Risk Disclosure

Introduction

The Company provides an online trading platform allowing retail investors to trade over-the-counter derivatives, specifically Contracts for Difference ("CFDs"). A CFD is a leveraged agreement entered into on a bilateral basis with the Company, allowing investors to speculate on price movements of an underlying asset, such as currency pairs, precious metals, indices, commodities, futures, or shares. The CFD agreement entails an exchange between a "buyer" and a "seller" for the difference between the current price of the underlying asset and its price at the time the contract is closed.

CFDs present both substantial opportunities and significant risks. Prospective Clients considering CFD trading must first ensure they fully understand these instruments. This Risk Disclosure is intended to inform the Client or prospective Client of the risks associated with CFDs, but it does not and cannot explain all of the risks, nor can it detail how such risks relate to each Client's individual circumstances, financial situation, experience or risk appetite. Clients uncertain about any aspect of CFD trading are encouraged to consult an independent financial advisor. If, after obtaining such advice, the Client still does not understand these risks, they should refrain from engaging in CFD trading.

1. Key Aspects of CFD Trading

CFDs are complex financial instruments, allowing traders to speculate on price movements without owning the underlying asset. The key aspects include:

Leverage: CFDs are typically traded on margin, allowing traders to open large positions with a relatively small capital outlay. This amplifies both potential gains and potential losses.

Long/Short Positions: CFDs allow traders to profit from both rising and falling markets by taking long (buy) or short (sell) positions.

Derivatives: As derivatives, CFDs derive their value from the price of an underlying asset, which may include stocks, commodities, indices, currencies, and others.

Risk and Complexity: Due to the inherent volatility, use of leverage, and need for continuous position monitoring, CFDs are high-risk instruments unsuitable for some investors. A deep understanding of market dynamics and risk management strategies is essential.

Fees and Costs: Trading CFDs may involve spreads, overnight financing fees (SWAPS), and occasionally commissions, all of which can impact profitability.

The Client acknowledges and accepts, without reservation, that CFD investments are subject to a substantial risk of losses, which may exceed the initial margin deposited. It is further acknowledged that CFDs should not be traded with funds the Client cannot afford to lose, as CFDs carry a high degree of risk due to leverage and market volatility.

2. Regulation

The CFD industry is not heavily regulated. CFDs are not traded through an exchange. Consequently, the credibility of a CFD broker depends on the broker's reputation rather than governmental regulation or market liquidity. The Client should verify the regulatory status of the broker prior to registration.

3. Trading Conditions

Positions opened with FinxoCapital are not traded on any exchange. The prices and conditions of the trades are determined by the Company, subject to its obligations to act reasonably and in accordance with the Client Agreement. Each trade executed via the Company's Trading Platform constitutes a contract between the Client and Nova Capital Ltd, the operator of the FinxoCapital brand. These contracts cannot be transferred and may only be closed by the Company.

4. Margin Call

A margin call occurs when the Client’s equity falls below the required margin level due to losses on open positions. The margin serves as collateral for the trade. When a margin call is triggered, the Client must either deposit additional funds to meet the margin requirement or close positions to reduce margin usage. Failure to comply may result in the Company closing some or all of the Client’s positions to prevent further losses and to ensure the account does not fall into a negative balance.

5. Charges and Taxes

It is the Client’s responsibility to obtain details of all applicable fees, commissions, and charges, which are provided on the Company’s Trading Platform. Where charges are expressed as a percentage of the contract value, the Client should ensure they understand the true monetary cost. For example, opening a CFD position may require the payment of commissions or financing fees. These fees may be charged either as a percentage of the trade value or as a fixed amount, and they are disclosed on the Company's Trading Platform. Swap rates, based on prevailing market interest rates, may also apply.

The Company may amend its charges at any time without prior notice, and it is the Client's responsibility to stay informed of any such changes.

The Client is responsible for any taxes or duties arising from their trades. The Company does not provide tax advice, and Clients are advised to seek independent tax counsel.

6. Third-Party Risks

Client funds are placed in segregated accounts with reputable financial institutions. While the Company exercises due diligence in selecting such institutions, it does not accept liability for any losses resulting from the insolvency or failure of these institutions.

7. Technical Risks

The Company endeavors to offer fast and reliable execution of Client orders. However, the Client is responsible for any financial losses arising from the failure, malfunction, or interruption of systems not attributable to the Company's gross negligence. This includes risks related to the Client's internet, hardware, or software failures, as well as malicious actions.

The Company strives to provide a secure online experience but acknowledges the risks associated with potential third-party attacks (e.g., hacking). The Company accepts no liability for losses incurred due to such attacks, provided reasonable efforts are made to protect against them.

8. Trading Platform Risks

The Client accepts the risks associated with trading on an electronic platform, including hardware and software malfunctions, delayed updates, and improper functioning of equipment. The Client acknowledges that the only reliable source of Quotes Flow information is that of the real/live Server's Quotes Base.

9. Force Majeure

In the event of Force Majeure, the Company may be unable to execute Client Orders or fulfill its obligations under the Agreement. The Company shall not be liable for any losses or damages arising from such events.

10. Volatility, Slippage, and Market Conditions

CFDs are derived from underlying assets that may experience rapid price fluctuations. These fluctuations may be due to unforeseeable events or market conditions beyond the control of the Client or the Company. Stop Loss orders cannot guarantee limits on losses. Under certain market conditions, it may be impossible to execute orders at declared prices, resulting in slippage.

11. No Guarantee of Profits

The Company provides no guarantee of profit or protection from losses when trading CFDs. Clients acknowledge the inherent risks and accept the possibility of incurring losses. No promises regarding performance have been made by the Company or its representatives.

Regulatory Information

The Company is regulated by the Anjouan Offshore Finance Authority (AOFA) under License No. L15693/NC.

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