RISK DISCLOSURE STATEMENT

Z Forex Capital Markets LLC

Potential Risks

Before you initiate a Transaction, we ask you to deposit funds with us as the Initial Margin. In order to maintain an open Transaction, it is necessary that the amount in your Trading Account exceeds the Maintenance Margin. The specific amounts of Initial Margin for different instruments are specified on the Trading Platform. This means that you are participating in a leveraged trade where small price fluctuations can result in significant returns or losses of the Initial Margin invested in the trade.

By trading leveraged CFDs, you can get a much larger exposure to an underlying asset with a relatively small Initial Margin. Nevertheless, it is important to know that leverage increases both potential gains and potential losses. Therefore, it is crucial that you closely monitor all your open positions to effectively manage the risk of significant losses.

In addition, you must maintain an account balance that is higher than the Maintenance Margin to keep your open trades active. If the market moves unfavorably, you may be required to immediately provide us with a substantial amount of additional Margin to maintain your open positions. If you fail to comply with this requirement, we will have the right to close one or more or even all of your Trades. Consequently, you will be held responsible for any resulting losses.

It is important that you understand that under our Customer Agreement, we have the authority to issue a Margin Call at our sole discretion. In accordance with the Agreement, you are obligated to meet all Margin Calls promptly and within the specified time frame using the specified methods. If you fail to meet this obligation, we have the right to close one or more or even all of your trades.

Operational Risks

The Customer assumes various risks related to computer equipment and data usage, for which Z Forex cannot be held liable for resulting losses. These risks include but are not limited to power interruptions on the Customer's or provider's side, damage to communication channels, communication outages or low-quality connections, incorrect settings of the Customer Terminal, delayed updates of the Customer Terminal, potential non-reception of messages, and immediate execution of Market Orders placed over the telephone. The malfunction or inoperability of the Platform, including the Customer Terminal, is also a factor to consider.

If any of the above risks occur, the Customer may suffer financial losses and Z Forex cannot be held responsible or liable for such losses. It is the Customer's responsibility to bear any related losses that may occur.

Currency Risk

Customers must be aware that there is an additional risk associated with exchange rate fluctuations when dealing with OTC in a currency other than their own.

Third-Party Risks

The Customer is responsible for any taxes or duties that may arise from their transactions in financial instruments, including derivative instruments. The Company does not guarantee that taxes or stamp duties will not be incurred in the event of changes in legislation or the Client's personal circumstances. The funds deposited by the client into their Z Forex account are kept in separate accounts with certain banks. In the event of bankruptcy or insolvency of Z Forex, the administration of client funds will be conducted in accordance with the Bankruptcy Law of Saint Vincent and the Grenadines.

The Company reserves the right to transfer funds received from the Customer to third parties for various purposes, such as facilitating transactions or fulfilling collateral requirements. The Company cannot be held responsible for the acts or omissions of any third party to whom it transfers the Customer's funds. It is possible that the third party may hold the funds in an omnibus account, making it difficult to distinguish between the Customer's funds and the third party's funds. If the third party becomes insolvent or goes through a similar process, the Company may only have an unsecured claim on behalf of the Customer, which exposes the Customer to the risk that there may not be sufficient funds to cover its claims in the relevant account. The Company assumes no liability or responsibility for any losses that may result from these circumstances.

Trading Platform

The Client is advised that participation in trading on an electronic platform involves the risk of financial loss that may occur due to various factors, including but not limited to: Failures of Client's equipment, software, or Internet connection; technical problems with Z Forex's systems or Client's own hardware or software; improper functioning of Client's equipment; incorrect configuration of Client's trading platform; and delayed updates to Client's trading platform.

Z Forex assumes no responsibility for communications failures, interruptions or delays that may occur when trading over the Internet, including, but not limited to, communications network or public power grid failures.

In order to limit access to the Customer's account by unauthorized users, verification via e-mail or SMS is performed when the Customer accesses the Portal. In addition, if the Client agrees, MT5's OTP (one-time password generator) service will be used to log in to the trading platform and a password will be sent to the mobile application while it is providing online access to the platform and will be prompted to log in with the appropriate password. In addition, telephone orders to the trading desk to limit unauthorized access are not accepted. Therefore, the customer can place his orders through online access to the Company's trading platform.

