

## RISK DISCLOSURE AND WARNINGS NOTICE

### 1. GENERAL

- 1.1. Goldstone Securities Limited is a limited liability company with registration no 2024-00379, having its registered office at Ground Floor, the Sotheby Building, Rodney Village, Rodney Bay, Gros-Islet, Saint Lucia (the “Company”).
- 1.2. The Company is committed to treating its Clients fairly and to creating a suitable trading environment for all Clients. To that end, the Company has prepared this Risk Disclosure and Warnings Notice (“Document”) to assist Clients in understanding the risks associated with specific products being offered and, consequently, to allow its Clients being in a position to make investment decisions on an informed basis. Please note this Document cannot disclose all of the risks of the products in which the Clients choose to trade. Thus, Clients are advised to independently analyse all potential risks associated with the investment products the Company offers prior to making any investment decisions. The Document 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.
- 1.3. Products offered by the Company are high risk and may not be suitable for all Clients because they carry a high risk to capital as prices may move rapidly against Clients. Clients can lose more than an initial deposit and may be required to make further payments on short notice. Investments or income from them can go down as well as up. All Clients are advised that they may not necessarily get back the amount that it was invested. Clients should not deal in products unless they understand their nature and the extent of their exposure to risk and potential loss, which may exceed their initial investment.

### 2. PRODUCT DESCRIPTION

- 2.1. Financial Instruments offered are leveraged products. They offer exposure to the markets while requiring Clients to only put down a small margin (‘deposit’) of the total value of the trade. They allow investors to take advantage of prices moving up (by taking ‘long positions’) or prices moving down (by taking ‘short positions’) on underlying assets. Although CFDs and other Financial Instruments can be utilized for the management of investment risk, some of these products are unsuitable and not appropriate for many Clients as they carry a high degree of risk.
- 2.2. Trading foreign exchange or “Forex” on margin carries a high degree of risk since it involves leverage and may not be suitable for all investors. The ‘leverage’ involved in trading foreign exchange on margin means that a small initial margin deposit can potentially lead to large losses as a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can

work against the Client. Before deciding to trade foreign exchange on margin Clients should carefully consider their investment objectives, level of experience, and risk appetite. The possibility exists that they could sustain a loss in excess of their initial investment. If Clients fail to meet any margin requirement within the time required, which may be short, their position may be liquidated, and they will be responsible for any resulting losses.

- 2.3. Trading in Financial Instruments offered by the Company from time to time involves a high degree of risk. Given the leverage involved in trading in Financial Instruments, a relatively small market movement can have a proportionately larger impact on the funds deposited in the trading account. Clients could sustain a total loss of all funds in the trading account and may be required to deposit additional funds. If Clients fail to meet any margin requirement within the time required (which may be short), the position may be liquidated, and Clients will be responsible for any resulting losses.
- 2.4. Transactions in foreign exchange and CFDs carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign exchange or derivatives contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds Clients have deposited; this may work against Clients as well as for Clients. Clients may sustain a total loss of initial margin funds and any additional funds deposited with the Company to maintain the position. If the market moves against the Client's position and/or margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain the position. Failing to comply with a request for a deposit of additional funds, may result in closure of position(s) by the Company on the Client's behalf.

### **3. STOP LOSS LIMITS**

- 3.1. The placing of certain orders (e.g. "stop-loss" orders, where permitted under local law, or "stop-limit" orders), which are intended to limit losses to certain amounts, may not be adequate given that market conditions make it impossible to execute such orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### **4. TRADING ON MARGIN**

- 4.1. Trading on margin means that the Company provides Clients with a facility that allows them to leverage their deposit to enter into a larger transaction. Margin can be used to create 'leverage', which is an increased buying power that allows Clients to pay less than the full price for a transaction than would be possible only using your deposit. However, this leverage means that relatively small market movements can have a disproportionately larger impact on the value of the trading account. If the underlying market movement is in the Client's, the Client may achieve a good profit, but an equally small adverse market movement can quickly result in the loss of the

entire deposit and it may expose Client to a large additional loss over and above you're the original deposit. Clients should monitor their positions at all times, and ensure they are able to quickly add additional funds to their trading account to maintain open positions.

## 5. UNDERLYING MARKETS RISKS

- 5.1. The prices provided are ultimately derived from various underlying markets and naturally Clients should be aware of the risks involved in these underlying markets, which are outside of anyone's control.

### **Overseas markets**

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

### **Emerging markets**

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in more developed markets. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, exchange controls, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

### **Third Party Risks**

It is understood that the Company will promptly place any Client money it receives into one or more segregated account(s) (denoted as "Clients' accounts") with reliable financial institutions. The Company shall exercise due skill, care and diligence in the selection of the financial institution, it is understood that there are circumstances beyond the control of the Company and hence the Company does not accept any liability or responsibility for any resulting losses to the Client as a result of the insolvency or any other analogous proceedings or failure of the financial institution where Client money will be held.

