Risk Disclosure

Aron Brokers Ltd (Mauritius)

Effective Date: July 2024

1. OVERVIEW

Aron Brokers Ltd, hereinafter referred to as "the Company," "us," "our," or "we," holds a Full - service Dealer Investment Dealer License (excluding underwriting) under License Number GB24203202. This license is granted in accordance with Section 29 of the Securities Act 2005, Rule 4 of the Securities (Licensing) Rules 2007, and the Financial Services (Consolidated Licensing and Fees) Rules 2008.

Before establishing any relationship or engaging in trading activities with our Company, both existing and potential clients are urged to carefully read and acknowledge this notice.

This General Risk Disclosure is designed to provide an overview of the risks associated with trading in Financial Instruments. While it may not encompass every conceivable risk, it aims to outline the general risks inherent in trading Contracts for Difference (CFDs). We strongly advise clients to seek guidance from independent financial advisors if they have any uncertainties. It is crucial to fully comprehend all the risks associated with CFD trading, and if a client is uncertain, they should exercise caution and consider refraining from trading.

CFDs represent a contractual agreement between two parties to exchange the difference between the opening and closing prices of a contract. These contracts may cover a range of assets, including shares, currencies, commodities, and indices. Investors participating in CFD trading are exposed to both the benefits and risks associated with owning securities, all without possessing any rights to the underlying asset.

2. RISK ON CFD

Please be aware that Contract for Difference (CFDs) are intricate financial instruments that carry a substantial risk of rapid capital loss due to the application of leverage. In fact, data from this provider indicates that over 80% of retail investors trading CFDs with them incur financial losses. Prior to commencing CFD trading, it is of utmost importance to thoroughly evaluate whether you have a comprehensive understanding of their mechanics and whether you possess the financial capacity to withstand the elevated risk of potential investment losses.

CFDs represent a category of high-risk investments that may not be suitable for every investor. It is crucial to grasp the risks and characteristics of CFDs before engaging in trading activities. One of the principal risks associated with CFDs involves the potential for amplified losses due to the application of leverage. Leverage enables you to initiate trades with a nominal value substantially larger than your available equity. If you harbor any doubts or uncertainties regarding CFD trading, we strongly recommend seeking independent financial advice beforehand.

While the company is obligated to assess whether CFDs are suitable for you based on your knowledge, experience, and financial resources, the ultimate decision to trade CFDs rests with you.

CFDs are not conducive to long-term investors and necessitate vigilant monitoring over short time frames. Keeping a CFD position open overnight exposes you to heightened risk and additional costs. The combination
of financial market volatility and increased leverage can lead to rapid shifts in your overall investment position.

It is crucial to recognize that CFDs are not suitable for investors seeking a stable income, as the returns from such investments can fluctuate significantly. CFDs are speculative products that enable investors to capitalize on price movements, both upward (long positions) and downward (short positions), in underlying financial instruments.

It is imperative to understand that you hold no rights or obligations concerning the underlying instruments or assets associated with CFDs. Moreover, there is no physical delivery of the underlying instruments. Therefore, it is essential to invest only funds that you can afford to lose. Given their nature as leveraged products, CFD trading carries the inherent risk of losing your entire invested capital.

Price volatility represents a notable risk in CFD trading, which can be triggered by unexpected economic events or market announcements. Close monitoring of your positions is imperative, as the company may encounter challenges in executing your instructions at the requested price, exposing you to execution risk.

Prior to opening a CFD position, you will be required to deposit funds with the company as margin. This margin requirement is typically a percentage of the overall contract value, contingent on the leverage associated with the specific underlying instrument. Trading with leverage has the potential to work both in your favor and against it to an equal extent. Throughout the duration of open positions, it is incumbent upon you to ensure that the balance in your trading account exceeds the maintenance margin to keep the transaction active. Failure to do so, especially when market prices move unfavorably, may prompt the company to partially or fully close your trades, leaving you accountable for any resultant losses.

It is essential to note that CFDs are not traded on any exchange, and the company sets the prices, with obligations toward the client. Consequently, prices may deviate from those reported elsewhere and may not directly align with real-time market levels now of options sale.

3. CHARGES OVERVIEW

Prior to investing in CFDs, it is essential for the client to be aware of the associated costs, which include Spread(s), Commission(s), and Swap(s). In this context, a swap refers to the interest added or deducted for holding a position open overnight. Notably, the swap for a position opened on Wednesday and held overnight is three times that of other days. This is due to the value date of a trade held open overnight on a Wednesday, which would typically be Saturday. However, since banks are closed on Saturdays, the value date becomes Monday, resulting in the client incurring an extra two (2) days of interest. Conversely, from Friday to Monday, the swap is charged only once. For further details on Commission, Fees, and Charges, please refer to our comprehensive Terms & Conditions.

