

# EZInvest

Licence number 203/13

**Risk Disclosure**

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## Risk Disclosure

**The English version of this agreement is the governing version and shall prevail whenever there is any discrepancy between the English version and the other versions.**

WGM Services Ltd (hereinafter referred to as 'WGM', the 'Company' or the 'Firm') is incorporated (Certificate of Incorporation No. HE 256991) in the Republic of Cyprus through the Department of Registrar of Companies and Official Receiver (<http://www.mcit.gov.cy>). WGM which is regulated by the Cyprus Securities and Exchange Commission (<http://www.cysec.gov.cy>) (License No. 203/13) and operates under the Markets in Financial Instruments Directive (EU Directive 2004/39/EC).

This disclosure statement discusses the characteristics and risks of contracts for differences (CFDs) on securities, indices, and futures traded in foreign markets, hereinafter referred to as underlying assets.

### 1. Description of a CFD

A CFD is a legally binding agreement between two parties to exchange the difference in value of a particular instrument or currency between the time at which the agreement is entered into and the time at which it is closed. CFDs allow EZInvest to provide to clients with all the benefits and risks of owning a security without actually owning it. A full list of the CFDs on offer by EZInvest is available on <https://eu.ezinvest.com/trading/trading-accounts/>.

A person who buys a CFD is said to be "long" the contract. A person who sells a CFD is said to be "short" the contract. The price at which the contract trades (the "contract price") is determined by relative buying and selling interest on a regulated exchange, or, if the underlying asset is an off exchange derivative, is determined by WGM business counterparties.

In order to enter into a CFD transaction, client must deposit funds with WGM equal to WGM margin requirements specified for a particular CFD as a margin collateral.

An open position, either a long or short position, is closed by entering into an offsetting transaction (i.e., an equal and opposite transaction to the one that opened the position), which is, in terms of the MetaTrader System, said to be a 'Close' transaction. With regards to CFDs on futures, such offsetting transaction must be made prior to expiration of the underlying asset.

#### Example:

- Investor A is long one September ABC Corp. futures CFD. To liquidate the long position in the September ABC Corp. futures CFD, Investor A would sell identical September ABC Corp. futures CFD by using the 'Close' option in the MetaTrader System.
- Investor B is short one XYZ Corp. stock CFD. To liquidate the short position in the XYZ Corp. stock CFD, Investor B would buy an identical XYZ Corp. stock CFD by using the 'Close' option in the MetaTrader System.

Futures CFDs traded with EZInvest are settled through cash settlement. In this case, the underlying security is not delivered. Instead, any positions in such futures CFDs that are open at the end of the last trading day are settled through a final cash payment based on a final settlement price determined by the exchange or clearing organization, or at the last dealing price provided by WGM's business counterparties. Once this payment is made, neither party has any further obligations on the contract.

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### 2. Risks of CFDs

Trading CFDs may not be suitable for all investors. The Client may lose a substantial amount of money in a very short period of time. The amount client may lose is potentially unlimited and can exceed the amount he originally deposited but never more than his account balance. This is because most of CFDs are highly leveraged, with a relatively small amount of money used to establish a position in assets having a much greater value. If the client is uncomfortable with this level of risk, he should not trade CFDs.

The client should be aware that the regulatory protections applicable to his account are not intended to insure him against losses he may incur as a result of a decline or increase in the price of a CFD. As with all financial products, the client is solely responsible for any market losses on his account.

As with any high risk financial product, the client should not risk any funds that he cannot afford to lose, such as his retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet its living expenses.

Be cautious of claims that you can make large profits from trading CFDs. Although the high degree of leverage in CFDs can result in large and immediate gains, it can also result in large and immediate losses. As with any financial product, there is no such thing as a “sure winner.”

Because of the leverage involved and the nature of CFD transactions, the client may feel the effects of his losses immediately. Gains and losses in CFDs are credited or debited to client account's equity in real-time mode. If movements in the markets of the underlying asset decrease the value of client's positions in CFDs, he may be required to submit additional funds to EZInvest margin. If his account is under the minimum margin requirements set by EZInvest, his position will be liquidated.

Under certain market conditions, it may be difficult or impossible to liquidate a position. If the client cannot liquidate his position in a CFD, he may not be able to realize a gain in the value of his position or prevent losses from mounting. This inability to liquidate could occur, for example, if trading is halted due to unusual trading activity in either the CFD or the underlying asset; if trading is halted due to recent news events involving the issuer of the underlying asset; if systems failures occur on an exchange or at EZInvest carrying your position; or if the position is on an illiquid market. Even if client can liquidate his position, he may be forced to do so at a price that involves a large loss.

