# RISK DISCLOSURE POLICY

Alpha Capital Investments (Pty) Ltd

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Version: 1.1

Alpha Capital Investments (Pty) Ltd, a Financial Services Provider, licensed and regulated by the Financial Sector Conduct Authority (FSCA) in South Africa, FSP No: 53384.

## 1. Purpose

This Risk Disclosure Policy ("Policy") outlines the significant risks associated with trading Contracts for Difference (CFDs) offered by Alpha Capital Investments (Pty) Ltd ("Company"). CFDs are complex financial products that can result in both substantial gains and severe losses. It is critical for clients to understand that trading CFDs carries a high level of risk and is not suitable for all investors. This policy aims to provide clients with essential information to make informed decisions before engaging in CFD trading. By using the Company's services, clients acknowledge their understanding of the risks outlined and agree to comply with this Policy.

Clients must recognize that there are no statutory protections or compensation arrangements in place to protect them in the event of financial loss while trading CFDs. Furthermore, any information provided by the Company through its materials, websites, or marketing content should not be interpreted as personalized financial advice.

## 2. Key Risks of CFD Trading

### 2.1 Market Risks

CFDs derive their value from the underlying asset, such as currencies, commodities, or indices, which can be highly volatile. Market prices can shift rapidly due to a wide range of external factors, including economic events, geopolitical instability, and even market sentiment. These rapid price movements can result in unexpected losses.

- Price Fluctuation Risk: The prices of underlying assets can rise or fall dramatically over short periods, and this volatility can directly impact your trading outcomes.
- Market Liquidity Risk: In certain market conditions, the liquidity of the underlying asset may decrease, leading to wider spreads and increased trading costs, or the inability to execute trades at your preferred price.

### 2.2 Leverage and Margin Risks

Trading CFDs involves the use of leverage, which allows clients to control a larger position with a smaller initial investment (known as the margin). While leverage can magnify gains, it can equally magnify losses. Clients must understand that even a minor price movement against their position could result in significant financial loss, possibly exceeding the initial margin deposit.

- Leverage Risk: Leveraged trading is complex and comes with a high risk of losing money rapidly due to leverage. Most retail investor accounts lose money when trading. High levels of leverage can lead to both amplified profits and substantial losses, potentially resulting in a loss greater than the amount invested. Clients should ensure that they do not trade with more capital than they can afford to lose and understand the risks involved and consider seeking independent advice
- Margin Calls: Clients are required to maintain sufficient margin levels in their accounts to keep positions open. Failure to maintain these levels can result in margin calls, where additional funds must be deposited to maintain open positions, or the positions may be automatically closed.

### 2.3 Operational and Platform Risks

There are inherent risks related to the trading platforms used for CFD trading. Technical issues, such as software glitches, connectivity problems, or system outages, may disrupt trading activities and impact the execution of trades.

- Technical Issues: Platform malfunctions, including delays in order processing or system downtime, can result in the inability to execute trades or modify existing positions.
- Execution Risk: There is no guarantee that a trade will be executed at the exact price requested, especially during times of high volatility. Clients may experience slippage, where trades are executed at a different price than expected.

### 2.4 Security and Cyber Risks

As online trading platforms are accessed digitally, they are vulnerable to cybersecurity threats. Clients should be aware of risks such as hacking, phishing attempts, or other malicious activities that could compromise their personal and financial information.

- Cybersecurity Risk: Online trading platforms may be targeted by hackers seeking to exploit weaknesses in security systems. Loss of funds or data breaches could occur if adequate security measures are not in place.
- Phishing Scams: Clients should be vigilant in identifying fraudulent communications posing as the Company. Always verify the source of any communication before providing personal information or taking action.

### 2.5 Regulatory and Compliance Risks

Financial markets and regulations can change rapidly, and it is the responsibility of clients to stay informed about relevant laws and compliance requirements in their jurisdiction. Failure to comply with regulations such as Know Your Customer (KYC) or Anti-Money Laundering (AML) may result in account restrictions or closures.

- Regulatory Changes: Changing laws, regulations, or licensing requirements in different jurisdictions may impact the availability or conditions of CFD trading.
- Customer Verification: Accurate information must be provided for identity verification and KYC processes. Clients engaging in suspicious activities may have their accounts restricted or closed, and funds may be frozen pending investigation.

## 3. Client Responsibility

Clients must acknowledge the personal responsibility they carry when engaging in CFD trading. It is essential to perform thorough research, understand market conditions, and evaluate personal risk tolerance before entering any trades. Trading CFDs is speculative and may not be suitable for all investors, particularly those with limited financial experience.
- Risk Acknowledgment: Clients are responsible for understanding the risks outlined in this policy and ensuring that their financial decisions align with their personal and financial situation. Clients should only trade with capital that they can afford to lose without significantly affecting their lifestyle.
- Informed Decision-Making: Clients are encouraged to seek independent financial advice if they are unsure about the risks or strategies involved in CFD trading.

## 4. Prohibition of Insider Trading

Clients are prohibited from engaging in any form of insider trading, including trading based on non-public information. Such activities are illegal and may result in severe legal consequences. The Company reserves the right to terminate any client accounts involved in insider trading and report such activities to the appropriate authorities.

## 5. Risk Warning and Disclaimer

The company takes care to ensure the accuracy of website information but cannot guarantee it is error-free. Trading online carries a high level of risk and may not be suitable for all investors. Before deciding to trade, consider your investment objectives, experience level, and risk appetite. Note that you could sustain a loss of some or all of your initial investment. We disclaim liability for losses or damages arising from the use of this site. Before using the Company's services, clients should carefully read and understand all agreements, terms, and conditions associated with their trading activities. Clients must fully comprehend the possible outcomes and risks involved in trading CFDs, including potential losses that could exceed their initial investment. It is recommended that clients consult with a licensed financial advisor if they are unsure of the risks associated with CFD trading or the strategies they plan to employ.

## 6. Contact Information

For any questions or concerns regarding this Risk Disclosure Policy, clients can contact customer support at info@alphacap.co.za.