

## RISK DISCLOSURE STATEMENTS

### 1. Introduction

SCFM Limited, trading as Scope Markets, is a Limited Liability Company incorporated in Kenya, incorporation number PVT-GYULYYG, authorised and regulated by the Capital Markets Authority as a Non-Dealing Foreign Exchange Broker, license number 123 and as a NSE Derivatives Broker license number 143 and whose registered address is Westside Tower, 4th Floor, Office no. 402 &403, along Lower Kabete Road, Westlands, Nairobi and of P.O Box 2673-00606 Nairobi, Kenya.

If you have pursued only conservative forms of investment in the past, you should study FX, CFDs, Stocks and ETFs trading further before continuing on investments of this nature. It is important that you fully understand the risks involved before deciding to trade with Scope Markets and that you have adequate financial resources to bear such risks and that you monitor your positions carefully. Trading involves risk to your capital. You should not invest money that you cannot afford to lose, however you cannot lose more than the equity.

You may also be liable for losses that exceed the amount of margin you post. If you wish to continue with your investment, you confirm that the funds you have committed are purely risk capital and loss of your investment will not jeopardize your style of living nor will it detract from your future retirement program. Additionally, you fully understand the nature and risks of these investments, and your obligations to others will not be neglected should you suffer investment losses.

You should be aware of the following points:

#### 1. Leverage

High leverage and low margin can result in significant losses due to small price fluctuations in the traded products. High leverage allows the customer to assume more risk, magnifying both losses and profits; which can result in loss up to and in excess of deposits and margin. The customer must consider that if the trend on the market is against him/her the customer may sustain a total loss of the initial margin funds and any additional funds deposited to maintain open positions. The customer is responsible for all his/her risks, financial resources he/she uses and for the chosen trading strategy.

It is important for the investor to note that Leverage will only be provided for FX and CFD products as listed on our website [www.scopemarkets.co.ke](http://www.scopemarkets.co.ke)

#### 2. Market Risk

Because of sharp and substantial fluctuations in the foreign exchange market the client's orders may be executed at the rates which differ significantly from stated in the orders. For example, in the case when the price breaks out of the trading range and leaves on the chart an empty space with no trading activity (such situation is called gap). The order will be executed at the price first appeared after gap. Likewise placing orders for reducing losses/profits may be inefficient as market conditions may make it impossible to execute these orders.

Market gapping refers to a sudden shift in the price of an instrument or its underlying from one level to another. This can happen at any time, but occurs most frequently when the market closes at one level but reopens at another. This can cause unexpected losses.

You should also be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

### **3. Technical Risk**

The client accepts the risk caused by software or telecommunications facilities failures as well as by other technical problems. The company is not responsible for client's losses sustained due to non-observance of instructions included in the MT5 client terminal user guide.

The client accepts the risk of executing unplanned trading transactions in the case of repeating an order before the last order processing results were received. The client must keep passwords and ensure that third parties will not have access to the trading system.

The client will be subject to the trading obligation, assumed by him/her on the one part and by the Company on the other part, executed using client's password even if the password was used by a third party. The client realizes that the information on him/her (sent via email, instant messenger service) is not protected from unauthorized access.

### **4. Non-Guarantee of Share Dividend Payment**

A dividend is an amount of money, determined by the company's Board of Directors, which is a distribution of the company's profits. Periods of economic difficulty may, however, interrupt such dividend payment for even the most established shares. Younger, less established companies that are building a business tend to retain their profits for re-investment. These are called "growth" companies as their business strategy is to grow their business rapidly.

It is worth noting that the period of Dividend payment varies from entity to entity as this may be guided by Internal and Regulatory policies and practices under their respective jurisdictions.

### **5. Dealing/Administrative Costs**

Fees and Charges levied by us or third parties will reduce potential profits you can make or increase the level of loss. Before you begin to trade, you should understand all fees and other charges for which you will be liable.

### **6. Liquidity Risk**

Shares are available in companies of different sizes, industrial sectors, geographical locations, and on different stock markets. Liquidity is an important risk factor when investing in individual equities and is generally driven by the market capitalisation (total value of issued shares) of the company and current market conditions. Liquidity levels can change rapidly and lack of liquidity often restricts trading in equities with smaller market capitalisations (known as mid cap and small cap).

## **7. Price Volatility**

The price of individual investment products can appreciate or decline rapidly. Shares can also remain in decline over long time periods. Share prices rise and fall according to the health of the company and general economic and market conditions. Stock market investments tend to be more volatile than investments in most bonds.

## **8. Force Majeure**

The Company is not responsible for client's losses sustained due to force majeure such as ( included but not limited to) acts of wars, riots, civil disorders, labour disputes, blockades, embargoes, terrorist activities, civil insurrection, rebellions or revolutions natural disasters, financial market trading stops, currency interventions, government decisions, instability on financial markets with rapid drops of liquidity, and other significant changes of counter agents working process or any other similar cause beyond the reasonable control of such party.

This brief statement cannot disclose all risk of investments in margin trading markets. Trading these financial products carries a high level of risk to your capital with the possibility of losing more than your initial investment and may not be suitable for everyone. Ensure you fully understand the risks involved and seek independent advice if necessary.