

Risk Warning Disclosure

The services provided on www.cmsfinancial.ae are provided by **CMS Financial LLC**, a company incorporated with limited liability under the laws of the Emirate of Dubai, United Arab Emirates, and the federal laws of the United Arab Emirates, under license number 561501, regulated by the United Arab Emirates Securities and Commodities Authority as a trading broker for over-the-counter derivatives contracts and foreign exchange spot markets and trading broker in the international markets, category (1), under license number 20200000144, and licensed in category (5) for Introduction and promotion activities, whose registered address is, **1403, Floor 14, International Business Tower, Business Bay, Dubai, United Arab Emirates, P.O. Box-111884 (CMS Financial LLC)**.

1 Risk Warning Disclosure

- 1.1 Over-the-counter margined derivative contracts, including contracts for difference and spot foreign exchange, are complex financial instruments that contains a substantial risk of rapid capital loss due to the leverage. It is imperative that you assess your understanding of these products, your financial capacity to afford the losses, and your risk tolerance before engaging in such transactions. We strongly recommend you seek professional advice before committing to investment.
- 1.2 Before establishing a trading account with CMS Financial LLC, we insist that you carefully review this comprehensive risk warning disclosure, in conjunction with the corresponding Terms & Conditions, Order Execution Policy, Conflicts of Interests Policy, and other Client Legal Documents, which are readily available on our website.
- 1.3 CMS Financial LLC is a duly registered limited company authorized and regulated by the Securities and Commodities Authority (License No. 20200000144), with its registered office located at P.O. Box 111884, 1403, Floor-14, International Business Tower, Business Bay, Dubai, United Arab Emirates (CMS Financial LLC).
- 1.4 Engaging in the trading of our financial products necessitates a thorough understanding of their characteristics and associated risks. You must ensure that trading our products aligns with your financial circumstances and resources. You should be aware of the following inherent risks when you decided to trading in our products.

2. General Risk Factors

- 2.1 **No investment advice:** CMS Financial solely offers execution services and does not provide investment advice regarding investments or trading positions. We may provide to our clients with factual market information pertaining to transaction procedures and potential risk exposure, along with strategies for risk mitigation.
- 2.2 **Appropriateness:** It is your responsibility to provide information regarding your financial assets, trading experience, knowledge, financial resources, and risk appetite. In some instances, CMS Financial may determine that it is inappropriate to open an account for you. Decisions regarding account opening and product utilization are at your discretion, and you must understand the risk involved with the products and services we offer.
- 2.3 **Costs and charges:** Details pertaining to costs and charges will be communicated separately. Prior to commencing trading, it is essential to obtain commission and charge details from us, along with relevant market information available on our website.
- 2.4 **Monitor positions:** Monitoring of your trading positions is your responsibility, particularly during the period when you have active orders or positions. You must always ensure continued accessibility to your trading accounts during periods of open positions.
- 2.5 **Electronic communications:** While electronic communication channels, such as email and live chat, are provided for client interaction, it is vital to acknowledge the potential for technical issues that may lead to communication failures. If you choose to trade with us through electronic means, you should be aware that those electronic communications can fail, can be delayed, you should not solely rely on electronic means of communication for trading activities.

- 2.6 **Our products and services:** We offer execution-only services for contracts covering various underlying markets. While contract prices are derived from these underlying markets, it is imperative to recognize that the characteristics of our contracts may significantly differ from the actual underlying market or instrument. Comprehensive contract details, including contract size, margin rates, last dealing time, settlement procedures, rollover procedures, commissions, and currency, are available on our website.

3. Investment Specific Risks

- 3.1 Certain trading strategies, such as 'spread' positions or 'straddles,' can be as risky as 'long' or 'short' positions. Derivative instruments, although useful for risk management, may not be suitable for all investors. Different instruments entail varying levels of risk exposure. When considering trading in such instruments, it is important to understand the following points:

- (i) **Futures:** Futures transactions involve obligations to make or receive delivery of the underlying assets at a future date or to settle the position with cash. They carry a high degree of risk due to the leverage involved, which can lead to substantial losses or gains from a small deposit. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.
- (ii) **Off-Exchange Transactions in Derivatives:** Our products are exclusively traded off-exchange, also known as "over-the-counter" (OTC) trading. This entails direct dealing with us as the counterparty to all your transactions. Prices are usually based on exchange prices but may deviate due to various factors. OTC transactions lack central clearing, posing a risk when there is no guarantee of transaction settlement. All open trades can only be closed and settled with us.

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non-transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position (which may be particularly the case where there are abnormal market conditions – see the Terms and Conditions for more information), to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments.

