Risk Disclosure

TradeSmart

Contents

1. Introduction

TradeSmart Capital Limited, also known as "TRADE 401," "us," "we," or "our," is a company established in Saint Lucia, located at Meridian Place, Choc Estate, Castries, Saint Lucia, with the registration number 2024 – 00075. It operates under the name "TRADE 401."

The company's objectives encompass a broad range of activities, not limited to engaging in commercial, financial, lending, borrowing, trading, service activities, and participating in other ventures. Additionally, TRADE 401 provides brokerage, training, and managed account services across a variety of sectors, including currencies, commodities, indices, metals, CFDs, cryptocurrencies, and other leveraged financial instruments.

2. Risk Warnings

2.1. Clients are advised against participating in investments directly or indirectly associated with Financial Instruments unless they fully recognize and understand the risks each of the Company's Financial Instruments/services presents. Prior to opening an account, clients should carefully consider if investing in a particular Financial Instrument aligns with their financial condition, objectives, experience, and trading proficiency. It's important to note that the Risk Disclosure does not cover, detail, or elucidate all the risks and significant aspects inherent in trading Financial Instruments and availing investment services.

2.2. Clients must make trading decisions based on a well-informed foundation. Should a client be uncertain about the risks involved with any Financial Instrument, it's recommended to seek guidance and consultation from an independent financial advisor. If, after consulting, the client still does not comprehend the risks associated with trading in any Financial Instruments, they are advised against engaging in trading activities.

2.3. The Company explicitly states that it does not offer any form of investment advice or recommendations to its clients. This includes, but is not limited to, advice or recommendations concerning investment, finance, legal, tax, regulatory, or other aspects related to trading activities.

3. General Risks and Acknowledgements

3.1. The Risk Disclosure aims to outline the general nature of risks involved in trading Financial Instruments in a fair and non-misleading manner. Clients should be aware of the following risks, among others:

i. The Company cannot ensure that funds in a Client Account will not be lost as a result of trading activities.

ii. Clients should understand that the value of investments in Financial Instruments can fluctuate, potentially decreasing or even becoming worthless.

iii. Clients must recognize the significant risk of losses and damages from buying and/or selling any Financial Instrument and agree to accept such risks.

iv. The past performance of a Financial Instrument does not guarantee its future performance. Historical data should not be seen as an indicator of future results.

v. Clients are advised that transactions conducted through the Company's services may be speculative and involve high risks.

vi. It is possible to incur substantial losses in a short timeframe, possibly equaling the total funds deposited with the Company.

vii. Certain Financial Instruments may become illiquid due to decreased demand, making it difficult to sell them or assess their value or risk.

viii. Trading a Financial Instrument in a currency other than the Client’s residence currency can negatively impact its value, price, and performance due to exchange rate fluctuations.

ix. Financial Instruments traded on foreign markets carry risks different from domestic markets, including the impact of exchange rate variations on profit or loss.

x. Derivative Financial Instruments (e.g., futures, forwards, swaps, contracts for difference) involve potential profit from changes in currency rates, commodities, stock indices, or share prices, known as the underlying instrument.

xi. The value of a Derivative Financial Instrument directly relates to the price of the underlying asset.

3.2. Clients considering purchasing a Derivative Financial Instrument should be prepared for the possibility of losing all invested money, along with any additional charges.

3.3. Market conditions, technical failures, liquidity issues, and external events can make order execution difficult or impossible.

3.4. While Stop-Loss Orders aim to limit losses, market conditions can lead to executions at prices worse than expected, increasing losses.

3.5. Insufficient equity to maintain open positions may require clients to deposit additional funds or reduce exposure. Failure to comply can lead to position liquidation at a loss.

3.6. Trading in currencies that are rarely or infrequently traded may lead to uncertainty in pricing or difficulty executing transactions.

3.7. Trading online does not mitigate the risks associated with currency trading.

3.8. Clients are responsible for understanding and fulfilling tax obligations that may arise from their trading activities.

3.9. Clients should clarify all commissions and charges before trading and request detailed explanations of any non-monetary charges.

3.10. Market gaps and price fluctuations at market open or after significant news releases can pose risks, resulting in order execution at prices vastly different from expected levels.

4. Risks Associated with Third Parties

4.1. While the Company is obligated to segregate client funds from its own and other clients' funds in line with regulatory requirements, this does not ensure absolute protection of your money.

4.2. Client funds may be transferred to third parties (such as banks, markets, clearing house or other financial institutions) by the Company to facilitate transactions or to fulfill the client's obligation to provide collateral (e.g., initial margin requirement). The Company bears no responsibility for the actions or inactions of any third-party handling client funds.

4.3. Funds passed to a third party may be placed in a pooled account, where it might not be feasible to distinguish between the client's money, the third party's money, or that of other clients. Should the third-party face insolvency or similar legal difficulties, the Company's claim for the client's funds would be unsecured. Consequently, there is a risk that the funds recouped from the third party may not be sufficient to cover the claims of clients associated with that account. The Company disclaims any liability or responsibility for potential losses incurred under such circumstances.

4.4. Client funds deposited with a custodian may be subject to a security interest, lien, or right of set-off by the depository, which could affect the accessibility or safety of those funds.

4.5. There may be conflicts of interest between the Company or banks/brokers through which the Company conducts transactions and the interests of the client.

4.6. If the Company or any bank or broker utilized by the Company for transactions becomes insolvent, it may result in involuntary closure of the client's positions, potentially against the client's wishes. The insolvency of the Company or of a Bank or Broker used by the Company to affect its transactions may lead to the Client’s positions being closed out against their wishes.