The financial institution to which the Company will pass Client money may hold it in an omnibus account. Hence, in the event of the insolvency or any other analogous proceedings in relation to that financial institution, the Company may only have an unsecured claim against the financial institution on behalf of the Client, and the

Client will be exposed to the risk that the money received by the Company from the financial institution is insufficient to satisfy the claims of the Client. In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the financial institution in which the funds are held defaults. Under such circumstances any applicable deposit guarantee scheme may be applied without consideration of the Client as the ultimate beneficial owners of the Omnibus Account. In addition, resolution measures may be taken in such a case, including the bail-in of Client funds.

## **6. PAST PERFORMANCE**

- 6.1. Past performance is not an indicator of future performance. Clients should not rely on past performance as a guarantee of future investment performance.

## **7. VOLATILITY**

- 7.1. Prices may fluctuate rapidly which can have a direct impact on open positions. Sometimes “gapping” will occur when prices move suddenly from one level to another. There may be a number of events that cause gapping such as economic data releases, natural disasters or major global political events. Gapping can happen when markets are closed, meaning that the opening price of an instrument may be considerably different from the closing price. This can have a direct impact on profit or loss.

## **8. FOREIGN CURRENCY**

- 8.1. When a Financial Instrument is traded in a currency other than the currency of the Client’s country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client.

## **9. LEGAL AND REGULATORY RISK**

- 9.1. A change in laws and regulations may materially impact a financial instrument and investments in a sector or market. A change in laws or regulations made by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

## 10. LIQUIDITY

- 10.1. Markets are known as illiquid when instruments are impossible to sell or can only be sold with difficulty. Market conditions in any underlying instrument may vary and this will affect the size, price and spread of the instruments that the Company offers to you. Therefore, the terms at which Clients can close a contract may be different from the terms available when they opened the contract. The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

## 11. CURRENCY

- 11.1. In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which the Client's trading account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions. The weakening of a country's currency relative to a benchmark currency or the currency of the Client's portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Whilst it may be possible to hedge against these risks, they cannot be completely eradicated.

## 12. POLITICAL RISK

- 12.1. An unstable political environment can have a significant effect on a country's financial stability. Many emerging market countries experience rapid and significant changes in their political environment on a regular basis. Such changes may be due to social, ethnic, or religious strife, often coupled with periods of social unrest. They often result in dramatic changes in governmental policy (including changes in exchange controls and market regulation). The consequences of such instability may make it difficult for investors or their counterparties to predict the effect of such changes on transactions which they enter into.

### **13. SLIPPAGE**

- 13.1. We cannot guarantee that the price you request us to execute an order will be the same as the actual price at which your order is filled. Technical conditions (for example, the transfer rate of data networks or the quality of your internet connection, as well as rapid market fluctuations) may lead to a change in the applicable price between the time the order is placed by you and the time the relevant order is received by us or the order is executed by our platform. Such changes to the applicable price are due to fluctuations in the financial markets rather than on arbitrary interventions made by the Company. If such changes occur, you will be obliged to pay the executed price, even if it is worse than the specific price quoted.

### **14. CORPORATE ACTION**

- 14.1. Some products may be affected by corporate actions such as rights issues, mergers, dividend payments or takeovers. Your position may be treated differently from physical positions, and this may have an adverse effect on the outcome of your trade.

### **15. ABNORMAL MARKET CONDITIONS**

- 15.1. The Client acknowledges that under abnormal market conditions the period during which the orders are executed may be extended or it may be impossible for orders to be executed at declared prices or may not be executed at all.
- 15.1. Abnormal market conditions include but are not limited to times of rapid price fluctuations when 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

### **17. INSOLVENCY**

- 17.1. The Company's insolvency or default or the insolvency or default of any parties involved in transactions undertaken by the Company on the Client's behalf (including without limitation brokers, execution venues and liquidity providers), may lead to positions being liquidated or closed out without the Client's consent and as a result the Client may suffer losses. In the unlikely event of the Company's insolvency, segregated Client funds cannot be used for reimbursement to the Company's creditors.

## 18. TECHNICAL RISKS

- 18.1. The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.
- 18.2. If the Client undertakes transactions on an electronic system, they will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that their order is either not executed according to their instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.
- 18.3. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.
- 18.4. At times of excessive deal flow the Client may have some difficulties to be connecting over the phone or to the Company's platform(s)/system(s), especially in fast market (for example, when key macroeconomic indicators are released).
- 18.5. The Client acknowledges that the internet may be subject to events which may affect their access to the Company's website and/or the Company's trading platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's website and/or trading system or delay or failure in sending orders or transactions.
- 18.6. In connection with the use of computer equipment and data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability for any resulting loss:
- i. Power cut to the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client;
  - ii. Physical damage (or destruction) to the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client;
  - iii. Outage (unacceptably low quality) of communication via the channels used by the Client, or the Company or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;
  - iv. Wrong or inconsistent with requirements settings of the Client terminal;
  - v. Untimely update of the Client terminal;

- vi. When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialing, when trying to reach an employee of the broker service department of the Company due to communication quality issues and communication channel loads;
  - vii. The use of communication channels, hardware and software, generate the risk of non - reception of a message (including text messages) by the Client from the Company;
  - viii. Trading over the phone might be impeded by overload of connection;
  - ix. Malfunction or non-operability of the platform, which also includes the Client terminal.
- 18.7. The Client may suffer financial losses caused by the materialization of the above risks, the Company accepting no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses they may suffer.

