



# **RISK DISCLOSURE**

## Introduction

**Capital Nine Global Limited** (hereinafter called “Capital Nine”, “we”, “Company” or “our”) is registered as International Business Company in Saint **Lucia** with registration number **2023-004963** with registered office at The Sotheby Building, Rodney Village, Rodney Bay, Gros-Islet, Saint Lucia.

The purpose of this document is to inform website users (hereinafter called “client”, “you” or “your”) about the potential risks associated with trading Contracts for Difference (CFDs). This is in compliance with market standards and applies to individuals considering trading CFDs with Capital Nine. It's important to note that this Risk Disclosure doesn't cover all the risks involved in CFD trading but serves as a guide to help you understand the possible risks.

Please take the time to read this document alongside the Privacy Policy. It's crucial that your decision to engage in CFD trading is well-informed and that you're comfortable with the information provided. If anything in this Risk Disclosure document is unclear or you're unsure about, please consider seeking independent financial advice to ensure you're making informed decisions.

## Contract for Differences

A Contract for Difference (CFD) represents an agreement to exchange the disparity between the initial and concluding values of a contract upon its closure. Instead of directly buying or selling the underlying instrument upon which your contract is anchored, you engage with a CFD provider to establish a trade. Subsequently, the price of your CFD mirrors the price of the underlying asset, without actual ownership of the underlying product. This arrangement results in the potential for profit or loss as the price of the underlying asset fluctuates. In this context, the magnitude of any profit or loss realized on a CFD corresponds to the difference between the opening and closing prices of the underlying instrument when the CFD is initiated, multiplied by the quantity of underlying instruments associated with the CFD.

Various types of CFDs are available, including, but not limited to, Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs, Commodities CFDs, Cryptocurrencies CFDs, and Stock Index CFDs.

Holder of Share CFDs, unlike an individual who owns common stock, does not retain any voting rights regarding the underlying security and is not eligible to receive any dividends disbursed by

the issuer. Furthermore, purchaser of Share CFDs does not gain access to the corporate disclosures that shareholders of the underlying security typically receive.

## **Over-the-Counter (OTC) Risks**

CFDs are categorized as OTC products. When engaging in trading activities with us, you will be entering into non-transferable off-exchange derivatives, also referred to as OTC derivatives. This signifies that your trades will be executed directly with us, and the closure of these trades must be conducted through us. The option to sell or transfer your trades to third parties will not be available. It is essential to recognize that this arrangement may entail higher risks compared to investments in transferable financial instruments or dealings in exchange-traded derivatives. This heightened risk is due to the fact that your ability to initiate and conclude trades with us is contingent upon our capacity to accept your orders and execute them.

## **Product Suitability and Appropriateness**

Before the commencement of the account opening process for trading CFDs, we will conduct an assessment to ascertain the appropriateness of the chosen product(s) and/or services. This assessment aims to determine if the product or service is in accordance with your profile and to provide a warning if, based on the information you provide, any product or service is deemed inappropriate. The ultimate decision to open an account and employ our products or services is exclusively yours. It is incumbent upon you to fully comprehend the associated risks inherent in our products and services.

Throughout our application procedure, the assessment may encompass a questionnaire that focuses on your prior experience and comprehension of the product, as well as the risks intrinsic to trading complex financial instruments. It is your sole responsibility to assess whether your financial resources are commensurate with your financial transactions with us and whether your risk tolerance aligns with the products and services you intend to utilize.

## **Margin & Margin Risks**

Trading on Margin carries a significant level of risk and may not be suitable for all investors. It's important to be aware that there exists the possibility of incurring a complete loss of your initial margin funds, which could necessitate the addition of further funds to sustain your position. Additionally, the Company reserves the right to modify its initial margin rates and/or notional trading requirements at its discretion. Such changes may subsequently affect the margin that the client is obligated to maintain. The client must promptly supply additional funds to the Company in order to sustain their open positions. It is important to note that a notice

demanding the payment of such funds will be considered as received, even in the absence of the client at their residence or their receipt of our messages, provided that these notices are delivered to the designated contact points specified by the client.

## **Leverage**

The concept of leverage can work both in your favor and against you. Given the leveraged nature of CFD trading, any market movement will have an impact proportionate to the funds you've deposited. The rapidity with which profits or losses can materialize necessitates close monitoring of open positions. It is the sole responsibility of the client to oversee these trades.

