

Risk Warning Notice for CFDs

It is important that you read and understand this risk warning notice. Please scroll down to ensure that you read the full risk warning notice.

BrokerCreditService (Cyprus) Limited (referred to below as “we”, “us” or “our”) is committed to treating you fairly. In this notice, we provide you with information to help you understand the nature and risks of our contracts for difference (CFDs) and services. However, this notice does not and cannot explain all of the risks and other significant aspects involved in investing in our CFDs. You should take sufficient time to read all the relevant information that we provide to you, including this risk warning notice, our CFD Terms of Business, our Order Execution Policy Summary for CFDs, and the information on our website and platform.

Our CFDs can carry a high risk to your capital as prices may move rapidly against you. If you invest on leverage, you can lose more than your initial deposit and you may be required to make further payments. Please note that the higher the leverage, the higher the risks involved.

You should not enter into transactions with us unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

1. CFDs may not be appropriate for you.

When we process your application to open an account with us, we will conduct our own assessment of whether you have sufficient knowledge and experience to understand the risks involved in investing in CFDs, and we will inform you of the outcome of our assessment. However, our assessment does not relieve you of the need to carefully consider whether to invest in our CFD products.

If we warn you that investing in CFDs may not be appropriate for you on the basis of your knowledge and experience, then you should refrain from investing in CFDs. If you nonetheless wish to trade in CFDs, you should only invest using your account once you have acquainted yourself sufficiently with CFDs through our demo accounts and understood the risks involved. If we tell you that we have insufficient information to perform our assessment, then you should consider carefully whether you still wish to proceed with your application and start investing with us.

2. Our CFDs are OTC derivatives.

When you enter into any transaction with us through our electronic trading platforms, you will be entering into an off-exchange (sometimes known as an ‘over-the-counter’, or ‘OTC’) derivative, which is non-transferable. This means you will enter into transactions directly with us, and also that those transactions (or ‘positions’) can only be closed with us. This involves greater risk than investing in a financial instrument such as a share which is transferable, or dealing in an exchange-traded derivative, because your ability to open and close transactions is solely dependent on our electronic trading platforms being in a position to accept orders from you and to execute them. Therefore, you can only open and close transactions on our CFDs with us, and not anyone else.

In addition, all of your transactions with us are settled in cash, and you do not have any rights to any underlying instrument (including ownership or voting rights in any underlying instrument).

You can only profit from our CFDs through changes in our prices, which is different from other assets, such as securities, where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

3. You may lose more than your deposit.

When you transact with us, you risk losing more than the amount that you deposited with us. This is different to investing in other types of financial instruments, for example securities, where generally you only stand to lose the amount you pay for the asset that you buy. Although the electronic trading platforms have features that are designed to help minimise your risk of loss, none of these are guaranteed and you should not rely on them.

Losses from your transactions - The amount of any loss for an individual transaction will be the amount that you owe us when that transaction is closed. Even over a short space of time this amount may exceed the amount of the deposit that you used to enter into the transaction. It is a feature of leveraged (also known as ‘geared’ or ‘margined’) instruments that you can lose more than your initial payment. Leverage means that you can over proportionally participate in market fluctuations (both as profits made or losses incurred). For instance, if you choose a leverage rate of 10, then any market fluctuation will have an impact which is ten times higher than if you had traded without leverage or invested directly into the underlying instrument.

Consequently, the higher the leverage rate involved into a CFD transaction, the higher the risk involved.

Therefore, the impact of any price movement on your transactions and account will depend on the transaction size as well as the leverage rate of your transaction, rather than the amount of your transaction deposit. So a small movement in price may have a large impact on your transactions and account if you have entered into a large transaction on margin. In addition, when entering into short transactions it is possible to lose more than the transaction value, since any increase in price may be more than the price at which you opened the transaction. Therefore, short transactions can be riskier than long transactions.

Please note that the unrealised profit or loss displayed on the platform, at any time, may not accurately reflect the actual unrealised profit or loss (i.e. the realised profit or realised loss that would be gained or incurred if you closed one or all of your open transaction(s) immediately), particularly where a transaction may be closed at a price that differs from the level 1 price), as the unrealised profit or loss displayed on the platform is based on the current level 1 price.