- (iii) **Contracts for Difference (CFDs) Nature:** CFDs are margin-traded products, including Foreign Exchange CFDs (FX), Futures CFDs, and Index CFDs. These products involve a high degree of risk due to leverage, potentially resulting in substantial price movements relative to your initial investment.
 - (iv) **Risks:** Foreign Exchange (FX) and Contracts for Difference (CFDs) provided by CMS Financial LLC are exclusively margin-traded financial instruments. Investing in CFDs contains a substantial degree of risk due to their margin-based nature. Margin trading involves the utilization of leverage, allowing for the initiation of sizable trades with a relatively lowest margin deposit. Consequently, even minor price movements can result in a proportionately substantial change in the value of your investment. These instruments are settled based on the difference between the opening and closing prices of the trade. Moreover, it's important to note that they may settle in a currency distinct from your base currency, thereby exposing your profits or losses to foreign exchange rate fluctuations.
- 3.2 **FDs – General:** Our FX and CFDs are proprietary products not listed on any exchange. We establish prices and conditions in accordance with our obligation to provide best execution. Each CFD you open with us forms a contractual relationship solely between you and us and are not transferable with any other person. All contracts do not provide any right to the underlying instruments or to voting rights. All contracts you enter into with CMS Financial are legally enforceable by both parties.
- 3.3 Trading margined products should not be undertaken unless you have a comprehensive understanding of the associated risks and sufficient financial resources to meet margin payments and potential losses.
- ### 4. Trading Condition Risks
- 4.1 **Volatility:** Market prices can experience rapid fluctuations, especially during periods of high volatility, potentially impacting your account balance. In the event of insufficient funds to cover such situations, automatic position closures may occur.

- 4.2 **Currency:** Trading in a market with a different base currency may be subject to currency exchange fluctuations affecting profits and losses.
- 4.3 **Prices and Commissions:** The prices quoted may not necessarily align with the broader market. We reserve the right to select closing prices for the determination of margin requirements and for periodic marking-to-market of positions in customer accounts. Although we anticipate that these prices will reasonably correlate with those available in the interbank market, it is essential to recognize that our quoted prices may deviate from those accessible to banks and other participants in the interbank market. Consequently, we retain significant discretion in establishing margin requirements and collecting margin funds. Prior to commencing any trading activities, it is imperative that you obtain commission and fee details from us, as well as access market information available on our website for which you assume liability.
- 4.4 **Market Liquidity:** Prices quoted by CMS Financial, analogous to those in the underlying market, are generally favorable up to a certain transaction size. In order to maintain additional market liquidity, we may apply different spreads to the price. Certain markets quoted by us fall under the category of 'grey markets,' transacting outside conventional market hours. In such circumstances, although every effort is made to maintain price and spread consistency, this may not always be feasible during periods of pronounced market volatility or illiquidity in associated markets.
- 4.5 **Suspension of Trading:** Trading suspensions may occur, particularly in instances of rapid price fluctuations where the market experiences significant upswings or downturns within a single trading session, leading to regulatory restrictions or suspension. It's essential to note that employing a stop-loss order does not invariably cap losses at the intended levels, as market conditions may preclude the execution of such orders at the stipulated prices.
- 4.6 **Non-guaranteed Stops:** In cases where non-guaranteed stops are integrated into your trading strategy, their activation effectively triggers an order from you to us for closing your contract. However, it is not guaranteed that your contract will close immediately upon stop activation. We endeavor to manage these orders fairly and promptly, but the fulfillment time and execution level hinge on the underlying market conditions. In fast changing markets, the requested price level may not be available, or the market may shift substantially before the order can be executed.
- 4.7 **Gapping:** Gapping is a sudden change in the price of an underlying market, from one level to another without intervening prices. Various factors can lead to gapping, such as economic events or market announcements, and gapping can transpire whether the underlying market is open or closed. When these occurrences transpire while the underlying market is closed, the reopening price of the underlying market (and, consequently, our derived price) can diverge significantly from the closing price, affording no opportunity to trade your instruments before the market resumes.
- 4.8 **Limit/Stop Orders:** Limit orders constitute contingent orders by clients seeking to initiate a trading position when the market reaches a specified price (or better) and remain unfilled until that condition is met. In contrast, a stop order is a request to automatically terminate an open position when the market reaches a designated price (or worse). Although these order types serve to mitigate downside risks in shifting markets and are advised for such purposes, they do not guarantee that the execution price will correspond to the requested level, contingent on available market liquidity, particularly in cases of market gaps or rapid market movements.
- 4.9 **Margin Calls & Closeouts:** If the Margin Level in your trading account falls below 100%, you will receive a margin call notification on your trading platform, impeding the ability to increase your overall exposure. Should your Margin fall below 30%, the trading system will initiate the automatic closure of your open positions. This measure is intended to mitigate the risk of becoming accountable for amounts exceeding your initial investment. It is strongly advised that clients maintain sufficient margin in their accounts to avoid such automatic closures and consider employing limit and stop orders.
- 4.10 **Quoted Prices:** Quoted prices displayed on the platform or website are strictly indicative and should be perceived as invitations for trade. Upon entering into a transaction, the actual execution price may or may not match with the quoted price. Despite the close correlation between quoted and executed prices under normal market conditions, deviations can occur should the market shift, even momentarily, following the quote request.
- 4.11 **Client Funds:** CMS Financial holds the funds of all retail clients in segregated bank accounts, preserving a clear separation between client funds and the company's own capital. This ensures that, in the improbable event of CMS Financial's default, client funds will be returned to clients rather than being treated as recoverable assets by general creditors. Nonetheless, this arrangement may not provide complete protection, particularly in cases of the insolvency

of our banking institution.

