



Klips

**Klips SA (Pty) Ltd - Risk Disclosure Notice
Version 1 – 9.5.2022**



Contents

1. This Risk Disclosure Notice forms part of the Client Agreements as defined in the User Agreement	3
2. Magnified Losses	3
3. CFDs are not suited for long term investment	3
4. No rights to the underlying instrument.....	3
5. Only invest money you can afford to lose (Risk Capital)	3
6. Appropriateness	3
7. Potential Risks.....	4
8. Not Suitable as Income.....	4
9. Fluctuations in the Market	4
10. Derivatives	4
11. Need to Monitor Positions	5
12. Operational Risks	5
13. Currency Risk	5



Trading in margin contracts (including CFDs) involves the potential for profit as well as the risk of loss of your initial investment and is not suitable for all investors.

Movements in the price of the margin contract's underlying asset (e.g., shares, indices, ETFs, foreign exchange rates or commodity prices) are influenced by a variety of unpredictable factors of global origin.

Violent movements in the price of the underlying asset may occur in the market as a result of which you may be unable to settle adverse trades. You do not own, or have any rights to underlying assets (e.g., the right to receive dividend payments).

1. This Risk Disclosure Notice forms part of the Client Agreements as defined in the User Agreement

- 1.1. You are considering dealing using the KLIPS SA (PTY) LTD ("Klips SA", "we", "our", "us") trading platform in Contracts for Difference ("CFDs"). CFDs are high risk investments, which are not suitable for many investors.
- 1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.
- 1.3. It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

2. Magnified Losses

- 3.1. The nature of margin trading markets means that both profits and losses can be magnified and, unless you place a "Stop Loss" or a "Limit Order", you could incur very large losses if your position moves against you. However, you cannot lose more than the balance on your Klips trading account.

4. CFDs are not suited for long term investment

- 5.1. CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

6. No rights to the underlying instrument

- 7.1. CFDs do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.

8. Only invest money you can afford to lose (Risk Capital)

- 9.1. Do not invest in CFDs with money you cannot afford to lose. An investment in CFDs carries a high degree of risk to the investor and due to fluctuations in value, the investor may not get back the amount he has invested.

10. Appropriateness

- 11.1. Subject to our obligation to assess the appropriateness of the trading platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.



- 11.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

12. Potential Risks

- 13.1. With Klips SA you cannot lose more than your trading account balance.
- 13.2. Before you open a CFD trade with us we require you to lodge money with us as “Initial Margin” and in order to keep a transaction open, you must ensure that the amount in your trading account exceeds the “Maintenance Margin”. The Initial Margin will differ between Instruments and the amounts will be indicated on the trading platform. This means that you will be trading using ‘leverage’ or ‘gearing’ and this can work for or against you; a small price movement in your favor can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.
- 13.3. We will further require you to ensure that the amount in your trading account exceeds the Maintenance Margin in order to keep a transaction open. Therefore, if our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you do not do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.
- 13.4. You should also be aware that under our User Agreement we are entitled, at our sole discretion, to make a Margin Call. Under the User Agreement, you are required to satisfy any Margin Calls immediately, by wire transfer in the time prescribed by us. If you do not do this, we will be entitled to close one, or more, or all of your trades.
- 13.5. Unless you have taken steps to place an absolute limit on your losses (for example, by placing a Stop Loss or Close at Profit order on your account) it is possible for adverse market movements to result in the loss of the entire balance of your trading account. We offer a range of risk management tools to help you to manage this risk.

14. Not Suitable as Income

- 15.1. The inherent concept of CFDs means they are not suitable for an investor seeking an income from his investments as the income from such investments may fluctuate in value in money terms. For an investment in an Over the Counter (“OTC”) product, which is not a readily realizable investment, it may be difficult to sell or realize the investment and obtain reliable information about its value or the extent of the risks to which it is exposed.

16. Fluctuations in the Market

- 17.1. It is important that you comprehend the risks associated with trading on a market as fluctuations in the price of the underlying market will have an effect on the profitability of the trade. For example: the value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange.
- 17.2. CFDs are therefore only suitable for those customers who fully understand the market risk and have previous trading experience. If unsure, it is advisable to seek independent advice.

18. Derivatives

- 19.1. Positions opened with us are not traded on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our user agreement and with our order execution policy. Each CFD trade that you open through our trading platform results in you entering into a contract with us; these contracts can only be closed with us and are not transferrable to any other person. There is no clearing house for CFD’s. Klips SA products are not guaranteed by an exchange.



20. Need to Monitor Positions

- 21.1. Because of the effect of gearing and therefore the speed at which profits, or losses can be incurred it is important that you monitor your positions closely. It is your responsibility to monitor your trades.

22. Operational Risks

- 23.1. Operational risks with Klips SA on your computer are inherent in every CFD transaction. For example, disruptions in Klips SA's operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. Klips SA does not accept or bear any liability whatsoever in relation to the operational processes of Klips SA, except to the extent that it is caused by the fraud, negligence or dishonesty by Klips SA.

24. Currency Risk

- 25.1. Customers should be aware that CFDs denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

