
RISK DISCLOSURE STATEMENT

TENKO'FX
forex trading services

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1. INTRODUCTION

1.1. This document summarizes the risks pertaining to trading in Contracts for Difference (CFD) and is not meant to be fully comprehensive. Clients should carefully consider and understand the risk associated with leveraged trading in foreign exchange instruments in order to be able to evaluate fitness of CFD trading for their particular financial purposes, investment objectives, level of experience and risk appetite before engaging any assets therein.

2. CONTRACTS FOR DIFFERENCE

2.1. Contract for Difference is a financial cash-settled derivative traded outside any regulated or organized market (over-the-counter). Clients trade CFDs through the medium of the trading platform made available to them by TenkoFX. Prices for execution of transactions are set by TenkoFX. Each trade open through the trading platform results in the relevant Client entering a CFD with TenkoFX in relation to a certain underlying asset, i.e. foreign exchange; these contracts can only be closed with TenkoFX and are not transferrable to any third party.

2.2. CFD trading does not provide any right to the underlying instruments (i.e. currencies). As CFD is a derivative financial instrument, its value derives from and reflects a performance of an underlying. Consequently, fluctuations of the price of the underlying asset would correspond to fluctuations of CFD prices. Resulting profit or loss is determined as the difference between the price a CFD is bought at and the price it is sold at and vice versa.

2.3. CFDs do not have any predefined maturity date. A position in CFD matures on the date a Client decides to close an existing open position.

2.4. The details of CFDs offered by TenkoFX are available at the specifications section of the web-site of TenkoFX.

3. SPECULATIVE TRADING

3.1. Speculation should not be confused with making a long term conservative investment. The nature of a leveraged CFD trading implies that it is suitable for speculation and hedging. Anyone willing to trade in leveraged foreign exchange instruments as CFDs must be aware that this is by nature a highly speculative activity and entails a higher degree of risks than other types of investments.

3.2. Past performance of CFDs is not a useful indicator of a future performance. Such hypothetical performance results are generally based on past performances that are not a guarantee of future results. Performance can and does vary between each trader, trading strategy and current market situation.

4. LEVERAGE

4.1. CFD trading, unlike traditional trading, enables the Client to open a position by paying only a small fraction of the total volume of the position underlying. Notwithstanding that, the Client fully assumes price fluctuations of the underlying as if the position were opened in that underlying. Consequently, a relatively small market movement may lead to a proportional but time higher movement in the value of the Client's position. To bring an example, a 1% price reduction of the underlying will decrease the Client equity by 20% if a leverage of 20 is used and it will decrease the Client equity by 50% if a leverage of 50 is used. Therefore, using leverage means that any price movement of the underlying will be amplified and will result in larger/faster profits or losses.

4.2. Close attention must be brought to the increased implication of risks when using leverage in connection with trading CFDs on foreign exchange, which are volatile by nature. Sharp price movements may occur at any time and without prior warning. An adverse price movement on a leveraged trade may result in a substantial loss for the Client. TenkoFX may close Client's position manually or automatically in case the loss suffered by the Client exceeds predetermined thresholds, but the Client should be aware that sharp and unexpected market movements may lead to a loss exceeding the margin deposit of the Client.

5. MARGIN

5.1. The Client is informed and understands that TenkoFX has automated algorithms which, without further warning, prevent Clients from increasing exposure or reduce Client exposure if the used leverage has reached or exceeded the levels set out by TenkoFX, either by rejecting orders increasing exposure, opening opposite positions or closing existing ones. Such reduction may not prevent full loss of the Client equity or that his account will become negative after closing of all exposures, depending on market conditions or for any other reason. In the latter case, the Client will be liable for covering such negative balance by transferring additional funds to TenkoFX.

5.2. The Client must monitor the exposure carefully and on a continuous basis, especially when the available margin is shrinking and to use the stop loss orders in order to mitigate the close out risk.

5.3. Further information relating to margining is available at the web-site of TenkoFX.

6. QUOTES ARE NOT GUARANTEED

6.1. Liquidity is the amount that can be traded at a specific price and time. Liquidity varies depending on the traded instrument and market conditions, the tradable amount at any given market rate may vary strongly (higher or lower). No guarantee about liquidity can be made at any time. The prices quoted on the platform and displayed on the chart do not necessarily mean that they are executable prices.