Furthermore, a spread in the context of CFD trading denotes the difference between the bid price and the ask price of a financial instrument, such as a stock, commodity, or currency. The bid price represents the highest price that a buyer is willing to pay for the instrument, while the asking price is the lowest price that a seller is willing to accept. The spread essentially signifies the cost of trading the instrument, as it is the amount that the buyer must pay above the market price and the amount that the seller receives below the
market price. The size o. the spread may vary depending on several factors, including the liquidity of the instrument, the trading volume, and the prevailing market conditions.

4. LEVERAGE WARNING

Trading in financial markets carries a substantial level of risk, and there is a potential for the complete loss of your invested capital. It is important to understand that when engaging in margin trading or utilizing leverage, your losses can surpass your initial investment, and you may be required to deposit additional funds to maintain your position. Leverage has the capacity to magnify both profits and losses, and as such, it may not be suitable for all investors.

Leverage, or margin trading, involves borrowing funds for trading, which can significantly amplify potential gains and losses. Swift and substantial losses that exceed your original investment are conceivable, and it is crucial to carefully evaluate your investment objectives, risk tolerance, and financial situation before venturing into leveraged products or margin trading.

Leverage is typically represented as a ratio (e.g., 10:1 or 100:1), indicating how much of the underlying asset you can control with each dollar you deposit. While leverage can enhance the potential for profits, it also heightens the potential for losses. Even a minor market fluctuation can lead to significant gains or losses when leverage is employed. Leverage allows you to initiate trades with a larger nominal value than the funds at your disposal, utilizing a smaller margin to commence the trade. However, lower margin requirements are also associated with a heightened potential for losses should the market move unfavorably. Nonetheless, we provide negative balance protection to ensure that clients cannot lose more than their initial investment.

In addition to leverage-related risks, it is crucial to consider the risks associated with the underlying asset or security being traded. These may include market risks, credit risks, and liquidity risks, which can vary depending on the specific asset or security under consideration.

Our trading platform offers access to leveraged products and margin trading, and we furnish educational resources and tools to augment your comprehension of the associated risks. However, it is imperative to acknowledge that trading in financial markets inherently entails risks, and you should only invest funds that you can afford to lose.

By utilizing our trading platform, you acknowledge that you have read and comprehend this risk statement, and you willingly assume the risks linked to trading in financial markets. Should you have any inquiries or concerns about the risks associated with our products or services, please do not hesitate to contact us using the provided contact information in this policy.

5. IT RISK DISCLOSURE

Our company heavily relies on cutting-edge technology to facilitate access to financial markets and execute trades efficiently. However, we are acutely aware of the inherent technical risks that come with utilizing any online system. These risks encompass a spectrum of possibilities, including system failures that could lead to delays or failed trade executions, technical glitches potentially causing pricing inaccuracies and other errors, cyber-attacks or security breaches, and interruptions in our trading activities, among others.

To proactively address these technical risks, we have instituted a comprehensive array of measures. These initiatives encompass substantial investments in robust and redundant technology systems, the implementation of stringent cybersecurity protocols, regular testing and vigilant monitoring of our technology infrastructure, and the development of contingency plans geared towards ensuring business continuity and disaster recovery. We are committed to keeping our software and hardware up -to-date and ensuring our staff is well-trained in using our technology systems while adhering to cybersecurity best practices. Additionally, we collaborate with reputable technology vendors and service providers to enhance the security and reliability of our operations.

While we take these technical risks with the utmost seriousness and have established measures to mitigate them, it is important to recognize that complete elimination of these risks is unattainable. By choosing to use our platform, you acknowledge and consent to the presence of these inherent technical risks, understanding that we cannot guarantee uninterrupted or entirely error-free operation of our platform and services.

Should you have any inquiries or concerns regarding the technical risks associated with our platform or services, we invite you to reach out to us using the contact information provided in this policy. Your satisfaction and safety remain our foremost priorities, and we remain steadfast in our commitment to providing you with exceptional trading experience while effectively managing potential technical risks.

6. COMMUNICATION RISK

Communication with our company, whether through emails or telephone conversations, may be susceptible to interception, loss, or delays. Despite our best efforts to implement reasonable safeguards, we cannot provide an absolute guarantee of the security or confidentiality of such communications. Consequently, our firm will not assume liability for any damages resulting from the interception, loss, or delay of communications.

