Risk Disclosure and Warning Notice

Contracts for Difference ("CFDs") are complex financial instruments that involve a high level of risk and are not suitable for all investors. CFDs do not offer capital protection or guaranteed returns, and the impact of leverage can significantly magnify both gains and losses. Before opening a trading account with OnsaFx, you should ensure that you:

- Fully understand the nature of CFDs and how they work;
- Are aware of the risks associated with leveraged trading;
- Only trade with funds you can afford to lose;
- Have the knowledge and experience to assess whether CFD trading aligns with your investment goals and risk tolerance.

CFD trading carries the risk of losing more than your initial investment, and you should seek independent financial advice if you are unsure whether these products are appropriate for you.

Scope of the Risk Disclosure

This **Risk Disclosure and Warning Notice** (“Risk Disclosure document”) is intended to provide a **fair, balanced, and non-misleading overview** of the general risks associated with trading **Contracts for Difference (CFDs).**

Clients should **not engage in CFD trading unless they fully understand the associated risks**. While this document outlines key risk factors, it **does not cover every possible risk or trading scenario**, nor does it consider how such risks may uniquely apply to your personal financial situation.

Before initiating any trading activity with **OnsaFx**, clients are strongly encouraged to:

- Ensure they make decisions on an **informed and well-considered basis**;
- **Seek independent professional financial advice** where appropriate.

Important Note:
This Risk Disclosure is provided strictly for **informational purposes.** It **does not constitute investment advice, marketing communication, or a solicitation** to engage in trading.

The Risk Disclosure document should be read in conjunction with the **OnsaFx Client Agreement** and the **General Business Terms**, both of which are available on our official website.

Main risks associated with transactions in CFDs

Use of leverage

CFD trading involves the use of **leverage**, which allows clients to gain exposure to an underlying asset by investing only a **fraction of its total value**—known as the **margin requirement**.

While leverage can **amplify potential gains**, it equally **magnifies potential losses.** Even **minor market fluctuations** can have a **significant impact** on the value of your position. If the market moves against your trade, you could experience **substantial losses**, which may quickly exceed your initial margin.

However, for **retail clients**, **OnsaFx provides Negative Balance Protection**, ensuring that **you cannot lose more than the funds available in your trading account(s)**.

Leverage should be used cautiously, and only after you fully understand how it impacts your trading strategy and risk exposure.

Before investing in margin trading instruments, clients shall ensure that they only invest funds that they can afford to lose.

Credit and Insolvency Risk

When trading **Contracts for Difference (CFDs)** with **OnsaFx**, clients are engaging in **Over-the-Counter ("OTC") transactions.** This means that any position you open with OnsaFx **cannot be transferred to or closed with another financial institution**.

Unlike transactions on **regulated exchanges**, OTC transactions **do not involve a central counterparty**, which introduces **additional risk**, including:

- **Counterparty credit risk** – the possibility that either party (including OnsaFx) may fail to meet their contractual obligations;
- **Liquidity limitations** – OTC positions may be harder to unwind quickly during abnormal market conditions;
- **Lack of price transparency** – since OTC prices are derived from the Company's liquidity sources rather than a public exchange.

In the unlikely event of **OnsaFx's insolvency or default**, open positions may be **liquidated or forcibly closed without your prior consent**, potentially resulting in a financial loss

Market Risk

CFDs are highly sensitive to **market events** and external factors, which can significantly impact the **price or availability** of the underlying asset. These events may include, but are not limited to:

- **Governmental, commercial, or trade policies and programs**
- **Socioeconomic and political developments** (national or international)
- **Natural disasters or extreme weather conditions**
- **Geopolitical tensions or conflicts**

Depending on the specific **underlying asset** of the CFD, clients may be exposed to various **types of market risk**, including:

- **Interest rate risk**
- **Commodity price risk**
- **Equity market risk**
- **Foreign exchange (currency) risk**
- **Volatility risk** and other asset-specific risks

Volatility Risk

Volatility risk refers to the impact of **sudden and significant price fluctuations** in the financial markets. When trading CFDs, high volatility can:

- **Increase the magnitude of price movements**, resulting in larger potential gains or losses;
- **Trigger rapid changes** in market sentiment, liquidity, and price execution;
- **Create gaps in pricing**, especially during major news releases or economic events.

Clients should be aware that during **abnormal or highly volatile market conditions**, the **processing time for orders and instructions may be delayed**, which could affect trade execution and pricing.

Foreign Exchange/Currency Risk

When trading CFDs, clients may engage in transactions that are **denominated in a currency different** from the **base currency of their trading account.** This introduces **foreign exchange (FX) risk**, as fluctuations in exchange rates can:

- **Increase or reduce the value of profits or losses** once converted to the base currency;
- Affect account balances and margin requirements if currency values shift significantly;
- Lead to discrepancies when **making deposits or withdrawals in a different currency** than the account's base denomination.

Liquidity Risk

Liquidity risk arises when an underlying asset of a CFD is **not easily tradable** or experiences **low market activity** during certain periods. This lack of immediate market liquidity can lead to:

- **Difficulties in opening or closing positions** at desired prices;
- **Wider bid-ask spreads**, making transactions more costly;
- **Higher slippage**, especially during volatile or off-peak trading hours;
- **Partial fills or order rejections**, particularly with large volume trades.

Clients should understand that illiquid market conditions may result in **unanticipated losses** or **delays in trade execution**, which can significantly impact trading performance.

Technical Risk

Technical risk is an inherent part of **online trading** and refers to the potential disruptions that may affect trading activity due to **technology-related failures.** These risks may arise from:

- **Hardware or software malfunctions**
- **Internet connectivity issues**
- **Power outages**
- **Server overloads or system crashes**
- **Cyberattacks or unauthorized access**
- **Platform bugs or delayed updates**

Such issues may negatively impact **order execution**, prevent timely access to trading platforms, or cause errors in displayed prices and account balances.