5. Trading Platform-Related Risk

5.1. Clients engaging in transactions via an electronic trading system are subject to the system's inherent risks, including hardware and software failures, which may cause orders not to be executed as instructed or at all. The Company disclaims any liability for such failures. The utilization of wireless or dial-up connections, or any unstable connection by the client, can lead to poor or interrupted connectivity, causing delays in data transmission to and from the Company's Electronic Trading Platform. Such interruptions may lead to outdated 'Market Orders' being sent to the Company, which will then execute the order at the updated 'market price'.

5.2. It is acknowledged by the Client that the system permits only one Instruction to be in the processing queue at any given time. Subsequent Instructions from the Client are disregarded, and an “Order is locked” message is displayed until the initial Instruction has been processed.

5.3. The Client is aware that the real-time/live Server’s Quotes Base is the sole reliable source for Quote Flow information. The Client Terminal's Quotes Base is not dependable for this purpose due to potential disruptions in connectivity, which might result in some Quotes not being transmitted to the Client Terminal.

5.4. The Client understands that once an Order is in the process of being closed or executed, it cannot be cancelled or modified.

5.5. The Client faces the possibility of losing all funds deposited with the Company as margin. The effectiveness of specific orders (e.g., “stop-loss” or “limit” orders) to cap losses may not be guaranteed due to market volatility or technological constraints, potentially failing to avert such orders' execution. Even with guaranteed stop-loss orders, losses can accrue rapidly. Moreover, the execution of a Stop-Loss order could result in larger than anticipated losses if it occurs at a price inferior to the specified one.

5.6. If the Client resends an Instruction without receiving the outcome of a previously sent Instruction, they risk executing duplicate Transactions. However, the Client might encounter an “Order is locked” message as mentioned in point 5.2.

5.7. The Client acknowledges that modification instructions for the level of a Pending Order and If-Done Orders sent after the Pending Order has been executed will not be processed, except for modifications to the Stop-Loss and/or Take-Profit levels on the position opened by the triggering of the Pending Order.

6. Technical Risks Advisory

6.1. The Client bears full responsibility for the risks of financial losses due to the failure, malfunction, interruption, disconnection, or malicious acts involving information, communication, electricity, electronic, or other systems. The Company disclaims any liability for such system failures or malfunctions.

6.2. The Company is not liable for unauthorized access to information, including electronic addresses, electronic communications, and personal data, or access data when these are transmitted between the Company or any other party over the internet or any network communication facility, telephone, or any other electronic means.

6.3. The Client acknowledges that information sent via unencrypted email is vulnerable to unauthorized access.

6.4. During periods of high transaction volume, the Client may experience difficulties connecting with the Company via phone or the Company’s trading platform(s)/system(s), particularly during volatile market conditions, such as when key macroeconomic indicators are released.

6.5. The Client understands that internet-related issues can disrupt access to the Company’s website and/or trading platform(s)/system(s). This includes, but is not limited to, interruptions or transmission blackouts, software and hardware failures, internet disconnections, public electricity network failures, or cyber-attacks. The Company is not accountable for any damage or loss resulting from such incidents or from the Client's inability to access the Company's website and/or trading system, or any delays or failures in sending orders or transactions.

6.6. The Client is aware of the financial loss risks associated with trading on an electronic platform, which include but are not limited to:

i. Failures of the Client's devices, software, and connection quality.

ii. Failures, malfunctions, or misuse of the hardware or software of either the Company or the Client.

iii. Inadequate operation of the Client's equipment.

iv. Incorrect settings on the Client's Terminal.

v. Delays in Terminal updates.

6.7. The Client faces certain risks in the context of using computer equipment and data and voice communication networks, including:

i. Power failures affecting the Client or their service provider or communication operator.

ii. Physical damage to the communication channels connecting the Client and their service provider or the trading or information server.

iii. Poor quality of communication over the channels used by the Client or their service provider or communication operator.

iv. Incorrect or outdated settings of the Client Terminal.

v. Risks associated with the use of communication channels, hardware, and software that may lead to the Client not receiving messages from the Company.

vi. Failure or non-functionality of the trading system (platform), including the Client Terminal.

vii. Communication outages affecting channels used by the Company, especially due to physical damage by third parties.

6.8. The Company is not responsible for any losses incurred due to the above-mentioned technical risks.

7. Transactions Risks in Financial Instruments

7.1. The use of "gearing" or "leverage" in investing in certain Financial Instruments highlights a critical aspect of Derivative Financial Instruments due to the margining system that is applied. This system often requires only a small deposit or margin relative to the full contract value, making the potential impact of market movements on the client's trade significantly amplified. A minor favourable shift in the market can lead to substantial profits, whereas a slight unfavourable movement can quickly result in the total loss of the client's deposit and potentially incur substantial additional losses. Derivative Financial Instruments, characterized by non-deliverable spot transactions, allow for profits or losses based on fluctuations in currencies, commodities, stock indices, or share prices, known as the underlying instrument. Clients should not invest in derivative Financial Instruments unless they are prepared to accept the risk of losing all invested funds, including any additional fees.

7.2. Some transactions may not occur on a recognized or designated investment exchange, presenting greater risks than those undertaken on exchanges. The execution venue solely sets the terms, conditions, and trading rules, which might restrict the client's ability to close open positions outside of the venue's operating hours or require closing positions with the original counterparty. The Company operates a Trading Platform for Financial Instruments transactions that does not qualify as a recognized exchange or Multilateral Trading Facility.

7.3. It is important to acknowledge that this notice does not cover all possible risks and significant aspects of trading in Financial Instruments and investment services. The purpose of this notice is to provide a general understanding of the nature of the risks involved in a fair and straightforward manner.