RISK DISCLOSURE

1. Introduction

AL Royal Brokers FX (hereinafter referred to as “We” or the “Company”) is licensed and regulated under the **Anjouan Offshore Finance Authority, Comoros**, with License Number **L15607/ALRB**.

This notice provides important information regarding **Contracts for Difference (CFDs)** and other financial derivative products, including the risks associated with trading these instruments. It should be read alongside the **Terms of Business**.

This document is not intended to:

- List or explain all risks and aspects involved in trading **Forex, CFDs**, or other financial derivative products.
- Replace your personal understanding or experience of these instruments.

Instead, it provides a general overview of the risks associated with these financial instruments to help you make informed investment decisions.

Risk Warning

This notice **does not disclose all risks** related to Forex, CFDs, or other financial derivatives. **Trading these instruments carries a high level of risk**, and you should enter into such transactions **only if you fully understand** the financial products and the extent of your exposure.

Key considerations before trading Forex, CFDs, or derivatives:

- These instruments may **not be suitable for all investors**.
- You should assess whether trading aligns with your **experience, objectives, financial resources, and personal circumstances**.
- If uncertain about an investment’s suitability, seek **independent professional financial advice**.

Market Risks and Loss Potential

- Investment values **fluctuate based on market conditions**, meaning you **may not always recover your initial investment**.
- **Past performance is not indicative of future results**.
- **Leveraged trading (FX and CFDs)** magnifies both gains and losses, making it a high-risk investment.
- Before engaging in leveraged trading, ensure you fully understand the **associated risks** and, if necessary, seek **independent financial advice**.

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2. Description of Contracts for Difference (CFD)

A **CFD (Contract for Difference)** is an agreement between a trader and a CFD provider to exchange the difference between an asset's **opening and closing value**.

Instead of purchasing or selling the underlying asset, you place a trade with a CFD provider. The CFD price **mirrors the underlying asset's price movements**, allowing you to profit (or incur losses) based on price fluctuations without owning the actual asset.

Profit/Loss Calculation:

- The **profit or loss** is determined by the price difference between the **opening and closing** of the CFD position.
- It is calculated as:

Price Difference × Number of Underlying Units in the CFD Trade

This means that if the price of the underlying asset moves in your favor, you **profit**. However, if the price moves against you, you will **incur a loss**.

Types of CFDs

CFDs include, but are not limited to:

- **Foreign Exchange (Forex) CFDs**
- **Futures CFDs**
- **Options CFDs**

- **Share CFDs**
- **Commodities CFDs**
- **Cryptocurrency CFDs**
- **Stock Index CFDs**

CFDs allow traders to **speculate on price movements** in financial markets without owning the underlying asset. However, **CFD trading carries significant risk**, as losses can exceed the total value of the initial margin and any additional margin funds deposited. If market movements go against the trader, positions may be closed automatically to prevent further losses.

Financing Costs and Interest Rates

- **Clients holding CFD positions** are charged an **interest rate** equivalent to the cost of borrowing funds to invest.
- If a client **purchases** a CFD, they must pay a **financing cost (SWAP)** for the period they hold the position.
- However, if a client **opens and closes a CFD position on the same day**, no financing costs apply.
- Clients holding **long positions for extended periods** may accumulate significant financing costs.
- **Sellers of CFDs do not receive interest** on their positions.
- Full details of financing fees are available on the **Company's website** and are provided during the account opening process.

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a. Example of Trading in CFDs

To open a CFD position, a trader only needs to **deposit a fraction of the full trade value**.

For example, if a trader wants to buy **150,000 units of EUR/USD** at **1.16650** with a margin requirement of **3.33%** (equivalent to **1:30 leverage**), the required margin would be:

150,000 units÷leverage (30)=EUR 5,000\text{150,000 units} \div \text{leverage (30)} = \text{EUR 5,000}150,000 units÷leverage (30)=EUR 5,000

(Base currency: EUR/USD)

The Company **monitors the leverage applied to client positions** at all times and reserves the right to **adjust leverage** based on the client's trade volume.

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b. How CFDs Differ from Underlying Securities

Unlike CFDs, owning shares of **common stock** provides direct ownership in the issuing company, granting:

- **Voting rights** in corporate decisions.
- **Dividends** and **corporate disclosures** (e.g., annual and quarterly reports).

