

<b>Account Holder:</b>	<b>Account number:</b> (Filled by Dukascopy)
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V. 21.11.2018

## **BROCHURE ON SPECIAL RISKS IN MARGIN TRADING (FOREX, PRECIOUS METALS & CFDs)**

Clients must carefully consider and understand the risk entailed with margin trading in foreign exchange (“**Forex**” or “**FX**”), precious metals and contracts for difference (“**CFDs**”), consider their investment objectives, level of experience and risk appetite before engaging any assets therein.

Margin trading in Forex, precious metals and CFDs shall be referred to hereinafter as “**margin trading**”.

The undersigned client (the “**client**”) confirms to Dukascopy Bank SA (“**Dukascopy**”) to have been provided with this Brochure describing the main risks in margin trading activities.

In accordance with Swiss rules and regulations, Dukascopy has a duty to inform clients about the particular risks related to specific types of high risk transactions as such, but not about the specific risks relating to each individual transaction. In this respect, Dukascopy has no obligation to inform clients about possible tax and legal aspects relating to margin trading and will not monitor the client’s or the client’s attorney’s trading activity.

### **IMPORTANT NOTICE**

**Margin trading activity carries substantial risks and suits only to persons who can assume the risk of a total loss of funds. Therefore, clients shall only trade with funds they can afford to lose.** Money required securing living expenses, educating children, and/or assuring retirement should never be traded. Persons unsure or hesitant about a trade must stay on the sidelines.

**Speculation should not be confused with making a long term conservative investment.** The nature of margin trading does not lend itself as much to investment as it does to speculation and hedging. Anyone willing to trade in Forex, precious metals or CFDs must be aware that this is by nature a highly speculative activity and entails a higher degree of risks than other types of investments. Forex, precious metals and CFDs markets are amongst the most volatile markets in the world specifically when traded on a margined and leveraged basis.

Any activity in Forex, precious metals and CFDs markets necessitates good market understanding, experience and personal commitment. **Anyone who has doubts concerning the risks or costs associated hereunder must immediately request further information from his/her contact persons at Dukascopy Bank SA and/or from independent advisors. Dukascopy does not provide any tax or legal advice.**

**THIS BROCHURE IS A SUMMARY OF THE RISKS INVOLVED IN MARGIN TRADING. IT IS NOT MEANT TO BE EXHAUSTIVE. CLIENTS SHOULD CAREFULLY CONSIDER THEIR ABILITY AND EXPERIENCE BEFORE COMMITTING ANY FUND IN MARGIN TRADING.**

### **CLIENT’S ACKNOWLEDGEMENT**

The client declares to have reviewed this Brochure and to have read and understood the risks associated with the activities described herein. The client expressly confirms his/her acceptance of such risks and his/her financial capability to bear the same.

Date: \_\_\_\_\_

Signature(s): \_\_\_\_\_

### 1. No Delivery of Underlying

Clients trading with Dukascopy are duly informed that trades may only be executed to open or close speculative or hedging positions. Margin trading does not provide any right to the underlying instruments (such as currencies, precious metals or, in the case of CFDs shares, index, futures on various underlyings, commodities including oil, agricultural products, precious and non-precious metals). CFDs qualify as derivative financial instruments whose value derives from their underlying. The details of CFDs offered on Dukascopy's platform can vary substantially from those of the actual underlying market or instrument. For Forex, precious metal and CFDs, a netting of the profits and losses resulting from the client trades and positions will be executed at settlement time, each day, and the client shall receive the net result (profit/losses) of the trading activity on the client's accounts with Dukascopy.

### 2. Forex, Precious Metals and CFDs as Over-The-Counter (OTC) Instruments

Forex, precious metals and CFDs offered by Dukascopy are not traded on any exchange but "Over The Counter" ("OTC"). On the SWFX – Swiss FX Marketplace, conditions including prices are set by Dukascopy. Each trade open through Dukascopy's platform results in the relevant client entering a contract with Dukascopy; these contracts can only be closed with Dukascopy and are usually not transferrable to any third party.

