elefin

Risk Disclosure

Contracts for Difference ("CFDs") and other derivative products are complex, leveraged financial instruments. They do not provide capital protection or any guaranteed return. Leverage increases exposure to movements in the price of the Underlying Asset and may significantly magnify both profits and losses. Even a relatively small market movement may result in a substantial and rapid loss of the funds held in your Client Account.

Trading CFDs and other derivative products is not suitable for everyone. Before opening a Client Account or entering into any Transaction, you should ensure that you understand how these products operate and carefully consider the risks associated with leverage, margin, volatility, liquidity, pricing and execution. You should trade only with funds you can afford to lose and only where such trading is appropriate for your financial circumstances, knowledge and experience.

Scope of this Risk Disclosure

This Risk Disclosure and Warning Notice (Notice) outlines the general nature of the material risks associated with trading CFDs and other derivative products.

The Notice cannot identify every risk, explain every feature or describe how a risk may affect your personal circumstances. Before opening a Client Account or placing an Order, you must understand the product, the Charges, the operation of leverage and Margin, and the full extent of your possible financial exposure.

This Notice is provided for information and risk-disclosure purposes. It is not marketing material, investment research, personal advice, a recommendation or a solicitation where such activity would be unlawful. Elefin provides execution services and does not advise you on the merits of any Transaction.

This Notice should be read with the Client Agreement, Contract Specifications, trading and execution terms, Privacy Policy, Complaints Handling Procedure, Conflicts of Interest Policy, and every other policy or notice made available through the Website, Personal Area or Trading Platform. The current Contract Specifications and Client Agreement govern the particular conditions of an instrument or account, subject to Applicable Law.

Main risks associated with transactions in CFDs

Use of leverage

Leverage allows you to control a Transaction whose notional value is substantially greater than the Margin committed. Profit and loss are calculated by reference to the full Transaction Size, not only the Margin. A small movement in the Underlying Asset can therefore create a large change in account Equity and can quickly exhaust the funds available in the Client Account.

Elefin may make leverage of up to 1:2000 available. The actual level may be lower and can vary by Client Account, Financial Instrument, Transaction Size, trading volume, Client classification, concentration and market conditions. Elefin may apply fixed, variable, tiered or dynamic leverage and may reduce or withdraw leverage where permitted under the Client Agreement. A change in leverage may increase Margin Requirements for existing Positions.

Margin requirements and Stop-Out

You must maintain sufficient Margin at all times. Margin Requirements can change because of volatility, news, market closure, liquidity, concentrated exposure or another risk consideration. Elefin is not obliged to issue a Margin Call, allow time for an additional deposit or close a Position for your protection. You must monitor Balance, Equity, used Margin, Free Margin, Margin Level, Orders and Open Positions continuously.

If the Margin Level reaches the applicable stop-out threshold, Elefin may automatically close one or more Open Positions, reject new Orders or cancel Pending Orders without prior notice. The default stop-out level disclosed by Elefin is 30%, unless a different level is displayed for the relevant account or instrument. Stop-Out does not guarantee execution at the threshold or prevent a loss. During a gap, fast market or disruption, the first executable price may be materially worse.

Credit, counterparty and insolvency risk

A CFD is an over-the-counter contract. Depending on the instrument, account type and execution arrangement, Elefin may execute an Order as principal or may transmit or arrange it for execution through a third party. A Position entered with Elefin can normally be closed only through Elefin under the applicable trading terms. There is no exchange clearing house standing between the parties in your name.

You are exposed to Elefin's ability to perform its obligations and to the operational and creditworthiness risks of relevant banks, payment service providers, liquidity providers, custodians and technology providers. If Elefin or a relevant third party defaults, becomes insolvent or cannot perform, Positions may be closed and you may not recover every amount recorded as due to you.

Market risk

The prices of CFDs and their Underlying Assets can move rapidly and unpredictably. Economic data, interest rates, inflation, monetary and fiscal policy, political events, war, sanctions, trade restrictions, natural disasters, issuer events, market sentiment and technological developments can materially affect price and availability. Past performance, historical volatility and previous market relationships do not predict future results.

Volatility and price-gap risk

A market may move from one price to another without trading at intermediate prices. Gaps frequently arise during significant news, at session openings, after market closures or when the Underlying Market is disrupted. A gap can cause an Order, including a Stop Loss, to execute far from the requested level and can produce an immediate and substantial loss.

