

The background features a large, semi-transparent grey circle with a stippled texture. Inside this circle are several smaller, overlapping shapes: a yellow rectangle with black diagonal stripes, a yellow rectangle, a purple triangle, a green rectangle, a black rectangle with white diagonal stripes, a yellow rectangle, and a purple rectangle. To the right of the circle is a purple circle with a blue segment. Below the circle are a yellow triangle, a purple square, a green triangle, and a grey triangle pointing up. A thick purple curved line starts from the bottom right and curves towards the center. At the bottom, there is a purple circle with a blue segment and a yellow triangle.

eurotrader

RISK DISCLOSURE STATEMENT

November 2022

1. INTRODUCTION

- 1.1. This Risk Disclosure Statement is provided to Eurotrade SA Pty Ltd (herein 'Eurotrader').
- Clients and any prospective clients who are willing to enter into an agreement with the Eurotrader, under the provisions of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) (herein the "Law"), and the General Code of Conduct for Authorised Financial Services Providers and Representatives as amended from time to time.
- 1.2. CFDs are contracts between two parties, typically described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (if the difference is negative, then the buyer pays instead to the seller.) In effect, CFDs are financial derivatives that allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets. For example, when applied to equities, such a contract is an equity derivative that allows investors to speculate on share price movements, without the need for ownership of the underlying shares.

2. GENERAL INFORMATION

- 2.1. 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.
- 2.2. 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 to these risks. In case of uncertainty as to the meaning of any of the warnings described below, the Client must seek independent legal or financial advice before taking any investment decision.
- 2.3. The Client should also be aware that:
- a. The value of any investment in financial instruments may fluctuate downwards or upwards, and the investment may diminish to the extent of becoming worthless;
 - b. Previous returns do not constitute an indication of a possible future return;
 - c. Trading in Financial Instruments may entail tax and/or any other duty; or
 - d. Placing contingent orders, such as "stop-loss" orders, will not necessarily limit losses to the invested amounts, as markets may fluctuate more than expected; and
 - e. Changes in the exchange rates may negatively affect the value, price and/or performance of the Financial Instruments traded in a currency other than the Client's base currency.

3. RISKS ASSOCIATED WITH CFDS

- 3.1. **Leverage Risk:** Leverage is a distinct feature of CFDs. The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. This is a result of 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 disproportional impact on a Client's trade. A small price movement in the Client's favor can provide a high return on the deposit, however, a small price movement against the Client may quickly result in significant losses.
- 3.2. **Risk of Margin Call and Liquidation (close-out):** 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.
- 3.3. 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 the 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.
- 3.4. **Gapping risk:** Financial markets may fluctuate rapidly, and the prices of CFDs will reflect this. 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.
- 3.5. **No rights to the underlying asset:** A CFD is a contract that could result in either a profit or a loss from either rising or falling prices. While the price of the CFD usually mimics the price of the underlying asset this is not always the case. The Client needs to be aware that he is not buying the underlying asset.

4. OTHER INVESTMENT RISKS

- 4.1. **Market Risk:** Is the risk that the value of a portfolio will decrease due to the change in the 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.
- 4.2. **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
- 4.3. **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.

- 4.4. **Foreign Exchange Risk:** Is the risk of an investment's value being affected by changes in exchange rates
- 4.5. **Country Risk:** Is the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policymakers, or military control.
- 4.6. **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.
- 4.7. **Interest Rate Risk:** Is the risk that an investment's value may change due to a change in the absolute level of **interest** rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship

4.8. **Product Supplier Details**

Under the FAIS Act 2002, the Company is obliged to disclose to the Client the Product Supplier Details:

Name: Eurotrade Investments RGB Ltd

Address: 70, Kyrillou Loukareos Street, Kakos Premier Tower, 1st Floor, 4156 Limassol, Cyprus

Email: Support@eurotrader.eu

Phone: +357 25262826

Compliance Officer: The Compliance Toolbox (Pty) Ltd

Email: support@ctb.co.za

5. CLIENT RISK DECLARATION

- 5.1. The Client hereby acknowledges, confirms and accepts that by entering into an agreement with Eurotrader and every time he decides to plan an Order in CFD, he runs a high risk of incurring losses and damages as a result and declares that he is willing to proceed with this kind of trading and undertakes such risks.
- 5.2. **Risk Warning: Trading leveraged products such as Forex and CFDs may not be suitable for all investors as they carry a degree of risk to your capital, with a risk that they may lose entirely all of their money and also be exposed to extra charges. Please ensure that you fully understand the risks involved, taking into account your investment objectives and level of experience before trading, and if necessary, seek independent advice.**