4. Your transactions are at risk of being closed automatically.

At all times, your account value must stay above the close-out level otherwise all your transactions may be closed by the platform. However, we do not guarantee such closure and you must not rely on it. It is your responsibility to monitor your positions closely and you will be able to monitor your account value through the electronic trading platforms. Closely monitoring your positions is very important because you might have to make immediate additional margin payments to avoid a closeout by the platform. The platform will attempt to notify you when your account value falls to 50% of your minimum margin requirement on your leveraged transactions, although you should not rely on the platform giving you this warning. To prevent closure of your transactions, you should deposit a sufficient amount of money into your account to cover any potential losses or costs from your transactions. It is important to note that even an amount that you previously deposited and which appeared to be more than sufficient at the time, can very quickly become insufficient due to rapidly changing market conditions.

The automatic closure of your transactions is aimed to prevent you incurring further losses and may close all positions on your account, not just leveraged transactions or those that are making a loss. This means that your losses (and any profits) will be realised, even if the price movements against you are only temporary.

In addition, if you keep the 'stop loss' function enabled, the platform will automatically attach a stop loss to each transaction, and will seek to close any transaction that incurs losses in excess of the relevant margin requirement, unless you specify otherwise. However, execution of such orders is not guaranteed and you must not rely on them.

5. Market circumstances may impact your transactions.

The ability of our platform to generate prices and execute orders is dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather market data and similar information. In addition, because we maintain our own financial stability by hedging with other counterparties, we may be unable to execute your orders where we cannot enter into a corresponding transaction to hedge our own risk.

Financial and currency markets may fluctuate rapidly and prices of our products are no exception. Any movements in our prices will have a direct and real time effect on your transactions and account.

One form of price volatility that can happen regularly is called 'gapping'. This occurs where there is a sudden shift in price from one level to another. This can be caused, for example, by unexpected economic events or market announcements. There may not always be an opportunity for you to place an order between the two price levels, or for the platform to execute an open order at a price between those two levels. Gapping can result in you incurring significant losses (or profits) on an affected transaction.

6. Technical risks and other circumstances may affect your transactions.

There is a risk that other circumstances may prevent us from executing orders, or prevent you from accessing our platform. These include, for example, system errors and outages, maintenance periods, internet connectivity issues or failures of third parties on whom you or we are dependent (for example, internet service providers or electricity companies). We have business continuity measures in place to deal with some of these issues, but in some circumstances you may not be able to access the platform. These technical risks and other circumstances can pose a significant risk to the execution of your orders.

7. Different products pose different risks.

We offer numerous products, which are derived from very different underlying instruments. Each of these products poses specific risks which can differ widely from other products, for instance with regard to the range and speed of price fluctuations or with respect to liquidity. Therefore, you should ensure that you understand the specific risks of a product before you open a transaction on that product.

8. Foreign Exchange risks.

If you are trading in a product that is denominated in a currency different to the account currency of your account, any margin requirement and realised losses or realised profits and unrealised profits or losses will be converted to your account currency at the BCS currency conversion rate at the relevant time (and in respect of unrealised profits or losses, in real time). Depending on the BCS currency conversion rates (which may be different to those available elsewhere) and currency fluctuations, this may have an impact on your account value on an ongoing basis (and therefore on whether or not your transactions might be automatically closed), and on any eventual profits that you make or losses that you incur.

9. You should not finance your transactions with us on credit.

If you fund your transactions with us using credit (e.g. a bank loan or credit card), your risk will be significantly increased, and if you make a loss using that money, you will still have to repay your borrowing including interest. Therefore, you must not rely on being able to redeem borrowed funds with any profits from transactions with us.

10. Past performance does not constitute a reliable indicator of future performance.

You should bear in mind that any past performance, simulation or prediction does not constitute a reliable indicator of future performance. Therefore, you cannot and must not rely on any past performance, simulation or prediction to indicate future performance.

11. We cannot guarantee protection of your money.

If you are categorised as a retail client, money that we hold on your behalf will be held in a segregated client money bank account separate from our own money, although this may not provide complete protection (for example, if the bank that we use becomes insolvent).

Money that is owed by you to us under our Terms of Business and agreement therein (for example, net unrealised losses and holding costs) will be transferred from the segregated client money bank account to our own account and will then be treated as our own money (which is not subject to the CySEC's regulations on client money).

If you are categorised as a professional client, we will also treat any amounts required to cover your potential liabilities to us (including margin) as our own money, and not as client money.

We are permitted to use your money in the course of our own business and in the event of our insolvency you will rank as a general creditor if any of this money is due back to you.

You have the right to request a different client categorisation at any time.

12. Access to the platform via mobile applications.

The functions that enable you to access the platform via mobile applications (so-called "apps") are not identical to the functions available to you when accessing the platform via a desktop computer. This may limit the information that you are able to see at any particular time and adversely affect your ability to take quick and reliable actions on the platform and to limit the related risks.