### 3. Use of Leverage; Amplification of Risk

Trading on margin (i.e. trading using leverage) means that the trader can execute trades in an amount larger than his deposit with Dukascopy (or "equity"). Dukascopy usually grants leverage to clients up to 100:1 meaning that clients may open positions up to 100 times larger than their margin deposit. Note that Dukascopy may reduce the maximum leverage during weekends; details on weekend leverage are published on the website: [www.dukascopy.com](http://www.dukascopy.com). The trader is free to increase the trading exposure on his account up to a maximum of "*leverage x margin*" (also called "trading line"). As defined in §1, money in the client account is not used for delivery of the underlying or currency. Instead the money is put on margin and serves to cover potential trading losses. Using leverage means that any price movement of the underlying will be amplified and will result in larger/faster profits or losses.

**Example:** A 1% price movement of the underlying will increase/decrease the client equity by 10% if a leverage of 10 is used and it will increase/decrease the client equity by 30% if a leverage of 30 is used.

Close attention must be brought to the increased implication of risks when using leverage in connection with Forex, precious metals and CFDs markets, which are volatile by nature. Sharp price movements may occur at any time and without prior warning. An adverse price movement on a leveraged trade may result in a substantial loss for the client, which may exceed the client margin deposit.

### 4. Margin Call and Margin Cut Mechanisms

**The client is informed and understands that Dukascopy has automated algorithms (Margin Call and Margin Cut) which, without further warning, prevent clients from increasing exposure or reduce client exposure if the used leverage has reached or exceeded 100%, either by rejecting orders increasing exposure, opening opposite positions or closing existing ones. Such reduction may not prevent full loss of the client equity or that his account will become negative after closing of all exposures, depending on market conditions or for any other reason. In the latter case, the client will be liable for covering such negative balance by transferring additional funds to Dukascopy.**

The client undertakes full responsibility of managing the positions on his account within allowed leverage and acknowledges that Dukascopy may reduce or close the exposure. Dukascopy advises clients to monitor their exposure very carefully, especially when the available margin is shrinking and to use the Stop-Loss Level functionality through the online reporting.

## 5. Absence of Quote; Liquidity Risk

Liquidity is the amount that can be traded at a specific price and time. Liquidity varies depending on the traded instrument and market conditions, the tradable amount at any given market rate may vary strongly (higher or lower). No guarantee about liquidity can be made at any time, Dukascopy cannot be held liable for the absence of liquidity at any time. ***The prices quoted on the platform and displayed on the chart do not necessarily mean that they are executable prices.***

The execution of any order placed is subject to the availability of tradable prices. Absence of a suitable price or total absence of any tradable price may make it impossible for the traders order or request to be processed and/or executed. Traders must be aware that the liquidity risk increases at certain times such as: market closures, weekends, local holidays, off-market hours and during news releases. Dukascopy cannot be held liable for the unavailability of any tradable price at any time.

Liquidity also has incidence on the ability of clients to close positions at the desired price and to protect their funds against further losses through the Stop-Loss functionality. In case of reduced liquidity, clients may not be able to close positions or may be forced to accept a significantly different price (higher or lower) than the desired price to execute certain trades and then may incur losses in excess of their risk tolerance; the Stop-Loss functionality does not prevent losses from exceeding the level preset by clients.

## 6. Slippage and Order Rejection

When market conditions make it not possible to execute client orders exactly at the price desired by the client, client orders are executed at a different price (slippage) or rejected, depending on the value of the slippage tolerance parameter. Clients are free to change the default slippage tolerance set by Dukascopy. Depending on the market conditions, any order can be executed with some slippage or be rejected, if Dukascopy fails to execute the particular order within the client's slippage tolerance or price limit.

## 7. Volatility Risk

FX, precious metals and CFDs markets are volatile: Price movements may occur at any time without warning and without limitation in the amplitude of the price movement. While price quotation are constantly refreshed during market opening hours, no guarantee that the currently displayed price is indeed a valid tradable price can be given and no estimation about the validity and the level of the next price update can be made. The difference between the previous and next price can be greater than the minimum price increment for the particular instrument, which will result in failure to execute exactly at set prices/levels any conditional order, Stop Loss Level and/or Margin cut order. Such price differences may occur at any time and without warning. Particular attention should be brought to market closure/opening and/or before/after the release of news.

To avoid or limit losses due to volatility of the markets, clients must monitor their positions at all time.