Key Differences:

Feature	CFDs	Underlying Securities
Ownership Rights	No	Yes
Voting Rights	No	Yes
Dividend Payments	No	Yes
Corporate Disclosures	No	Yes
Margin Requirements	Yes (leveraged trading)	No

Since **CFD traders do not own the underlying asset**, they **do not receive dividends** or corporate disclosures, nor do they have **voting rights**.

3. Risks & Warnings Associated with Transactions in Forex, CFDs, or Any Other Derivative Product

- **High-Risk Nature**: Forex, CFDs, and other financial derivative products are **highly speculative** and suitable only for customers who:
  - **Understand and are willing to assume** the economic, legal, and financial risks involved.
  - **Are financially capable** of bearing losses that may exceed their initial deposit or margin.
- **Potential Loss of Investment**:

    - The value of Forex, CFDs, or any financial derivative product may **fluctuate significantly**, potentially rendering the investment **worthless**.
    - Trading high-risk financial products means clients **should not risk funds** they cannot afford to lose, such as:
        - Retirement savings
        - Emergency funds
        - Funds allocated for education, homeownership, student loans, or mortgages
- **Significant Risk of Loss**:
    - Clients must **accept and acknowledge** the high possibility of **incurring substantial financial losses** when trading Forex, CFDs, or other financial derivatives.
    - Engaging in these trades signifies that the client **understands and willingly undertakes these risks**.
- **Taxation and Regulatory Changes**:
    - Clients should be aware that trades in Forex, CFDs, or financial derivatives **may become subject to taxes or duties** due to **changes in legislation** or **personal circumstances**.
    - The Company **does not guarantee** that no tax or stamp duty will be applicable.
    - Clients **are responsible** for any taxes or other duties that may arise from their trades.
- **Leverage ("Gearing") Risks**:
    - Forex, CFDs, and other derivatives often involve **high leverage**, meaning **small price movements** in the underlying market can have **a disproportionate effect** on the client's trade.
- **Margin Requirements and Additional Deposits**:
    - Clients **may be required to deposit additional margin** at short notice to maintain their position.
    - If the client **fails to provide additional funds within the required timeframe**, the position **may be forcibly closed at a loss**.

  - The client is **fully liable** for any resulting deficit.
  - Clients will be **deemed to have received a margin call notice**, even if they are not at home or fail to check messages sent to their designated contact points.

- **Losses and Margin Calls**:
  - In the event of a loss, clients **may be required to immediately deposit additional funds** to maintain open positions.
  - The Company reserves the right to **adjust margin requirements and notional trading requirements** at any time, which may impact the funds required for trading.

- **Financing Costs**:
  - When trading Forex, CFDs, or financial derivatives, clients **will be charged an interest rate** equivalent to the **cost of borrowing funds** for the investment.

Additional Risk Considerations for Forex, CFDs, and Other Financial Derivative Products

- **Financing Costs (SWAP Fees):**
  - Clients holding long positions in **Forex, CFDs, or other derivatives** are required to **pay financing costs (SWAP fees)** for the duration of their open position.
  - No financing costs apply if a client **opens and closes** a position on the same trading day.
  - Prolonged holding periods can result in **substantial financing costs**.
  - **Sellers of CFDs do not receive interest.**
  - Full details of applicable financing fees are available on the **Company's website** and provided during the account opening process.

- **CFDs Are Not Suitable for Long-Term Investments:**
  - CFDs and other derivatives are **not appropriate for "buy and hold" strategies** due to the **ongoing costs of maintaining open positions**.
  - Holding a CFD for an extended period **increases financing costs**, which may **render the trade unprofitable**.

