

TOP **FX**



RISK DISCLOSURE

AUGUST 2025

RISK DISCLOSURES FOR FINANCIAL INSTRUMENTS**1. Introduction**

- 1.1. TopFX Markets Ltd (hereafter the “Company” or “TopFX”) is a company registered under the Laws of British Virgin Islands (BVI) with registration number 2116078 and is licensed by the Financial Services Commission (FSC) in BVI with License Number SIBA/L/23/1161.
- 1.2. The Risk Disclosures for Financial Instruments Notice (the “Notice”) is provided to you in accordance with the applicable laws and regulations because you are considering dealing with the Company in the financial instruments provided by the Company. Every type of Financial Instrument has its own characteristics and entails different risks. It should be noted that “Financial Instruments” shall mean Forex, Contracts for Difference (CFD) or any other derivative product provided by the Company.
- 1.3. The Notice contains information about Financial Instruments including some of the risks associated with trading with these Financial Instruments and should be read together with the Company’s Terms of Business. It is not intended to mention or explain all risks and other important aspects involved in dealing with Forex, CFDs or any other financial derivative product nor does it disclose all risks, and it does not replace your own understanding and experience of the above-mentioned products. It explains, in general terms, the nature of the risks associated with trading in Financial Instruments in order to assist you in understanding the nature and risks of this specific type of Financial Instrument being offered and, consequently, to be in a position to take investment decisions on an informed basis.
- 1.4. However, we would like to warn you that this Notice does not disclose all of the risks and other significant aspects of trading in Forex, CFDs or any other financial derivative product. In light of the risks, you should undertake such transactions only if you understand the nature of the Financial Instruments into which you are entering and the extent of your exposure to risk. Trading in high-risk financial instruments like Forex, CFDs or any other financial derivative product may not be suitable for everyone, and you should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. If you are in any doubt as to the suitability of any investment, you should seek independent professional expert advice.
- 1.5. Please note that the value of your investments may rise or fall depending on market conditions and that you may not always recoup your initial investment. In addition, past performance should not be seen as an indication of future performance.

2. Risks associated with transactions in Financial Instruments

2.1. Effect of “Leverage” or “Gearing”

Transactions in foreign exchange and derivatives carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign exchange or derivatives contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with TopFX to maintain your position. If the market moves against your position and/or margin requirements are increased, you may be called upon to deposit additional funds on short notice to maintain your position. Failing to comply with a request for a deposit of additional funds, may result in closure of your position(s) by TopFX on your behalf and you will be liable for any resulting loss or deficit.

2.2. Risk-reducing Orders or Strategies

The placing of certain orders (e.g. “stop-loss” orders, where permitted under local law, or “stop-limit” orders), which are intended to limit losses to certain amounts, may not be adequate given that markets conditions make it impossible to execute such orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking simple “long” or “short” positions.

2.3. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, considering the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the option to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased option is out-of-the-money when it expires, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs. If you are contemplating purchasing out-of-the money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash

or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is “covered” by the seller holding a corresponding position in the underlying asset, in a future or in another option, the risk may be reduced. In case the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

2.4 Synthetic CFD-Specific Risks

In addition to the general risks of CFDs listed above, Synthetic CFDs (“Synthetic Indices”) entail the following unique risks:

Model & RNG Risk

Prices are generated by a mathematical model (geometric Brownian motion) and a random-number generator. Any flaw in the model or RNG may result in incorrect prices, potentially causing unexpected P/L outcomes.

No Fundamental Anchors

Synthetic Indices do not reflect real-world supply/demand, economic data, or corporate events. Past price behaviour provides no guidance for future moves.

Operational & Algorithmic Risk

System outages, latency spikes, or synchronization errors between the price-generator and order-matching engine can lead to stale or missing quotes, causing trades to execute at unexpected levels.

Counterparty Risk

You trade CFDs directly with us as your sole counterparty. There is no central exchange or secondary market. If we become insolvent, default on our obligations, or experience a serious operational failure, you may suffer loss of all funds in your trading account. You may be eligible for compensation under the applicable investor-protection scheme (subject to its terms, caps and conditions), but recovery is not guaranteed.

3. Additional Risks Common to Foreign Exchange and Derivative Transactions

3.1. Terms And Conditions of Contracts

You should ask the firm with which you deal about the terms and conditions of the Contracts entered into and information on associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in

the underlying interest.

3.2. Suspension or Restriction of Trading and Pricing Relationships

Market condition (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or “circuit breakers”) may increase the risk of loss by making it difficult or impossible to effect transactions or close/ offset positions. If you have sold options, this may increase the risk of loss.

Normal pricing relationships between the underlying asset and a derivative do not always exist. The absence of an underlying reference price may make it difficult to judge “fair” value.

3.3. Deposited Cash and Property

You should familiarize yourself with the protections accorded the Security you deposit by way of money or other assets in domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or other assets is governed by the legislation and local rules in the country at which location the counterparty acts.

3.4. Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit or loss.

3.5. Transactions in Other Jurisdiction

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation, which may offer different or diminished investor protection. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been affected.

3.6. Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts in another currency than your account currency will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to the account currency.

3.7. Market (fundamental and technical) Analysis

In cases whereas the Company provides market (fundamental and technical) analysis relating to the financial instruments that the Company offers, the Client shall be aware that the content will be provided in the material and/or any other material that the content is referred to, whether it comes from a third party or not, will be for information purposes only and shall not be considered as a recommendation and/or investment advice and/or investment research and/or

suggestions for performing any actions with financial products or instruments, or to participate in any particular trading strategy and cannot guarantee any profits. Past performance does not constitute a reliable indicator of future results. The Company will not represent that the material provided there is accurate, current or complete and therefore should not be relied upon such. The material will not consider the reader's financial situation or investment objectives. The Company advises any readers of the content to seek their own advice.

3.8. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

3.9. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfillment of the margin requirements.

3.10. Off-Exchange Transactions

In some jurisdictions firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterpart to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

4. Other additional obligations

- 4.1. The Company is required to hold Clients' money in an account that is segregated from the Company's money in accordance with the applicable laws but this may not afford a complete protection.

- 4.2. An amendment and/or change in the applicable laws and regulations may increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment.
- 4.3. The Client is responsible for the payment of any taxes and/or any other duty or legal affairs (i.e., regulatory filings and payments) in order to ensure that he/she complies with applicable laws and regulations. The Company does not guarantee that no tax and/or any other stamp duty is payable. The Company does not provide any legal and/or tax advice and as such you may wish to seek independent advice.

The Company reserves the right to review and/or amend its Risk Disclosure Notice, at its sole discretion whenever it deems necessary and/or appropriate.

This Notice is not part of our Terms of Business and is not intended to be contractually binding and/or impose and/or seek to impose any obligations on us which we would not otherwise have under the applicable laws and regulations.

5. Additional Information:

If you have any specific questions about our Risk Disclosure, please contact cs@topfx.com.

For more information, please check our official website www.topfx.com/bvi.