



## **Risk Policy**

This Risk Policy sets out additional information for users of the EGM FINANCE Platform, ("Platform" reference includes the EGM FINANCE Platform website, services provided by EGM FINANCE Platform and or Company). Further terms on which we provide the Platform are set out in the Terms and Conditions. By accessing and using our services, and each time the user ("you") uses our services, you acknowledge having read this Risk Policy and agreeing to the Terms and Conditions.

### **Important warning**

Trading is highly speculative and carries a high risk. You may lose some or all of your invested capital. You use the Platform at your own risk. You must carefully read all available information, including the risks set out below, and consider your personal financial circumstances before trading on the Platform. If you are unsure about any aspect of trading, you should seek independent advice before using our services.

### **Risks associated with trading**

Trades are derivative financial instruments with prices that are derived from their underlying asset (e.g. commodities, stocks, indices, or currencies). Derivative financial instruments are highly volatile and the prices of these trades and their underlying assets may fluctuate rapidly due to changes in market conditions. The prices offered is impacted by a number of factors, including fluctuations in supply and demand, governmental actions, trade policies, international events, and consumer sentiment.

Trading is highly speculative and involves a high degree of risk. Because trades are conducted using a margin that only covers a nominal percentage of the value of the underlying asset being traded, small price changes in the position's underlying asset may result in the partial or complete loss of invested capital. Prior to trading, you must understand that you may lose the margin held in your trading account that serves as collateral for opening and maintaining trading positions.



Before you open a trade, you are required to fund your trading account with an Initial Margin and, in order to keep a Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the amounts will be indicated on the Trading Platform. This means that you will be trading 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 Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

When you enter into a trade, you are placing a trade related to price movements set by the Company. Prices quoted to you by the Company are comprised by a spread, mark-up, or mark-down as compared to the prices the Company may receive if it were to cover transactions with you by a trade in the third party.

The leverage available for trades is a particular feature of trading (i.e. the funds you are required to deposit when a position is opened compared to the notional size of a trade you enter into). This means that a nominal margin deposit can lead to large losses as well as gains.

You will be liable to the Company for all losses that you sustain, in addition to other amounts payable under the terms and conditions for trading. If you decide to enter a trade, you agree to accept this risk.

Trading transactions have a contingent liability, as you are required to deposit funds into your trading account in order to open a position. Margin requirements are related to the underlying asset and can be calculated from the current price of the underlying asset. While we may request information about your financial status, we do not monitor your financial status and the appropriateness of your investment choices. You are solely responsible for this undertaking. You are solely responsible for monitoring your trading account and depositing the necessary funds needed to maintain your positions. If the margin capital required to keep a position open is insufficient, you may be asked to deposit additional funds or to reduce exposure. Failure to do so may result in the liquidation of positions at a loss. You will, as a result, be liable for any related deficits.



With regards to all transactions, we reserve the right to close positions when margin reaches 100% and to liquidate your account if margin levels drop below 90%.

You may only enter into trades with us for the underlying assets that are offered by us. We do not warrant to continue offering all such underlying assets. All prices are derived from the prices of the underlying assets and come from the applicable liquidity provider.

We have no control over the fluctuations in the underlying asset prices which may be volatile. Such movements will impact whether you can open and close positions, as well as the prices quoted by our liquidity provider.

We may have access to information that is not available to you. Subject to our Best Execution Policy, we do not warrant to provide you with market information that it possesses.

### **Market risks**

Due to the changing market conditions, you understand that in abnormal market conditions order execution may vary in periods, or execution may not be possible at all. Further, certain conditions in the market may result in volatility of the market itself. In these conditions, there is a risk that orders issued to protect open positions, or to open new positions, may be executed at prices significantly different from previous prices.

### **Processing of transactions**

There is a risk that transactions cannot be settled or are delayed at settlement, that processing times differ for each transaction, or a transaction may be incorrectly processed. These risks can result from, amongst other issues:

- A. user error when providing transaction details
- B. an error in delivering the consideration for a transaction;
- C. increases in market volume or Platform volume; or
- D. a failure in the Platform processing systems or a failure in an underlying network or software (see further information below at System risk).

It is not possible to reverse a transaction once processing has commenced.

**System risks**

All transactions rely on the operation of underlying software which may be subject to technical weaknesses, bugs or maintenance upgrades. These interruptions may affect the Platform network and software itself and affect your ability to use the Platform. We will make reasonable efforts to notify users where the Platform is undergoing interruptions.

**Cyber security generally**

The transmission of information over the internet (including to or from the Platform) is not completely secure or error free. You should stop transacting when it is clear there has been a breach of security or a system failure that poses a risk to security.

**Fees**

Services provided to you may be subject to charges/fees. The Company may change its fee structures at any time. It is your responsibility to remain updated of any amendments. Before placing trades, you should obtain all information regarding fees and commissions. If you do not understand how specific fee structures and commissions are calculated, you should ask for a detailed explanation. Your trades may be subject to tax and other duties due to legal regulations or personal circumstances.

It is also your duty to inform yourself of these taxes and duties in order to fully understand the costs of trading.