

# RISK WARNING

Version No 2.0

# Risk Warning

ACG Markets LTD



## 1. Introduction

ACG Markets Ltd is a Company incorporated and registered under the laws of Seychelles with Company number 8434915-1. The Company is licensed and regulated as a securities dealer by the Financial Services Authority under license number SD182.

The products we offer are high risk and it is important that all clients understand and acknowledge the risks before trading. It is possible for adverse market movements to result in the loss of your account balance in full or even more

The following risks are highlighted for clarity and each client acknowledges, understands, agrees and accepts the risks as part of the online onboarding process. This document does not disclose all the associated risks or other important aspects of CFDs, and it should not be considered as investment advice or recommendation for the provision of any service or investment in any financial instrument. The Client should not carry out any transaction in CFDs or in any other financial instruments unless he is fully aware of their nature, the risks involved and the extent of his exposure in these risks.

## 2. Specific risks associated with CFD trading

### Leverage

Leverage is a distinct feature of CFDs. The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. Trading on margin means a relatively small price movement in the underlying asset can have a disproportional impact on a Client's trade. A small price movement in the Client's favour can provide a high return on the deposit, however, a small price movement against the Client may quickly result in significant losses.

### Gapping

Gapping is a risk that arises as a result of market volatility. Gapping occurs when the prices of CFDs suddenly shift from one level to another, without passing through the level in between. There may not always be an opportunity for the Client to place an order between the two price levels.

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## Stop Loss Orders

The Company offers you the opportunity to choose Stop Loss Orders to limit the potential losses you can incur from an open position. This option automatically closes your position when it reaches a certain price limit. However, the price at which your order will be executed is not guaranteed and you may still be subject to losses on your trade.

## Liquidation

To keep CFD positions open, the Client needs to have enough funds in his account to cover his margin obligations. When the Client's margin obligations are no longer covered, the Client must immediately deposit additional cleared funds or close positions so that the funds in his account cover the margin. Margin shortages can arise quickly as market values change. Unless the Client has sufficient funds in his account to cover these situations, there is a risk of having to close positions when the Client may prefer not to. The value of the Client's account must always remain above the liquidation, or close out, level. If it falls below this level, the Client's CFD trades are at risk of being liquidated. To prevent liquidation of the Client's CFD positions, the Client must make sure he has deposited enough funds to keep his account value above the liquidation level. If the Client's trade does not go as he expects, the Client may be required to deposit additional funds in order to hold his position.

## No guarantee of profit.

There are no guarantees of profit nor of avoiding losses when trading CFDs. The Client is responsible for all trading profit and loss and must be financially able to bear such risks and withstand any losses incurred.

## 3. General risks

### Market Risk

Market risk is the risk that the value of a portfolio will decrease due to the change in value of the market factors such as stock prices, interest rates, exchange rates and commodity prices. In case of a negative fluctuation in prices, the Client runs the risk of losing part or all of his invested capital

### Systemic risk

Systemic risk is the risk of collapse of the entire market or the entire financial system. It refers to the risks imposed by interdependencies in a system or market, where the failure of a single entity or cluster of entities can cause a cascading negative effect, which could potentially bring down the entire system or market.

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## **IT Risk**

Faults in electronic equipment used to perform margin trading and investment operations may lead to unexpected and unpredictable results and therefore to losses on the Client's operations in the international exchange market (FOREX). At the carrying out of transactions via an electronic trading system, the Client runs the risk related with possible faults in the system, including equipment and software failures.

## **Operational Risk**

Operational risk is the risk of business operations failing due to human error. Operational risk will change from industry to industry and is an important consideration to make when looking at potential investment decisions. Industries with lower human interaction are likely to have lower operational risk.

## **Foreign Exchange Risk**

The risk of an investment's value being affected by changes in exchange rates.

## **Legal and Regulatory Risk**

A change in laws or regulations made by the government or a regulatory body may increase the costs of operating a business, reduce the attractiveness of an investment and/or change the competitive landscape and by such materially alter the overall profit potential of your investment. This risk is unpredictable and may vary depending on the market for the underlying asset of a given CFD.