

# Risk Warning Policy

## Introduction

It is important that you understand the risks involved when trading margined Foreign Exchange (hereafter FX). You should carefully consider whether it is suitable for you given your current circumstances, financial resources and investment objectives. This notice provides you with information about the risks of trading FX and does not explain all of the latent risks and other significant factors. If you are in any doubt you should seek professional advice before entering into a transaction with us.

## Leverage or Gearing

The high degree of leverage or gearing attainable with this type of transaction allows you to place a comparatively modest margin or deposit in relation to the notional value of the instrument you are trading. A relatively small movement in the underlying market can have a disproportionately dramatic effect on your transaction. If the underlying market moves in your favor you may achieve a good profit but equally, a movement against you may result in a significant loss of your deposit.

## May Lose More Than the Initial Investment

Trading with us involves the risk that you may lose more than your investment. A trade with us is different to trading other types of investment vehicles, for example shares, where you will generally only stand to lose the amount that you pay for those assets. Your margin is the amount that we require you to deposit with us in order to open a trade. You may be required to deposit further additional funds to maintain any open positions if the market moves against you and your account moves into deficit. All open positions require that your account balance (inclusive of running profits and losses) is equal to at least the margin requirement that we require you to have paid us. We will be entitled to close all your open positions at the point where the funds in your account fail to satisfy the margin requirement and you will be liable for any losses incurred. It is your responsibility to closely monitor your positions and you should ensure that you are in a position to be able to do so. To prevent closure of your trades, you should deposit a sufficient amount of money into your account to cover any potential losses or costs from your trades.

## Acting as Market Maker

The prices on which you transact are not made on an exchange. Rather, they are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with the Rules of Financial Services Authority of Labuan and our Terms of Business. We act as market maker in this regard. This means that our price may be different to any exchange or market price, or the price of any other similar service provider. The profits or losses that you make from trades made with us will only be in

relation to our prices. Every transaction you make with us constitutes a contract between us. These contracts can only be closed with us and are not transferable to third parties. Certain orders including stops, stop-loss and OCO (one cancels the other) orders will be dealt with by us in a prompt and fair manner, but in some circumstances (for example where the price volatility of a market has increased) the price you requested execution at and the resulting actual execution price may be significantly different.

## **High Volatility**

While prices from which to trade are set by us, it is important to understand that they are derived from the Revollet International global multi-institutional connectivity which links the worlds leading market making banks and liquidity providers to financial institutions. They carry certain risks. For example "Gapping" which is a sudden movement in the underlying price from one level to another. This may be due to an economic announcement and can occur at any time whether or not the relevant market is open. This may potential result in dramatically increased losses or profit to you. Underlying market conditions can change significantly in a short time frame. The spreads and prices that we set may change accordingly; the conditions under which you open a position may therefore be different from those when you close a position. Currency exchange fluctuations can impact on your profit and loss if you trade in a market other than your base currency market.

## **Client Money**

Money that we hold on your behalf will be held in a segregated Client Money bank account with Malayan Banking Bhd, Labuanå Branch which is completely separate from our own money. However, this may not provide complete protection to you if and when the banks or liquidity providers we use become insolvent.

## **Trading Hours**

Market opening and closing times can be found on our website but may be subject to change.

## **Electronic communications**

You are able to trade and communicate with us via electronic means using our trading platform and through email [info@mercury-forex.com](mailto:info@mercury-forex.com) respectively. While electronic communication is generally reliable it may not always be reliable or available. Please be aware that electronic communications can fail, be subject to delay and may not reach the intended destination.