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## **RISK WARNING Q4 2023**

### **RETAIL CLIENTS**

The following Risk Disclosure Statement (the "Statement") aims to inform clients of Credit Financier Invest (DIFC) Limited, (hereinafter "CFI DIFC or the Company") about risks inherent while trading through the Company. This risk statement may not identify or address all risks associated with Over-the-Counter ("OTC") Derivatives and Contracts for Difference ("CFD"). It is your responsibility to consider whether the products and services of CFI DIFC are suitable for you, and whether you understand how the investments in OTC Derivatives and CFDs (Also Termed as Restricted Speculative Investments) work & whether you can afford to take high risk of losing money. If you are in any doubt you should seek legal or other professional advice prior to committing to any product, service, transaction, signing any documents, and/or entering into any legally binding agreements in relation to the products or services of CFI DIFC.

#### **RISK WARNING**

Margin trading and Leveraged Forex and Contracts for Difference (hereinafter referred as "CFDs") are complex financial instruments where your profit or loss is determined by reference to the movement of the value or price of the underlying reference. These products incur a high level of risk. Small adverse market movements may expose you to lose amounts rapidly... Trading in this type of complex financial instruments has a high probability of losing money rapidly, particularly due to the gain or lose being leveraged, based on the fluctuation of the price of the underlying reference Margin limits, stop loss limits or other tools used that are designed to mitigate or limit loss exposures may not be effective or may fail. Such losses could be substantial, and losses can accumulate rapidly.

You should not speculate with capital that you cannot afford to lose and only while being aware of trading risks and all risks. CFI DIFC provides general information that does not take into account your objectives, financial situation or needs.

The content of this statement must not be interpreted as personal advice. Please ensure that you understand the risks involved and seek independent advice if necessary.

#### **RETAIL CLIENT PERFORMANCE**

You must note that most Retail Clients transacting in OTC Derivatives lose money. The Firm offers CFD's in forex, indices, commodities and bullion. We have provided performance data showing the percentage of Retail Clients who were profitable in the last four quarters.

QUARTER	% OF CLIENTS WHO MADE A LOSS
01.01 2023 to 31.03.2023	74%
01.04.2023 to 30.06.2023	67%
01.07.2023 to 30.09.2023	83%
01.10.2023 to 31.12.2023	83%

Past performance is not reliable indicator of future results

**Credit Financier Invest (DIFC) Limited, CFI Dubai. Regulated by the DFSA.**

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## APPROPRIATENESS

CFI DIFC deals with individuals or corporates having sufficient experience in trading financial markets including leveraged CFDs. Upon the opening of your account, CFI DIFC will review your experience based on information you provide to us.

If you do not have such an experience, you should not open an account with us and we decline any and all responsibility if you proceed to do so without having this experience. Furthermore, this assessment does not relieve you of the need to carefully consider whether to trade or not CFDs with us or with others based on your situation and having understood all risks involved.

## NATURE OF CFDs

CFDs are agreements to exchange the difference in value of a particular instrument or currency between opening time of the agreement and closing time. CFDs allow the Company's Clients to replicate the economic effect of trading in particular currencies or other instruments without requiring actual ownership of those assets.

CFDs are derivative products traded off-exchange (Over-the-Counter - OTC); this means CFI DIFC is at all times the counterparty to the Client trades and any CFD trades entered into with the Company, can only be closed with us. Your ability to open and/or close trades is dependent on the availability of our trading platform. This exposes you to additional risks as explained in our Conflicts Policy.

You are not entitled to the physical delivery of the underlying instrument of the CFDs you are trading and have no rights in the underlying instrument.

CFDs fluctuate in value during the day; the price movements of CFDs are determined by a number of factors including but not limited to availability of market information.

Situations exist whereby these fluctuations can be extreme causing market gaps, increased spreads, increased margins and other factors that can impact you adversely.

## CRYPTOCURRENCIES CFDs

CFI DIFC offers CFDs only on Bitcoin, Ethereum and Litecoin which are currently recognized by the Dubai Financial Services Authority. The recognized list may be updated from time to time.

Cryptocurrencies, are subject to a very high degree of uncertainty. Investors in cryptocurrency CFDs are exposed to a number of additional risks not present in more traditional investments. CFI offers leveraged and non-leveraged (full margin) CFDs only where clients speculate & lose or gain because of rate fluctuations as on the trading platform. CFDs don't give property rights to own any cryptocurrencies or wallets. Speculation on cryptocurrencies using CFDs should be undertaken only after deep understanding of additional risks of cryptocurrencies.

