



+254 793 333 333



[www.empirefx.com](http://www.empirefx.com)



5th Floor,  
Empress Office Suites,  
Nairobi, Kenya.

# Risk Acknowledgement and Disclosure Statement v.01

*Empire FX Trade Limited, trading as Empire FX, is a Limited Liability Company incorporated in Kenya, incorporation number PVT27U5EA9J, authorized and regulated by the Capital Markets Authority as a Dealing Foreign Exchange Broker, license number 203.*

## Table of Contents

<b>A.</b>	<b>INTRODUCTION</b> .....	3
<b>B.</b>	<b>RISK WARNING</b> .....	3
1.	<b>Leverage</b> .....	4
2.	<b>Technical Risk</b> .....	5
3.	<b>Price Volatility</b> .....	6
4.	<b>Liquidity</b> .....	7
5.	<b>Trading Platform Risks</b> .....	7
6.	<b>Market Risk</b> .....	8
7.	<b>Third Party Risk</b> .....	9
8.	<b>Contingent Liability</b> .....	9
9.	<b>Corporate Actions</b> .....	9
10.	<b>Communication</b> .....	10
11.	<b>Off-exchange Transactions</b> .....	10
12.	<b>Force Majeure Event</b> .....	11

## A. INTRODUCTION

Empire FX Trade Limited is authorized and regulated by the Capital Markets Authority (“CMA”) under License Number 203. The Company is a private limited company, registered in Kenya, with Company Number PVT-27U5EA9J. The Company’s registered office address is 5th Floor, Empress Office Suites, along Jalaram Road, Westlands, and of P.O Box 2883-00606 Nairobi Kenya.

This notice is provided to you as a source of information on the potential financial risks inherent to trading in leveraged products and should be read carefully in conjunction with the other operative agreements available on our website before deciding to undertake any such transactions with the company.

Trading on margin may cause a high level of risk to your capital and may result in a substantial or complete loss of funds. Trading on margin should therefore only be undertaken with risk capital which are funds that are not necessary to the survival or wellbeing of the user. The company strongly recommends that a client, who is considering trading foreign exchange products, read through all the operative agreements available on the website so that they obtain a clear and accurate understanding of the risks inherent in trading.

## B. RISK WARNING

Prospective Clients should study the following risk warnings very carefully.

Please note that this is a high-level analysis of the risks and other significant aspects involved when dealing in derivative Financial Instruments (Including Contracts for Differences the “CFD” s). We outline the general nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis. The Company offers an execution service only for the execution of the Clients’ orders for financial instruments.

Our products are complex financial products and not suitable for all investors. They are leveraged products that mature when an existing open position is closed. By investing in these products, one assumes a high level of risk, and it can result in the loss of all invested capital.

Unless you know and fully understand the risks involved in Financial Instruments, you should not engage in any trading activity. You should not risk more than you are prepared to lose. Prior to applying for a trading account with the Company or making an order, you should carefully consider which Financial Instrument is suitable for you, taking into account your circumstances and financial resources. If you are unclear or do not understand the risks involved in trading in Financial Instruments, you should consult an independent financial advisor. If after seeing the advisor, you still don't understand these risks, then you should refrain from trading. Clients will be held liable for losses and damages, which could result in the loss of all of the Clients invested capital, once they make the decision to trade.

The following are the risks associated with trading in these products.

## 1. Leverage

- 1.1. Under Margin Trading conditions even small market movements may have a great impact on your Trading Account. It is important to note that all accounts trade under the effect of Leverage. You must also consider that if the market moves against you, you may sustain a total loss of all of the funds deposited. You are responsible for all the risks, financial resources used and for the chosen trading strategy.
- 1.2. It is highly recommended that the Client maintains a Margin Level (percentage Equity to Necessary Margin ratio which is calculated as  $\text{Equity} / \text{Necessary Margin} * 100\%$ ) of not lower than 1,000%. It is also recommended that a Stop Loss is placed to limit potential losses, and Take Profit to collect profits, when it is not possible for you to manage your Open Positions. The client may be required to deposit additional funds into his/her account in order to support any open trades. A failure to comply with this request on depositing additional funds may result in the client's open trades being stopped out at a loss and any pending order being cancelled without any prior notice.