Under certain market conditions, it may also be difficult or impossible to manage your risk from open CFD positions by entering into an equivalent but opposite position in another contract month, on another market, or in the underlying asset. This inability to take positions to limit your risk could occur, for example, if trading is halted across markets due to unusual trading activity in the CFD or the underlying asset or due to recent news events involving the issuer of the underlying asset.

Under certain market conditions, the prices of CFDs may not maintain their customary or anticipated relationships to the prices of the underlying asset. These pricing disparities could occur, for example, when the market for the particular CFD is illiquid, when the primary market for the underlying asset is closed, or when the reporting of transactions in the underlying asset has been delayed. For index products, it could also occur when trading is delayed or halted in some or all of the securities that make up the index.

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Client may experience losses due to systems failures. As with any financial transaction, client may experience losses if his orders for CFDs cannot be executed normally due to systems failures on a regulated exchange or at EZInvest carrying his position.

All CFDs involve risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads, may be as risky as outright long or short positions. Trading in CFDs requires knowledge of all relevant markets.

Day trading strategies involving CFDs and other products pose special risks. As with any financial product, persons who seek to purchase and sell the CFD in the course of a day to profit from intra-day price movements (“day traders”) face a number of special risks, including substantial commissions, exposure to leverage, and competition with professional traders. Client should thoroughly understand these risks and have appropriate experience before engaging in day trading.

Placing contingent orders such as “stop-loss” orders, will not necessarily limit client’s losses to the intended amount. EZInvest may permit you to enter into stop-loss orders for CFDs, which are intended to limit client’s exposure to losses due to market fluctuations. However, market conditions may make it impossible to execute the order or to get the stop price.

Client should thoroughly read and understand WGM Terms and Conditions Agreement before entering into any transactions in CFDs.

Some CFDs may be marked-to-market at daily basis, usually after the close of trading, as specified in WGM’s contract details. At that time, the account of each buyer and seller reflects the amount of any gain or loss on the CFD based on the contract price established at the end of the day for settlement purposes (the “daily settlement price”).

### 3. Margin Requirements

Customer must maintain the minimum margin requirement on their open positions at all times. It is Customer's responsibility to monitor his/her account balance. Customer may receive a margin call to deposit additional cash if the margin in the account concerned is too low. WGM has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained and this may result in Customer’s CFDs or FX Contracts being closed at a loss for which you will be liable.

### 4. High Leverage & Low Margin Can Lead To Quick Losses

The high degree of “gearing” or “leverage” is a particular feature of both CFDs and FX Contracts. The effect of leverage makes investing in CFDs riskier than investing in the underlying asset. This stems from the margining system applicable to CFDs which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous. A small price movement in your favor can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of the investment.

## 5. Spread

The difference between our bid price and our ask price is “Our Spread”. Our Spreads are set in our absolute discretion, since we are acting as market maker, and any changes are effective immediately. Information in relation to Our Spread, leverage, rollover fees and trading hours for each market is stated in WGM website <https://eu.ezinvest.com/trading/trading-instruments/>

## 6. Cash Settlement

Customer understands that CFD and FX Contracts can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

## 7. Conflicts of Interest

WGM is the counterparty to all Transactions entered into under the Customer Agreement and, as such, WGM interests may be in conflict with yours. Our Conflicts of Interest Policy is available at of EZInvest website <https://eu.ezinvest.com/regulation/policies>

## 8. OTC Transactions

When trading CFDs or FX Contracts with us, such transactions will not be executed on a recognized or designated investment exchange and are known as OTC transactions. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange contracts because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices and ask prices may not be quoted by us, based on best execution policies applicable in the market. There is no central clearing and no guarantee by any other party of WGM's payment obligations to the Customer, thus Customer is exposed to credit risk with WGM. Customer must look only to WGM for performance of all contracts in Customer's account and for return of any margin or collateral.

## 9. Prices, Margin And Valuations Are Set By WGM Services Ltd And May Be Different From Prices Reported Elsewhere.

WGM will provide prices to be used in trading, valuation of Customer positions and determination of Margin requirements in accordance with its Execution Policy. The performance of your CFD or FX Contract will depend on the prices set by WGM and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the CFD concerned. Our prices for a given market are calculated by reference to the price of the relevant underlying asset which we obtain from third party external reference sources or exchanges. For our CFD and FX Contracts, we obtain price data from wholesale market participants. Although WGM expects that these prices will be reasonably related to prices available in the market, WGM's prices may vary from prices available to banks and other market participants. WGM has considerable discretion in setting and collecting margin. WGM is authorized to convert funds in Customer's account for margin into and from such foreign currency at a rate of exchange determined by WGM in its sole

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discretion on the basis of then-prevailing money market rates.

