Risk Disclosure Notice

1. Introduction

Before we offer our services to you, please read the following Risk Disclosure Notice carefully. This document sets out the key risks to which you may be exposed when depositing money with us and proceeding to execute trades.

You should carefully consider your level of knowledge and experience before deciding to participate in the Forex and derivatives market. You should have sufficient relevant knowledge and experience of trading in these products. This is to ensure that you understand the risks involved and that trading in such products is appropriate for you.

You should also consider your investment objectives and risk appetite, and whether you can afford to take the high risk of losing money. Trading Forex and derivatives carries a high level of risk to your capital.

Do not invest money you cannot afford to lose. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

Forex and derivative products are complex financial instruments. This means that they are high-risk investments and require a greater level of knowledge and experience of the underlying risks involved.

There is considerable exposure to risk in any off-exchange transaction, including, but not limited to, leverage, creditworthiness, limited regulatory protection and market volatility that may substantially affect the price, or liquidity of the markets that you are trading.

Trading Forex and Derivatives may not be suitable for all investors and it should not be considered a complete investment programme.

Agreeing to execute and accept the terms of the Client Agreement creates a binding contractual relationship between you and the Firm. Breach by you of the Client Agreement may have legal consequences, including, without limitation, that you may become the subject of legal action for breach of contract.

2. Latency Trading is not permitted

Latency trading is not permitted with our Firm and any such trades, either manual or automated, if discovered by us, will be cancelled.

3. Risk of Loss and Margin Calls

Margin Trading carries significant risk to your capital and can result in the loss of some or all of the funds deposited. As such, it is not suited to all investors. In certain circumstances, you may lose more than the original amount invested (such excess loss, the “Shortfall”) and you will be liable to repay the Shortfall immediately to the Firm.

Before you decide to carry out any margin trading, please ensure that you fully understand the risks involved, and seek independent advice if necessary.

3.1. Margin calls & Margin Cuts

If you maintain trade positions in your trading account which come to exceed your Margin Limit because of adverse movements in your trading positions, you will be required to deposit additional funds immediately into your Account. You are responsible for ensuring that you always deposit enough margin for any losses that you may incur when your positions are closed. If you do not take any action to maintain your margin, as soon as your account reaches 100% Exposure (as calculated by the Electronic Trading System), some or all of the positions will be closed, at our discretion, in order to bring your trade exposure within the Margin Limit.

4. Suitability Considerations

Prior to offering you a Trading Account, we carry out a suitability assessment and provide a recommendation whether trading with us is suitable and appropriate for your particular circumstances. We determine this by asking you questions regarding your trading history, financial knowledge and experience, and financial resources. Despite this process and the ensuing recommendation, you may still lose money by trading with us and you should not regard this suitability assessment as a substitute for a disciplined and considered approach to your trading and personal responsibility for your education and appropriate risk-management.

5. Effect of Leverage

“Leverage” or “leverage trading” means you can place trades that are greater than the amount of money that you have deposited as margin. With leverage trading, you can make significant gains if the price moves in your favour. However, even a small movement in price against you can lead to substantial losses.

Forex and derivative products are leveraged products and the effect of leverage is that a small price movement can cause both gains and losses to be magnified. Trading derivatives and Forex may not be suitable for all investors. Please seek independent professional financial advice if you do not understand the risks involved in trading Forex and derivative products.

6. Market Risks and Volatility

Market risk or "systematic risk” is the risk of losses in positions arising from adverse movements in market prices.

Movements in the price of underlying markets can be volatile, particularly around market events such as economic and political news announcements. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any Stops should be placed. It should be noted that volatility can be unexpected and unpredictable.

It is prudent to set stop losses when placing trades to limit their potential losses, although you must be aware that stop losses are not a guaranteed risk-management tool and will not work in certain situations, including, but not limited to, the following:

6.1. Gapping

Gapping is a sudden shift in the price of an underlying market from one level to another caused by market volatility. Gapping can occur at any time, whether the market is open or closed. If this happens when the underlying market is closed, the price of the underlying market when it reopens (and therefore our derived price) can be substantially different from the closing price, with no opportunity to sell your instruments before the market opens. This means that stop loss orders may be executed at unfavourable prices, either higher or lower than you may have anticipated, depending on the directions of your trades. In this instance, the stop loss will only be honoured on the first available closest quoted price in the market.

6.2. Insufficient liquidity

Market conditions can change significantly in a very short period of time. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. If your stop loss cannot be filled at the requested level, it will be honoured on the first available quoted price in the market.

7. Execution and Liquidity Risks

Your market order may be rejected. The reasons for this happening, can include, but are not limited to, system latency (the speed of trade execution), volatile market conditions/ insufficient liquidity; incorrect order placing by you; slippage beyond your prescribed limits or other forces outside of our control (see Force Majeure).

