



DEMETERER (PTY) LTD

Risk Disclosure Statement  
4/2023

## **I. INTRODUCTION**

The purpose of the Risk Disclosure Statement (the „Statement“) is to provide the Client appropriate guidance on the nature and risks of the specific types of financial instruments offered by the Company. This Statement should be read in conjunction with the Client Agreement.

This statement provides a non-exhaustive list of risks associated with derivative products trading, in particular CFD trading and/or margin fx contracts trading, and other significant aspects related to such products. This notice cannot explain all of the risks associated with CFD trading and/or margin fx contracts trading nor how such risk relates to your personal circumstances.

Trading in financial products always involves a risk. As a general rule, you should therefore only trade in financial products if you understand the products and the risks associated with them. Before you start trading with the Company, you must carefully consider whether trading in derivatives is appropriate for you based on your personal circumstances, financial objectives, financial needs and trading experience. For many members of the public, these transactions are not suitable: you should therefore consider carefully whether they are suitable for you in the light of your circumstances and financial resources. The past performance of a financial product does not guarantee future returns, as the market is constantly evolving. The value of financial products can fluctuate depending on several factors, such as market conditions and the value of underlying securities. Any illustrations, forecasts or hypothetical data provided should be taken for illustrative purposes only, and not as a guarantee of future returns. Prior to investing in any financial product or fund, we highly encourage investors to seek the advice of specialized financial, legal, and tax professionals.

## **II. TRADING RISKS ASSOCIATED WITH TRANSACTIONS IN CFD**

Contracts for Difference (‘CFDs’) are complex financial products, most of which have no set maturity date. Therefore, a CFD position matures on the date you choose to close an existing open position. Trading in CFDs is highly speculative and therefore is suitable only for those Clients who (a) understand and are willing to assume the economic, legal and other risks involved, (b) are financially able to assume the risk of losses up to their invested capital and (c) understand and are knowledgeable about CFDs and the underlying assets. Speculative trading is not suitable for all investors

When trading in CFDs you should be aware of the following points:

1. Leverage • CFDs are leveraged products; therefore, they carry a higher level of risk to your capital compared to other financial products and may result in the loss of all of your invested capital. However, it should be noted that the Company provides clients with Negative Balance Protection to prevent clients suffering losses that exceed their account balance. The high degree of “gearing” or “leverage” stems from the margining system applicable to such trades that generally involves a comparatively modest deposit or initial margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your trade. If the underlying market movement is in your favor, you may achieve a profit position, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit. The Company offers flexible leverage starting from 1:5 to 1:300.

2. Deposits and margin requirements • The Client needs to make sure that he has sufficient margin in his trading account, at all times, in order to maintain an open position. In addition, the Client needs to continuously monitor any open positions in order to avoid positions being closed due to the unavailability of funds; it should be noted that the Company is not responsible for notifying you for any such instances.
3. Rights to Underlying Assets • A CFD does not provide ownership or any rights to the underlying instrument and does not entitle you to the delivery of the underlying instrument at any stage.
4. Possible significant losses • The value of CFDs may increase or decrease depending on market conditions, and the potential for profit should be balanced alongside the significant losses that may be generated over a very short period of time when trading CFDs.
5. Market risk • The CFDs offered by the Company are OTC products. This means that they are not traded on a licensed financial market such as an exchange. Therefore, by trading in OTC products with us you will not have the benefit of some of the advantages of trading on a licensed market, such as having a central clearing house to guarantee our obligations to you.
6. Volatility Risk • Financial markets can be very volatile. Unpredictable events can cause the market of an underlying instrument to move rapidly on little to no trading activity. In such circumstances it may become very difficult, if not impossible, to execute your orders according to your instructions or at all, which could cause you to suffer loss. In other circumstances there may be low trading volumes for the underlying instrument to which the transaction relates and, in accordance with the Client Agreement, we may limit the size of transactions that we are able to provide, which presents a risk to you fulfilling your desired trading strategy.
7. Risk reducing strategies • The Placing of certain orders (e.g. stop loss or stop limit orders) that are intended to limit losses to certain amounts may not always be effected because market conditions or technological limitations may make it impossible to execute such orders. Strategies using combinations of positions such as „spread“ and „straddle“ positions, may be just as risky as, or even riskier than, simple „long“ or „short“ positions.
8. Foreign Markets and Foreign Exchange Risks • The potential for profit or loss from transactions on foreign markets or in foreign currency will be affected by fluctuations in foreign exchange rates. Investing in CFDs with an underlying asset listed in a currency other than your base currency (or in fx contracts) entails a currency risk, due to the fact that when CFDs (or Fx contracts) is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency. Any changes in the exchange rates may have a negative effect on the financial instrument's value, price and performance, and may lead to losses for the Client.
9. Slippage • Orders may be subject to slippage. This most commonly occurs during fundamental news events or gapping in the markets. The volatility in the market may create conditions where orders are difficult to execute, since the price might be many pips away due to the extreme market movement or gapping. Execution is subject to available liquidity at any and all price levels. This means that if a stop loss order cannot be executed at your chosen price in the market, or cannot be executed in the desired volume at the chosen price, the order will be filled at the best available price at that time.
10. Regulatory and legal risks • Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in OTC derivative products.

For more information on risk associated with fx transactions, kindly refer to the Company's Client Agreement.

### **III. CONFLICT OF INTERESTS**

The Company takes all reasonable steps to identify and prevent or manage the conflicts of interest arising in relation to its business under a comprehensive Conflicts of Interest policy. The disclosure of conflicts of interest by the Company should not exempt it from the obligation to maintain and operate the effective organizational and administrative arrangements. For more information on (potential) conflicts of interest and the mitigation measures taken by the Company, kindly refer to the Company's Conflict of Interest Policy.