Foreign exchange and currency risk

Currency values can be affected by interest rates, central-bank action, economic policy, political events, capital controls, sovereign credit conditions and market liquidity. Exotic and emerging-market currencies may trade irregularly, experience sharp devaluation or become unavailable. If an instrument, payment, profit or loss is denominated in a currency different from the Base Currency of your account, exchange-rate movements and conversion Charges can increase loss or reduce profit.

Liquidity risk

Liquidity may decline or disappear. Quotes may become unavailable, Spreads may widen and the quantity available at a price may be insufficient. Elefin may be unable to execute an Order, may execute only part of it, or may reject, delay, aggregate or split execution. Larger Positions can be particularly difficult to close and the available price may move against you while execution is attempted.

Pricing, Spreads and Slippage

Elefin's Quotes may be derived from Underlying Markets, liquidity providers, data providers, internal pricing processes or a combination of sources. A Company Quote may differ from a price displayed by another provider. The applicable Bid and Ask prices determine the opening and closing values of a Transaction under the Client Agreement.

The Spread is an immediate trading cost and may widen significantly in volatile, illiquid or off-peak conditions. Slippage is the difference between the requested or displayed price and the price at which an Order is executed. It may be positive, zero or negative. Elefin does not guarantee that an Order will be accepted, executed within a particular time or executed at a requested or displayed price.

Stop Loss, Take Profit and other instructions

A Stop Loss, Take Profit, Pending Order or trailing stop is a risk-management instruction, not a guarantee. It is triggered using the applicable Company Quote and remains subject to available price, liquidity, latency, volatility, gaps and system conditions. An instruction may execute at a different price, fail to operate during an interruption or be rejected, cancelled or adjusted in circumstances permitted by the Client Agreement.

Closing an order window, Trading Platform or device does not necessarily cancel an instruction already transmitted. An Order is not accepted or executed until it has been received and confirmed by the relevant Trading Server. You must verify the status of every Order and promptly report a suspected error or unauthorized Transaction.

Abnormal market conditions and suspension of trading

Trading may be restricted, delayed or impossible during rapid price movements, low liquidity, market closure, data failure, a Corporate Action, a regulatory event or another Market Disruption. Elefin may modify trading hours, increase Margin, reduce leverage, reject or cancel Orders, suspend pricing or trading, or close or adjust Positions where permitted by the Client Agreement. When trading resumes, prices may be materially different from the last available Quote.

Technical and Trading Platform risk

Online trading depends on devices, software, internet connections, telecommunications, electricity, Trading Servers and third-party infrastructure. Maintenance, congestion, latency, incompatibility, data corruption or failure can delay or prevent access, display stale information, duplicate an instruction or prevent an Order from being placed, modified or cancelled. Electronic access does not reduce the underlying market and financial risks of trading.

Expert Advisors, algorithms, APIs, indicators, copy-trading tools, signals and other third-party software may malfunction, overtrade, rely on incorrect assumptions or fail during disconnection. Testing and historical performance do not guarantee live performance. You remain responsible for monitoring all tools connected to your Client Account and for Orders submitted through them.

Cybersecurity and impersonation risk

Phishing, malware, credential theft, SIM swapping, unauthorized remote access, denial-of-service attacks and fraudulent impersonation may cause unauthorized activity, disclosure of information or loss. You must protect Access Data, use strong unique passwords and available security controls, maintain secure and updated devices, and contact Elefin immediately if compromise is suspected. Do not disclose a password, one-time code, private wallet key or account information to a person using an unofficial channel.

Communication risk

Elefin may communicate through the Website, Personal Area, Trading Platform, email or another electronic channel permitted by the Client Agreement. A message may be delayed, filtered, overlooked or inaccessible. You must maintain accurate contact information and monitor official channels for notices concerning Margin, leverage, trading hours, Charges, corporate actions, account security and legal terms.

Force Majeure events

An event beyond Elefin's reasonable control may prevent, delay or materially affect performance. Such events may include natural disaster, fire, epidemic, war, terrorism, civil unrest, sanctions, government action, exchange or bank closure, power or communications failure, cyberattack, extreme volatility, liquidity failure or failure of a material service provider. Losses can arise while services are unavailable or while Elefin takes protective or operational action under the Client Agreement.

Third-party and Client Money risk

Elefin may hold Client Money with banks, payment service providers, liquidity providers, custodians, Affiliates or other third parties within or outside Saint Lucia. Funds may be held in pooled or omnibus accounts. They can be affected by the laws, insolvency rules, security interests, operational restrictions and set-off rights applicable to the relevant holder or jurisdiction.

If a third-party holder fails or becomes insolvent, a shortfall, delay or dispute may arise and you may not recover the full amount attributed to you. Unless Elefin expressly confirms otherwise in writing, Client Money is not protected by a deposit-insurance or investor-compensation scheme. No interest is payable unless expressly agreed.