6.2. The execution of any order placed is subject to the availability of tradable prices. Absence of a suitable price or total absence of any tradable price may make it impossible for the Client order or request to be processed and/or executed. Clients must be aware that the liquidity risk increases at certain times such as: market closures, weekends, local holidays, off-market hours and during news releases.

6.3. Liquidity also has incidence on the ability of Clients to close positions at the desired price and to protect their funds against further losses through the stop loss functionality. In case of reduced liquidity, Clients may not be able to close positions or may be forced to accept a significantly different price (higher or lower) than the desired price to execute certain trades and then may incur losses in excess of their risk tolerance; stop loss functionality does not prevent losses from exceeding the level preset by the Client.

7. RE-QUOTING, SLIPPAGE AND ORDER REJECTION

7.1. When execution of Client orders is not possible exactly at the price desired by the Client due to current market conditions, the orders can be executed at a different price (slippage) or rejected. Depending on the market conditions, any order can be executed with some slippage or be rejected.

7.2. Due to a change of market conditions some Client orders designated for instant execution could be re-quoted, if the requested price originally specified by the Client is not available anymore. Such re-quote provided to the Client is the next available price received by TenkoFX from its liquidity providers. The Client can either accept or decline the re-quote. Should the Client decline the re-quote, such instant order would be rejected.

8. MARKET VOLATILITY

8.1. Price movements of foreign exchange CFDs may occur at any time without warning and without limitation in the amplitude of the price movement. While price quotation are constantly refreshed during market opening hours, no guarantee that the currently displayed price is indeed a valid tradable price can be given and no estimation about the validity and the level of the next price update can be made.

8.2. The difference between the previous and next price can be greater than the minimum price increment for the particular instrument, which will result in failure to execute exactly at set prices/levels any pending order. Such price differences may occur at any time and without warning. Particular attention should be brought to market closure/opening and/or before/after the release of important news. To avoid or limit losses due to volatility of the markets, Clients must monitor their positions at all time. In case of sharp market fluctuations, Clients may incur losses in excess of their risk tolerance.

9. TECHNOLOGY RISK

9.1. There are risks associated with the use of an Internet-based and phone dealing, including, but not limited to, the failure of hardware, software, Internet connection and other means of communication. Any mean of order transmission, e.g. Internet, fix or mobile telephone, fax, email, etc. involves a risk of failure, disconnection, delay or errors in transmission or misunderstanding, alteration and duplication. The use of mobile devices in particular increases the risk of platform disconnection.

9.2. The Client must be aware of the risk of non-authorised access to its account by a third party. Clients are strongly advised not to communicate their login and password to anyone including their external manager if any. External managers have their own personal access and do not need your login details to trade on your account.

10. COMMUNICATION BREAKDOWNS

10.1. The Client should understand that reliability and continuous functioning of communication channels is not guaranteed. Communication failures, platform disconnections, distortions or delays when trading via the Internet may influence Client's trading operations dramatically. Trading via telephone is not available as a general rule.

11. FORCE MAJEURE

11.1. A force majeure event is as an event or circumstance beyond reasonable control of TenkoFX and affecting its ability to provide services to Clients, including but not limited to any natural, technological, political, governmental, social, economic (including without limitation to the suspension of a currency) or similar event or circumstance.

11.2. As a result of the force majeure event, as determined by TenkoFX in good faith, TenkoFX may at its sole discretion increase margin requirements; and/ or increase spreads; and/ or decrease leverage; and/ or close-out any open positions at a price that TenkoFX considers reasonable; and/ or request amendments to any closed positions; and/ or suspend the provision of the services to the Client, and/ or amend any of the content of the client agreement on the basis that it is impossible for TenkoFX to comply with it.

THIS BROCHURE IS A SUMMARY OF THE RISKS INVOLVED IN MARGIN TRADING. IT IS NOT MEANT TO BE EXHAUSTIVE. CLIENTS SHOULD CAREFULLY CONSIDER THEIR ABILITY TO ASSUME THE RISKS AND EXPERIENCE BEFORE COMMITTING ANY FUND IN CFD TRADING.