### **IV. TELEPHONE ORDERS AND IMMEDIATE EXECUTION**

Market orders executed over the telephone through the Company's Dealing Room are completed when the Company's telephone operator says "deal" or "done" following the Client's placing of an order. Upon such confirmation of the telephone operator, the Client has bought or sold and cannot cancel the order. By placing orders through the Company's Dealing Room, the Client agrees to such immediate execution and accepts the risk of this immediate execution feature.

### **V. RECOMMENDATIONS**

The Company is not an adviser or a fiduciary to the customer. The Company does not in any of its documents and publications take into account any particular recipient's investment objectives, special investment goals, financial situation, and specific needs and demands. Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and do not consider any of the Client's personal circumstances or investment objectives, nor is it an offer to trade, or the solicitation of an offer to trade, in any CFD. Each decision taken by the Client to trade in CFDs with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision made by the Client.

The Client agrees that the Company has no fiduciary duty to the Client and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with the Client following the Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.

The generic market recommendations and any publications provided by the Company are based solely on the judgment of its personnel and are, unless otherwise specifically stated, intended for informational and/or marketing purposes only and should not be construed as:

- business, financial, investment, hedging, legal, regulatory, tax or accounting advice,
- a recommendation or trading idea, or
- any other type of encouragement to act, invest or divest in a particular manner.

The Company shall not be responsible for any loss arising from any investment based on a perceived recommendation.

The Client acknowledges that it enters into any transactions relying on his/her own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the Company and/or its associates. The generic market recommendations of the Company are based upon information believed to be reliable, but all information and publications are provided on an "as is" basis without representation or warranty of any kind (neither express nor implied) and the Company disclaims liability for any information and publication not being complete, accurate, suitable and relevant for the recipient.

The information and publications of the Company are not updated after their release and may due to changing circumstances become inaccurate and possibly misleading after a period of time which may vary from seconds and minutes to days, weeks and months depending on the Information. The Company gives no guarantee against, and assumes no liability towards any recipient for, an information or publication being outdated.

The Company reserves the right at its sole discretion to withdraw or amend any publication or information provided at any time without notice (prior or subsequent).

## **VI. NO GUARANTEES OF PROFIT**

There are no guarantees of profit nor of avoiding losses when trading in CFDs. The Client has received no such guarantees from the Company or from any of its representatives. The Client is aware of the risks inherent in trading CFDs and FX transactions and is financially able to bear such risks and withstand any losses incurred.

## **VII. RISKS**

### **Technical Risks**

- **Internet Trading.** There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, the failure of hardware, software, and Internet connection. Since the Company does not control signal power, its reception or routing via Internet, configuration of your equipment or reliability of its connection, we cannot be responsible for communication failures, distortions or delays when trading via the Internet. The Company shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction or failure of any transmission, communication system, computer facility or trading software, whether belonging to the Company, the Client, any exchange or any settlement or clearing system.
- **Telephone Orders.** The Company is not responsible for disruption, failure or malfunction of telephone facilities and does not guarantee its telephone availability. For the avoidance of doubt, the Client is aware that the Company may not be reachable by telephone at all times and thus the Client can place his orders through online access to the Company's Trading Platform.
- **Market Conditions** The Client acknowledges that under abnormal market conditions the period during which the orders are executed may be extended.
- **Communication.** The Company is not responsible for any financial loss caused as a result of delayed or unreceived notices from the Company.
- The Client acknowledges that the unencrypted information transmitted by email is not protected from any unauthorized access.
- The Company is not responsible in respect of any unreceived or unread internal messages sent to the Client through

the trading platform(s). • The Client is solely responsible for the privacy of any information received from the Company. • The Company has no responsibility regarding any loss as a result of authorized/unauthorized access to all information between the Company and the Client by third persons.

### **Force Majeure Event**

In case of a Force Majeure Event the Client shall accept the risk of financial losses.

### **Use of the website**

Consulting a website of the Company does not constitute a customer relationship and the Company shall not have any duty or incur any liability or responsibility towards any person or entity as a result of such person or entity consulting a website of the Company.

### **Tax implications**

The tax treatment of CFDs and of any profits you make from such trading may be affected by your personal circumstances and can be subject to change. You should make sure that investing in CFDs is not subject to tax and/or any other duty in your jurisdiction. You are responsible for any taxes and/or any duty and/or fee and/or expenses which may accrue in respect of your trades. You are responsible for managing your tax and legal affairs and complying with applicable laws and regulations. The Company does not provide any regulatory, tax or legal advice and if you have any doubt regarding the tax treatment or liabilities of investment products which are available through the Company, you should seek independent advice.

### **Costs, Swap Value and Other Considerations**

Prior to investing in CFDs and Fx transactions the Client needs to be aware of any costs involved, such as spread(s), commission(s) and swap(s). For the purposes of this Statement, a swap means the interest added or deducted for holding a position open overnight. The swap for a position opened on Wednesday and held open overnight is three times that of other days; the reason for this is that the value date of a trade held open overnight on a Wednesday would normally be Saturday, but since banks are closed, the value date is Monday and the client incurs an extra 2 (two) days of interest. From Friday to Monday swap is charged once.

### **Expiry System Errors**

In case the expiry system fails for any reason, it will auto detect un-expired options and expire them in accordance to the rates stored historically in the archive. If any position did not expire on time, the system will issue a notification to Risk Manager and Compliance Officer, detailing all position information, in order to be resolved manually.

**The Client represents, warrants and agrees that he/she understands these risks, is willing and able, financially and otherwise, to assume the risks of trading in CFDs a Fx transactions. Before deciding to trade, a client should ensure that he understands the risks involved and take into account his level of experience, and if necessary seek independent advice.**

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