



# **RISK DISCLOSURE STATEMENT**

## Risk Disclosure Statement

**Note:** The English version of this agreement is the governing version and shall prevail whenever there is any discrepancy between the English version and the other versions.

In consideration of Safecap Investments Limited ("**Safecap**") agreeing to enter into Over-The-Counter ("**OTC**") Contracts For Differences ("**CFDs**") with the undersigned (hereinafter referred to as the "**Customer**", "**you**", "**your**"), Customer acknowledges, understands and agrees that:

### Trading Is Very Speculative and Risky

Trading CFDs is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who:

- (a) understand and are willing to assume the economic, legal and other risks involved;
- (b) are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
- (c) are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **72.3% 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. CFDs are not appropriate investments for retirement funds. CFDs are among the riskiest types of investments and can result in large losses. Customer represents, warrants and agrees that understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and that the loss of Customer's entire account balance will not change Customer's lifestyle.

### Risks Related to Long CFD positions, i.e. for Purchasers of CFDs

Being long in CFD means you are buying the CFDs on the market by speculating that the market price of the underlying will rise between the time of the purchase and sale. As owner of a long position, you will generally make a profit if the market price of the underlying rises whilst your CFD long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst your CFD long position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closing of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

### Risks Related to short CFD positions, i.e. for sellers of CFDs

Being short in CFD means you are selling the CFDs on the market by speculating that the market price of the underlying will fall between the time of the purchase and sale. As owner of a short position, you will generally make a profit if the market price of the underlying falls whilst your CFD short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your CFD short position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closing of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

### High Leverage And Low Margin Can Lead To Quick Losses

The high degree of "gearing" or "leverage" is a particular feature of CFDs. The effect of leverage makes investing in CFDs riskier than investing in the underlying asset. This stems from the margining system applicable to CFDs which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous. A small price movement in your favour can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of the investment.

### Margin Requirements

Customer must maintain the minimum margin requirement on their open positions at all times. It is Customer's responsibility to monitor his/her account balance. Customer may receive a margin call to deposit additional cash if the margin in the account concerned is too low. Safecap has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained and this may result in Customer's CFDs being closed at a loss for which you will be liable.

## Spread

The difference between our bid price and our ask price is “Our Spread”. Our Spreads are set in our absolute discretion, since we are acting as market maker, and any changes are effective immediately. Information in relation to Our Spread, leverage, rollover fees and trading hours for each market is stated in the [“Trading Info”](#) page of Safecap’s website.

## Cash Settlement

Customer understands that CFD can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

## Conflicts of Interest

Safecap is the counterparty to all Transactions entered into under the [Investment Service Agreement](#) and, as such, Safecap’s interests may be in conflict with yours. Our [Conflicts of Interest Policy](#) is available on the SCAPFX [website](#).

## OTC Transactions

When trading CFDs with us, such transactions will not be executed on a recognized or designated investment exchange and are known as OTC transactions. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange contracts because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices and ask prices may not be quoted by us, based on best execution policies applicable in the market. There is no central clearing and no guarantee by any other party of Safecap’s payment obligations to the Customer, thus Customer is exposed to credit risk with Safecap. Customer must look only to Safecap for performance of all contracts in Customer’s account and for return of any margin or collateral.

## Risks Related to Trading CFDs in Cryptocurrencies

When trading in CFDs where the underlying asset is a Cryptocurrency, you should be aware that the Cryptocurrencies are not recognized as Financial Instruments for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“**MiFID II**”). Cryptocurrencies are traded on non-regulated decentralized digital exchanges. Accordingly, price formation and price movements of the Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice. This often leads to a very high intra-day volatility in the prices of the Cryptocurrencies which may be substantially higher compared to Financial Instruments recognized under the MiFID. Therefore, by trading CFDs in Cryptocurrencies you accept a significantly higher risk of loss of your invested amounts which may occur within a very short time frame as a result of sudden adverse price movements of the Cryptocurrencies.

We derive our market and pricing data on the Cryptocurrencies from the digital decentralized exchanges the Cryptocurrencies are traded on. Due to the non-regulated nature of such exchanges, the market data and price feed information provided by such exchanges may be subject to the internal rules and practices of such exchanges which may significantly differ from the rules and practices observed by the regulated exchanges. In particular, you should be aware that the pricing formation rules of the Cryptocurrency exchanges are not subject to any regulatory supervision and may be changed at the relevant digital exchange’s discretion at any time. Similarly, such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on such exchanges or the price and market data feed becoming unavailable to us. The above factors could result in material adverse effect on your open positions, including the loss of all of your invested amounts. Where a temporary or permanent disruption to or cessation of trading occurs on any digital exchange from which we derive our price feeds for the relevant Cryptocurrency, your positions in such Cryptocurrency will be priced at the last available price for the relevant Cryptocurrency, and you may be unable to close or liquidate your position or withdraw any funds related to such position until the trading on the relevant digital exchange resumes (if at all). You accept that where trading resumes again at either the relevant initial digital exchange or on any successor exchange thereof, there may be significant price differential (price gapping) which may impact the value of your CFD positions in the relevant Cryptocurrencies and result in significant gains or losses. Where trading does not resume your entire investment will potentially be lost altogether. You agree and accept that you have been informed by the Company of and understand this particular risk, and that you shall take that risk into account when taking any investment decisions in respect of trading CFDs in Cryptocurrencies.

