virtualmarkets

Risk Disclosure, January 2024

Scope

This notice provides you with information about the risks associated with investment products and services, which you may invest in, through services provided to you by Virtual Markets Ltd, (hereafter the "Company" or Virtual Markets).

Virtual Markets provides professional and corporate clients with the following investment services and products:

Executing Client orders in relation to the following Financial Instruments:

- Financial contracts for differences. ("CFDs") in stocks, commodities, equity, indices, metals, forwards, futures, currency pairs (FX), cryptocurrencies etc.

All Clients and prospective Clients should read carefully the following risk disclosure and warnings contained in this document, before applying to the Company for a trading account and before accepting investment services and begin to trade with the Company. However, it is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments. The notice was designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis.

The risks of loss from investing in CFD can be substantial and the value of your investments may fluctuate. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. You should consider whether you understand how this product works, and whether you can afford to take the high risk of losing your money.

To learn more about the risks which are relevant to the services you have registered for, please see the relevant sections below:

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 proportionately 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 investment advice

Our services are provided on an execution only basis. We do not provide investment advice in relation to CFDs. We sometimes provide factual information or research recommendations about a market, information about transaction procedures and information about the potential risks involved and how those risks may be minimized. However, any decision to use our products or services is made solely by you.Our CFD products are not listed on any exchange. The prices and other conditions are set by us to act reasonably and in accordance with the applicable Client Agreement Agreement.You are responsible for managing your tax and legal affairs including making any regulatory filings and payments and complying with applicable laws and regulations. We do not provide any regulatory, tax or legal advice. If you are in any doubt as to the tax treatment or liabilities of investment products available through your CFD Account, you should seek independent advice.

Client Assessment

The Company shall onboard only professional and corporate/institutional clients, therefore, the Company is entitled to assume that they have the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product.

The Company shall not recommend or provide any investment and ancillary services to a Client unless it obtains all the necessary information in order to ensure that the Client falls within the scope of a professional client or an eligible counterparty and meets the target market criteria.

Any decision whether or not to open a Trading Account, and or whether or not you understand the risks, lies with you.

CFDs and General Risks

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverageNo Contracts provide any right to the underlying instruments or voting rights.

No guarantee for stop loss desired price

The main objective of a stop loss is to limit losses but they do not guarantee whether a trade will be executed at the desired price. In volatile market conditions, the stop-loss order is executed at a much worse price which results in a higher loss.

Corporate Events

We do not aim to make a profit from our clients from the outcome of corporate events such as rights issues, takeovers, mergers, share distributions or consolidations and open offers. However, you are not dealing in the underlying market and therefore in relation to our Contracts:

- 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/or
- where you have a stop attached to your open share position, the treatment that you will receive from us will always, to the greatest extent possible, aim to preserve the economic equivalent of the rights and obligations attached to your Contract with us immediately prior to the corporate event taking place.

Going short on individuals shares

Going short on an individual share via a CFD can carry some additional risks. These risks include but are not limited to:

- forced buy-back due to changes in regulatory or stock-borrowing conditions;
- imposition of, and increase in, borrowing charges over the lifetime of the Contract; and/or
- the obligation to take the other side of purchase opportunities (e.g. rights issues) afforded to clients who are long on the same stock. This might result in the obligation to go further short at unfavorable market prices.

In addition, please be informed that corporate events affecting obligations of short sellers can often be announced at very short notice, leaving no opportunity (or choice) to close Contracts out and avoid participation.

General Trading Risk

Even though the characteristics of your Contract depend on the underlying instrument or market, it is important that you understand the risks associated with trading in the relevant underlying market because fluctuations in the price of the underlying market will affect your instruments and the profitability of your trades. CFDs are financial products that allow you to speculate on price movements in underlying markets and although the prices at which you trade these products are set by us, our prices are derived from the underlying market.

Past Performance

Past performance is not an indication of future performance. The value of investments can go down as well as up as the market can be unpredictable.

Currency Risks

If you trade in a market denominated in a currency other than your base currency, currency exchange fluctuations will impact your profits and losses.

Market Volatility

Movements in the price of underlying markets can be volatile. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any stop loss orders should be placed. It should be noted that volatility can be unexpected as the market can be unpredictable.

Gapping

Gapping is a sudden shift in the price of an underlying market from one level to another. Various factors can lead to gapping (for instance, economic or political events or market announcements) and gapping can occur both when the underlying market is open and 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 sell your instruments before the market opens. Unlike a guaranteed stop, a non-guaranteed stop will not protect you against the risk of gapping.

Market Liquidity

In setting our prices, spreads and the sizes in which we deal, we take into account the market or markets for the relevant underlying instruments. Market conditions can change considerably in a very short period of time, so that if you wish to sell an instrument or close a Contract, you may not be able to do so under the same terms as when you purchased or opened it. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement 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.

Out-of-market hours

During the out-of-hours sessions on index markets, our quotations reflect our own view of the prospects for a market. This could include referring to price movements in other relevant markets which are open. Furthermore, business done by other clients may itself affect our quotations. There may be nothing against which to measure our quotation at these times.

Gearing

Before you are allowed to enter into a Contract with us, you will generally be required to deposit money with us – this is called the margin requirement. This margin requirement will usually be a proportion of the overall Contract value, for example 10% of the total Contract 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 favor can result in a high return on the margin requirement placed for the Contract, 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 your account balance, taking into account all running profits and losses, is equal to at least the total margin requirement that we require you to have deposited with us.