- **Trading Platform Risks & Counterparty Exposure:**

    - Transactions in **Forex, CFDs, and derivatives** are **not conducted** on a **recognized stock exchange or a Multilateral Trading Facility (MTF)**.
    - All transactions are executed through the **Company's Trading Platform**, where the **Company acts as the counterparty** for every client trade.
    - This means that clients are **exposed to greater risks** compared to **regulated stock exchange transactions**.
    - Clients **must close** their positions during the Company's **trading hours** and with the same counterparty (the Company) through which they were originally opened.
- **Client Fund Segregation & Protection Risks:**
    - Client funds may be **held in segregated accounts**, separate from the Company's operational funds, to comply with financial regulations.
    - The Company aims to hold client funds only in **EEA-regulated financial institutions**, which provide **equivalent regulatory oversight**.
    - **If client funds are held outside the EEA**, they may be subject to **different legal protections**, which could affect their security in cases of insolvency.
- **Risk of Third-Party Fund Custodians:**
    - If client funds are transferred to a **third-party financial institution**, they may be held in an **omnibus account**, which **does not always guarantee** complete separation from the Company's funds.
    - In the event of **insolvency or legal proceedings**, client funds held by third parties **may be treated differently**, potentially resulting in **an unsecured claim** rather than full protection.

Additional Risk Disclosures for Forex, CFDs, and Financial Derivative Products

- **Third-Party Fund Risks**:
    - Clients face risks if funds held by **regulated third parties** are **insufficient** to cover claims from multiple clients.
    - The Company **does not accept responsibility** for:
        - Funds **not deposited directly** into the Company's bank accounts.

        - Losses resulting from **delays or failures in deposits/remittances** via affiliated or third parties.

- **No Rights in Underlying Assets**:
    - Clients **do not own or have rights** to the underlying financial instruments linked to their **Forex, CFD, or derivative trades**.
- **Currency Conversion Risks**:
    - If a trade is settled in a **currency other than the client's base currency**, returns may be **affected by currency conversion fluctuations**.
- **Market Recommendations Are Not Investment Advice**:
    - The Company may provide **generic market recommendations**, but these:
        - **Do not constitute personal investment advice**.
        - **Do not consider individual financial circumstances or objectives**.
        - **Do not serve as an offer or solicitation** to buy or sell financial instruments.
    - All trading decisions are made at the **client's sole discretion**.
- **Client's Sole Responsibility for Trading Decisions**:
    - Clients **make independent decisions** regarding transactions.
    - The Company **does not act as an investment advisor** and assumes **no liability** for:
        - Losses, claims, damages, or legal expenses arising from client reliance on **generic trading recommendations**.
        - Actions taken—or not taken—based on **market information provided by the Company**.
- **No Guarantee of Profits or Loss Prevention**:
    - The Company does **not guarantee profits** or protection from **trading losses**.
    - Clients must be **aware of inherent risks** and ensure they can **financially withstand potential losses**.
- **Quoting & Pricing Errors**:

- The Company is **not liable for errors** resulting from:
  - Quoting discrepancies (e.g., delays, mispricing).
  - Typographical errors.
  - System malfunctions.
- The Company reserves the **right to correct account balance errors** caused by pricing mistakes.

- **Appropriateness & Suitability Assessment**:
  - Clients **must complete an appropriateness/suitability test** during account registration.
  - The Company **reserves the right** to warn clients if their **trading profile is deemed unsuitable** for Forex, CFDs, or derivatives.
- **Client Account Security**:
  - Clients must **keep passwords secure** and **prevent unauthorized access** to their trading accounts.
  - Clients **are fully responsible** for any trades executed using their login credentials—even if unauthorized or wrongful use occurs.

Additional Risk Considerations for Trading Financial Instruments

- **Understanding Fees & Charges**:
  - Before trading, clients must obtain details of **all applicable commissions and charges** they may incur.
  - If charges are not explicitly stated in monetary terms (e.g., **dealing spreads**), clients **must request a written explanation** from the Company, including practical examples.
  - The Company provides full cost and fee disclosures on its **website**, and clients should be **aware of these costs**, as they may impact trading profitability.
- **Client Declaration & Acknowledgment**:
  - By engaging in trading activities, the **Client acknowledges, understands, and accepts the following risks**:

1. **Past Performance Is Not Indicative of Future Results**:

- Historical performance of financial instruments does **not guarantee** future performance.
- The use of past data **does not serve as a forecast** for future price movements.