In addition, we operate a margin close out policy which closes out open positions where your margin level reaches or falls below your close out level. This policy significantly reduces the likelihood of losses arising from client default that would result in our insolvency.

Funds transferred from an individual client to CMS Financial will be received directly into a segregated client bank account. If money from an individual client is received into a general CMS Financial account it is still considered to be Client Money from the time it reaches CMS Financial's accounts (rather than only being considered Client Money once it has been placed into a segregated client account).

- 4.12 Potential for Loss Beyond Initial Investment:** It is essential to comprehend that the value of your investment can work both in your favor and against it. Even a minor adverse price movement can result in substantial losses, potentially exceeding the deposited funds. Please note prices can experience quick fluctuations, especially during periods of high market volatility.
- 4.13 Insufficient Funds:** In instances where your account lacks adequate funds to meet margin requirements, we may demand immediate additional margin deposits to keep your trades open. In certain circumstances, we may proceed to close any or all of your open positions without prior warning, in accordance with the terms of the Client Agreement.
- 4.14 Contingent Liability Investment Transactions:** Margin trading in contingent liability investment transactions requires periodic payments against the purchase price instead of the immediate payment of the entire purchase price. This method of trading introduces the possibility of incurring a total loss of the margin deposited with the firm to establish or maintain a position. In the event of adverse market movements, you may be obliged to make substantial additional margin payments on short notice to maintain your position. Failure to meet this obligation within the specified timeframe could result in the forced liquidation of your position and the subsequent deficit becoming your responsibility.
- 4.15 Liability for Losses:** You assume full liability for any losses that may arise from the closure of your positions. It is crucial to acknowledge that the potential losses, or gains, associated with margin-traded products are unlimited. This consideration is imperative when making trading decisions, and you must evaluate the product's suitability in light of your individual circumstances and financial position. Furthermore, it is conceivable that you may lose more than your initial deposit.
- 4.16 Weekend and Holiday Risk:** Not all trades are accessible for opening or closing 24 hours a day. Many are subject to specific opening and closing times, which may fluctuate. Information regarding these times can be found in our Contract Specifications, available on our trading platform. It is your responsibility to stay informed about these times, as we assume no obligation or liability for their accuracy or maintenance. Market availability may be influenced by national holidays and daylight savings adjustments, restricting trading during certain periods.
- 4.17 Electronic Trading:** Engagement in electronic trading systems and communication networks carries inherent risks, including hardware and software failures, network downtime, and connectivity issues. You should be aware of these potential risks when participating in electronic trading.
- 4.18 Insolvency:** The insolvency or default of any other brokers involved in your transactions may lead to the liquidation or closure of positions without your prior knowledge or consent.
- 4.19 Expert Advisors & Indicators:** Clients accept sole responsibility for any third-party applications installed on their Meta Trader platform, including the use of any software downloaded from MT5. Such applications such as robotic trading tools (Expert Advisors or EAs) designed for automatic trading or indicators suggesting optimal trade times. It is your duty to conduct due diligence on these software tools, assessing the associated risks before installation on your trading account. CMS Financial bears no responsibility for decisions, trades, or signals generated by EAs or indicators, nor for any resulting profits or losses. Additionally, it is essential to monitor your account for high-frequency trading and trade exposure associated with these tools.
- 4.20 Corporate Action Events:** We do not generate profits from corporate action events affecting your contracts. However, in relation to our contracts, certain considerations apply:
- (i) You may need to make a decision on corporate actions earlier than if you owned the underlying instrument.
 - (ii) The options offered in our contracts may be more limited and less favorable compared to owning the underlying instrument.

- (iii) If you have a stop associated with your OTC derivative share position, we aim to preserve the economic equivalent of your contract's rights and obligations immediately before the corporate event takes place to the greatest extent possible.

4.21 **Tax:** We do not provide tax advice. If you have concerns about your tax obligations, it is advisable to seek independent guidance.

4.22 **Regulatory and Legal Risk:** Changes in laws or regulations may substantially impact securities and investments within a sector or market. Modifications in governmental or regulatory laws can elevate business costs, diminish investment attractiveness, or reconfigure competitive dynamics, thus altering the profit potential of investments. This risk is unpredictable and may differ across various markets.