## **Margin Call & Close-Outs (Liquidation)**

In the event that market movements work against the client's position, the client may be obligated to promptly deposit a substantial amount of additional margin (funds) to sustain their position. Failure to adhere to the request for additional funds within the stipulated timeframe may result in the closure of the position at a loss, for which the client will bear the liability of any resulting deficit.

Prior to deciding to engage in CFD trading, it is imperative to carefully assess your investment objectives, level of experience, and tolerance for risk. It is absolutely essential that you do not invest funds that you cannot afford to lose such as your retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet your living expenses.

## **Cost of Leverage**

When engaging in the trading of CFDs, (or any other financial derivative product), the Client will incur interest charges in line with the prevailing financing rate associated with borrowing the necessary funds for investment. In practical terms, this implies that when a Client acquires a CFD, they will be obligated to cover financing costs, commonly referred to as SWAP, for the duration in which the position is held. However, no financing costs will be applicable if the Client initiates and closes a Forex, CFD, or financial derivative product position within the same trading day. Consequently, when the Client retains a long position over an extended period, the financing costs can accumulate significantly. In the capacity of a seller of Forex, CFDs, or other financial derivative products, the Client will not receive any interest. It is important to note that financing costs or SWAPS are subject to change on a daily basis. Comprehensive information regarding financing can be accessed in the product information section within the trading platform or will be furnished to the client during the account opening process.

## Commissions & Other Charges

Before commencing your trading activities with us, it is essential to acquire comprehensive information regarding all commissions and additional charges for which you will be responsible. If any charges are not specified in monetary terms, such as a bid-offer spread, it is advisable to seek a clear explanation of how these charges translate into specific monetary amounts. Clients should be aware of such costs and charges that may influence the account profitability of the Client.

## Volatility

The prices of CFDs may undergo rapid and extensive fluctuations, over which neither the Client nor the Company holds control. These volatile fluctuations directly influence your potential profits and losses. Under certain market conditions, which may include factors like illiquidity, economic announcements, political events, rapid price movements, or situations where the price experiences significant one-session fluctuations leading to trading suspension or restrictions according to exchange regulations, executing client orders at declared prices can become unfeasible. In such instances, the prices of CFDs may not necessarily align with their typical or expected relationships to underlying asset prices. Awareness of an underlying market's volatility is instrumental in determining the appropriate placement of contingent orders. Consequently, the placement of contingent orders, such as "stop-loss" or "stop-limit" orders, may not invariably constrain losses to the intended levels due to the emergence of extraordinarily volatile market conditions, which can impede order execution.

It is important to recognize that volatility can often be unforeseen and erratic. Moreover, clients should remain mindful of gaps and price discontinuities that can manifest during market openings or closings for the underlying instruments. These occurrences can influence the client's profitability.

## Technical Risks

The use of an internet-based trading system introduces certain risks, including, but not limited to, the potential for hardware, software, and internet connection failures. We disclaim responsibility for any errors arising in the operation of the client terminal and shall not be held liable for losses incurred due to such errors. This stance is based on our non-exclusive usage rights to use the MetaTrader (Metaquotes) trading system (client terminal) for a specific purpose and do not have the right to provide technical support. Should any quoting errors transpire, including responses to client requests and typographical errors, the Company holds

no liability for the resultant discrepancies in account balances. The Company retains the prerogative to effect requisite corrections or adjustments to the pertinent account.

## **Communication Risk**

The Company disclaims any liability for losses arising from delayed or undelivered communication sent to the Client by the Company. Furthermore, the Company bears no responsibility for losses stemming from the unauthorized access of unencrypted information transmitted to the Client by the Company. Additionally, the Company does not assume responsibility for un-received or unread internal messages dispatched to the Client via the trading platform.

## **Out-of-Market Hours & Gapping Risks**

Gapping represents a risk stemming from market volatility, wherein CFD prices abruptly transition from one level to another, without passing through intermediary levels. This may not always afford the Client an opportunity to place an order between these two price levels.

