

Learn... Cryptos

FREDERICK
&
OLIVER



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Learn more about trading products, tools and strategies

For Professional Clients only

LEARN HOW TO TRADE CRYPTO CFDS WITH FREDERICK & OLIVER

- CRYPTOCURRENCIES HAVE CAPTURED THE IMAGINATION OF INVESTORS IN RECENT YEARS
- BITCOIN BECAME A 'CRYPTO COMMUNITY FAVOURITE' IN 2017, RALLYING 2,500%



The 'Learn...' series of publications has been devised to help retail and professional investors further their understanding of trading products and strategies. The documents are designed to be thought-provoking and not to be misconstrued with advice or an invitation to trade. The risk associated with CFD trades is based on the deal value, which could result in losses exceeding your initial deposit.

INTRODUCTION

Before we proceed, Crypto CFDs can only be traded by individuals whom qualify as a 'Professional' trader. To qualify, you must meet at least 2 of the following 3 criteria:

1. Financial portfolio exceeding €500k (cash, shares, SIPP etc)
2. Have actively traded derivatives over the past year
3. Worked in a financial services role requiring knowledge of derivatives trading.

Cryptocurrencies divide opinion, JP Morgan CEO, Jamie Dimon once described Bitcoin as "worthless" whilst ARK Invest CEO, Cathie Wood, predicts Bitcoin will be worth \$1m by 2030.

Regardless of your view, you can trade Bitcoin CFDs (and other cryptocurrencies) with Frederick & Oliver. You can **buy** if you think the price will increase, or **short-sell** if you think the price will decrease.

Being able to buy AND short-sell could come in handy. In 2017, Bitcoin rallied 2,500% whilst in 2018, Bitcoin plummeted 85%.

The current price of a Bitcoin is **\$30,000**. To buy this position, you will need **\$300** in your trading account (that's not a typo!).

CFDs require a deposit to open a trade, not the full amount, and in this instance the deposit required is just 1%.

Whilst this appears convenient, one must be aware of the risk and reward associated with this trade.

If Jamie Dimon is correct, and Bitcoin becomes worthless, you would lose \$30,000 - the value of the deal, not the deposit. If Cathie Wood is correct, and Bitcoin reaches \$1m, you would make \$970,000. Both are extreme examples.

That said, since 2020, Bitcoin has traded as high as \$69,000 (+130%) and as low as \$3,900 (-87%) meaning there is plenty of opportunity for those with an appetite for risk.

For more information, give us a call on 020 8054 7900. If you're ready to trade, open an account at frederickandoliver.com.



Bitcoin since 2018. Past performance is no indication of future performance.

RISK WARNING

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **66.7% of retail investor accounts lose money when trading CFDs with this provider.** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money. Frederick & Oliver (F&O) is an Appointed Representative of Axi Financial Services (UK) Ltd (trading as One Financial Markets). Your account is held with Axi Financial Services (UK) Ltd and all dealing, administration and settlement is carried out by them. Axi Financial Services (UK) Ltd is registered in England with company number 6050593.