2. **Liquidity Risk**:
    - Some financial instruments may lack **immediate liquidity** due to **reduced market demand**.
    - Clients may **struggle to sell assets** or **obtain timely market value information** on illiquid instruments.
3. **Currency Exchange Rate Risks**:
    - When trading financial instruments in a **currency different from the client's base currency**, **exchange rate fluctuations** may negatively impact value and performance.
4. **Foreign Market Risks**:
    - Financial instruments traded on **foreign markets** may involve **higher risks** than those in the **client's country of residence**.
    - Exchange rate fluctuations further impact **profit/loss prospects** from foreign market transactions.
5. **Nature of Derivative Financial Instruments**:
    - Derivative products (e.g., **options, futures, forwards, swaps, CFDs**) are typically **non-delivery spot transactions** allowing clients to profit from changes in **currency rates, commodities, or indices**.
6. **Price Volatility of Derivative Instruments**:
    - The value of a derivative instrument **can be directly influenced** by the underlying **security, asset, or index** it is linked to.
    - **CFDs based on virtual currencies** are particularly susceptible to:
        - **Sudden price swings**, leading to significant short-term losses.
        - **High volatility**, which may result in **complete loss** of the investment due to the early-stage nature of virtual assets.
7. **Client's Risk Responsibility**:

    - Clients should **only trade derivative financial instruments** if they are **willing and financially able** to risk losing their entire investment.
    - Additional **commissions, charges, and expenses** may further impact profitability.

Force Majeure & Additional Risks

- In the event of a **Force Majeure**, the client **accepts the risk of financial losses** that may arise.
- The client acknowledges that **there may be other risks** not explicitly stated in this document.

3.1. Risk Disclosures for Clients Trading Cryptocurrencies

Before opening an account or trading with the Company, clients must be aware of the following **risk disclosures** specifically related to cryptocurrency CFDs:

1. High Risk of Cryptocurrency CFDs

- **Trading CFDs on virtual currency pairs carries higher risks** than trading the underlying cryptocurrencies or other CFD instruments due to their extreme volatility.

2. Sudden Price Fluctuations & Potential Total Loss

- Cryptocurrency CFDs **may experience rapid and extreme price movements**, leading to **significant losses within short periods**.
- Due to the **early-stage nature** of many virtual currencies, they **may lose their entire value**.

3. Market Gaps & Execution Risks

- Price fluctuations can be triggered by **economic events, market announcements, geopolitical events, adverse media coverage, or fake news**.
- **Gaps may occur** when markets open/close or even during normal trading hours, resulting in:
    - The **opening price of the underlying asset being significantly different from the closing price**.
    - No opportunity to close a trade **during price gaps**, leading to **substantial losses**.

4. Trading on Unregulated Digital Exchanges

- Virtual currencies are **traded on non-regulated, decentralized digital exchanges**, where pricing and market movements are based solely on internal exchange rules.
- These rules **can change at any time without prior notice**, leading to **high volatility** in prices.
- CFDs on virtual currencies may carry **higher risks than other financial instruments**, with a **substantial risk of capital loss within short timeframes** due to sudden adverse market movements.

5. Liquidity & Pricing Risks

- The **liquidity of virtual currencies** is dependent on **non-regulated digital exchanges**.
- Market data and price feeds from these exchanges **may be unreliable or inconsistent**, subject to:
  - **Internal exchange rules**, which **differ from traditional regulated markets**.
  - **Manipulation risks**, as these platforms **lack regulatory oversight**.
- Clients should be aware that **pricing models in non-regulated exchanges differ significantly** from those in traditional markets.

Risks Associated with Trading on Digital Currency Exchanges

- **Lack of Regulatory Supervision**:
  - Virtual currency exchanges **are not subject to regulatory oversight** and may change their trading rules at **their sole discretion**.
  - Exchanges may **suspend trading, restrict price feeds, or halt market activity**, making the trading of virtual currencies **unavailable**.
- **Trading Suspensions & Market Disruptions**:
  - A **temporary or permanent suspension** on a digital exchange can result in:
    - **CFD positions being priced at the last available rate**, potentially leading to losses.