During weekends and other periods when the markets are generally closed for trading, various circumstances, developments in the Client Portal or global events may transpire. This can lead to market openings at significantly different prices from where they closed on Friday. It's important to note that you cannot employ the MT5 Trading Platform to initiate or modify orders over weekends and during market closure times. There exists a substantial risk that stop-loss orders, designed to safeguard open positions held over the weekend, may execute at levels notably less favorable than the specified price. When such events unfold, you are acknowledging the associated risks.

## **Liquidity Risks**

Under specific market conditions and in alignment with market rules e.g., trade suspension due to volatility or insufficient liquidity in the underlying, trading may become riskier. Furthermore, some underlying markets or financial instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these underlying markets or Financial Instruments. In extreme situations, insufficient liquidity might result in a contract's settlement being subject to alteration. We retain the right to modify the settlement for contracts that expire on a given day if trading is suspended on that particular day.

## **Risk Associated with Cryptocurrency CFDs**

Cryptocurrencies present a notably high-risk and speculative nature.

These digital assets generally operate within a regulatory environment that is still in its infancy, marked by limited oversight. As a relatively new asset class, cryptocurrencies lack an extensive historical performance record.

The inherent anonymity associated with cryptocurrencies exposes them, along with CFDs based on these assets, to substantial price volatility. They are particularly susceptible to abrupt price fluctuations caused by unexpected events and shifts in market sentiment.

It's important to note that cryptocurrencies lack any intrinsic value and may potentially become valueless. The combination of heightened volatility and the utilization of leverage can lead to a swift and substantial amplification of losses if the market moves unfavorably, especially when compared to CFDs with other underlying asset classes. Trading CFDs on cryptocurrencies is advisable only for those with a strong risk tolerance and the financial capacity to withstand significant losses.

## **Tax Risks**

The client is entrusted with the responsibility of handling their tax and legal matters, which encompasses the submission of regulatory filings and payments, as well as compliance with pertinent laws and regulations. We refrain from furnishing any regulatory, tax, or legal advice. It's imperative to acknowledge the potential risk that your trades and any associated profits may be subject to taxation.

## **Third Party Risk**

We may transfer funds received from the Client to a third party (e.g., liquidity provider, bank, market, intermediate broker, OTC counterparty) for transaction execution or to fulfill the Client's collateral obligations (e.g., initial margin requirement).

Funds transferred to a third party by us may be held in an omnibus account, making it challenging to distinguish between Client funds and those of the third party. We bear no responsibility for the actions or inactions of any third party to whom Client funds are transferred. The insolvency or default of any counterparty involved with your transaction, may lead to positions being liquidated or closed out without your consent.

## Assurance & Past Performance

The client acknowledges and affirms that neither Capital Nine nor any of its representatives, introducing agents, or other affiliated entities, with whom the client is involved in their trading account with Capital Nine, have provided any guarantees, representations, or assurances of any kind. The client is fully aware that they are not basing their decisions or expectations on any such guarantees or representations.

It is essential to refrain from assuming that prior performance is indicative of future performance. No assertions can be made regarding future performance. The future performance of underlying markets or the trades initiated by you cannot be predicted with certainty and the use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the any underlying market or financial instrument.

## Scope of Services and Limitations

Our services are exclusively offered on an execution-only basis, and we do not provide investment advisory services concerning CFDs or spread bets. Periodically, we may supply factual information or research recommendations pertaining to a market, details on transaction processes, and insights into potential risks, as well as methods to mitigate those risks.

It's crucial to understand that any information we offer, including guidance provided by our client services team, is solely factual and does not consider your individual circumstances. The decision to utilize our products and services remains entirely within your purview.

In instances where the Company provides general market recommendations, it should be noted that these recommendations do not constitute personalized advice or investment guidance. They do not take into account your specific circumstances or investment objectives and do not constitute an offer to buy or sell, or solicitations to buy or sell.

The Client acknowledges and accepts that there may be other risks which are not contained above. The client assumes full responsibility for the following risks, which are not exhaustive:

- A. Insufficient familiarity with the trading terminal settings.
- B. Technical malfunctions in the client's software.
- C. Unauthorized disclosure of registration credentials to third parties during the real account opening process.
- D. Unauthorized access by a third party to the client's personal email account.

E. Delayed retrieval of information sent to the client's email address.

F. Any other force majeure circumstances attributable to the client.