

Risk Warning and Disclosure Notice

Effective Date: 1st April 2020

1. General

1.1 In this Risk Warning and Disclosure Notice, -GMO-Z.com Trade UK Limited (“we”, “us”, “our”, “ours” and “ourselves” as appropriate), a company registered in England and Wales under number 8261027, whose trading address and registered office is at 8 Devonshire Square London EC2M 4PL, United Kingdom. We are authorised and regulated by the Financial Conduct Authority (“FCA”) under Firm Reference Number 622897. In this Risk Warning and Disclosure Notice, “you” or “your” shall mean you as the client.

1.2 This Risk Warning and Disclosure Notice is provided to you, as a Professional Client or Eligible Counterparty, in compliance with the rules of the FCA. We do not offer services to Retail Clients.

1.3 This notice cannot disclose all the risks and other significant aspects of products such as contracts for difference, including Rolling spot FX. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is appropriate for you in the light of your circumstances and financial position. Certain strategies, such as a 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

1.4 Although derivative instruments can be utilised for the management of investment risk, some of these products are not appropriate for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following points.

2. Contracts for Difference

2.1 Transactions in Contracts for Difference carry a high degree of risk. The 'leverage' often obtainable in the trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. These contracts can only be settled from the balance which you hold with us.

2.2 Investing in Contracts for Difference have a contingent liability and you should be aware of the implications of this as set out in clause 3.

3. The Execution Venue and Execution of orders

You should be aware that your orders are executed outside a regulated market, multi-lateral trading facility or organised trading facility (each a “Trading Venue”). By submitting orders to us, you provide your continuing consent to our executing orders outside a Trading Venue.

There can be consequences that come from the fact that we execute orders outside a Trading Venue. In particular, you should recognise that a non-centrally cleared OTC transaction does not benefit from any clearing mechanism, and you are therefore exposed to counterparty risk against us. This stems from the creditworthiness of us as an institution and can be measured by potential losses resulting from our potential default. It may be more difficult for you to obtain accurate pricing information because OTC trades are negotiated and priced individually and there is no central source for obtaining price information from competing dealers. You may request additional information from us about the consequences of its executing in this way outside a Trading Venue, either generally or for specific transactions.

4. Contingent Liability Investment Transactions

4.1 Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

4.2 If you trade in Contracts for Difference, you may sustain a total loss of the margin you deposit with us to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit.

4.3 Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

4.4 Save as specifically provided by the FCA, we may only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to substantially greater risks.

5. Commissions

5.1 Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

6. Suspensions of Trading

6.1 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. Placing a pending order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

7. Clearing House Protections

7.1 On many exchanges, the performance of a transaction by us (or third party with whom we are dealing on your behalf) is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the client, and may not protect you if we or another party defaults on its obligations to you. On request, we should explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing.

8. Insolvency / Force Majeure Events

8.1 Our insolvency or default, that of any other brokers involved with your transaction, or Force Majeure events defined in Terms and Business may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you may have to accept any available payments in cash. On request, we should provide you with an explanation of the extent to which we will accept liability for any insolvency of, or default by, other firms involved with your transactions.

9. No Advice

9.1 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 minimised. 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.

If after reading this document, you do not understand any of the risk warnings set out above, please contact us before continuing or seek advice from an independent financial services advisor.