

26 Degrees Global Markets

# Risk Disclosure and Warnings Notice

26 Degrees Global Markets (EU) Ltd

(Regulated By The Cyprus Securities and Exchange  
Commission) License No. 435/23



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## RISK DISCLOSURE AND WARNINGS NOTICE

### 1. Introduction

This Risk Disclosure and Warning Notice ("Notice") is provided to you (our "Client" and prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (87(I)/2017), as subsequently amended from time to time ("the Law"), which is applicable to 26 Degrees Global Markets (EU) Ltd ("26 Degrees Global Markets", "we", "ours", "us").

All Clients and prospective Clients should read carefully the following risk disclosures and warnings contained in this Notice, before applying to 26 Degrees Global Markets for a trading account and before they begin to accept any services from 26 Degrees Global Markets. 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 the financial instruments offered by 26 Degrees Global Markets. This 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.

26 Degrees Global Markets executes client orders in relation to Contracts-For-Difference ("CFDs") over a number of underlying asset classes. The above products and services are intended for the client target market of eligible counterparties and small to large scale professional investors, with knowledge and experience of the industry, who feel comfortable trading, who want to trade with money they can afford to lose and have high risk tolerance. Prospective clients will understand the risks associated with margin trading and leverage and have the potential to bear losses their invested capital.

Any references to agreements and/or policies of 26 Degrees Global Markets in this Notice shall be available to the Client on 26 Degrees Global Markets website or in hard copy upon request.

### 2. General risks of trading

26 Degrees Global Markets does not warrant the initial capital of your portfolio or its value at any time or any money invested in any derivative product. You should completely acknowledge and accept that you run a great risk of incurring losses and damages as a result of the purchase and/or sale of any derivative product and accept and confirm that you are prepared to take on this risk.

You should completely acknowledge and accept that, regardless of any information which may be offered by the Company, the value of any investment in financial instruments may fluctuate downwards or upwards and it is even likely that the investment may become of no value. The fluctuations may result to whole or partial loss of your initial investment capital. Past returns are not indicative of future results.

26 Degrees Global Markets will not provide you with any investment advice relating to investments or possible transactions in investments or in any derivative products or make investment recommendations of any kind. So, prior to applying for a trading account with 26 Degrees Global Markets, you should consider carefully whether investing is suitable for you in the light of your objectives, financial resources and risk appetite.

Any opinions, news, research, analyses, prices and other information contained within 26 Degrees Global Markets website or any promotional material is provide as general market commentary. 26 Degrees Global Markets will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

If you do not understand the risks involved, you should seek advice and consultation from an independent professional advisor. If you still do not understand the risks involved in trading in any derivative products, you should not trade at all.

### 3. Specific risks of trading

#### 1. Taxation

- 1.1. There is a risk that the Client's trades in any financial instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or their personal circumstances. 26 Degrees Global Markets does not warrant that no tax and/or any other stamp duty will be payable. 26 Degrees Global Markets does not offer tax advice and recommends that the Client seek advice from a competent tax professional if the Client has any questions.
- 1.2. The Client is responsible for any taxes and/or any other duty which may accrue in respect of their trades.
- 1.3. If required by applicable Law, 26 Degrees Global Markets 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.

#### 2. Third Party Risks

- 2.1. 26 Degrees Global Markets keeps any money you transfer to us or credited to your account will be held in one or more segregated account(s) (denoted as "Clients' Accounts") with reliable financial institutions. Whilst 26 Degrees Global Markets shall exercise due skill, care and diligence in the selection of the financial institution according to Applicable Regulations, it is understood that there are circumstances beyond the control of 26 Degrees Global Markets and hence 26 Degrees Global Markets does not accept any liability or responsibility for any resulting losses to the Client as a result of the insolvency or any other analogous proceedings or failure of the financial institution where Client money is held.
- 2.2. The financial institutions where Client monies are held may be within or outside Cyprus or the EEA. It is understood that the legal and regulatory regime applying to any such financial institution outside Cyprus, or the EEA will be different from that of Cyprus. Hence, in the event of the insolvency or any other equivalent failure or proceeding of that person, the Client's money may be treated differently from the treatment which would apply if the money was held in a segregated account in Cyprus.
- 2.3. The financial institution to whom 26 Degrees Global Markets will pass client money may hold it in an omnibus account. This means that the Clients' Accounts will be pooled accounts holding funds transferred to 26 Degrees Global Markets by other clients of ours will not hold any of our funds. In the event of the insolvency or any other analogous proceedings in relation to that financial institution, 26 Degrees Global Markets may only have an unsecured claim against the financial institution on behalf of the Client, and the Client will be exposed to the risk that the money received by 26 Degrees Global Markets from the financial institution is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. 26 Degrees Global Markets does not accept any liability or responsibility for any resulting losses. In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the financial institution in which the funds are held defaults. Under such circumstances, any applicable deposit guarantee scheme may be applied without consideration of the Client as the ultimate beneficial owners of the omnibus Account.