## 2. Technical Risk

- 2.1. The Company places significant importance on the execution of the Clients' orders and at all times, strives to offer the highest speed of execution possible, within the limitations of technology and communications links. The Client shall be responsible for the risks of financial losses caused by the failure of information, communication, electronic or any other systems. The Client is responsible for the security of his Access Data. The client must keep passwords and ensure that third parties will not have access to the trading system. If the Client undertakes transactions on an electronic system (Trading Platform), he/she will be exposed to risks associated with the system, including the failure of hardware and software (Internet / Servers). For example, there may be a delay on the Company's platform when receiving an order, and this may affect the price of execution. Consequently, the result of any system failure may be that the order is either- not executed according to the Client's instructions - or it is not executed at all. The Company does not accept any liability in the case of such a technical failure.
- 2.2. While trading through the Client Terminal the Client shall be responsible for the risks of financial losses caused by:
- Client's or Company's hardware or software failure, malfunction or misuse.
  - Poor Internet connection on the side of the Client. This includes interruptions, transmission blackouts, public electricity network failures, overload of connection or hacker attacks.
  - The wrong settings in the Client Terminal. ○ Delayed Client Terminal version updates.
  - The Client disregarding the applicable rules described in the Client Terminal user guide and in the Company's Website.

### 3. Price Volatility

- 3.1. Some Instruments trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of loss as well as profit. The price of Derivative financial instruments is derived from the price of the underlying asset (for example currency, stock, metals, indices, etc.). Derivative financial instruments and related markets can be highly volatile. The prices of instruments and the underlying asset may fluctuate rapidly, over wide ranges, and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it may be impossible for a client's order to be executed at a declared price, leading to losses. The prices of financial instruments and their underlying assets can be affected by a range of factors, such as shifts in supply and demand dynamics, governmental policies related to agriculture and trade, national and international political and economic events, and the prevailing psychological traits within the relevant marketplace.
- 3.2. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of Instruments may fluctuate downwards or upwards and it is even a possibility that the investment may diminish to no value. This is owed to the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value. A relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement can quickly result in the loss of the Clients' entire deposit.
- 3.3. Slippage which usually happens during periods of high volatility - This is when a trader has executed an order at a price which is different to the price, they expected the trade to be executed at. There are two kinds of slippage, positive and negative. Positive slippage occurs when the price is executed at a better level than the one requested; a negative slippage is exactly the opposite situation, therefore the Client should consider the possible risks and/or

hazardous situation that they might be placed in. Slippage can occur in all account and order types offered, and under all execution methods.

- 3.4. Please be informed that in case a slippage is experienced in the market, the orders will be executed at the next available price, in cases of market execution. Instant Execution requotes, (i.e. if the requested price is not available, the current available price will be sent to the Client to confirm execution, and the Client must explicitly agree to accept the requoted price, prior to execution) occur when entering or exiting the market.

In general, the volatility in the market may affect the price, speed and volume. Therefore, trading during volatile conditions, where important news and data releases are made, is incredibly risky and since the best execution criteria might not apply, as indicated in our website, the execution pricing will always be provided at the first available price.

#### **4. Liquidity**

- 4.1. Some of the underlying assets may not become immediately liquid as a result of reduced demand for the underlying asset and Client may not be able to obtain the information on the value of these, or the extent of the associated risks.

#### **5. Trading Platform Risks**

- 5.1. The Client acknowledges that only one Request or Instruction is allowed to be in the queue at one time. Once the Client has sent a Request or an Instruction, any further Requests or Instructions sent by the Client are ignored and the "Order is locked" message will be displayed until the first Request or Instruction is executed.
- 5.2. The Client acknowledges that when the Client closes the order placing/modifying/deleting window or the position opening/closing window, the Instruction or Request which has been sent to the Server, shall not be cancelled.
- 5.3. The Client acknowledges that if the Pending Order has already been executed but the Client sends the Instruction to modify its level and the levels of If-Done Orders at the same time, the only Instruction, which will be executed, is the Instruction to modify the Stop Loss and/or Take Profit levels on the position opened when the Pending Order is triggered.

