



FxPro Global Markets Ltd

# Risk Disclosure Notice

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## INTRODUCTION

This notice is provided by FxPro Global Markets Ltd (**we, us or FxPro**) and provides you with important information about the risks associated with the services we provide to you.

FxPro provides clients with the ability to buy and sell financial instruments on a non-advised (i.e., execution only) basis, via the BankPro App and FxPro Platforms. Before using our services, you should consider whether you have understood the risks detailed in this notice. If you have any questions or are in any doubt about the content of this notice, you should seek independent professional advice.

**Trading financial instruments involves an element of risk. The value of your investment may fall as well as rise and you may get back less than your initial investment, and in some cases, you may lose your entire initial investment. Past performance of an Instrument is not an indication of its future performance.**

### No Advice

We offer a non-advised (execution-only) order transmission service and therefore we do not offer any advice or provide you with any recommendations regarding the appropriateness of any particular Instrument. In the provision of our services to you, we are not required to assess the suitability of the Instrument offered to you, and as a result you do not benefit from any protection from the Securities Commission of The Bahamas. We do assess the instrument's appropriateness which is an assessment of your knowledge and experience in regard to the specific instruments that are available through us and in case you have limited experience and/or knowledge we will provide you with a warning that the specific instruments are not appropriate for you and ask you to confirm whether you still want to proceed prior to accepting you as a Client. Any factual information about Instruments we may provide to you should not be interpreted as, advice, and any decision to submit Orders is made solely by you. If you are uncertain as to whether any particular Instrument is suitable for your individual circumstances or needs, you should seek independent professional advice.

## INVESTMENT RISKS

### Insolvency Risk

When you invest in shares of a company, you own a portion of the issuing company's share capital. A company may go bankrupt and in such a case the value of its shares may decrease significantly potentially risking the loss of your entire investment. Typically, ordinary shareholders rank lowest in the order of priority of repayment in the event of a company's insolvency, meaning there may not be any assets remaining, after paying other creditors higher in priority, to be paid to ordinary shareholders, thus losing your entire investment in the shares of that company.

## **Volatility and Market Risk**

The value of a share is directly connected to the financial situation and prosperity of the company. Companies that do well increase in value whereas companies that do poorly reduce in value. The price of a company's share will fluctuate sharply if there is higher uncertainty regarding its future prospects. A company's share price depends mainly on macro-economic developments, news on the company and/or the sector and its dividend policy.

Amongst other things, market prices can be subject to gapping (where the price opens significantly above or below the previous day's closing price) and slippage (where an order is executed at a price that is different to the price which was quoted at the time the Order was submitted), especially in periods of market volatility.

## **Currency Risk**

Where your Instruments are denominated in currencies other than the default currency of your FxPro Account (e.g., USD), fluctuations in foreign exchange rates may impact your profits and losses connected to your trading in such Instruments.

## **Liquidity Risk**

Liquidity risk depends on the volume of transactions in the specific share/exchange traded funds (ETFs). The higher the volume of transactions the lower the liquidity risk. If the share/ETF is not sufficiently liquid, the investor runs the risk of being unable to sell the securities or being unable to do so directly at the market price. When instruments are less liquid the bid/ask spread will be wider leading to higher transaction costs especially during abnormal market conditions.

## **UCITS Exchange Traded Funds' specific risks**

ETFs are a simple way to achieve a diversified investment portfolio. ETFs available via FxPro are bought and sold on regulated markets i.e., exchanges and the market price may differ from the net asset value (the total of all that fund's investments per unit). ETFs are also subject to liquidity risk since some ETFs are less liquid and their liquidity can change significantly especially during abnormal market conditions.

Most ETFs are passive index tracking, which means, they try to replicate the performance of an index. However, there are also actively managed ETFs aiming at exceeding the performance of a benchmark/index. The exact way in which the fund manager compiles the investment portfolio is described in detail in the relevant prospectus. ETFs are managed by a Fund Manager who is charging fees for this service.