Cryptocurrencies are not recognized as a financial instrument under the MiFID II and the Cyprus Investment Services legislation. Consequently, in case where we are unable to meet our obligations towards you, you will not be able to seek cover from the Investor Compensation Fund (the “Fund”) for clients of Cyprus Investment Firms for that part of your trading that relates to cryptocurrencies. Similarly, you should be aware that any complaints that you may have or any disputes that may arise between you and the Company in connection with you trading CFDs in Cryptocurrencies are not eligible and shall not be accepted for consideration by the Financial Ombudsman of the Republic of Cyprus.

### **Prices, Margin And Valuations Are Set By Safecap And May Be Different From Prices Reported Elsewhere**

Safecap will provide prices to be used in trading, valuation of Customer positions and determination of margin. The performance of your CFD will depend on the prices set by Safecap and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the CFD concerned.

Our prices for a given market are calculated by reference to the price of the relevant underlying asset which we obtain from third party external reference sources or exchanges. For our CFD, we obtain price data from wholesale market participants. Although Safecap expects that these prices will be reasonably related to prices available in the market, Safecap's prices may vary from prices available to banks and other market participants. Safecap has considerable discretion in setting and collecting margin. Safecap is authorized to convert funds in Customer's account for margin into and from such foreign currency at a rate of exchange determined by Safecap in its sole discretion on the basis of then-prevailing money market rates.

### **Rights to Underlying Assets**

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFDs. The Customer understands that CFDs can have different underlying assets, such as stocks, indices, currencies and commodities, as specified in Safecap's [website](#).

### **Currency Risk**

Investing in CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD 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.

### **One Click Trading And Immediate Execution**

Safecap's Online Trading System provides immediate transmission of Customer's order once Customer enters the notional amount and clicks "Buy/Sell." This means that there is no opportunity to review the order after clicking "Buy/Sell" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. Customer should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with Safecap. Customer acknowledges and agrees that by using Safecap's Online Trading System, Customer agrees to the one- click system and accepts the risk of this immediate transmission/execution feature.

### **Telephone Orders And Immediate Execution**

Market Orders executed over the telephone through the Safecap Trading Desk are completed when the Safecap telephone operator says "deal" or "done" following Customer's placing of an order. Upon such confirmation of the telephone operator, Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the Safecap Trading Desk, Customer acknowledges and agrees to such immediate execution and accepts the risk of this immediate execution feature.

### **Safecap Is Not An Adviser Or A Fiduciary To Customer**

Where Safecap provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts or Cross Currency Contracts. Each decision by Customer to enter into a CFD with Safecap and each decision as to whether a transaction is appropriate or proper for Customer, is an independent decision made by the Customer. Safecap is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that Safecap has no fiduciary duty to Customer 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 Customer following Safecap's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by Safecap.

### **Recommendations Are Not Guaranteed**

The generic market recommendations provided by Safecap are based solely on the judgment of Safecap's personnel and should be considered as such. Customer acknowledges that Customer enters into any Transactions relying on Customer's own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of Safecap and/or its affiliates. The generic market recommendations of Safecap are based upon information believed to be reliable, but Safecap cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading CFDs.

### **No Guarantees Of Profit**

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

#### **Customer May Not Be Able To Close Open Positions**

Due to market conditions which may cause any unusual and rapid market price fluctuations, or other circumstances, Safecap may be unable to close out Customer's position at the price specified by Customer and the risk controls imposed by Safecap might not work and Customer agrees that Safecap will bear no liability for a failure to do so.

#### **Internet Trading**

When Customer trades online (via the internet), Safecap shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to Safecap, Customer, any exchange or any settlement or clearing system.

#### **Telephone Orders**

Safecap is not responsible for disruption, failure or malfunction of telephone facilities and does not guarantee its telephone availability. For the avoidance of doubt, Customer is aware that Safecap may not be reachable by telephone at all times. In such cases Customer shall place his/her order through other means offered by Safecap.

#### **Quoting Errors**

Should a quoting error occur (including responses to Customer requests), Safecap is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant Account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by Safecap in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market represents prices different from the prices Safecap has posted on our screen, Safecap will attempt, on a best efforts basis, to execute Transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer statements. This may or may not adversely affect the Customer's realized and unrealized gains and losses.

#### **Compensation**

Safecap participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. Customers will be entitled to compensation under the Investor Compensation Fund where we are unable to meet our duties and obligations arising from your claim. Any compensation provided to you by the Investor Compensation Fund shall not exceed twenty thousand Euros (20,000). This applies to your aggregate claims against us.

**I / WE HAVE READ, UNDERSTOOD AND AGREE TO THE RISK DISCLOSURE STATEMENT AND THE TRADING POLICIES AND PROCEDURES SET OUT ABOVE**