        - **Inability to close or liquidate positions** or withdraw funds until trading resumes.
    - Clients must accept that when trading resumes on the same or a successor exchange, **price gapping** may occur, leading to significant profit or loss.
    - If trading does **not resume**, the **entire invested capital may be lost**.
- **Leverage & Account Monitoring**:
    - **Due to leverage and volatility**, CFD positions on virtual currencies **can change rapidly**.
    - Clients are responsible for **monitoring their account, margin level, and profit/loss** at all times and taking action to **protect their equity**.

3.2. Volatility of Price & Market Limitations

- **Rapid Price Fluctuations**:
    - Prices of **Forex, CFDs, and derivatives** can **fluctuate significantly** within short periods.
    - Neither the **Client nor the Company** has control over these price movements.
    - Clients must understand that **profitability may be impacted** by these market changes.
- **Market Conditions That May Affect Trade Execution**:
    - Certain market conditions (e.g., **illiquidity, economic announcements, political events**) may cause **rapid price movements**, making it:
        - **Impossible to execute client orders at declared prices**.
        - **Difficult for prices to maintain their usual correlation** with underlying assets.
    - Contingent orders such as **stop-loss or stop-limit orders may not always work** as intended, especially during extreme market volatility, potentially failing to limit losses.
- **Gaps & Trading Windows**:

    - **Gaps can occur** when prices jump between trading sessions or market openings/closings, affecting profitability.
- **Risk Cannot Be Eliminated by Trading Strategies**:
    - **All trading involves risk**, and **no strategy can completely eliminate it**.
    - Even using **hedging strategies like spreads** does not guarantee protection from market volatility.

Additional Trading Risks

- **Complex Strategies and Risk**:
    - Trading strategies such as **“spread” and “straddle” positions** can be as risky as taking simple long or short positions.
    - Successful trading in **Forex, CFDs, and other derivatives** requires an understanding of all **relevant markets** and **available order types**.
- **Influence of Market Conditions**:
    - Prices of **Forex, CFDs, or any other derivatives** are influenced by:
        - **Supply and demand changes**.
        - **Governmental and trade policies**.
        - **Economic events** and **market psychology**.
- **Specific Risks of Cryptocurrency CFDs**:
    - Trading CFDs on virtual currency pairs exposes clients to **higher risks** than traditional assets due to their **extreme volatility**.

3.3. Margin Call

- **Margin Requirements**:
    - Clients must deposit an initial **margin** with the Company to open a position.
    - The required margin depends on the:
        - **Instrument being traded**.
        - **Level of leverage** chosen.

        - **Position size**.

- **Margin Call Policy**:
    - The Company **will not notify clients** of a **margin call** to sustain a loss-making position.
    - The Company retains the right to:
        - **Close positions** if the **margin level** decreases to approximately **50%**.
        - **Automatically close all positions** at market prices if the margin level drops below **20%**.
    - The Company guarantees that **no negative balance** will occur in the client's account when trading financial instruments offered by the Company.

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4. Communication Risks

- **Delayed or Unreceived Communications**:
    - The Company is **not responsible for losses** arising from **delayed or unreceived communications** sent to the client.
- **Security of Communications**:
    - The Company bears **no responsibility for losses** resulting from **unencrypted information** that may have been accessed through unauthorized means.
- **Internal Messages and Platform Notifications**:
    - The Company is **not liable** for **unread or unreceived internal messages** sent through the trading platform(s).
    - Messages not read or received within **seven (7) calendar days** will be **automatically deleted**.

Client Responsibility for Communication & Security

- **Privacy Responsibility**:
    - Clients are **solely responsible** for maintaining the **confidentiality of information** received from the Company.
- **Unauthorized Access & Liability**:

    - The Company is **not liable for losses** arising from **unauthorized third-party access** to a client's trading account.

- **Recording of Telephone Conversations**:
    - The Company **may record telephone conversations** and clients agree that such recordings are **conclusive and legally binding evidence** of instructions provided.

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5. General Investment Risks

- Risks are classified into **general** and **product-specific risks**.
- Product-specific risks related to **Forex, CFDs, and derivatives** have been outlined above.
- Clients should also **consider the general risks** associated with trading **derivative products**.

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6. General Notice

- This notice **does not cover all risks** involved in **financial instrument trading**.
- It is intended to provide a **general overview** of risks to help clients make **informed investment decisions**.
- Clients must conduct their own due diligence and seek **independent financial advice** where necessary.