It is important to be aware that any electronic communication sent to our firm, including emails and their attachments, may be subject to monitoring and retention for regulatory compliance purposes. In the interest of your own security, we kindly request that you avoid sharing sensitive personal or financial information in any correspondence with us. If you suspect any unauthorized access to your communications with our firm, please notify us promptly.

We prioritize your privacy and security and are committed to fostering a secure communication environment. Should you have any questions or concerns regarding the risks associated with communicating with our firm, please do not hesitate to contact us using the information provided in this disclosure. We are readily available to address your inquiries and offer the necessary support.

7. LIQUIDITY RISK

Liquidity risk is a significant concern for our company, as it refers to the potential inability to meet our financial commitments to clients or counterparties due to a lack of available funds or easily convertible assets.
We are aware that liquidity risk can emerge from various factors, including sudden shifts in demand for specific currencies or financial instruments, a reduced number of market participants willing to provide liquidity, or unexpected market events causing price fluctuations and increased volatility.

To address liquidity risk, we adopt several key measures, including:

- Maintaining Adequate Liquidity Buffers: We ensure that we have sufficient funds set aside as liquidity buffers to meet our financial obligations promptly. These reserves serve as a safeguard against unforeseen liquidity demands.
- Diversifying Client and Counterparty Base: We strategically diversify our client and counterparty base to minimize concentration risk. By doing so, we reduce the impact of potential defaults from any single entity.
- Monitoring and Regular Review: Our risk management policies are continually monitored and reviewed to ensure their effectiveness. This proactive approach enables us to adapt swiftly to changing market conditions.
- Establishing Credit Lines: We establish credit lines with reputable financial institutions, allowing us to access additional funding when needed. These credit facilities act as an added layer of security.

By implementing these measures, we aim to mitigate liquidity risk and uphold our commitment to fulfilling our financial obligations to clients and counterparties with utmost reliability and stability. We are dedicated to safeguarding the interests of our clients and maintaining the trust they place in us.

8. TRADING PLATFORM / TERMINAL RISK

Trading in financial markets using our trading platform/terminal introduces you to a range of inherent risks that require your careful consideration. These risks encompass market volatility, execution uncertainties, technical vulnerabilities, and more. By choosing to utilize our trading platform/terminal, you acknowledge and embrace these risks, recognizing that we cannot guarantee uninterrupted or entirely error-free service.

Understanding that financial market trading inherently carries risks, it is imperative that you conduct a thorough evaluation of your investment objectives, risk tolerance, and financial situation before engaging in trading activities. Equally crucial is acquiring a sound comprehension of the specific markets you intend to trade in and becoming familiar with the functionality and operation of our trading platform/terminal.

We strongly advocate for a cautious approach and recommend seeking professional guidance when necessary, before making any trading decisions. Our dedicated team is here to offer support and address any questions or concerns you may have regarding the risks associated with trading on our platform/terminal. Please feel free to reach out to us using the contact information provided in this disclosure.

Your safety and prosperity as a trader are paramount to us, and our commitment is unwavering when it comes to equipping you with the essential information and assistance to navigate the challenges inherent in trading financial markets via our platform/terminal.

9. COMMISION & TAX RISK

Before you begin trading, it is essential to have a comprehensive understanding of all the commissions and charges associated with your trades. Some fees may be presented as a percentage of the contract value, rather than a specific monetary value, so it is crucial to grasp the actual cost in monetary terms.

Additionally, be aware that your trades, including those involving derivatives and other financial instruments, may be subject to taxes or duties due to changes in legislation or your individual circumstances. While our Company cannot guarantee that no taxes or duties will be owed, we want to emphasize that it is your responsibility to fulfill any tax or duty obligations that may arise from your trades.

Furthermore, it is your responsibility to manage your own tax and legal obligations, which may include making regulatory filings and payments, as well as adhering to relevant laws and regulations. Please be advised that our company does not provide tax, legal, or regulatory advice. For your peace of mind, we strongly recommend that you seek independent advice from qualified professionals if you have any doubts or concerns about the tax treatment or liabilities associated with any investment products offered by us.

At our Company, we prioritize transparency and believe that informed traders are more equipped to make sound decisions. Therefore, we encourage you to familiarize yourself with all the costs, taxes, and legal responsibilities related to your trading activities. If you have any questions or uncertainties, do not hesitate to seek advice from professionals who can guide you based on your specific circumstances.