#### 3. Technical Risks

- 3.1. The Client shall bear the risk of loss and/or damage caused by the failure, malfunction, interruption or disconnection arising out of or related to your use of with any relevant system, customised interface or third party equipment (hardware or software) or any form of interaction between any software and your account. 26 Degrees Global Markets will have no liability whatsoever in respect of any director or indirect loss and/or damage caused by malicious code, malware or unauthorised access to platforms or communications.
- 3.2. If the Client undertakes transactions on an electronic system, they 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 their Order is either not executed according to Client's instructions or it is not executed at all. 26 Degrees Global Markets does not accept any liability in the case of such a failure.

- 3.3. The Client acknowledges that the internet may be subject to events which may affect the Client's access to 26 Degrees Global Markets Websites and/or 26 Degrees Global Markets trading Platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacking attacks. 26 Degrees Global Markets is not responsible for any damages or loss resulting from such events which are beyond 26 Degrees Global Markets reasonable control, or for any other losses, costs, liabilities, or expenses which may result from the Client's inability to access 26 Degrees Global Markets Website and/or Trading System or delay or failure in sending orders or Transactions.
- 3.4. In relation to the use of computer equipment and data and voice communication networks, the Client bears the following risks with 26 Degrees Global Markets having no liability for any resulting loss:
- (a) Power outage of equipment on the side of the Client or the provider, or communication operator that serves the Client.
  - (b) Physical damage to communication channels used to link the Client and the trading or information server of the Client.
  - (c) Outage of communication via the channels used by the Client, or the channels used by a provider, that are used by the Client or 26 Degrees Global Markets.
  - (d) Incorrect settings or inconsistency with requirements of the Client's Terminal.
  - (e) Untimely update of the Client's Terminal.
  - (f) When carrying out transactions via voice communication, the risk of communication quality issues or inability to connect due to communication channel loads.
  - (g) The non-receipt of communications by 26 Degrees Global Markets.
  - (h) Malfunction or non-operability of the Trading Platform or Client Terminal.

#### **4. Trading Platform**

- 4.1. The Client is warned that when trading in an electronic Trading Platform they assume the risk of financial loss which may be a consequence of amongst other things:
- Failure of the Client's devices, software and poor quality of connection.
  - 26 Degrees Global Markets or Client's hardware or software failure, malfunction or misuse.
  - Improper functioning of the Client's equipment.
  - Incorrect setting of the Client's Terminal.
  - Delayed updates of Client's Terminal.
- 4.2. In no event shall 26 Degrees Global Markets or any of its directors, employees or agents have any liability whatsoever to your or any other person for any director or indirect loss, liability, cost, claim, expense or damage of any kind, whether in contract or in tort, including negligence or otherwise arising out of or related to the your use of such software.

#### **5. Force Majeure Events**

- 5.1. In case of a Force Majeure Event 26 Degrees Global Markets may not be in a position to arrange for the execution of Client Orders or fulfil its obligations under the Client Agreement with the Client. As a result, the Client may suffer loss and/or damage.
- 5.2. 26 Degrees Global Markets will not be liable or have any responsibility for any type of loss and/or damage arising out of any failure, interruption, or delay in performing its obligations under the Client Agreement where such failure, interruption or delay is due to a Force Majeure Event.

#### **6. Communication between the Client and 26 Degrees Global Markets**

- 6.1. The Client shall accept the risk of any loss and/or damage caused by the fact that the Client has received with delay or has not received at all any notice from 26 Degrees Global Markets.
- 6.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.
- 6.3. 26 Degrees Global Markets has no liability for unauthorised access to the trading platform or information, including but not limited to electronic addresses, electronic communications, personal data or access data when the above are transmitted between 26 Degrees Global Markets and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

6.4. The Client is fully responsible for the risk of undelivered or unopened mail, email, trading platform messages or communications over any other agreed channel sent to the Client by 26 Degrees Global Markets.

