

fivehills™

# RISK DISCLOSURE .



[www.fivehills.com](http://www.fivehills.com)

1ST FLOOR, DEKK HOUSE, ZIPPORA ST, PROVIDENCE INDUSTRIAL ESTATE, MAHE, SEYCHELLES



# Risk Disclosure

## 1. Introduction

Fivehills Securities Limited (hereinafter, 'Fivehills', the 'Firm', 'us', 'we' and 'our') with company registration number 8424940-1, is authorized and regulated by the Financial Services Authority of Seychelles with License Number SD059 and the Head Office at 1st Floor, Dekk House, Zippora Street, Providence Industrial Estate, Mahe, Seychelles.

The Client (hereinafter, "you") should carefully read the Risk Disclosure in conjunction with the "Client Service Agreement", the "Privacy Policy" and any other legal documentation/information available through our Website.

Here you may find the warnings for possible risks and terms that you need to know Foreign Exchange, Contracts for Difference ('CFDs') with Fivehills are all margin traded products. Therefore, you should only risk capital that you can afford to lose. In certain circumstances, due to fluctuations in market value you may not get back your initial investment amount. CFDs are complex financial products and not suitable for all investors. CFDs are leveraged products that mature when you choose to close an existing open position. By investing in CFDs, you assume a high level of risk and can result in the loss of all of your invested capital.

## 2. Risks of Trading CFDs

CFDs are financial instruments that allow you to speculate on price movements in underlying markets. A complete list of CFDs that we provide is available on our website. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you considering your circumstances and financial position. Different



instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following points:

### 2.1. Leverage

Leverage is a distinct feature of CFDs and it comes with a high risk of losing money rapidly. A small price movement in your favor can provide a high return on the deposit; however, a small price movement against you may quickly result in significant losses. You may be required to make further deposits in order to meet your margin requirements. You should consider whether you understand how CFDs work and whether you can afford to take the risk.

### 2.2. Volatility

Movements in the price of underlying markets can be volatile and unpredictable. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any stops should be placed. You must carefully consider that there is a high risk of losses as well as profits. The prices of instruments and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by you or us. Under certain market conditions it may be impossible for your order to be executed at declared price leading to losses.

### 2.3. Gapping

Gapping is a risk that arises as a result of market volatility. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur both when the underlying market is open and when it is closed. 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 you to place an order between the two price levels. It can result in a significant loss (or profit).

### 2.4. Margin Call



Margin shortages can arise quickly as market values change. When trading, profits or losses can be incurred at high speed therefore it is important that you monitor your positions closely. It is your responsibility to monitor your CFDs and while you have open trades you should always be in a position to do so. To keep CFD positions open, you need to have enough funds in your account to cover your margin obligations. Unless you have sufficient funds in your account to cover different situations, there is a risk of having to close positions when you may prefer not to.

### 3. Technical Risk

3.1. Faults in electronic equipment used to perform margin trading and investment operations may lead to unexpected and unpredictable results and therefore to losses on your operations in the international exchange market (FOREX). At the carrying out of transactions via an electronic trading system, you run the risk related with possible faults in the system, these include, but are not limited to: error in hardware, software, internet connection, power failure, or equipment.

3.2. When working with the client terminal, you assume the risks arising from:

- A. Failures in your equipment, software, and connection.
- B. Errors in your client terminal settings.
- C. Failure to update your version of the client terminal in a timely manner.
- D. Your failure to follow the instructions for using the client terminal.

### 4. Market Risk

4.1. You agree 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, you run the risk of losing part or all of your invested capital.



4.2. You agree that if market conditions become abnormal, the period during which the instructions and requests are executed may be extended.

## 5. Force majeure events

In case of a force majeure event, you shall accept the risk of financial losses.

## 6. Trading Platform

6.1. You agree that all of your instructions are sent to our server and executed in order. Therefore, you cannot send a second order until your previous order has been executed. If a second order is received before the first is processed, the second order will be rejected. You assume responsibility for any unplanned trading operation that may be executed if you resubmit an order before being notified of the results of the first order.

6.2. You understand that when you close the order placing/modifying/deleting window or the position opening/closing window, the instruction or request, which has been sent to the server, shall not be cancelled.

6.3. You acknowledge that only the quotes received from our server are authoritative. If there is a problem in the connection between your client terminal and our server, you can retrieve undelivered quote data from the client terminal's quote database.

## 7. Communication

7.1. You must be aware of the risk that unencrypted information transmitted by email is not protected from any unauthorized parties.