ETFs can invest in almost anything. The investment policy found in the ETF's prospectus explains in detail in what asset classes, geographical areas and other applicable investment restrictions the ETF Manager must follow. The higher the risks of the underlying investments the higher the market risk of the ETF. ETFs that utilize leverage to increase their exposure will have a higher market risk. ETFs may also be subject to counterparty risk specifically with their prime brokers. However, in the case of

UCITS, counterparty risk is limited due to restrictions on the maximum allowed leverage and other provision of the UCITS Legislation aimed at protecting retail investors when investing in UCITS.

All UCITS ETFs must provide a Key Investor Information Document (**KIID**). The KIID provides a brief description of the investment proposition that the investment institution offers, in non-technical terms. An indication of the market risk, explanation of the main risks as well as disclosures of fees and charges of the ETF can be found in the KIID. The KIID will be available on the website of the ETF Manager.

ETFs in addition to market risk and liquidity risk are subject to the following risks:

**Tracking risk** - The return of an ETF can be lower than the return of the underlying index or benchmark because the ETF may not be able to mirror the index exactly, may need to use hedging instruments or must use currency conversions or because of the fees that are being charged to the assets of the ETF.

**Counterparty risk** - In case the index is replicated synthetically, there is a counterparty risk in relation to the swap/derivative counterparty. It is also applicable in the case of leveraged ETFs.

**Leverage risk** - Some ETFs use leverage thus magnifying the effect of market fluctuations on the value of the ETF.

**Premium/discount to the NAV** - Market price on the exchange may differ from the Net Asset Value (**NAV**) of the ETF.

More information regarding the above can be found in the ETF's documents such as the KIID and the prospectus. We recommend you read these documents carefully before buying any ETF.

## TECHNICAL RISKS

Whilst we will try to make the BankPro App and our FxPro Platforms available to you without interruption, we cannot guarantee that they will always be available to you. In these circumstances, your Orders may not be able to be submitted and you may not be able to monitor your Positions.

There is a possibility that trading in a particular Financial Instrument may be temporarily impossible, be seriously delayed or that you cannot submit orders via a certain communication channel. Certain information may also be unavailable (such as price information or executed Order reports), which can lead to substantial damage. Due to exchange regulations, there may also be interruptions of trade, often to prevent or cure irregular pricing. Note that the various market parties, including FxPro, have excluded their liability for malfunctions, interruptions of trade and other similar situations. As a result, any damages will be borne by you, as a Client. We take reasonable steps to avoid this kind of situations and only deploy reliable third parties with a good reputation for their services.

Finally, malfunctions may occur within our trading infrastructure. This could be a malfunction in the BankPro App or in the FxPro Platforms, for example, or a malfunction in the connections with market data providers. In the event of a malfunction, FxPro may decide to temporarily halt the acceptance of Orders altogether or through specific channels. We will try to notify you of a malfunction through a

message on the Website or otherwise. For further instructions on what to do in the event of a malfunction, please refer to the Order Execution Policy.

## **OTHER RISKS**

### **Tax**

You should be aware that various tax regimes may apply to your trading in Instruments depending on your personal tax status and the rules and regulations in force from time to time. You have the sole responsibility of determining the relevant tax impact to your trading and you should consult an appropriate professional advisor if you have any questions or doubts in this regard. FxPro does not provide tax advice.

### **Financial Resources**

You should ensure that you can bear any losses that may arise from your trading activity. You should not enter into any borrowing agreements to fund your Account with us and depend on being able to generate profits to repay your borrowings.

### **No Guarantee of Rights**

Whilst Instruments can often have rights to dividends and, in certain instances, the right to vote on certain matters at general meetings of the issuing company, you may not always be able to exercise these rights. The payment of dividends by a company is not guaranteed and you may not have the opportunity to exercise any voting rights attached to those Instruments. When you exercise your voting rights the relevant instruments may be blocked temporarily, and you may not be able to sell those instruments during the blocking period.

**FxPro Global Markets Limited**

Incorporated in The Bahamas (Registration 198285 B)

Authorised and regulated by the Securities Commission of The Bahamas (license no. SIA-F184)

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