In case of sharp market fluctuations, clients may incur losses in excess of their risk tolerance; the Stop-Loss functionality does not guarantee that losses will not exceed the level preset by the client.

## 8. Risks linked to Transactions on Commodities

Price of commodities depends on several factors, in particular, without limitation:

- Relation between supply and demand;
- Climate and natural disasters;
- Governmental programs and regulations, national and international events;
- Governmental interventions, embargos and trade barriers;

- Fluctuations of interest and currency rates;
- Trading activities in the commodities market and underlying contracts;
- Monetary policy and controls on trade, tax and currency rates.

The above-parameters may increase risks resulting from trading instruments based on commodities. Commodities fluctuate in price more than ordinary financial instruments; price variations may be very sharp. Fluctuations in price on the commodities market generates price volatility for financial instruments based on commodities.

## 9. Past and Hypothetical Performance; Market Opinions

Past performances realised in the FX, / precious metals / CFDs markets are not indicative of any future performance. Hypothetical performance results may be posted on websites for information purposes only. Such hypothetical performance results are generally based on past performances that are not a guarantee of future results. Performance can and does vary between each trader, trading strategy and current market situation.

Anyone who says you can consistently make money in FX, precious metals or CFDs markets is being untruthful.

Any opinions, news, research, analyses, prices, or other information contained on Dukascopy's website ([www.dukascopy.com](http://www.dukascopy.com)) is provided as general market information, and does not constitute any trading advice or recommendation. Dukascopy will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from the use of or reliance on such information.

## 10. Technology Risks, Internet Trading Risks, Operational Risks

There are risks associated with the use of an Internet-based and phone dealing, including, but not limited to, the failure of hardware, software, Internet connection and other means of communication. Any mean of order transmission, e.g. Internet, fix or mobile telephone, fax, email, etc. involves a risk of failure, disconnection, delay or errors in transmission or misunderstanding, alteration and duplication. The use of mobile devices in particular increases the risk of platform disconnection. Additionally, the client must be aware of the risk of abuse or falsification of the identification procedure by a non-authorized third party. Clients are strongly advised not to communicate their login and password to anyone including their external manager if any. External managers have their own personal access and do not need your login details to trade on your account. Since Dukascopy does not control signal power, its reception or routing via Internet, configuration of client's equipment or reliability of its connection, Dukascopy cannot be responsible for communication failures, platform disconnections, distortions or delays when trading via the Internet. Dukascopy employs back-up systems and contingency plans to minimise the possibility of failure of its own system, and **trading via telephone is always available**. Dukascopy declines responsibility for any losses and/or damages resulting from or in connection with communication failures, disconnections, distortions or delays when trading via the Internet.

## 11. Conflicts of Interests

A conflict of interests may arise where a client has appointed an External Manager of his choice to trade on his behalf. The remunerations of the External Manager and Dukascopy usually depend upon the volume and the number of transactions.

External Managers are obliged to communicate to their clients the amounts of retrocession received and to produce all reporting thereof upon request of their clients.

**External Managers** – The client is informed that Dukascopy has no insight in the instructions given by him to his attorney and that Dukascopy has no duty whatsoever and will not monitor, analyse, interfere in, or opine on, the trading executed by the attorney on behalf of the client. Dukascopy has no duty to inform or to alert the client in relation with the orders given by the attorney and/or regarding the trading activity performed by the attorney. The client is advised to seek information from his External Manager and shall closely supervise the activity of the External Manager as well as monitor regularly the evolution of his account, the trades, respect of the strategy, etc. In addition, Dukascopy gives online possibility to Managed clients to instantly deactivate the trading on their accounts and to limit the risk of loss through the online reporting (Stop-Loss Level function). For the safety of their funds, managed clients are strongly advised not to communicate their login and password to their external manager.

## **12. Website Information**

Every client is required to read and review the information available in the English version of Dukascopy's website ([www.dukascopy.com](http://www.dukascopy.com)) on a regular basis including, without limitation, any and all guidelines and instructions to use the trading platform, the fee schedule, the transaction settlement process, or any other information available thereto. Only the English version is binding Dukascopy. In case of discrepancy between the different languages, the client shall refer to the English version.

In case of doubts or questions, clients are invited to immediately seek more information from their contact person at Dukascopy. ***The content of the website is subject to change at any time without notice.***