These risks are set out below, but this is not an exhaustive list.

**HIGHER/ VOLATILITY:** Cryptocurrencies are subject to extreme price volatility as evidenced by the large daily movements in the price of cryptocurrencies as on the blockchain technology.

Although the price of a number of cryptocurrencies have appreciated rapidly throughout 2017, the price of many have also crashed on multiple occasions, for example in previous years, Bitcoin has fallen by as much as 80% in a single day. Many market commentators have warned that the recent price rise in cryptocurrencies is a "bubble". Cryptocurrency markets do not close and so sudden price swings could occur at any time. CFI may, in its sole and absolute discretion, suspend trading in cryptocurrency CFDs thereby preventing investors from opening or closing cryptocurrency CFD positions and, when

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such trading suspension is lifted, the price of cryptocurrencies may have moved significantly.

**BLOCKCHAIN BASED INVESTMENT:** Adoption Cryptocurrencies or virtual currencies is developing and mostly unregulated they do not have a meaningful track record to provide. Accordingly, there may be sudden and significant impacts on the price of cryptocurrencies arising from unforeseen events.

**REGULATORY RISK:** Cryptocurrencies are alternatives to traditional fiat currencies issued by governments and the anonymity of cryptocurrencies means that they may be used to facilitate money laundering or other illegal activities. As a result, governments may seek to regulate, restrict or ban the use and sale of cryptocurrencies, and some have already taken this approach. Any such regulatory action may impact the value of cryptocurrencies.

**TECHNOLOGY DISRUPTIONS:** Cryptocurrencies are entirely digital and are at risk from hackers, malware and operational glitches. If a cryptocurrency exchange is hacked, an event that has recently occurred, there is no authority to resolve disputes and this is particularly problematic because all cryptocurrency transactions are irreversible. CFI will pass on to its clients any losses that it occurs from hackers, malware and operational glitches impacting CFI hedging with liquidity providers. Cryptocurrency exchange servers are unreliable, which can result in the suspension of markets, and cryptocurrency exchanges and may impose restrictions on funding and withdrawals. If a cryptocurrency exchange is hacked or unavailable, this may impact the value of cryptocurrency CFDs and CFI may restrict your ability to purchase or sell such cryptocurrency CFDs in such circumstances.

“Closing Only”. When “Closing Only” is applied, new cryptocurrency CFDs positions cannot be opened and existing positions can only be maintained or closed? Although, CFI may apply “Closing Only” without providing any reason or justification for this decision, this may occur to facilitate CFI DIFC complying with its own internal market risk limits

## CONFLICTS OF INTEREST

The Firm have identified the following conflicts of interest.

CFI DIFC acts as a counterpart to clients' trades and clears part or all its transactions with one or more of its group companies (related entities) that are owned and managed by same or similar shareholders. These entities in turn act as counterparties to CFI DIFC. These entities may act as a market maker for own account and may have clients having opposite positions than these taken by CFI DIFC's clients. A conflict of interest could thereby arise as their interests will be in competition with clients' interests. Furthermore, while CFI DIFC related entities manage their own risk by hedging in the market and in certain situations this may affect market levels and thus affecting client levels including stop-loss levels. Additionally, CFI DIFC related entities may profit from its hedging activity even though the client's transaction declines in value. It is to be underlined though that CFI DIFC related entities are regulated and take measures to establish Chinese walls to market making activities and as such they in turn take measures to manage such conflicts.

CFI DIFC, its employees and related entities and related persons may have, establish, change or cease to have positions in securities, foreign exchange or other financial instruments same that are offered to clients.

CFI DIFC may have an interest in maximizing trading volumes in order to increase its commission and spread revenues, which is inconsistent with the client's personal objective of minimizing transaction costs;

CFI DIFC's bonus scheme may award or partially award its employees based on the trading volume and revenues generate per client;

CFI DIFC may receive or pay inducements to or from third parties for the referral of new clients where the amount of remuneration is based on the fees earned from the clients;

Subject to the DFSA Rules, we may pay to and accept from third parties (and not be liable to account to you) benefits,

commissions or remunerations which are paid or received as a result of Transactions conducted by you;

Our related Companies, individuals or Associated Companies and Relevant Persons may make a market in Transactions which you enter into under this Agreement;

Our related Companies, individuals or Associated Companies and Relevant Persons may deal in the Underlying Market to which your Transactions relate as principal for own account or that of someone else;

Our related Companies, individuals or Associated Companies and Relevant Persons may give investment advice or provide other services to another client about or concerning the Underlying Market in relation to which you enter a Transaction.

