equiti

RISK WARNING DISCLOSURE
Equiti Securities Currencies Brokers LLC
Effective: June 2024

CFDs are high risk financial products, which may not be appropriate for many members of the public.

Trading on margin carries a high level of risk to your capital, and you can lose more than your initial deposit. You should ensure that you fully understand the risks involved and seek independent advice if necessary.

We request that you carefully read through this full risk warning notice as outlined below, before opening a trading account with Equiti and this should be read in conjunction with its associated Terms & Conditions, Summary Order Execution Policy, Summary Conflicts of Interests Policy and other Client Legal Documents, which are available on our website.

This document forms part of our Terms. Capitalised terms not defined in this document have the same meaning as ascribed to such terms in the Terms.

Contracts for Difference (CFDs)
CFDs are a type of transaction the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of an underlying instrument. Types of CFDs include but are not limited to, Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs and Stock Index CFDs. CFDs can only be settled in cash.

Investing in a CFD carries a high degree of risk because the 'gearing' or 'leverage' often obtainable means that a relatively small movement in the market can lead to a much larger movement in the value of your investment and this can work against you, as well as for you. You may need to provide further funds with little or no notice. It is possible to lose more money than you have deposited into the account.

No advice
Equiti offers an execution only service. We do not provide investment advice nor do we provide any legal, regulatory, tax or other advice. We may provide our clients with factual market information about the transaction procedures and potential risk exposure, and how risks may be minimised. However, any decision to use our Services or trade in particular Products is made by you. You may wish to seek independent advice in relation to any transaction you propose to enter into with us.

Appropriateness
We are not required to assess whether a product or service offered to you is appropriate in the context of the necessary levels of experience and knowledge you may need in order to understand the risks involved in relation to the Product or Service offered, and to transact with Equiti.

We do not monitor on your behalf the amount of money you have sent to us or your profits or losses. It is up to you to assess whether your financial resources are adequate for your financial activity with us and your risk appetite in the Products and Services you use.

You should consider whether you have adequate financial resources to meet your financial activity with us and your risk appetite in the products and services you use. Any decision to open an Account and proceed with the use of our Products and Services is yours. It is your responsibility to understand the risk involved with the Products and Services we offer.

GENERAL RISK FACTORS

Monitoring your Positions
It is your responsibility to closely monitor your Positions and you should always ensure you have access to your Account. Equiti does not have to notify you of any failure to meet Margin requirements prior to us exercising our rights under the Terms. Without prejudice to the foregoing, any Position entered into by you or on your behalf which results in there being insufficient Margin to cover any actual or anticipated losses or liabilities in connection with your Account will constitute an Event of Default and we may in our discretion exercise our rights in clause 61 of the Terms, whether there has been a Margin Call or not.

Margin requirements
Margin requirements may be set and amended without prior notice, from time to time, at our sole and absolute discretion. Margin requirements may be set or amended in order to cover any realised or unrealised losses arising from or in connection with Positions, including subsequent variation of any Margin rates set at the time Positions are opened. If we increase our Margin requirements, it may prevent you from adding Positions or hedging existing Positions if you have insufficient Equity. If your Margin requirement has increased, you may have to deposit additional Equity in advance or your Positions may be liquidated.

Electronic Communications
We provide you with the opportunity to contact us through electronic means, such as email, live chat as available and applicable. This is usually a reliable means of communication, however there may be instances where you may experience technical issues that arise and therefore should not be entirely relied upon as a means of communication. If you choose to trade with us through electronic means, you should be aware that electronic communications can fail, can be delayed, may not be secure and may not reach the intended destination. Please also refer to Electronic Trading Service below.

Default
You may be exposed to financial and business risks where, in an unlikely event that the company suffers a financial default, this may result in the company being unable to meet its financial obligations.

The insolvency or default of any other brokers involved in your transaction, may lead to Positions being liquidated or closed out without your knowledge or consent.

Our Products and Services
We offer execution-only services and CFDs across a wide range of Underlying Markets. Although the prices at which you open Positions are derived from the Underlying Market, the characteristics of the Products we offer can vary substantially from the actual Underlying Market or instrument.

INVESTMENT SPECIFIC RISKS

Although derivative instruments can be used for the management of investment risk, some of our Products are unsuitable for many investors. 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:

CFDs traded with Equiti are all margin traded products. Investing in margined CFDs carries a high degree of risk due to leverage, which means that you can place a large trade by only putting up a small amount of money as margin. Often, a relatively small price movement can lead to a much larger movement in the value of your investment.