## **7. Abnormal Market Conditions**

- 7.1. The Client acknowledges that under abnormal market conditions Orders may have delayed execution, that it may be impossible for Orders to be executed at declared prices or that Orders may not be executed at all.
- 7.2. Abnormal Market Conditions include but are not limited to unusually high volatility, lack of liquidity or suspension or restriction of trading under the rules of the relevant exchange.

## **8. Foreign Currency**

- 8.1. When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence and/or Trading Account, any changes in the exchange rates may have a negative effect on its value and/or price leading to losses for the Client.

## **9. Regulatory and Legal Risk**

- 9.1. A change in laws and regulations may materially impact a Financial Instrument or investments in a sector or market.
- 9.2. Such a change may result in 26 Degrees Global Markets being unable to offer you the same products, or change the way in which we may offer them to you. 26 Degrees Global Markets shall have no liability for any damage and/or lost caused by a change in laws or regulations.
- 9.3. Such a change can also affect the value/price of the sector your investments are held in.

## **10. Advice**

- 10.1. 26 Degrees Global Markets will not advise the Client about the merits of a particular Transaction or give them any form of investment advice. The Client acknowledges that the Client alone will enter into Transactions and take relevant decisions based on their own judgement and/or that of their professional advisors as necessary.
- 10.2. In asking 26 Degrees Global Markets to enter into any Transaction, the Client represents that they have been solely responsible for making their own independent appraisal and investigation into the risks of the Transaction. The Client represents that they have sufficient knowledge, market sophistication, professional advice and experience to make their own evaluation of the merits and risks of any Transaction. 26 Degrees Global Markets gives no warranty as to the suitability of the products traded under this Agreement and assumes no fiduciary duty in its relations with the Client.
- 10.3. 26 Degrees Global Markets has no duty to, and will not, provide the Client with any legal, tax or other advice relating to any Transaction. The Client should seek independent expert advice if they are in any doubt as to whether they may incur any tax liabilities. The Client is hereby warned that tax laws are subject to change from time to time.
- 10.4. 26 Degrees Global Markets may, from time to time and at its discretion, provide the Client with information, news, market commentary or other information, but not as a service. Where it does so:
  - (a) 26 Degrees Global Markets will not be responsible for such information;
  - (b) 26 Degrees Global Markets gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information, or as to the tax or legal consequences of any related Transaction;
  - (c) this information is provided solely to enable the Client to make their own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;
  - (d) if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that they will not pass it on to any such person or category of persons;
  - (e) the Client accepts that prior to dispatch, 26 Degrees Global Markets may have acted upon it itself to make use of the information on which it is based. 26 Degrees Global Markets does not make representations as to the time of receipt by the Client and cannot guarantee that they will receive such information at the same time as other clients.
  - (f) It is understood that market commentary, news, or other information provided or made available by 26 Degrees Global Markets is subject to change and may be withdrawn at any time without notice.

#### 11. No Guarantee of Profit

- 11.1. 26 Degrees Global Markets provides no guarantees of profit nor of avoiding losses when trading in Financial Instruments. 26 Degrees Global Markets cannot guarantee the future performance of the Client's Trading Account, promise any specific level of performance, or promise that Client's investment decisions or strategies will be successful or profitable.
- 11.2. The Client acknowledges that they have received no such guarantees from 26 Degrees Global Markets, or from any of its representatives. The Client should be aware of the risks inherent in trading in Financial Instruments and should be financially able to bear such risks and withstand any losses incurred.

### 4. Risks associated with contracts for difference

#### 4.1. General

This Notice cannot disclose all the risks and other significant aspects of financial instruments.

The Client should not deal in these products unless he understands their nature and the extent of his exposure to risk in the light of his circumstances and financial position.

CFDs are derivative financial instruments deriving their value from the prices of an underlying asset (e.g. foreign exchange, equities, indices, metals, futures, forwards etc.).