## **19. TRADING PLATFORM**

- 19.1. The Client is warned that when trading in an electronic platform they assume the risk of financial loss which may be a consequence of amongst other things:
- i. Failure of the Client's devices, software and poor quality of connection.
  - ii. The Company's or Client's hardware or software failure, malfunction or misuse.
  - iii. Improper work of the Client's equipment.
  - iv. Incorrect setting of the Client's terminal.
  - v. Delayed updates of the Client's terminal.
- 19.2. In case the Client has not received the result of the execution of the previously sent order but decides to repeat the order, the Client shall accept the risk of making two transactions instead of one.
- 19.3. The Client acknowledges that if the pending order has already been executed but the Client sends an instruction to modify its level, the only instruction, which will be executed, is the instruction to modify stop loss and/or take profit levels on the position opened when the pending order triggered.

## **20. COMMUNICATION BETWEEN THE CLIENT AND THE COMPANY**

- 20.1. The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice from the Company.
- 20.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.
- 20.3. The Company has no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and



personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

- 20.4. The Client is fully responsible for the risks in respect of undelivered Company online trading system internal mail messages sent to the Client by the Company.

## **21. FORCE MAJEURE EVENTS**

- 21.1. In case of a force majeure event the Company may not be in a position to arrange for the execution of Client orders or fulfil its obligations under the agreement with the Client. As a result, the Client may suffer financial loss.
- 21.2. The Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations where such failure, interruption or delay is due to a force majeure event.

## **22. CHARGES**

- 22.1. You should ensure you fully understand any costs, charges or commissions that may apply to your trades. Such costs and charges will decrease any profit you make when transacting in financial instruments. All applicable charges are listed in on our website [www.goldstonesecurities.com](http://www.goldstonesecurities.com).
- 22.2. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that they understand what such charges are likely to amount to.
- 22.3. There is a risk that the Client's trades in any financial instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or their personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice and recommends that the Client seeks advice from a competent tax professional if the Client has any questions.
- 22.4. The Client is responsible for any taxes and/or any other duty which may accrue in respect of their trades.
- 22.5. It is noted that taxes are subject to change without notice.
- 22.6. It is possible that other costs, including taxes, relating to transactions carried out on the trading platform may arise for which the Client is liable, and which are neither paid via us nor imposed by the Company. Although it is the Client's sole and entire responsibility to account for tax due and without derogating from this, the Client agrees that the Company may deduct tax, as may be required by the applicable law, with respect to their trading activity on the trading platform. The Client is aware that

the Company has a right of set-off against any amounts in the Client's trading account with respect to such tax deductions.

- 22.7. It is noted that the Company's prices in relation to trading are set by the Company and may be different from prices reported elsewhere. The Company's trading prices are the ones at which the Company is willing to sell to its Clients at the point of sale. The prices displayed on the Company's trading platform reflect the last known available prices at the moment prior to placing any order, however, the actual execution price of the order may differ. As such, the price that the Client receives when they open or closes a position may not directly correspond to real time market levels at the point in time at which the sale occurs or reflect the prices of third-party brokers/providers.

### **23. CLIENT ACKNOWLEDGEMENT**

- 23.1. The Client hereby acknowledges and declares that he has read, understood and thus accepts without any reservation all the information included herein including the following:
- i. The value of the financial instrument may decrease, and the Client may receive less money than originally invested or the value of the financial instruments may present high fluctuations. It is possible that the invested capital may become of no value.
  - ii. Information on past performance of a financial instrument does not guarantee the present and/or future performance. The use of historic data does not constitute a binding or safe forecast as to the corresponding future return of the financial instruments to which such data refers.
  - iii. Some financial instruments may not become immediately liquid due to various reasons such as reduced demand and the Company may not be in a position to sell them or easily obtain information on the value of such financial instruments or the extent of any related or inherent risk concerning such financial instruments.
  - iv. When a financial instrument is negotiated in a currency other than the currency of the Client's country of residence, any changes in an exchange rate may have a negative effect on the financial instruments' value, price and performance.
  - v. A financial instrument in foreign markets may entail risks different from the usual risks in the markets of the Client's country residence. The prospect of profit or loss from transactions in foreign markets is also influenced by the exchange rate fluctuations.

## **24. LANGUAGES**

- 24.1. The language of communication between the Company and the Client shall be in English. All binding contractual documentation is available in English.
- 24.2. Upon its sole discretion the Company, may communicate with the Client in language other than English, however in case of any discrepancy between the meanings of any communications and/or meanings of any other communications forming part of this Document or any other agreements, information or communication in any other language, the meaning of the English Language version shall prevail.
- 24.3. The Company or third parties may have provided the Client with translations of this Document. The original English versions shall be the only legally binding version. In case of discrepancies between the English version and other translations in the Client's possession, the original English version provided by the Company on the website shall prevail.