

RISK DISCLOSURE POLICY

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Version 2

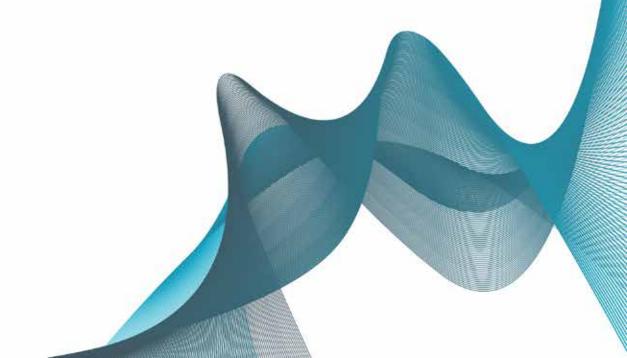




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1. INTRODUCTION

Following the instructions by The Financial Services Commission Mauritius, ECG Brokers (the "Company") aims to provide information to its clients about the risks associated when trading Contracts for Differences ("CFDs"), as well as other investment risks.

The Client (hereinafter "You") should carefully read the Risk Disclosure Statement, in conjunction with the "Terms and Conditions", the "Order Execution Policy" and any other legal documentation/information available through the Company's website.

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

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.

You should NOT carry out any transaction in CFDs or in any other financial instruments unless You are fully aware of their nature, the risks involved and the extent of his exposure in these risks. In case of uncertainty as to the meaning of any of the warnings described below, you must seek an independent legal or financial advice before taking any investment decision.



You should also be aware that:

- The value of any investment in financial instruments may fluctuate downwards or upwards, and the investment may diminish to the extent of becoming worthless,
- Previous returns do not constitute an indication of a possible future return,
- Trading in Financial Instruments may entail tax and/or any other duty,
- 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
- Changes in the exchange rates, may negatively affect the value, price and/or performance of the Financial Instruments traded in a currency other than Your 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 Your trade. 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.

3. 2 Risk of Margin Call and Liquidation (close-out):

To keep CFD positions open, you need to have enough funds in Your account to cover Your margin obligations. When Your margin obligations are no longer covered, you must immediately deposit additional cleared funds or close positions so that the funds in Your account cover the margin. Margin shortages can arise quickly as market values change. Unless You have sufficient funds in Your account to cover these situations, there is a risk of having to close positions when You may prefer not to.

The value of Your account must always remain above the liquidation, or close out, level. If it falls below this level, Your CFD trades are at risk of being liquidated. To prevent liquidation of Your CFD positions, you must make sure You have deposited enough funds to keep the account value above the liquidation level. If Your trade does not go as he expects, you may be required to deposit additional funds in order to hold Your position.



3.3 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 You to place an order between the two price levels.

3.4 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. You need to be aware that You are 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 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 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 policy makers, 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.

5. RISK BEYOND THE CONTROL OF THE COMPANY

You and not the Company, is completely liable for the following risks, the listing of which is not exceptive:

- Lack of knowledge of the trading terminal settings,
- Technical faults in Your software.
- Disclosure of Your registration credentials to third parties,
- Unauthorized access by third parties to Your personal email account.
- Delay in reading the information provided to You by the Company,
- Any other force-majeure circumstances on the part of You.