

**Introduction**

- 1.1 This Risk Disclosure and Warning Notice (hereinafter referred to as the “**Notice**”) is provided to you (the client or prospective client) by DataWave Tech Ltd (hereinafter referred to as the “**Company**”, “**we**”), a company registered with the registrar of International Business Companies in Saint Lucia with registration No. 2023-00512, authorized by the Mwali International Services Authority, under an International Brokerage and Clearing House License with number T2023409.
- 1.2 All clients and prospective clients should carefully read the following risk disclosures and warnings contained in this Notice, before applying for a trading account with the Company and before they begin to trade with the Company. However, it is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing with the financial instruments offered by the Company. This Notice was designed to explain, in general terms, the nature of the risks involved when dealing in financial instruments on a fair and non-misleading basis.
- 1.3 The Company executes clients’ orders in relation to the following financial instruments: Contracts for Differences (CFDs) in stocks, commodities, indices, currency pairs (FX), and cryptocurrencies.

**Charges and Taxes**

- 2.1 The provision of services by the Company to its clients may be subject to fees, which are available on the Company’s website. Before the client begins to trade, he/she should obtain details of all fees, commissions, charges for which he/she may be liable. It is the client’s responsibility to check for any changes in the charges.
- 2.2 If any charges are not expressed in monetary terms (but, for example, as a percentage or formula), the client should ensure that he/she understands what such charges are likely to amount to.
- 2.3 The Company may change its costs and associated charges at any time, according to the provisions of the Client Agreement found on the Company’s website.
- 2.4 There is a possibility that a client’s trades in any financial instruments may be or become subject to tax and/or any other duty, for example due to changes in legislation or his/her personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice and recommends that the client seeks advice from a competent tax professional if the client has any questions.
- 2.5 The client is responsible for any taxes and/or any other duty which may accrue in respect of his/her trades.
- 2.6 It is noted that taxes are subject to change without notice.

- 2.7 If required by applicable law, the Company shall deduct, from any payments due to the client, such amounts as are required by the tax authorities to be deducted in accordance with applicable law.
- 2.8 It is possible that other costs, including taxes, relating to transactions carried out on the Company's trading platform may arise for which the client would be liable, and which are neither paid via the Company nor imposed by the Company. Although it is the client's sole and entire responsibility to account for tax due and without derogating from this, the client agrees that the Company may deduct tax, as may be required by the applicable law, with respect to his/her trading activity on the Company's trading platform. The client is aware that the Company has a right of set-off against any amounts in the client's trading account with respect to such tax deductions.
- 2.9 It is noted that the Company's prices in relation to CFDs trading are set/quoted in accordance with the prices provided by the Company's liquidity provider(s). It is noted that the Company's prices may be different from prices reported elsewhere. The prices displayed on the Company's trading platform reflects the last known available price prior to placing any order, however, the actual execution price of the order may differ, in accordance with the Company's Client Agreement. As such, the price that the client receives when he/she opens or closes a position may not directly correspond to real time market levels at the point in time at which the sale of the CFD occurs or reflect the prices of third-party brokers/providers.

### **Third Party Risks**

- 3.1 It is understood that the Company will promptly place any clients' funds it receives into one or more secure account(s) held with reputable financial institutions, such as a credit institution or a bank. Although the Company shall exercise due skill, care and diligence in the selection of the financial institution according to its regulatory requirements, it is understood that there are circumstances beyond the control of the Company and hence the Company does not accept any liability or responsibility for any resulting losses to the client as a result of the insolvency or any other analogous proceedings or failure of the financial institution where clients' funds will be held.
- 3.2 In the event of the insolvency or any other analogous proceedings in relation to one or more of the financial institutions stated in Paragraph 3.1 above, the Company may only have an unsecured claim against the financial institution on behalf of the client, and the client will be exposed to the risk that the funds received by the Company from the financial institution are insufficient to satisfy the claims of the client.

### **Insolvency**

- 4.1 The Company's insolvency or default may lead to Client Open positions being closed out without the Client's consent and as a result the Client may suffer losses.