The Company shall not be responsible for any losses incurred by the Client as a result of unauthorized access to encrypted information sent by the Company through the trading platform. It is the sole responsibility of the Client to ensure the security of their account access information. As highlighted above, the Customer is exposed to risks associated with the system, including hardware and software failures.

Market Volatility

The price, execution speed and trading volume of a financial instrument may be affected by market volatility. Trading in such conditions where unexpected economic events, major news and data releases occur carries a high degree of risk. During volatile times, the application of best execution criteria may be affected. If prices move quickly against your position, the Company may not be able to execute your instructions at the desired price. During periods of increased volatility, it is important to consider the possibility of price losses. As is common in the industry, prices for execution are set based on the first available price.

The financial markets are influenced by various factors that can cause prices to change rapidly. Due to this volatility, no CFD transaction offered on our trading platform can be considered completely free of risk. It is important to monitor your transactions closely always, especially considering the potential for market volatility. For instance, investments denominated in foreign currencies can be affected by both fluctuations in exchange rates and market movements.

Slippage is the discrepancy between the targeted price of a transaction and the actual execution price. It often occurs when market conditions are more volatile, such as during news events. In such situations, it becomes difficult to place an order at a specific price, especially for market orders. In addition, slippage may occur during the execution of large orders when market interest at the desired price level is insufficient to maintain the expected trading price.

Cryptocurrency markets are decentralized and lack regulation, meaning that there is no central authority to stabilize or manipulate the value of cryptocurrencies during a crisis or increase the supply of currency. Consequently, engaging in over-the-counter (OTC) trading of cryptocurrencies carries a high risk of losing funds within a short timeframe due to market volatility, execution challenges, and disruptive events specific to the cryptocurrency industry. These events may include the discontinuation of cryptocurrencies, regulatory bans, and malicious activities within cryptocurrency ecosystems. OTC trading of cryptocurrencies is not suitable for all investors, and individuals interested in trading cryptocurrencies should possess up-to-date knowledge and expertise in these instruments. Customers must thoroughly understand and be fully aware of the unique characteristics and risks associated with OTC trading.

Process of After a Circuit Breaker

During periods of significant market volatility, the Company has the authority to halt trading in certain securities and prevent customers from engaging in buying or selling activity until the halt is lifted. This measure is intended to protect customers from additional losses that could result from trading under such volatile conditions.

During periods of extreme market volatility, the Company can set price limits on orders so that customers cannot place orders that exceed certain price thresholds. This measure is intended to ensure that customers do not place orders at prices that could be significantly affected by extreme market volatility.

The Company may communicate with its customers through various channels, such as the website, email, text messages, or phone calls, to inform them of market conditions and any actions it may take on behalf of its customers.

The Company may provide advice and recommendations to its customers on appropriate actions to take during the circuit interruption period. Such recommendations shall be designed to least affect the customers from the interruption, provided there is no price estimation of the products in the transactions made by the customers. These recommendations may also include the recommendation to hold on to the positions or to place stop-loss orders in order to limit possible losses.

Equity and options exchanges have established protocols known as market-wide circuit breakers (MWCB) to address severe market price declines that could deplete market liquidity. These MWCB procedures involve temporary trading halts or, in extreme cases, the early closure of markets before the regular end of the trading session. MWCBs are activated when there is a significant decline in the S&P 500 Index within a single trading day, leading to cross-market trading suspensions.

Market-wide circuit breakers are designed to pause cross-market trading activities in the event of a significant market downturn, determined by a single-day decrease in the S&P 500 Index. There are three specific thresholds that can trigger a cross-market trading halt: Level 1 at 7%, Level 2 at 13%, and Level 3 at 20%. These threshold levels are determined by the markets daily, considering the previous day's closing price of the S&P 500 Index.
When implementing circuit breakers for its customers, the company will take into consideration the regulations set by the relevant country's regulator and determine the specific threshold values accordingly.

No Guarantees of Profit

The Company does not guarantee profits or the prevention of losses in trading. The Customer has not received any guarantees of this nature from the Company or its representatives. It is the Customer's responsibility to understand and accept the risks associated with trading and to have the financial capacity to bear such risks and cope with any resulting losses.

Force Majeure

If a force majeure event occurs, such as war, terrorist attacks, natural disasters, trading halts in the financial markets, currency interventions, government decisions or instability in the financial markets with a sudden drop in liquidity, the customer acknowledges and assumes the risk of any resulting loss.