



**VALUESTACK** **GROUP**



## Risk Disclosure Notice





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# Risk Disclosure Notice

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## 1. THIS RISK DISCLOSURE NOTICE FORMS PART OF THE CLIENT AGREEMENT AS DEFINED IN THE USER AGREEMENT

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- 1.1. You are considering dealing using the ValuestackCY Ltd. ("Valustack", "we", "our", "us", "the Company") trading platform in Contracts for Difference ('CFDs'). CFDs are high risk investments, which are not suitable for many investors.
- 1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.
- 1.3. It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

## 2. MAGNIFIED LOSSES

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- 2.1. The nature of margin trading markets means that both profits and losses can be magnified and you could incur very large losses if your position moves against you. To avoid incurring large losses, where possible, you should use the risk management tools offered by Valuestack. Please note you cannot lose more than the balance on your Trading Account.

## 3. CFDs ARE NOT SUITED FOR LONG TERM INVESTMENT

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- 3.1. CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

## 4. NO RIGHTS TO THE UNDERLYING INSTRUMENT

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- 4.1. CFDs do not provide any right to the underlying instruments, or in the case of Equity CFDs, to voting rights.
- 4.2. You are trading with CFDs, which means that you enter into a contract with us for the Difference between the value of an Instrument as specified on the Trading Platform at the time of opening a Transaction, and the value of such Instrument at the time of closing the Transaction. You are not entitled to ownership of the underlying asset of such a contract e.g. the actual Shares or the Rights offered in a Rights Issue event or the Shares offered in an Options contract. There is no delivery of the underlying asset.



## 5. ONLY INVEST MONEY YOU CAN AFFORD TO LOSE

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- 5.1. Do not invest in CFDs with money you cannot afford to lose. An investment in CFDs carries a high degree of risk to the investor and, due to fluctuations in value, the investor may not get back the amount he has invested. To mitigate and minimize this risk, Valuestack only offer CFDs to institutional traders.

## 6. APPROPRIATENESS

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- 6.1. Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.
- 6.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

## 7. POTENTIAL RISKS

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- 7.1. You cannot lose more than the balance of your Trading Account.
- 7.2. Before you open a CFD trade you must have enough funds on your account to cover the Initial Margin and, in order to keep the Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the amounts will be indicated on the Trading Platform. Trading using 'leverage' can work for or against you in equal measures; a small price movement in your favour can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

Trading CFDs on leverage means you can secure a significantly larger exposure to an underlying asset for a relatively small initial margin. However, the use of leverage magnifies the size of your trade, which means your potential gain and your potential loss are equally magnified.

You should, therefore, closely monitor all of your open positions to manage the risk of large losses.

Each instrument has a fixed leverage which is specified in the instrument's details. An important consideration is whether or not, you wish to dedicate all of your deposit to meet your margin requirements. By dedicating all your deposit in this manner, you will be less able to deal with market volatility than if you only dedicate some of your deposit.

- 7.3. You must ensure that the amount in your Trading Account exceeds the Maintenance Margin in order to keep a Transaction open, otherwise, if our price moves against you, you may need to deposit additional funds, at short notice, to maintain your open position(s). If you fail to do this, we will be entitled to close or partially close one or more or all of your trades and you will be responsible for any losses that may be incurred.
- 7.4. You should also be aware that under our User Agreement we are entitled, at our sole discretion, to make a Margin Call which you are required to satisfy immediately. If you do







- a) Failure of Client's devices, software and poor quality of connection;
- b) Valuestack or Client's hardware or software failure, malfunction or misuse;
- c) Improper work of Client's equipment;
- d) Wrong setting of Client's Terminal;
- e) Delayed updates of Client's Terminal.

12.4. The Client may suffer financial losses caused by the materialization of the above risks, Valuestack accepting no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses he may suffer.

### 13. CURRENCY RISK

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13.1. Customers should be aware that CFDs denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

### 14. CLIENT MONEY & COUNTERPARTY RISK

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- 14.1. All funds and currencies belonging to you ("Client Money") shall be held by us in a designated client money bank account; and are subject to a right of off-set for all liabilities that you owe to us. Designated client money is segregated from the assets of the Company and is deemed client money for the purposes of the CySEC rules. We may place your funds in our designated Client Money account in a different currency to your base currency. Such Client Money will be at least equal in value to your base currency and will be in compliance with Cyprus regulatory requirements. No interest is due or will be paid in respect of Client Money.
- 14.2. Although we take reasonable care when choosing which bank to open a Client Money bank account with, Valuestack is not responsible for the insolvency, acts or omissions of any third party bank. In the event of the insolvency or default of a third party bank which has been appointed to hold your Client Money, we will only have an unsecured claim against the party on your behalf and on behalf of our other clients. This means that you will be exposed to the risk that the money received by us from such a third party bank is insufficient to satisfy the claims of you and all other clients with claims in respect of the relevant account. In such cases, investor compensation claims may be made and processed in accordance with the relevant deposit guarantee schemes and/or deposit insurance systems as well as the laws applicable to the third party bank. In the EU, the Directive 2014/49/EU on deposit guarantee schemes maintains the deposit protection of a uniform level of €100,000. Funds above this threshold must normally be recovered directly from the third party bank. If the client has more than one type of account with one third party bank, the amount of funds is added together for this threshold.
- 14.3. Given that you are dealing with ValuestackCY as the counterparty to every transaction, you will have an exposure to us in relation to each of your transactions and are reliant on our ability to meet our obligations to you under the terms of each transaction. This risk is sometimes described as 'counterparty risk'.





ValuestackCY Limited is authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC), CIF Licence No 250/14



**ValuestackCY Ltd.**

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