### **Technical Risks**

- 5.1 The client, and not the Company, shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of

information, communication electricity cuts, electronic or other systems, which are not the result of gross negligence or willful default of the Company.

- 5.2 If the client undertakes transactions on an electronic system, he/she will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his/her order is either not executed according to his/her instructions or it is not executed at all. The Company does not accept any liability in the event of such a failure, not owed to the Company's gross negligence or willful default. The Company strives, on a best effort basis, to provide the client with a secure and smooth online experience. However, the client acknowledges the risk that should third parties (hackers) launch a coordinated attack against the Company's systems, there may be a disruption of services which may result in potential losses for the client. The Company does not accept any liability resulting from such attacks to the extent that the Company has taken all reasonable measures, on a best effort basis, to fend off such malicious actions.
- 5.3 The client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.
- 5.4 At times of excessive trading on the Company's systems, the client may face some difficulties in being connected over the phone or in accessing the Company's platform(s)/system(s), especially during periods where trading volumes peak (for example, when key macroeconomic indicators or news are released).
- 5.5 The client acknowledges that the internet itself may be subject to events which may affect his/her access to the Company's website and/or the Company's trading platform(s) or system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its reasonable control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the client's inability to access the Company's website and/or trading platform or delay or failure in sending orders or transactions, not owed to the Company's gross negligence or willful default.
- 5.6 In connection with the use of computer equipment and data and voice communication networks, the client bears the following risks, amongst others, in which cases the Company has no liability of any resulting loss:
- Power cut of the equipment on the side of the client or the client's electricity provider, or communication operator (including voice communication) that serves the client.
  - Physical damage (or destruction) of the communication channels used to link the client and his/her provider (communication operator), and the trading or information server of the client.
  - Outage of communication via the channels used by the client, or the channels used by the provider, or communication operator (including voice communication) that are used by the client.

- Wrong or inconsistent settings of the client terminal. Untimely update of the client terminal.
- The use of communication channels, hardware and software, generating the risk of non-reception of a message (including text messages) by the client from the Company.
- Malfunction or non-operability of the trading platform, which also includes the client terminal.

5.7 The client may suffer financial losses caused by the materialization of the above risks, and the Company accepts no responsibility or liability in the case of such a risk materializing and the client shall be responsible for all related losses he/she may suffer, to the extent that these are not owed to the Company's gross negligence or willful default.

### **Trading Platform**

6.1 The client is warned that when trading on an electronic trading platform he/she assumes risk of financial loss which may be a consequence of amongst other things:

- Failure of their device(s), software and poor quality of connection.
- The Company's or the client's hardware or software failure, malfunction or misuse.
- Improper operation of the client's equipment.
- Wrong setting(s) of the client's terminal.
- Delayed updates of the client's terminal.

6.2 The client acknowledges that only one (1) instruction is allowed to be in the queue at a time. Once the client has sent an instruction, any further instructions sent by the client shall be ignored, and a message notifying the client that his/her orders are blocked shall appear until the first instruction is executed.

6.3 It is understood that the connection between the client terminal and the Company's server may be disrupted at some point and some of the quotes may not reach the client terminal.

6.4 The client acknowledges that when the client closes the order placing/deleting window or the position opening/closing window, the instruction which has been sent to the server shall not be cancelled.

6.5 Orders may be executed one at a time while being in the queue. Multiple orders from the same trading account placed at the same time may not be executed.

6.6 The client acknowledges that when the client closes an order, it shall not be cancelled.

6.7 The client acknowledges that if a pending order on a CFD trade has already been executed but the client sends an instruction to modify its level, the only instruction which will be executed is the instruction to modify any stop loss and/or take profit levels on the position opened when the pending order was triggered.

### **Force Majeure Events**

7.1 In case of a Force Majeure Event (as defined in the Client Agreement), the Company may not be in a position to arrange for the execution of one or more client's orders or fulfil its

obligations under the Client Agreement with the client. As a result, the client may potentially suffer financial loss.

