

## CFD

### What is a CFD?

A CFD (Contract for Difference) is a derivative financial product that allows investors to take a long or a short position in an underlying asset. The underlying may be a share, an index, a currency, a commodity, etc.

A CFD with foreign currencies as underlying is called forex (foreign exchange).

### How does it work?

A CFD is concluded between two parties: a buyer and a seller. The contract stipulates that the seller will have to pay the buyer the difference between the value of the asset at the beginning of the contract and its value at the end of the contract. If the difference is negative, the buyer will pay the difference to the seller.

### What rules apply?

The distribution of certain CFDs and other over-the-counter derivative financial instruments such as binary options to retail clients in Belgium is prohibited.

### What does the FSMA do?

The FSMA supervises the application of the ban on distribution. It verifies whether providers of authorized CFDs hold an authorization to offer such products. Unauthorized providers appear on a [list](#) of warnings.

### Where can I get more information?

More information is available on [this website](#).

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