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Negative balance protection

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In short: Negative balance protection means a retail client cannot lose more than the funds in their trading account. It is mandatory in the EU, the UK and Australia; elsewhere it is often offered voluntarily or not at all.

Jurisdiction	Negative balance protection
Anjouan (Comoros)	No recognised regulation.
Australia	Required for retail clients under the CFD product intervention order, together with standardised margin close-out and a ban on certain inducements.
Bahamas	Not confirmed.
Belize	Not required by regulation as far as we could confirm.
British Virgin Islands	Not required by regulation as far as we could confirm.
Cayman Islands	Not required by regulation as far as we could confirm.
Cyprus	Required for retail clients per account, with a 50% margin close-out rule.
Germany	Required for retail clients per account.
Grande Comore (Comoros)	No recognised regulation.
Labuan (Malaysia)	Not required by the guidelines as far as we could confirm.
Marshall Islands	No regulation.
Mauritius	Not required by regulation as far as we could confirm.
Mohéli / Mwali (Comoros)	No recognised regulation.
Nauru	No recognised regulation.
Poland	Required for retail clients per account.

Jurisdiction	Negative balance protection
Saint Lucia	No regulation.
Saint Vincent and the Grenadines	No regulation.
Seychelles	Not required by regulation as far as we could confirm.
Singapore	Not a general MAS requirement as far as we could confirm; margin collection rules apply.
South Africa	No general regulatory requirement found.
Switzerland	Not a statutory requirement.
United Arab Emirates	Not confirmed for all three regimes; check the relevant rulebook.
United Kingdom	Required for retail clients on a per-account basis; positions must be closed out when funds fall to 50% of the margin needed.
United States	No general requirement.
Vanuatu	Not required by regulation as far as we could confirm.

In the EU and the UK, negative balance protection applies per account and works together with a margin close-out rule: positions must be closed when the account's funds fall to 50% of the margin required.[1] [2] A voluntary promise of negative balance protection is a contractual term, not a regulatory guarantee.

References

1. Official ESMA agrees to prohibit binary options and restrict CFDs to protect retail investors (27 March 2018) . European Securities and Markets Authority. Accessed November 2026.
2. Official Contracts for difference: rules for firms . Financial Conduct Authority. Accessed November 2026.

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