7.2 According to the Client Agreement, the Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the Client Agreement where such failure, interruption or delay is due to a Force Majeure Event.

### **Communication between the Client and the Company**

8.1 The client shall accept the risk of any financial losses caused by the fact that he/she has either received a delayed notice or has not received any notice at all from the Company.

8.2 The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

8.3 The Company has no responsibility if unauthorized third persons have or gain access to information, including electronic addresses, electronic communication and personal data, access data, when the above are transmitted between the Company and the client or when using the internet or other network communication facilities, telephone, or any other electronic means.

8.4 The client is fully responsible for the risks in respect of undelivered internal mail messages sent to the client by the Company via the Company's platform.

### **Abnormal Market Conditions**

9.1 The client acknowledges that under abnormal market conditions, the timeframe during which orders are executed may be extended or it may be impossible for orders to be executed at the intended price or may not be executed at all.

9.2 Abnormal market conditions include, but are not limited to, times of rapid price fluctuations, rises or falls in a trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is a lack of liquidity, or this may occur at the opening of trading sessions.

### **Foreign Currency**

10.1 When a financial instrument is traded in a currency other than the currency of the client's country of residence and/or trading account, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the client.

## **INFORMATION ON RISKS ASSOCIATED WITH COMPLEX FINANCIAL INSTRUMENTS (CFDS)**

### **Introduction**

11.1 Trading CFDs can put a client's capital at risk, especially if used in a speculative manner.

CFDs are categorized as high risk complex financial instruments and clients may lose the amount invested. Trading CFDs is not suitable for all investors.

11.2 The investment decisions made by clients are subject to various market, currency, economic, political, and business risks, etc., and may not necessarily be profitable.

11.3 The client acknowledges and without any reservation accepts that, notwithstanding any general information which may have been given by the Company, the value of any investment in financial instruments may fluctuate either upwards or downwards. The client acknowledges and without any reservation accepts the existence of a substantial risk of incurring losses and damages as a result of buying or selling any financial instrument(s) and acknowledges his/her willingness to take such risk.

11.4 Set out below is an outline of the major risks and other significant aspects of CFDs trading:

- i. Trading in CFDs is very speculative and highly risky and is not suitable for all members of the general public, but only for those investors who:
  - understand and are willing to assume the economic, legal and other risks involved.
  - taking into account their personal financial circumstances, financial resources, lifestyle and obligations, are able to assume the loss of their entire investment.
  - Have the knowledge to understand CFD trading and the implications of underlying assets and the financial markets.
- ii. The Company will not provide the client with any advice relating to CFDs, any underlying assets or the markets, or make investment recommendations, including occasions where the client shall request such advice and/or recommendation. However, the Company may provide the client with information and tools produced by third parties on an “as is” basis (i.e. the Company does not approve, or endorse, or affect the said information and/or tools), which may be indicative of trading trends or trading opportunities. The client accepts and understands that taking any actions based on the information and/or tools provided by third parties may result in losses and/or general reduction of the value of the client’s assets. The Company does not accept liability for any such losses resulting from actions taken by the client on the basis of information and/or tools produced by third parties.
- iii. CFDs are derivative financial instruments deriving their value from the prices of the underlying assets/markets in which they refer to (for example currency, equity indices, stocks, metals, indices futures, etc.). It is important, therefore, that the client understands the risks associated with trading in the relevant underlying asset/market because fluctuations in the price of the underlying asset/market will affect the profitability of his/her trade.
- iv. Information of the previous performance of CFDs, the underlying assets and markets does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the CFD to which the said information refers.

**Volatility:**

Some financial instruments trade within wide intraday ranges with volatile price movements. Therefore, the client must carefully consider that there is a high risk of losses. The price of a



financial instrument is derived from the price of the underlying asset in which the financial instrument refers to. Financial instruments and related underlying assets can be highly volatile. The prices of financial instruments and the underlying asset may fluctuate rapidly and over wide ranges, and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Company. Under certain market conditions, it may be impossible for a client order to be executed at declared prices, potentially leading to losses. The prices of financial instruments and the underlying assets will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events, and the prevailing psychological characteristics of the relevant marketplace.

