



General Risk Disclosure

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Risk Disclosure

This is the General Risk Disclosure of Direkt Prime (“DP” or the “Company”), a trading name of RGL Capital (Mauritius) Ltd, a company incorporated in Mauritius under company number 120722 and FSC license number C114012695, and whose registered office is at 18 Edith Cavell Street, Port Louis, 11302, Mauritius.

This disclosure is provided to you, the prospective client and / or client (the “Client”), in compliance with the laws, rules and regulations of Mauritius since you are proposing to undertake dealings in financial instruments in the form of Foreign Exchange Contracts (“FX”) and/or Contracts for Differences (“CFDs”) with Direkt Prime. The purpose of this disclosure is to help you understand the nature and risks of our products and services. All Clients should read carefully the following risk disclosure contained in this document, before applying to the Company for a trading account and before they begin to trade with the Company. However, it is noted that this document cannot and does not disclose or explain all the risks and other significant aspects involved in dealing with financial instruments. This disclosure was designed to explain in general terms the nature of the risks involved when dealing in financial instruments on a fair and non-misleading basis.

General Risk Warning for Complex Financial Instruments (Derivative Financial Instruments such as CFDs)

Trading CFDs and FX Contracts is highly speculative and involves a significant risk of loss and is not suitable for all investors but only for those customers who:

- understand and are willing to assume the economic, legal and other risks involved;
- are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
- are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

CFDs and FX are not appropriate investments for retirement funds. They are among the riskiest types of investments and can result in large losses. The Client represents, warrants and agrees that he understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and FX and that the loss of Client’s entire account balance will not change Client’s lifestyle.

You should not engage in this form of investing unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss.

Your profit and loss will vary according to the extent of the fluctuations in the price of the underlying markets on which the trade is based, and your losses could exceed your initial deposit. If you are in any doubt, you should seek independent professional advice.

The purpose of these transactions is to secure a profit or avoid a loss by reference to fluctuations in the price of the underlying market. In the context of our activities, the underlying instrument may be a single security, a basket of securities, a securities index, an exchange rate between two currencies, a treasury product, a bullion, a commodity or such other investment as we may from time to time agree in writing.

It is an express term of each transaction that:

- neither party acquires any interest in or right to acquire or is obliged to sell, purchase, hold, deliver or receive the underlying instrument; neither party acquires any voting rights in relation to the underlying instrument; and
- that the rights and obligations of each party under the transaction are principally to make and receive such related payments.

You may be called upon to deposit substantial additional margin, at short notice, to maintain your position. If you do not provide such additional funds within the time required, your position may be closed at a loss, and you will be liable for any resulting deficit. You should ensure you monitor your positions closely and always have access to our platforms when you have open positions or pending orders.

Risks related to long CFD positions, i.e. for purchasers of CFDs

Being long in CFD means you are buying the CFDs on the market by speculating that the market price of the underlying will rise between the time of the purchase and sale. As owner of a long position, you will generally make a profit if the market price of the underlying rises whilst your CFD long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst your CFD long position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

Risks related to short CFD positions, i.e. for sellers of CFDs

Being short in CFD means you are selling the CFDs on the market by speculating that the market price of the underlying will fall between the time of the purchase and sale. As owner of a short position, you will generally make a profit if the market price of the underlying falls whilst your CFD short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your CFD short position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

Risks related to options

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account all transaction costs. If the option is on an equity, assignments take priority over applicable Corporate Action elections. If the purchased option is out-of-the-money when it expires, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs. If you are contemplating purchasing out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

No Advice

We provide our services on an execution only basis. We do not provide investment, tax, legal, regulatory or financial advice. Any information we provide to you is purely factual and does not consider your personal circumstances (for example your available funds and risk appetite). We may give you factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimized. Any decision to use our products is solely your decision, therefore you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, financial, legal, regulatory, tax or similar matter before dealing with us.

Currency Risk

Investing in FX and CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD or FX is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.

Gapping

Gapping (or Slippage) refers to an occurrence whereby the market moves past a stoploss level. This may be because the particular underlying market has become unusually volatile for a period of time. In such instances the underlying market may have stopped trading and may only recommence trading at a price below a stoploss level. Where this happens, a stoploss may not be effective, and the position will be closed at the current Company's Quote.

Accordingly, where you have an open position in a volatile market environment you must understand the potential impact of gapping.

The Company will not advise the Client about the merits of a particular transaction or give him any form of investment advice and the Client acknowledges that the Company's services do not include

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the provision of investment advice in CFDs or the underlying markets. The Client alone will enter into transactions and take relevant decisions based on his own judgement. In asking the Company to enter into any transaction, the Client represents that he has been solely responsible for making his own independent appraisal and investigation into the risks of the transaction. He represents that he has sufficient knowledge, market sophistication, professional advice, and experience to make his own evaluation of the merits and risks of any transaction. The Company gives no warranty as to the suitability of the products traded under this Agreement and assumes no fiduciary duty in its relations with the Client.

The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any transaction. The Client should seek independent expert advice if he is in any doubt as to whether he may incur any tax liabilities. The Client is hereby warned that tax laws are subject to change from time to time.

The Company may, from time to time and at its discretion, provide the Client (or in newsletters which it may post on its website or provide to subscribers via its website or its trading platform or otherwise) with information, news, market commentary or other information but not as a service.

Where it does so:

- a) the Company will not be responsible for such information;
- b) the Company gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related transaction;
- c) the information is provided solely to enable the Client to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;
- d) if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that he will not pass it on to any such person or category of persons;
- e) the Client accepts that prior to dispatch, the Company may have acted upon it itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he will receive such information at the same time as other clients.

It is understood that market commentary, news, or other information provided or made available by the Company are subject to change and may be withdrawn at any time without notice.