To reduce exposure to technical risk, clients are strongly advised to:

- Use **stable and secure internet connections**
- Maintain **up-to-date antivirus and firewall software**
- Employ **strong, unique passwords** and **never share login credentials**
- Monitor platform updates and **apply them promptly**
- Establish a **backup or contingency plan** in case of technical failure (e.g., alternative devices or support contacts)

Trading Platforms

At **OnsaFx**, all client orders are **processed and executed sequentially** by our trading server. This means:

- A **second order cannot be submitted** until the previous order has been executed;
- If a second order is received **before the first is processed**, it will be **automatically rejected**;
- Clients are **solely responsible** for any unintended trades that may occur if they **resubmit orders prematurely**, without waiting for confirmation of the initial order's outcome.

Additionally:

- **Closing the order or position window** does **not cancel** a submitted order;
- Clients must wait for **explicit confirmation** from the platform before taking further action.

Clients also acknowledge that:

- Only the **price quotes received directly from our server** are considered valid;
- In the event of **connection issues** between the client terminal and our server, the client terminal's **local quote database** can be used to retrieve undelivered quote data

Communication

There is a risk that the client may miss important communications if their communication channels are not up-to-date or functioning properly. It is crucial for the client to ensure that their contact information is current and reliable to avoid any potential communication gaps and associated consequences.

Abnormal Market Conditions - Suspensions of Trading

Under certain **market conditions**, it may become **difficult or even impossible to execute or liquidate** a position. Such situations may result in **execution delays** or **extended processing times** for client orders. These risks are particularly elevated during:

- **Periods of rapid price movement** or high market volatility;
- Events where prices move so sharply in a single session that trading may be **halted, suspended, or restricted** by the relevant venue.

While placing a **stop loss order** is a widely used risk management tool, clients must understand that:

- A stop loss order **does not guarantee** execution at the specified price;
- In fast-moving markets, the execution price may be **significantly worse** than the stop loss level (commonly referred to as **slippage**);
- As a result, **actual losses may exceed** the amount the client initially intended to limit.

Force Majeure Events

The Company is not responsible for financial losses arising from force majeure events. These events are extreme and unavoidable circumstances that are independent of the will and actions of the agreement participants, and that cannot be foreseen, prevented, or eliminated, including but not limited to natural disasters, fires, man-made accidents and disasters, emergencies at utility works and on utility lines, DDOS attacks, riots, military actions, terrorist attacks, uprisings, civil unrest, strikes, and the regulatory acts of state and local government authorities.

Slippage

Slippage occurs when a trade is executed at a **price different from the one requested** by the client. It reflects the **difference between the expected execution price and the actual execution price** and can happen at any time, but is especially common during **periods of high market volatility**, such as:

- Major economic news releases
- Low liquidity trading sessions
- Sudden market events

Slippage is a **neutral phenomenon** and does **not inherently indicate a positive or negative outcome.** It can be categorized as:

- **Positive Slippage** – when the trade is executed at a better price than requested
- **Negative Slippage** – when the trade is executed at a worse price than requested
- **No Slippage** – when the trade is executed at the exact requested price

Clients placing **market orders** should be aware that such orders may be executed at **less favorable or more favorable prices** than anticipated, depending on current market conditions.

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Risks associated with the laws of individual governments

Clients assume responsibility for trading and non-trading operations performed within countries where they are restricted or prohibited by law.

Third-Party Risk

OnsaFx may, in accordance with applicable regulations, **deposit client funds with third-party financial institutions**, such as banks or payment service providers.

While the Company exercises **due skill, care, and diligence** in selecting and regularly monitoring these third parties, clients should understand that:

- These funds may be exposed to the **operational and financial risks** of the third-party institution;
- In the event of the **insolvency, bankruptcy, or failure** of the third party, there may be **delays or losses** in the return of client funds;
- The Company **does not accept liability** for any loss suffered by the client resulting from such events, provided OnsaFx has complied with its obligations in good faith and in accordance with applicable laws.

Clients are advised to consider this risk when deciding to engage in trading activities and depositing funds with OnsaFx.

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Additional Disclosures

Margin Requirements

Clients are required to **maintain the minimum margin requirement** for all **open positions** at all times. It is the client's sole responsibility to:

- **Monitor account balances** and **margin levels** regularly;
- Ensure that **sufficient funds** are maintained in the account to support current trading strategies and margin obligations;
- Understand that **trading on margin** increases both potential gains and risks.

Failure to meet minimum margin requirements may result in **automatic liquidation** of some or all open positions **without prior notice**, potentially leading to realized losses.

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Rights to Underlying Assets

CFDs do not provide any rights to the underlying instruments.

Taxation

The clients should seek independent tax advice, if necessary, to establish whether they are subject to any tax, including stamp duty.

Impersonation Risk

Clients should be aware of the **potential risk of fraudulent impersonation** of the Company's officers or representatives. To safeguard personal and account information:

- Do **not share login credentials or sensitive data** with anyone claiming to represent OnsaFx unless you have **verified their identity.**
- Always ensure that communication is made through **official contact channels and company domains.**
- If in doubt, contact **OnsaFx Customer Support** directly at **support@onsafx.com.**

Before deciding to engage in CFD trading, clients are strongly encouraged to:

- Carefully evaluate their **financial situation, investment objectives, and risk appetite**;
- Seek **independent financial, legal, tax, or other professional advice** to understand the full scope of potential risks;
- Consult with qualified advisers about any aspect of trading that may involve **regulatory, tax, or financial implications.**