Additional product risks

Foreign exchange CFDs

Currency pairs may be affected by central-bank intervention, changes in interest-rate expectations, capital controls and sudden loss of liquidity. A currency may be revalued, devalued or become non-convertible. Trading in an instrument quoted or settled in another currency also creates conversion risk against the Base Currency of the Client Account.

Metals, energy and commodity CFDs

Commodity prices can be affected by weather, natural disasters, storage and transport constraints, inventory, production decisions, geopolitical conflict, sanctions, seasonal demand and government policy. Futures-based products can also be affected by expiry, rollover, contango, backwardation and adjustments that differ from movements in a spot reference price.

Index CFDs

An index is a calculated reference value and cannot itself be owned. Composition, weighting, rebalancing, dividends, market closures and the performance of a small number of constituents can materially affect an index. Cash and futures-based versions may perform differently and can be subject to different financing, expiry and adjustment terms.

Share and equity-related CFDs

Share prices can be affected by issuer performance, earnings, governance, litigation, financing conditions, suspension, delisting, takeover and insolvency. Short Positions can be exposed to sudden price increases and liquidity constraints. A share CFD does not give you shareholder, voting or ownership rights in the issuer.

Cryptocurrency CFDs

Cryptocurrencies can be extremely volatile and may trade through fragmented markets. Prices may be affected by regulatory action, protocol failure, forks, cybersecurity events, exchange or custodian failure, manipulation, concentrated ownership, stablecoin disruption and loss of market confidence. Liquidity can change abruptly, Spreads can widen materially and a cryptocurrency may lose most or all of its value.

Additional disclosures

Charges, financing and currency conversion

Spreads, Trading Commissions, swaps, rollover or financing, currency conversion, payment charges, corporate-action adjustments, taxes and other Charges can reduce profit or increase loss. Financing and swap rates may change and can be applied repeatedly while a Position remains open, including at increased rates before weekends or holidays. Review the applicable Contract Specifications and fee information before trading.

Corporate actions, expiry and adjustments

Dividends, distributions, rights issues, splits, consolidations, mergers, takeovers, reorganizations, delisting, suspension, insolvency and index changes can affect a CFD. Elefin may make a cash or price adjustment, amend an Order, change contract terms, close a Position or suspend trading as permitted by the Client Agreement. The result may differ from directly owning the Underlying Asset. Products that expire or roll to another reference contract may create additional price, Spread, financing or tax effects.

No rights in the Underlying Asset

A CFD does not transfer legal or beneficial ownership of the Underlying Asset. Unless the product terms expressly state otherwise, you do not receive delivery, voting rights, shareholder rights or another ownership entitlement. Any dividend or Corporate Action adjustment is contractual and does not make you an owner of the Underlying Asset.

Laws, restricted jurisdictions and tax

A change in law, regulation, taxation, sanctions, exchange rules or official interpretation can affect product availability, pricing, leverage, Margin, payments, reporting and the ability to maintain or close a Position. Elefin may need to restrict a service, request information, close an account or take another action to comply with Applicable Law.

The Website and services are not directed to a person where their offer, distribution or use would be unlawful. You are responsible for determining whether you may lawfully use the services in every relevant jurisdiction. Trading may also create tax, duty, withholding, reporting or record-keeping obligations. Elefin does not provide tax advice and does not warrant any particular tax treatment.

Conflicts of interest

A conflict may arise where Elefin acts as principal or counterparty, holds an exposure different from yours, hedges or chooses not to hedge, provides services to another Client, or receives or pays a commission, rebate, markup or other benefit. Elefin seeks to identify and manage material conflicts under its policies, but the existence of a conflict can affect the manner in which a service is provided.

Client responsibilities

Before and while trading, you are responsible for the following:

- Read and understand this Notice, the Client Agreement, Contract Specifications and all applicable policies and notices.
- Trade only products you understand and only with money you can afford to lose.
- Assess your objectives, financial resources, experience, knowledge and tolerance for risk before trading.
- Monitor the Client Account, Orders, Positions, Margin, leverage, Charges and official communications at all relevant times.
- Maintain sufficient Margin and do not rely on a Margin Call, Stop Loss, Stop-Out or last-minute deposit to limit loss.
- Protect Access Data, use secure and updated technology, and promptly report suspected error, fraud or unauthorized activity.
- Keep identity, contact, source-of-funds and other requested information complete, accurate and current.
- Determine whether the services and each Transaction are lawful in your jurisdiction and comply with Applicable Law.