

Risk Disclosure and Warning Notice

Contracts for Difference (referred to as "CFDs") are intricate financial instruments that carry inherent risks. They are not designed to offer capital protection or guaranteed returns. Trading CFDs involves leverage, which magnifies both potential gains and losses. Consequently, CFD trading may not be appropriate for all investors. Prospective traders must fully comprehend the nature of CFDs and their associated risks before opening an account. You should only trade with funds that you can afford to lose and remain aware of all associated risks.

Scope of the Risk Disclosure

This Risk Disclosure and Warning Notice (hereinafter referred to as the "Disclosure Document") aims to provide a fair and transparent overview of the general risks linked to CFD trading. However, it cannot encompass every potential risk or how these risks may relate to individual circumstances.

We strongly recommend that clients make well-informed decisions regarding their trading activities. Seeking independent professional advice before engaging in CFD trading is highly advisable.

This document is for informational purposes only and should not be treated as promotional material or a solicitation for clients. It should be read alongside the Client Agreement and Terms of Business available on our website.

Key Risks Associated with CFD Trading

1. Leverage Risk

Leverage enables clients to gain exposure to financial markets with a smaller upfront deposit (margin). However, it is a double-edged sword—while it can amplify profits, it can also significantly increase losses. Even minor price fluctuations can lead to substantial losses if positions move unfavorably.

At Arbitrage Prime, retail clients benefit from "negative balance protection," ensuring that losses do not exceed the balance in their trading accounts. Clients are encouraged to trade only with amounts they can afford to lose.

2. Counterparty Risk

CFDs are over-the-counter ("OTC") instruments, meaning positions opened with Arbitrage Prime cannot be transferred to another entity. As a result, clients bear the credit risk associated with the company. In the unlikely event of insolvency or default by Arbitrage Prime, client positions may be liquidated or closed without prior notice.

3. Market Risk

CFD prices are influenced by various market factors, such as economic policies, geopolitical events, natural disasters, and changes in supply and demand. Clients are exposed to diverse types of market risk, including but not limited to interest rate risk, currency risk, and commodity price risk. Clients should evaluate their financial goals, risk tolerance, and market understanding before trading.

4. Volatility Risk

High market volatility can lead to sharp price movements, which may cause significant fluctuations in profits or losses. During volatile periods, there may be delays in order execution or unexpected slippage, impacting the intended trade outcomes.

5. Currency Risk

If a CFD is traded in a currency different from the base currency of a client's account, exchange rate fluctuations may affect the realized profit or loss. Clients should consider currency risk when trading in foreign-denominated assets or markets.

6. Liquidity Risk

Certain underlying assets may experience limited market liquidity, making it challenging to execute trades at desired prices. Wider bid-ask spreads may also increase trading costs during illiquid periods.

7. Technical and Operational Risks

Online trading carries risks of hardware or software failure, connectivity issues, cyberattacks, and power outages. Traders are responsible for maintaining reliable equipment, secure internet connections, and robust security practices, including strong passwords and updated software. Arbitrage Prime is not liable for trading losses arising from such technical disruptions.

8. Execution Risks

Clients' trading instructions are processed sequentially. Multiple orders placed before the first is executed may be rejected. Additionally, closing a trading window does not cancel pending orders. Clients must rely on the quotes and data provided by Arbitrage Prime's trading servers.

9. Abnormal Market Conditions and Trading Suspensions

In cases of extreme price movements or abnormal market conditions, executing or liquidating positions may become challenging or even impossible. Clients should note that stop-loss orders may not always execute at the intended price during such conditions.

10. Force Majeure Events

Arbitrage Prime will not be held responsible for financial losses caused by force majeure events, such as natural disasters, political unrest, wars, cyberattacks, or government regulations.

11. Slippage Risk

Slippage refers to the difference between the expected execution price and the actual executed price of a trade. It may occur during periods of high market volatility and can result in positive or negative outcomes for the client.

12. Third-Party Risks

Funds deposited with third parties are subject to their credit risk. While Arbitrage Prime exercises due diligence in selecting service providers, it cannot be held liable for losses resulting from third-party insolvency or default.

Additional Considerations:

1. Margin Requirements

Clients must always maintain the required margin level for their open positions. Failure to do so may result in the automatic closure of positions. Arbitrage Prime is not responsible for losses caused by insufficient account funding.

2. No Ownership of Underlying Assets

CFD trading does not provide ownership rights to the underlying financial instruments or assets.

3. Tax Implications

Clients are responsible for understanding the tax obligations associated with CFD trading in their jurisdiction.

4. Fraud and Impersonation

Clients must remain vigilant against fraudulent impersonation attempts. Only respond to communications from official Arbitrage Prime channels.

Contact Information:

If you have questions about the risks described above or require clarification regarding our services, please contact our support team at support@arbitrageprime.com

Before trading, ensure you have carefully considered your financial circumstances, goals, and risk tolerance. For personalized advice, consult independent financial, legal, or tax professionals.