Therefore, if our price 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 or more or all of your positions. You will be responsible for any losses incurred as a result.

You should also be aware that under the applicable Client Agreement we are entitled to increase margin rates at short notice. If we do so, you may be required to deposit additional funds into your account to cover the increased margin rates. If you do not do this, we will be entitled to close one or more or all of your positions.

The need to monitor your positions is of greater importance when you have entered into Contracts with us because of the effect of gearing. Gearing magnifies the rate at which profits or losses can be incurred and, as a result, it is important that you monitor your positions closely.

Monitor your positions

It is important that you monitor all of your positions closely. It is your responsibility to monitor your positions and during the period that you have any open Contracts or Transactions, you should always have the ability to access your Accounts.

Clearing house safeguards

On many exchanges, the performance of a transaction by us (or third-party with whom we are dealing on your behalf) is 'guaranteed' by the exchange or clearing house and we may have the benefit of certain legal protections from our clearing members. However, it is unlikely that in most circumstances this guarantee or legal protections will cover you, the client and may not protect you if we or another party were to default on obligations owed to you.

Suspensions of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement 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. Placing a Stop Loss will not necessarily limit the Client's losses to the intended amounts, because market conditions may make it impossible to execute such an Order at the stipulated price. In addition, under certain market conditions the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.

Slippage

Slippage is the difference between the expected price of a Transaction in a CFD or, and the price the Transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an Order at a specific price impossible to execute and also when large Orders are executed when there may not be enough interest at the desired price level to maintain the expected price of trade.

Insolvency

The insolvency or default of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may receive the actual assets that you have invested and you may have to accept any available payments in cash. Upon request, we will provide you with an explanation of the extent to which we will accept liability for any insolvency of, or default by, other firms involved with your transactions.

Tax

We do not provide tax advice and if you are in any doubt as to your tax obligations, you should seek independent advice.

The provision of services by the Company to the Client is subject to fees, available on the Company's website. Before the Client begins to trade or accept any services from the Company, he should obtain details of all fees, commissions, charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the charges.

If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that he understands what such charges are likely to amount to.

The Company may change its charges at any time, according to the provisions of the Client Agreement found on the Company's website.

There is a risk that the Client's trades in any Financial Instrument may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice and recommends that the Client seek advice from a competent tax professional if the Client has any questions.

The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

It is noted that taxes are subject to change without notice.

If required by applicable Law, the Company shall deduct at source from any payments due to the Client such amounts as are required by the tax authorities to be deducted in accordance with applicable Law.

It is possible that other costs, including taxes, relating to Transactions carried out on the Trading Platform may arise for which the Client is liable and which are neither paid via us nor imposed by the Company. Although it is the Client's sole and entire responsibility to account for tax due and without derogating from this, the Client agrees that the Company may deduct tax, as may be required by the applicable law, with respect to his trading activity on the Trading Platform. The Client is aware that the Company has a right of set-off against any amounts in the Client's Trading Account with respect to such tax deductions.

It is noted that Company's prices may be different from prices reported elsewhere. The prices displayed on the Company's Trading Platform reflect the last known available price at the moment prior to placing any Order,in accordance with the Company's Client Agreement. As such, the price that the Client receives when he opens or closes a position may not directly correspond to real time market levels at the point in time at which the sale of the CFD occurs or reflect the prices of third party brokers/providers.

Trading Platform

The Client is warned that when trading in an electronic platform he assumes risk of financial loss which may be a consequence of amongst other things:

(a) Failure of Client's devices, software and poor quality of connection.
(b) The Company's or Client's hardware or software failure, malfunction or misuse.
(c) Wrong setting of Client's Terminal.
(d) Delayed updates of Client's Terminal.

The Client acknowledges that only one Instruction is allowed to be in the queue at one time. Once the Client has sent an Instruction, any further Instructions sent by the Client are ignored and the "order is locked" message appears until the first Instruction is executed.

It is understood that the connection between the Client Terminal and the Company's Server may be disrupted at some point and some of the Quotes may not reach the Client Terminal.

The Client acknowledges that when the Client closes the order placing/ deleting window or the position opening/closing window, the Instruction, which has been sent to the Server, shall not be canceled.

The Client acknowledges that when the Client closes the Order, it shall not be canceled.

In case the Client has not received the result of the execution of the previously sent Order but decides to repeat the Order, the Client shall accept the risk of making two Transactions instead of one.

The Client acknowledges that if the Pending Order has already been executed but the Client sends an instruction to modify its level, the only instruction, which will be executed, is the instruction to modify Stop Loss and/or Take Profit levels on the position opened when the Pending Order triggered.

Technical Risk

The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems, which are not the result of gross negligence or willful default of the Company.

If the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure, not owed to the Company's gross negligence or willful default. The Company strives on a best effort basis to provide the Client with a secure and smooth online experience.

However, the Client acknowledges the risk that should third parties (hackers) launch a coordinated attack against the Company system.

Regulatory and Legal Risks

We have no control over upcoming laws and regulations and please be aware of the risk of an amendment in laws and regulations that could considerably impact your investments in a sector or market. For instance, a change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the popularity or reputation of investment and/or change the competitive landscape and as such alter the profit potential of an investment.

This risk is unpredictable and may vary from market to market. In emerging markets such risk may be higher than in more developed markets. For example, in emerging markets the inadequacy or absence of regulatory measures can give rise to an increased danger of market manipulation, insider trading or the absence of financial market supervision can affect the enforceability of legal rights.