- 5.4. The Client acknowledges that the only reliable and authoritative source of Quotes Flow information is that of the real/live Server's Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information, because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes may simply not reach the Client Terminal.

## **6. Market Risk**

- 6.1. Market Risk is the risk of losses when the value of investments may decline over a given time period, as a result of economic changes or events that impact a large portion of the market.
- 6.2. Market Risk can be divided in the following categories:
- **Position Risk:** It refers to the probability of loss associated with a particular trading (long or short) position due to price changes.
  - **Interest Rate Risk:** The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
  - **Commodities Risk:** It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.
  - **Foreign Exchange Risk:** It is a financial risk that exists when a financial transaction is denominated in a currency other than the base currency of the Company. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a particular currency pair as well as through the utilization of sensitivity analysis.

## 7. Third Party Risk

- 7.1. The Company may pass money received from the client to a bank licensed under the Banking Act of Kenya to hold or control in order to effect a Transaction. The client acknowledges and accepts that the Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.
- 7.2. You acknowledge that you are solely responsible for any third-party applications you install, whether directly or indirectly, on an Electronic Trading Service. This also applies to any software provided on the Platform when downloaded. It is your responsibility to perform due diligence on the software and decide whether you are willing to accept the risks associated with installing and using it on your trading account.

## 8. Contingent Liability

- 8.1. Margined contingent liability investment transactions require you to make multiple payments towards the purchase price, instead of paying the full amount upfront. The Margin requirement will depend on the underlying asset of the instrument. Margin requirements can be fixed or calculated from the current price of the underlying instrument; it can be found on our website. When trading CFDs, a client may lose all the funds they have deposited as margin to open and maintain a position. If the market moves against them, they might be required to provide substantial additional funds at short notice to keep their position open. If the client fails to deposit these funds in time, their position could be liquidated at a loss, and they would be responsible for any resulting deficit. It is important to note that the company is not obligated to notify the client of any margin calls to maintain a loss-making position. Moreover, even if a transaction is not margined, it may still require additional payments under certain circumstances, beyond the initial amount paid when the client entered the contract.

## 9. Corporate Actions

- 9.1. The Company employs adequate arrangements in order to ensure the protection of clients' assets and ownership rights in the event of the Company's insolvency. However, the

Company's insolvency or default, may lead to positions being liquidated or closed out without the Clients consent. In certain circumstances, the options we make available to you might be more restricted and less advantageous to you.

- 9.2. If a corporate action like rights issues, takeovers, or mergers affects your contract, we will assess and make adjustments as needed to preserve the economic equivalence of your rights and obligations compared to before the corporate action.

## **10. Communication**

- 10.1. The Client acknowledges that the unencrypted information transmitted by email is not protected from any unauthorized access.
- 10.2. The Client is fully responsible for the risks in respect of undelivered trading platform internal mail messages sent to the Client by the Company, as they are automatically deleted within 7 (seven) calendar days.
- 10.3. The Client is wholly responsible for the privacy and security of the information received from the Company and accepts the risk caused by the unauthorized access of a third party to the Client's Trading Account.

## **11. Off-exchange Transactions**

- 11.1. The Client acknowledges that the transactions entered in CFDs with the Company are not undertaken on a recognized exchange, rather, they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions. In dealing with us off exchange you deal directly with us and we are the counterparty to all of your transactions. Although certain off-exchange markets can be highly liquid, trading in off exchange or non-transferable derivatives carries higher risks compared to on-exchange derivatives. This is primarily because there is no centralized exchange market available to facilitate the closure of open positions. Liquidating an existing position may prove impossible, and accurately assessing the value or risk exposure associated with off-exchange transactions can be challenging.

## **12. Force Majeure Event**

12.1. The client acknowledges that the company is not responsible for any financial losses incurred by the client arising from a Force Majeure Event. Force majeure events are events that take place independent of the will and actions of either of the parties, and cannot be foreseen, prevented or eliminated.