7.2. We are not responsible for financial losses arising from delayed or failed receipt of a company message.

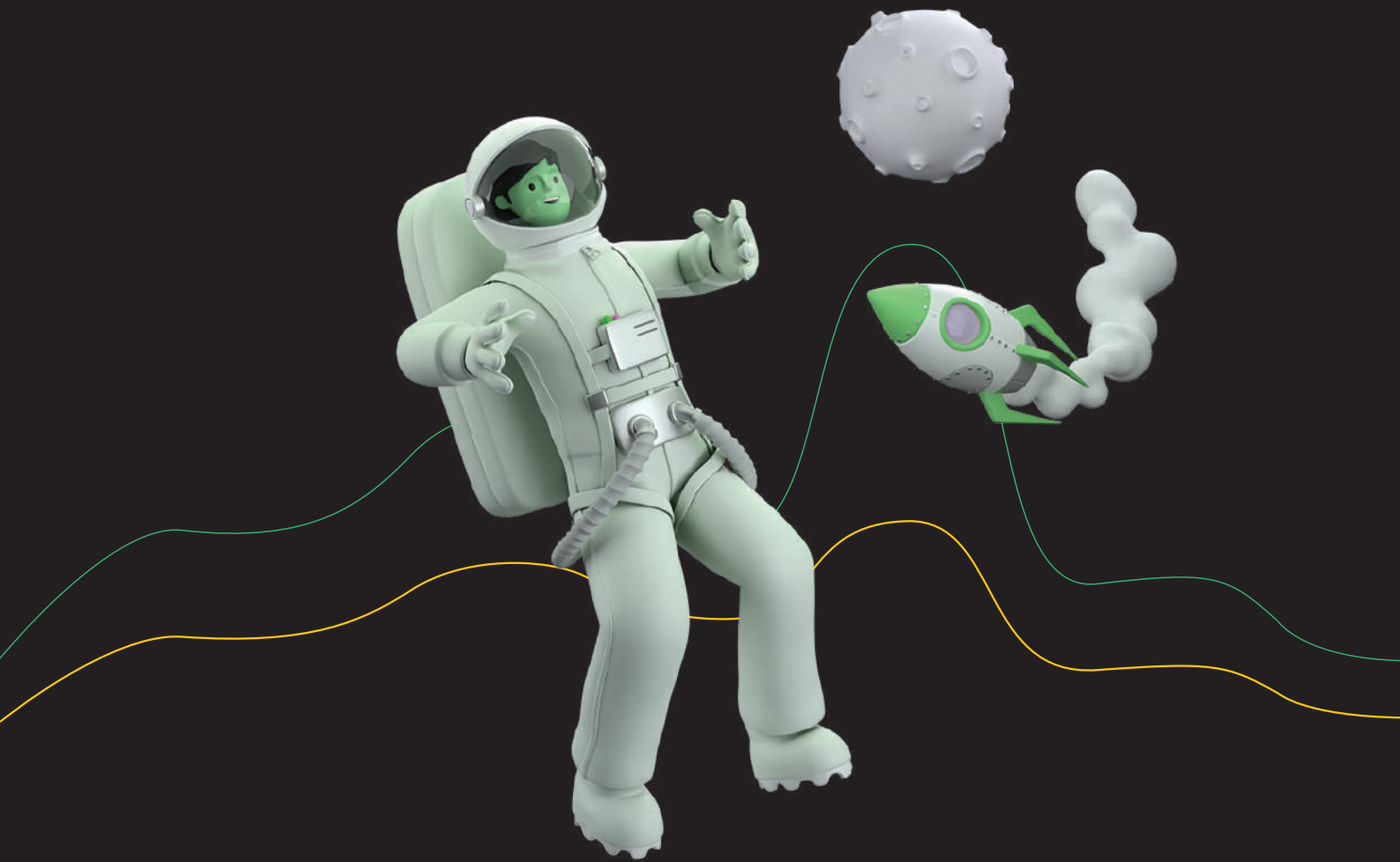
7.3. You are responsible for the security of the credentials for your personal details and trading accounts as well as the confidential



information that we send you. We are not responsible for financial losses arising from your disclosure of this information to third parties, by using the internet or other network communication facilities, telephone, or any other electronic means.

## **8. Commission and Taxation**

- 8.1. Although investing in CFDs does not involve taking physical delivery of the underlying financial instrument, independent tax advice should be sought by you. We do not guarantee that no tax and/or any other stamp duty will be payable. You are responsible for any taxes and/or any other duty which may occur.
- 8.2. It is your responsibility to make yourself aware of all commissions and other charges for which you will be liable. If any charges are expressed as a percentage of contract value, you should ensure that you understand the true monetary value of the charges.



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