Limit orders may be affected by liquidity conditions relative to the size of your order and those other orders placed at a given price which may result of them not being filled.

Stop orders may be gapped and filled at the first available market price, thereby reducing their effectiveness from time to time.

8. Credit and Systemic Risks

In order to execute transactions on your behalf, we transact with third party banking institutions to hold client money and also deposit client margin with our liquidity provider, which itself is a regulated banking institution. The insolvency of any of these third-party entities may cause the insolvency of our Firm and may delay the return of client moneys to you. Note however that we attach the greatest importance to client money protection and have taken every step to protect client funds. In general, certain eligible claimants may be entitled to some compensation from the Financial Services Compensation Scheme in the event of a client money shortfall due to our Firm's insolvency or winding up. We are also required to hold a statutory amount of regulatory capital as a financial buffer to mitigate the adverse financial effects of insolvency and/or winding up on our clients.

9. Alchemy Markets Risk Management Changes

We may be required at any time and without notice to amend the terms on which certain instruments may be traded or traded at all to protect the Firm against over-concentration of risk. For instance, initial or variation margin may be increased, certain underlying instruments may become prohibited or your account's Margin Limit may be increased. If this happens, we will notify you in writing and you may be required to close some or all of your open positions, possibly at a loss.

10. Regulatory Risk

Competent authorities may prohibit certain transactions outright or impose bans on specific trade positions, including, without limitation, bans on short-selling of financial stocks, government bonds CFDs. Regulatory bodies may also exercise their statutory discretion to compel the Firm to cease trading which will result in your positions being closed or alternatively, you and/or the Firm may be prevented from closing or risk managing your positions or the Firm may even be prevented from notifying you that such events have taken place for a given period of time. You are likely to suffer loss in any of these situations.

Competent authorities may also impose increasingly onerous compliance and reporting obligations, licensing fee, regulatory capital or other operational requirements on the Firm which may, in severe circumstances, result in the Firm ceasing to trade. We take a prudent approach to ur liquidity and capital requirements to mitigate this risk.

11. Risk and Force Majeure

If our own technology or that of our liquidity counterparty or any third-party infrastructure on which our operations depend, including, without limitation, our data centre servers or commercial broadband as well as back-up providers or systems for essential infrastructure, suffer a fault for any reason, you may suffer loss as a result. The firm will in each circumstance assess the reason for the losses incurred and, where possible and at its sole discretion, compensate the affected Clients.

If an extraordinary event outside the control the Firm occurs, known as an Act of God or force majeure event, which includes, without limitation, war, strike, riot, crime, hurricane, flooding, earthquake, volcanic eruption, which prevents the firm from fulfilling its contractual obligations to you (each, a "Force Majeure Event"), your positions may be closed or may be unable to be managed for a period of time. You may suffer loss as a result of a Force Majeure Event occurring.

12. Execution Only / No Advice or Fiduciary Relationship

Our Clients are self-directed investors executing on an execution-only basis. This means that the Firm is not your advisor or acting in any fiduciary capacity for you. You are responsible for the trades you place, for how you monitor the trades and for any losses that result from this activity. As set out in the Client Agreement, our Firm shall not be liable for any losses you incur in the course of your trading activities.

13. Nature of Transactions and Pricing – Synthetic OTC Derivatives / No Ownership Interest in any Underlying Instruments

All transactions you execute with us are synthetic derivative transactions. This means that you have no ownership interest whatsoever in any underlying instrument you are trading. Your rights are contractual only to receive any profit owed to you and your obligations are to pay any losses you incur as a result of your contractual relationship with Alchemy Markets.

This type of contractual relationship is known as an "over-the-counter" or "OTC" contractual relationship which means that you have a private contractual agreement with our Firm only. The prices quoted to you reflect the prices which we receive from our liquidity counterparty and the underlying market liquidity providers. The prices are not quoted on any stock or derivatives exchange and therefore will be different from any other provider of equivalent derivative instruments.

Whilst we will provide best-execution for its client transactions, you have no guarantee that your quoted prices will be the best-available market prices at any time.

14. Tax Consequences

Trading with us may have tax consequences for you in the jurisdictions in which you pay tax. We do not provide any tax advice. You are therefore responsible for all and any tax consequences of your trading activities with us. If you are in any doubt, you should consult a tax advisor to discuss your personal circumstances.

15. Market events and Corporate Actions

Other than third-party information sources which we may provide from time to time (such as market event calendars) and without any liability for having done so, we will not advise you that any significant market news is pending or has occurred, nor will we convey any corporate actions or other notifications from underlying single stocks, including, without limitation, any information concerning rights issues, dividends, share splits, mergers, etc.…).

If you are in doubt about any aspect of the risks involved in the financial instruments noted in this Risk Disclosure Notice, we strongly recommend that you seek independent professional advice before continuing, as your trading strategy and forex and derivative products may not be appropriate for you.