**Liquidity:**

Liquidity risk refers to the capacity to readily monetize assets without suffering a significant discount in their prices. The client accepts and acknowledges that the underlying instruments on some derivative products on offer by the Company may be inherently illiquid or sometimes face persistent liquidity strains due to adverse market conditions. Illiquid underlying assets may exhibit high levels of volatility in their prices and consequently a higher degree of risk, which may lead to larger gaps in ask and bid prices for an underlying instrument than would otherwise prevail under liquid market conditions. These large gaps may be reflected in the prices of the derivative product that the Company offers.

**Off-exchange transactions in Derivative Financial Instruments:**

CFDs offered by the Company are off-exchange transactions (i.e. over-the-counter). The trading conditions are set by us, with a view of providing the best possible execution, while acting reasonably and in accordance with our Client Agreement. Each CFD that the client opens through our trading platform results in the entering of an order with the Company. Such orders can only be closed with the Company and are not transferable to any other person.

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, to assess the value of the position arising from an off-exchange transaction, or to assess the exposure to risk. Prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

The Company is using an online trading system for transactions in CFDs, which does not fall into the definition of a recognized exchange or multilateral trading facility, and so it does not provide the same protection.

**No Clearing House protection:**

The transactions in the financial instruments offered by the Company are not currently subject to exchange or clearing house requirements/obligations.

**No Delivery:**

It is understood that the client has no rights or obligations in respect to the underlying assets relating to the CFDs that he/she is trading. There is no delivery of the underlying asset.

**Suspensions of Trading:**

Under certain trading conditions, it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted. Placing a stop loss will not necessarily limit the client's losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price. In addition, under certain market conditions, the execution of a stop loss order may be worse than its stipulated price and the realized losses can be larger than expected.

**Slippage:**

Slippage is the difference between the expected price of a transaction in a CFD, and the price that the transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events), making an order at a specific price impossible to execute and also when large orders are executed and there may not be enough interest at the desired price level to maintain the expected price of trade.

**Information On Risks Specifically Associated With CFDs:**

CFDs available for trading with the Company are non-deliverable/transactions giving an opportunity to profit on changes in the pricing of underlying asset (stocks, currencies, commodities, precious metals and any other asset according to the Company's discretion from time to time). If the underlying asset's price movement is in the client's favor, the client may potentially profit, but an equally small adverse market movement can not only quickly result in the loss of the clients' entire deposit, but also additional commissions and other expenses may be incurred. So, the client must not enter into CFDs trading practices unless he/she is willing to undertake the risks of losing the entire capital which he/she has invested and also any additional commissions and other expenses incurred.

Investing in CFDs carries risks and the client should be aware of these risks. Transactions in CFDs may also have a contingent liability and the client should be aware of the implications of this, as set out in point iv. below.

**i. Leverage:**

In order to place a CFD Order, the client is required to maintain a margin. Margin is usually a relatively modest proportion of the overall contract value. This means that the client will be trading using "leverage". Worth noting is that a relatively small market movement can lead to a proportionately much larger movement in the value of the client's position, and this can work either against the client or in the client's favor.

At all times during which the client has open trades, the client must maintain enough equity while also considering all running profits and losses, in order to meet the margin requirements. If the market moves against the client's position and/or the margin requirements are increased,



the client may be called upon to deposit additional funds on short notice in order to maintain his position. Failing to comply with a request for a deposit of additional funds may result in the closure of his/her position(s) by the Company's trading platform (known as "stop out").

It is important that you monitor your positions closely because the effect of leverage can affect your profits or losses. It is your responsibility to monitor your trades and while you have open trades, you should always be in a position to do monitor them frequently.

ii. Margin:

The client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of CFDs may fluctuate downwards or upwards and it is even probable that the investment may become of no value. This is owed to the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the client's trade. If the underlying market movement is in the client's favor, the Client may achieve a good profit, but an equally small adverse market movement can expose the Client to large losses and can even result in the loss of the client's entire deposited capital.

