Risk Disclosure and Warning Notice

Contracts for Difference (hereinafter "CFDs") are complex instruments that do not offer capital protection and do not guarantee returns, while trading results can be magnified due to leverage. Trading CFDs may not be suitable for all investors, and traders must fully understand the product features and associated risks before opening trading accounts. Traders should only trade amounts they can afford to lose, while being aware of the risks involved.

Scope of the Risk Disclosure

The Risk Disclosure and Warning Notice (hereinafter "Risk Disclosure document") provides a fair and non-misleading overview of the general risks involved in trading CFDs. Clients should refrain from trading CFDs unless they understand the risks outlined. It is important to note that while the Risk Disclosure document aims to cover significant risks, it cannot encompass all aspects of trading CFDs or how these risks may relate to individual client circumstances. Clients should make informed decisions and may seek independent professional advice before trading.

This disclosure is for informational purposes only and should not be construed as marketing material or client solicitation. The Risk Disclosure document should be read together with the Client Agreement and General Business Terms available on the website.

Main Risks Associated with Transactions in CFDs

Use of Leverage

Leverage in CFD transactions allows clients to gain exposure to underlying assets with a smaller initial investment known as margin. While leverage can enhance profits, it also magnifies losses with even small market movements. Retail clients benefit from "negative balance protection," meaning they cannot lose more than the balance in their trading account(s). However, clients should invest only funds they can afford to lose when engaging in margin trading instruments.

Credit and Insolvency Risk

Trading CFDs involves over-the-counter (OTC) transactions, meaning positions opened with PRIMEGLOBALFX LIMITED cannot be closed with any other entity. OTC transactions carry greater risk compared to those on regulated markets due to the absence of a central counterparty, exposing parties to counterparty credit risk. In cases of the company's insolvency or default, client positions may be liquidated or closed without client consent.

Market Risk

CFDs are susceptible to market events such as governmental, agricultural, commercial, and trade policies, socioeconomic and political events, and natural disasters, which can significantly impact the price or availability of underlying assets. Different types of market risks include interest rate risk, commodity risk, equity risk, foreign exchange risk, and others. Clients should carefully consider their investment objectives, level of knowledge, experience, and risk appetite before entering this market.

Volatility Risk

Volatility can affect CFD positions, as higher volatility can lead to larger price swings, thereby increasing potential profits and losses. Clients should acknowledge that during abnormal or highly volatile market conditions, processing orders and instructions may require more time.

Foreign Exchange/Currency Risk

Clients trading CFDs in currencies different from their account's base currency may be affected by fluctuations in foreign exchange rates, impacting realized profits or losses. Additionally, making payments in a currency different from the trading account's currency exposes clients to foreign

exchange risk.

Liquidity Risk

Liquidity risk arises when certain underlying assets lack immediate market liquidity, potentially resulting in losses that are difficult to mitigate. During such periods, bid-ask spreads may widen, making transactions more costly.

Technical Risk

Technical risk inherent in online trading includes challenges from hardware and software failures, connectivity issues, electricity network failures, hacker attacks, system malfunctions, and other technical factors affecting order execution and trading performance. Clients are advised to use reliable technology, antivirus software, maintain stable internet connections, implement effective risk management strategies, and stay informed about platform updates.

Trading Platforms

All client instructions are sent to our server for execution, preventing multiple orders until the previous one is processed. Clients are responsible for unintended trading operations resulting from resubmitting orders before receiving results from the initial order. Closing the order or position window does not cancel submitted orders. Clients acknowledge that only quotes from our server are valid, and connectivity issues may require retrieving undelivered quote data from the client terminal's database.

Communication

Clients may miss important communications if their contact information is outdated or unreliable. Maintaining current and reliable contact details is crucial to avoid communication gaps and potential consequences.

Abnormal Market Conditions – Trading Suspensions

Under certain conditions, executing or liquidating positions may be challenging or impossible due to rapid price movements, resulting in trading suspensions or restrictions. Placing stop-loss orders may not guarantee intended losses due to market conditions. Moreover, execution prices of stop-loss orders during volatile conditions may deviate unfavorably.

Force Majeure Events

The company is not liable for financial losses resulting from force majeure events beyond its control. Such events include natural disasters, fires, accidents, utility emergencies, DDOS attacks, riots, military actions, terrorist activities, civil unrest, strikes, and regulatory actions by government authorities.

Slippage

Slippage occurs when the executed trade price differs from the requested price due to market movement. It can occur anytime but is more prevalent during high volatility. Slippage does not denote a positive or negative movement but indicates any deviation from the intended execution price. Market orders may execute at a better or worse price than requested.

Legal Risks

Clients assume responsibility for trading in jurisdictions where restrictions or prohibitions apply under local law.

Third-Party Risk

Client funds may be deposited with third parties. While PRIMEGLOBALFX LIMITED exercises due diligence in selecting such parties, circumstances beyond its control may lead to third-party insolvency or other failures, for which the company does not accept liability.

Additional Disclosures

Margin Requirements

Clients must maintain minimum margin requirements on open positions at all times. Monitoring account balances and ensuring adequate funds are available to cover trading strategies and margin requirements are the client’s responsibility. Failure to do so may result in position liquidation.

Rights to Underlying Assets

CFDs do not confer ownership rights to underlying instruments.

Taxation

Clients should seek independent tax advice to ascertain tax liabilities, including stamp duties.

Impersonation Risk

Clients should avoid sharing personal data, including trading account information, with individuals claiming to represent PRIMEGLOBALFX LIMITED unless verified through official contact details and domains.

Customer Support

For queries regarding this document or product features, contact our customer support at support@primeglobalfx.com

Before trading, carefully consider your financial situation, objectives, and seek independent financial, legal, tax, and other professional advice.

For any questions about trading risks, consult your legal, tax, and financial advisors before entering into transactions with PRIMEGLOBALFX LIMITED.