### 10. Rights to Underlying Assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFDs or FX Contracts. The Customer understands that CFDs can have different underlying assets, such as stocks, indices, currencies and commodities, as specified in EZInvest website <https://eu.ezinvest.com/trading/trading-instruments/>

### 11. Currency Risk

Investing in FX Contracts 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 Contract 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.

### 12. One Click Trading and Immediate Execution

WGM's Online Trading System provides immediate transmission of Customer's order once Customer enters the notional amount and clicks "Buy/Sell." This means that there is no opportunity to review the order after clicking "Buy/Sell" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. Customer should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with WGM. Customer acknowledges and agrees that by using WGM's Online Trading System, Customer agrees to the one-click system and accepts the risk of this immediate transmission/execution feature.

### 13. Telephone Orders and Immediate Execution

Market Orders executed over the telephone through the WGM Trading Desk are completed when the WGM telephone operator says "deal" or "done" following Customer's placing of an order. Upon such confirmation of the telephone operator, Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the WGM Services Ltd Trading Desk, Customer acknowledges and agrees to such immediate execution and accepts the risk of this immediate execution feature.

### 14. WGM Services Ltd Is Not An Adviser Or A Fiduciary To Customer

Where WGM provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts or Cross Currency Contracts. Each decision by Customer to enter into a CFD or FX Contract with WGM and each decision as to whether a transaction is appropriate or proper for Customer, is an independent decision made by the Customer. WGM is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that WGM has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Customer following WGM's generic trading recommendations or taking or not taking any action

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based upon any generic recommendation or information provided by WGM.

### 15. Recommendations Are Not Guaranteed

The generic market recommendations provided by WGM are based solely on the judgment of WGM's personnel and should be considered as such. Customer acknowledges that Customer enters into any Transactions relying on Customer's own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of WGM and/or its affiliates. The generic market recommendations of WGM are based upon information believed to be reliable, but WGM cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading CFDs and/or FX Contracts.

### 16. No Guarantees of Profit

There are no guarantees of profit nor of avoiding losses when trading CFDs and FX Contracts. Customer has received no such guarantees from WGM or from any of its representatives. Customer is aware of the risks inherent in trading CFDs and FX Contracts and is financially able to bear such risks and withstand any losses incurred.

### 17. Customer May Not Be Able To Close Open Positions

Due to market conditions which may cause any unusual and rapid market price fluctuations, or other circumstances, WGM may be unable to close out Customer's position at the price specified by Customer and the risk controls imposed by WGM might not work and Customer agrees that WGM will bear no liability for a failure to do so.

### 18. Internet Trading

When Customer trades online (via the internet), WGM shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to WGM, Customer, any exchange or any settlement or clearing system.

### 19. Telephone Orders

WGM is not responsible for disruption, failure or malfunction of telephone facilities and does not guarantee its telephone availability. For the avoidance of doubt, Customer is aware that WGM may not be reachable by telephone at all times. In such cases Customer shall place his/her order through other means offered by WGM.

### 20. Quoting Errors

Should a quoting error occur (including responses to Customer requests), WGM is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant Account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by WGM in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market



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represents prices different from the prices WGM has posted on our screen, WGM will attempt, on a best efforts basis, to execute Transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer statements. This may or may not adversely affect the Customer's realized and unrealized gains and losses.

### 21. Compensation

WGM participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. Customers will be entitled to compensation under the Investor Compensation Fund where we are unable to meet our duties and obligations arising from your claim. Any compensation provided to you by the Investor Compensation Fund shall not exceed twenty thousand Euros (20,000). This applies to your aggregate claims against us.

### 22. HIGH RISK INVESTMENT WARNING

Trading Foreign Exchange (Forex) and Contracts for Differences (CFD's) and Cryptocurrencies is highly speculative, carries a high level of risk and may not be suitable for all investors. You may sustain a loss of some or all of your invested capital, therefore, you should not speculate with capital that you cannot afford to lose. You should be aware of all the risks associated with trading on margin. WGM Services Ltd is located at 11, Vizantiou str. 4th Floor, Nicosia, 2064, Cyprus.

### 23. Restricted Jurisdictions

We do not establish accounts to residents of certain jurisdictions including Canada and USA. For further details please see [Terms & Conditions](#).

### 24. Risk Related to trading Cryptocurrencies

Please refer to the following link in order to be fully informed regarding all the [Risks related to trading Cryptocurrencies](#)