CFD trading carries a high degree of risk and is not suitable for all members of the general public. CFDs may potentially be suitable only for investors who:

- (a) understand and are willing to assume the economic, financial and other risks involved.
- (b) taking into account their personal financial circumstances, resources, needs and obligations, are able to bear losses potentially exceeding their entire investment.
- (c) have sufficient knowledge to understand the mechanics and risks of CFD trading, alongside familiarity with the underlying assets and Markets.

Trading CFDs can put the Client's capital at risk, especially if used in a speculative manner. CFDs are categorized as high-risk complex Financial Instruments and Clients should be aware that they can lose more than the amount they invest, consequently incurring a debt liability to 26 Degrees Global Markets.

As derivative instruments, the price of a CFD will be impacted by movements in the price of the underlying asset. Investors wishing to trade in CFDs should therefore ensure they understand not only how CFDs work, but also the particular risks of the underlying market.

The Client should be aware that information about the previous performance of CFDs or the underlying assets does not guarantee its current and/or future performance. The Client should further note that 26 Degrees Global Markets will not provide the Client with any advice or investment recommendations relating to CFDs and the underlying assets or markets.

Considering the above, the Client acknowledges and without any reservation accepts the existence of a substantial risk of incurring losses and damages as a result of buying or selling CFDs, and acknowledges their willingness to take such risk.

#### 4.2. Leverage and Gearing

- 4.2.1. Transactions in derivatives such as CFDs carry a high degree of risk in part due to leverage. Clients can enter a CFD trade with an amount of initial margin which may be small relative to the total exposure of the CFD.
- 4.2.2. This leveraged exposure means a relatively small market movement can have a proportionately larger impact on the funds the Client has or will have to deposit; this may work against the Client as well as for the Client. If the market moves against the Client's position, the Client may sustain a total loss of initial Margin funds and any additional funds deposited with 26 Degrees Global Markets to maintain their position. In that circumstance, the Client may be called upon to deposit additional funds on short notice to maintain their position. Failing to comply with a request for a deposit of additional funds, may result in closure of their position(s) by 26 Degrees Global Markets on their behalf, and the Client will be liable for any resulting loss or deficit.

**4.3. Risk-reducing Orders or Strategies**

- 4.3.1. The placing of certain Orders (e.g. "Stop Loss" orders, where permitted under local law, or "Stop Limit" Orders), which are intended to limit losses to certain amounts, may not be adequate given that market conditions may make it impossible to execute such Orders. Therefore, Stop Limit and Stop Loss Orders cannot guarantee the limit of loss.
- 4.3.2. Strategies using a combination of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

**4.4. Volatility**

- 4.4.1. Some CFDs trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses.
- 4.4.2. The price of a CFD is derived from the price of an underlying asset or market, which can be highly volatile. This volatility may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or 26 Degrees Global Markets. Under certain market conditions it may be impossible for a Client Order to be executed, consequently leading to losses.
- 4.4.3. It is your responsibility to monitor your account at all times. It is important that you monitor your positions closely due to the speed at which profits or losses can be incurred.
- 4.4.4. You must understand that the price of the financial instrument is determined by fluctuations within the market and outside 26 Degrees Global Markets's control. Always have in mind that the historical performance of a financial instrument is not indicative of future results.

**4.5. Off-exchange transactions in Derivative Financial Instruments:**

- 4.5.1. CFDs offered by 26 Degrees Global Markets are off-exchange transactions (i.e. over-the-counter). The trading conditions are set by us (in line with the trading conditions received by our liquidity providers), subject to any obligations we have to provide best execution, to act reasonably and in accordance with our Client Agreement and with our Best Interest and Order Execution Policy.
- 4.5.2. Each CFD trade that the Client opens through our Trading Platform results in the entering of an Order with 26 Degrees Global Markets; such Orders can only be closed with 26 Degrees Global Markets and are not transferable to any other person.
- 4.5.3. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction, or to assess the exposure to risk. Prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.
- 4.5.4. 26 Degrees Global Markets is using an Online Trading System for transactions in CFDs which does not fall into the definition of a recognized exchange or Multilateral Trading Facility, and so Clients do not have the same protections.

**4.6. Suspensions of Trading**

- 4.6.1. 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.

**4.7. No Delivery**

- 4.7.1. It is understood that the Client has no rights or obligations in respect of the underlying assets relating to the CFDs they are trading. There is no delivery of the underlying asset.





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