CFDs settle based on the difference between the opening price and the closing price of the trade. They can settle in a currency other than your base currency and therefore your profit or loss could be liable to foreign exchange fluctuations.

You should not trade any margined products unless you fully understand all the risks involved in doing so and that you have sufficient resources available to you so that in the event, however unlikely you may deem it to be, that there is an adverse movement in the price of that product, you can meet the financial obligations required from you with respect to margin payments and losses.

Off-Exchange transactions

Our Products are traded exclusively off-exchange, a type of trading which is also called dealing "over-the-counter" or "OTC". In dealing with us off-exchange you deal directly with us and we are the counterparty to all of your transactions.

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non-transferable' derivatives may involve greater risk than investing in on-exchange derivatives. It may be impossible to liquidate an existing Position (which may be particularly the case where there are abnormal market conditions – see the Terms for more information), to assess the value of the Position arising from an off-exchange transaction or to assess the exposure to risk.

TRADING CONDITION RISKS

Volatility

You should be aware that prices can move quickly particularly at times of high market volatility. These risks could arise in or outside normal business hours and can result in the Balance in your Account changing rapidly. If you do not have sufficient Equity in your account to cover these situations, there is a risk that your positions will be automatically closed if the Balance of your account falls below the Margin Level.

Currency

If you trade in a Position other than your base currency, currency exchange fluctuations will impact your profits and losses. All Margin, profit, loss, and financing in relation to that Position will be calculated using the currency of that market and thus, your profit or loss will be further affected by fluctuations in the exchange rates.

Price and commissions

The prices quoted may not necessarily reflect the broader interbank market. We aggregate pricing to determine the Margin requirements and in periodically marking to market the Positions in your Account. Although we expect that these prices will be reasonably related to those available on what is known as the interbank market, prices we use may vary from those available to banks and other participants in the interbank market. Consequently, we may exercise considerable discretion in setting Margin requirements and collecting Margin.

Market liquidity

Attempting to execute larger Orders may impact the likelihood of attaining the quoted price for a Product. It should be noted that for each Product, Equiti makes available a minimum and maximum trade size. The size of each Position and the price at which you can trade is dependent on the market conditions and the risk management procedure set by Equiti. Equiti reserves the right to decline large Orders that would result in exposing the firm or client to significant risk.

In order to maintain additional liquidity to the market, we may apply a different spread to the price of a particular Product. Some markets which are quoted by us are done so outside of normal markets hours, and as such are known as "grey markets". In these situations, while every effort is made to keep prices and spreads consistent, this may not always be possible during particularly volatile periods or during periods of illiquidity in corresponding markets.

Suspension of trading

This may occur, for example, at times of rapid price movements if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted.

Gapping

Gapping is a sudden shift in the price of an Underlying Market from one level to another, where there are no prices between those levels. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur either when the Underlying Market is open or when it is closed. When these factors occur when the Underlying Market is closed, the price of the Underlying Market when it reopens (and therefore our derived price) can be markedly different from the closing price, with no opportunity to exit your Positions before the market opens.

Gearing and leverage

Before you are allowed to place an Order with us, you will generally be required to deposit money with us – this is called Margin. The Margin required for an Order will usually be a relatively modest proportion of the overall Order value. This means that you will be using 'leverage' or 'gearing' and this can work for or against you; a small price movement in your favour can result in a high return on the Margin utilised for the Position, but a small price movement against you may result in substantial losses.

At all times during which you have open Positions, you must ensure that the Balance in your Account, taking into account all running profit and loss, is equal to at least the total Margin required for your Positions. Therefore, if the price of a Position moves against you, you may need to provide us with significant additional funds immediately to meet your Margin requirement and maintain your open Positions. If you do not do this, we will be entitled to close one, more or all of your open Positions. You will be responsible for any losses incurred as a result.

The need to monitor your Positions is of greater importance because of the effect of gearing. Gearing magnifies the rate at which profit or loss can be incurred and, as a result, it is important that you monitor your Positions closely.

