers](#)
- [list of banking direct marketers](#)
- [list of financial investment advisers](#)

If the intermediary is not listed, you are strongly advised not to respond to its promptings because it is under no obligation to abide by basic rules of investor protection, proper disclosure and complaint handling.

2°) Since these products are highly leveraged (up to 400 times), they are intended for sophisticated investors that are capable of monitoring their positions on a daily basis – sometimes several times a day – and have the financial resources to take on these risks.

For example, if you invest €100 with leverage of 400 times and if the asset loses 10% of its value, you will owe the investment services provider €4,000, plus transaction costs and, in certain cases, financing costs. As a rule, any offer that seems "too good to be true" should be treated with the utmost caution.

In general, before you make a commitment, your intermediary must give you all the information you need to understand the product, the risks it entails and the total expenses and fees you will have to pay.

¹ The forex (foreign exchange) market is an over-the-counter market and is therefore unregulated.

² A contract for differences (or "difference") is an over-the-counter derivative giving an investor the right to receive the difference between the price of the underlying at the contract date and the exercise date.



To find out more about CfDs, read the Q&A that the AMF web-posted on May 2009.

You can also call AMF Epargne Info Service on +33 (0)1 5345 6200 Monday to Friday between 9 am and 5 pm.