You have a right to object to a conflict of interest and we encourage you to inform us of any questions you may have, or if you require any further information in respect of conflicts of interest. We also draw your attention to our Conflicts of Interest Policy, by signing this Risk Disclosure Statement you confirm that you are aware of and accept the conflicts of interest identified by the Firm.

## TRADING PLATFORM

Whilst CFI DIFC is regulated by the DFSA, the trading platform in which you will use to access the services is not explicitly regulated by any financial services regulator. The trading platform provides the means by which you will communicate with CFI DIFC. The risks from trading products on the trading platform are stipulated in this Risk Disclosure Statement.

## MARKET COMMENTARY

When deemed appropriate, CFI DIFC may, issue or distribute third party material, which contains information including but not limited to the conditions of the financial markets, posted through the website and other media and/or received by you. The material should be considered as marketing communication only and does not contain, and should not be construed as containing, investment advice and/or an investment recommendation and/or, an offer of or solicitation for, any transactions in financial instruments; any decision to enter into a specific transaction shall be made by the Clients following their own research.

CFI DIFC shall not be responsible for any loss arising from any investment based on any recommendation, forecast or other information provided. Any opinions, news, research, analyses, prices, or other information contained on any material provided do not constitute investment advice. This also applies to any conversations the client may have with any of the Company's staff whereby any information or commentary provided by them shall be regarded as personal opinions and not advice. CFI DIFC 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. The contents of any report provided should not be construed as an expressed or implied promise, as a guarantee or implication that Clients will profit from the strategies herein, or as a guarantee that losses in connection therewith can, or will be limited.

CFI DIFC does not provide investment, financial, legal, tax, regulatory or other advice relating to investments or trading CFDs. Any material or information or other features, which may be provided to you through our website, trading platforms, marketing or training events, is generic and shall not be treated as advice appropriate for you or based on a consideration of your personal situations. You should seek independent professional advice from a suitably qualified advisor, if necessary, prior to engaging in trading CFD with us.

## INTERNET TRADING RISKS

There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, the failure of hardware, software, and Internet connection. Since CFI DIFC does not control signal power, its reception or routing via Internet, configuration of your equipment or reliability of its connection, we cannot be liable for communication

failures, distortions or delays when trading via the Internet. CFI DIFC employs backup systems and contingency plans to minimize the possibility of system failure, and trading via telephone is available. However, it can be excluded that outages may occur and you accept this risk while maintaining an account with CFI DIFC and CFI DIFC declines all responsibility for any negative consequences arising from such outages.

### ACCURACY OF INFORMATION

The content on our website and materials is subject to change at any time without notice and is provided for the sole purpose of assisting traders to make independent investment decisions. CFI DIFC has taken reasonable measures to ensure the accuracy of the information on the website and elsewhere. However, CFI DIFC does not guarantee the accuracy of the information, and will not accept liability for any loss or damage that may arise directly or indirectly from the content or your inability to access the website, for any delay in or failure of the transmission or the receipt of any instruction or notifications sent through this website.

### DISTRIBUTION

Our website and materials are not intended for distribution, or any use by, any person in any country where such distribution or use would be contrary to local law or regulation. None of the services or investments referred to in any of our materials are available to persons residing in any country where the provision of such services or investments would be contrary to local law or regulation. It is the responsibility of visitors our website or receivers of any materials we produce to ascertain the terms and comply with any local law or regulation to which they are subject.

### ADDITIONAL DISCLOSURES

The trading platform provides sophisticated order entry and tracking of orders. CFI DIFC will make best efforts to fill your trade at the price requested however this may not always be possible. In certain situations, your orders will be executed at levels far from those where the orders are initially placed. This can occur for example in case of extreme market movements or market gaps. In such situations, stop orders will not protect you from limiting your loss, preventing your account from being stopped out or even ending up with a deficit on your account. Trading on-line, no matter how convenient or efficient could be, does not necessarily reduce risks associated with CFDs trading.

This Statement should be read as part of the other documents a client has to approve having read, approved and accepted as part of the account opening or as part of maintaining the relationship with CFI DIFC such as the General Terms and Conditions, Conflicts Policy, Privacy Policy, Order Execution Policy and other documents and policies if any.

**I ACKNOWLEDGE RECEIPT OF THIS RISK DISCLOSURE STATEMENT, AND I HAVE READ AND UNDERSTOOD THE CONTENT OF THIS RISK DISCLOSURE STATEMENT.**

NAME	DATE	SIGNATURE

**January, 2024**