Margin Calls and close outs

You must at all times ensure the Equity in your account is sufficient to cover the Margin required to maintain your open Positions. If the Equity in your Account falls below an amount set by Equiti from time to time, in its sole discretion, you must:

(a) immediately pay into the account additional sums to cover the Margin required to maintain your open Positions; or
(b) close one or more of your open Positions such that the Equity in your Account becomes sufficient to cover the Margin required to maintain your open Positions; or

(c) a combination of the above

Unless your Positions are fully paid, in the event that the Margin Level in your trading account falls to an amount that equals to, or below, the level notified to you from time to time, your Account will be in Margin Call and you will not be able to increase your overall exposure. If the Margin Level falls below the Margin notified to you from time to time, the system will automatically start closing out your open Positions. *For example, if you have your margin level set at 30%, and your margin level falls below this number, your positions will automatically start closing out.* This is to reduce (but not eliminate) the risk of you being liable for more than you have invested.

It is important to remember that Equiti is not under an obligation to keep you informed of the Balance in your Account, and it is strongly advised that you maintain sufficient Balance in your Account to avoid being closed out.

Limit or stop Order

Limit orders are contingent orders by clients looking to open a trading position upon the market moving to requested price (or better), and until such time it remains unfilled. A stop order is a request to automatically close out an open position upon the market moving to a requested price (or worse). Such Order types may be used to limit downside risks of moving markets and are recommended to be used for those purposes. However, they do not guarantee that the fill price will be available at the requested price (which is dependent on available liquidity), especially in market gaps or fast-moving markets.

Non-guaranteed stops

Where you have added a non-guaranteed stop-loss as part of your trading strategy, when such a stop-loss is triggered it effectively issues an Order from you to us to close your Position. Your Position may not necessarily be closed immediately when the stop-loss is triggered. We aim to deal with such Orders fairly and promptly, but the time taken to fill the Order and the price at which the Order is filled depends upon the Underlying Market. In fast-moving markets, a price for your Order might not be available or the market might move quickly and significantly away from the stop-loss level before we are able to fill such Order. In such cases, your Position may be closed out at a worse price than the price you originally placed the Order for. We only offer non-guaranteed stops.

Quoted prices

You should note that all prices quoted on the Platform or the website are indicative only. Upon you agreeing place an Order, an executable price may or may not differ from the quoted price. Although the quoted prices are, in normal market conditions very similar to the executed prices, the executed prices may vary if the market has moved (even in a split second) since you have place an Order.

Contingent liability investment transactions

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures CFDs you may sustain a total loss of the Margin you deposit to establish or maintain a Position. If the market moves against you, you may be called upon to pay substantial additional Margin at short notice to maintain the Position. If you fail to do so within the time required, your Position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a Product is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you placed the Order.

Weekend and holiday risk

Not all Products are available for trading 24 hours a day. Many are subject to strict opening and closing times which can fluctuate. Our Product trading hours are available on the Platform and upcoming holiday hours are posted on our Website, which we endeavour to keep up to date, without an obligation or liability on us to do so, or for its accuracy. For example, national holidays and daylight savings changes will affect the times when you can trade. Also, a market may be suspended for a variety of reasons and during this time you will not usually be able to trade.

Electronic Trading Service

The use of an Electronic Trading Service and communication networks to facilitate trades exposes you to risks associated with the system including the failure of hardware and software system or network down time, access, or connection failures.

Third-party applications and software

You accept that you take sole responsibility for any third-party applications that you may install either directly or indirectly on an Electronic Trading Service, and also the use of any software provided on the Platform when downloaded.

It is your sole responsibility to do due diligence on the respective software and then decide if you are willing to take the risk of installing and using it on your trading account. Equiti is not responsible in any capacity for decisions, trades or signals generated by the use of third party applications or software or your use of them or with for the resulting profits or losses generated by them.

Some third party applications or software may generate a high number of trades and at times leverage a client to their maximum possible exposure to a market given their available funds. It is your sole responsibility to monitor these Positions and the profit and loss generated by them, as it is at all times on your Account.

Corporate events

We do not profit from the outcome of corporate events such as rights issues, takeovers, mergers, share distributions or consolidations and open offers. We aim to reflect the treatment we receive, or, would receive if we were hedging our exposure to you in the Underlying Market. Ultimately however, you are not dealing in the Underlying Market and therefore in relation to your Positions:

- the treatment you receive may be less advantageous than if you owned the underlying instrument;
- we may have to ask you to make a decision on a corporate event earlier than if you owned the underlying instrument;
- the options we make available to you might be more restricted and less advantageous to you then if you owned the underlying instrument; and
- where you have a stop-loss attached to your open Position on a Product that may be affected by a corporate event, the treatment that you will receive from us will, to the maximum extent possible, aim to preserve the economic equivalent of the rights and obligations attached to your Position with us immediately prior to the corporate event taking place.