The Company may change its margin requirements, according to the provisions of the Client Agreement found on the Company's website.

iii. Contingent Liability Investment Transactions:

Contingent liabilities are potential obligations that may be assumed by the client depending on the outcome of an event that was beyond any person's control and/or expectations. For example, in cases where due to extreme volatility of the underlying instrument, the client has sustained losses that exceed his balance with the Company (i.e. he has generated a negative balance with the Company), the client may then be liable to pay an amount equal to these losses.

iv. Risk-reducing Orders or Strategies

The Company makes certain orders available (e.g. "stop-loss" orders), which are intended to limit losses to a certain degree. Such orders may not be adequate given that markets' conditions, making it impossible to execute such orders (e.g. due to illiquidity in the market). We aim to deal with such orders fairly and promptly, however, the time taken to fill the order and level at which the order is filled depends on the underlying market. In fast-moving markets, a price for the level of your order might not be available, or the market might move quickly and significantly away from the stop level before we fill it.

Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions. Therefore, stop limit and stop loss orders cannot guarantee the limit of loss.

v. Swap Values

If a client holds any positions overnight then an applicable swap charge will apply. The swap

values are clearly stated on the Company's website and accepted by the client during the account registration process, as they are described in the Company's Client Agreement. The swap rate is mainly dependent on the level of interest rates, as well as the Company's fee for having an open position overnight. The Company has the discretion to change the level of the swap rate on each CFD at any given time and the client acknowledges that he/she will remain informed of such change(s) by frequently checking the Company's website. The client further acknowledges that he is responsible for reviewing the CFD specifications located on the Company's websites for the purposes of staying updated on the level of swap amounts prior to placing any order with the Company.

**Advice and Recommendations:**

- 12.1 The Company will not advise the client about the merits of a particular Transaction or give him/her any form of investment advice and the client acknowledges that the Company's services do not include the provision of investment advice in CFDs or the underlying assets and markets. The client alone will enter into transactions and take relevant decisions based on his/her own judgement and volition. In asking the Company to enter into any transaction, the client represents that he/she has been solely responsible for making his/her own independent appraisal and investigation into the risks of the transaction. He/she represents that he/she has sufficient knowledge, market sophistication, professional advice and experience to make his/her own evaluation of the merits and risks of any transaction. The Company gives no warranty as to the suitability of the products traded with the Company and assumes no fiduciary duty in its relations with the client.
- 12.2 The Company will not be under any duty to provide the client with any legal, tax or other advice relating to any transaction. The client should seek independent expert advice if he/she is in any doubt as to whether he/she may incur any tax liabilities. The client is hereby warned that tax laws are subject to change from time to time.
- 12.3 The Company may, from time to time and at its sole discretion, provide the client (or in newsletters or articles that it may post on its website or provide to subscribers via its website or otherwise) with information, news, market commentary or other information, but not as a service. Where it does so, however:
- (a) the Company will not be responsible for such information;
  - (b) the Company gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related transaction;
  - (c) this information is provided solely to enable the client to make his/her own investment decisions and does not amount to investment advice or unsolicited financial promotions to the client;
  - (d) if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the client agrees that he will not pass it on to any such person or category of persons;
  - (e) the Client shall accept that prior to the release of such information, the Company

- (f) may have acted upon itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the client and cannot guarantee that he/she will receive such information at the same time as other clients;

12.4 It is understood that market commentary, news, or other information provided or made available by the Company are subject to change and may be withdrawn at any time without notice.

**No Guarantees of Profit:**

13.1. The Company provides no guarantees of profit nor of avoiding losses when trading financial instruments. The Company cannot guarantee the future performance of the client's trading account, promise any specific level of performance or promise that the client's investment decisions and strategies will be successful/profitable. The client has received no such guarantees from the Company or from any of its representatives. The client is aware of the risks inherent in trading financial instruments and is financially able to bear such risks and withstand any losses incurred. The client acknowledges and accepts that there may be other additional risks apart from those mentioned above.