

COMPLEX PRODUCTS RISK WARNING

Trading in financial products always involves a risk. As a general rule, you should therefore only trade in financial products if you understand the products and the risks associated with them. You should carefully consider your investment objectives, level of experience and risk appetite. Most importantly, do not invest money you cannot afford to lose.

As a client of ALT21 Limited you will not be speculating and have confirmed to us that you are using our products and services for commercial purposes only. ALT21 limited reserves the right to discontinue our relationship should we determine you are speculatively trading.

Foreign Exchange Trading (Forex)

When trading in foreign exchange, you are subject to the development of the price of one currency relative to another, where one is sold and the other is purchased.

Foreign exchange is traded as a margin product, which means that you can put in more money than is available in your account by borrowing money from us. Foreign exchange may be traded as FX Spot, FX Forward or FX Options. FX Spot is the purchase of one currency against the sale of another for immediate delivery. FX Forward and FX Options transactions are settled on an agreed date in the future at prices which are agreed on the date of the transaction. FX Forwards involves an obligation on you to make the transaction at the agreed price on the settlement date.

You, as a purchaser of FX Options have a right to make a transaction in the underlying FX Spot currency pair on the expiry date if the price is more favourable than the market price at this time. On the other hand, a seller of options has an obligation to enter into a transaction with the purchaser on the settlement date if requested by the purchaser. Purchased options therefore involve a limited risk in the form of premium which is payable when the contract is made, while options that have been sold involve an unlimited risk in the form of changes to the price of the underlying FX Spot currency pair.

The currency exchange market is the world's largest financial market with 24 hour trading all working days. It is characterised, among other things, by a relatively low profit margin compared to other products. A high profit is therefore subject to a large trading volume, which is achieved for instance by margin trading as described above. When trading in foreign exchange, a gain net of costs, such as commission and spread, realised by one market player will always be offset by another player's loss.

Foreign exchange transactions are always made with ALT 21 Limited as counterparty, and we quote prices on the basis of prices that can be obtained in the market. However, this does not necessarily mean that your gain or loss is offset by a loss or gain on our part as we seek to hedge our risks with other counterparties.

There is considerable exposure to risk in any off-exchange foreign exchange transaction, including, but not limited to, leverage, creditworthiness, limited regulatory protection and market volatility that may substantially affect the price, or liquidity of a currency or currency pair.

The leveraged nature of forex trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin requirement, your position may be liquidated and you will be responsible for any resulting losses.

Foreign exchange transactions can involve a relatively high level of risk. This makes the potential gain quite high, even if the deposit is relatively small. If your total exposure exceeds your deposit, you risk losing more than your deposit.

There are risks associated with utilizing an Internet-based trading system including, but not limited to, the failure of hardware, software, and Internet connection. ALT 21 Limited is not responsible for communication failures or delays when trading via the Internet. We employ backup systems and contingency plans to minimize the possibility of system failure.

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