



Risk Disclosure

CFDs and leveraged instruments are complex products and come with a high risk of losing money rapidly due to leverage. Before trading, ensure you fully understand the risks involved and carefully consider whether trading these products is appropriate for your financial situation, and only trade if you are prepared to lose your invested capital.



I. Introduction

This Risk Disclosure Notice is issued by Fundify Limited (“Fundify”, “the Company”, “we”, “us”, or “our”), a Mauritius-regulated investment firm **licensed by the Financial Services Commission (FSC), Mauritius, as an Investment Dealer (Full Service Dealer, Excluding Underwriting) under Section 29 of the Securities Act 2005**. The Company is registered in Mauritius under registration number **C207196**, licence number **GB24202844**, with its registered address at 1/F River Court, 6 St. Denis Street, Port Louis, 11328, Mauritius.

The purpose of this document is to ensure clients are fully informed about the nature and risks associated with trading and investing in the financial instruments offered by Fundify, which include Contracts for Difference (CFDs) on Foreign Exchange (Forex), Commodities, Precious Metals, and International Equities.

Trading and investing in financial instruments involves a significant degree of risk. The value of investments can rise or fall, and clients may lose part or all of their capital. Leveraged products such as CFDs carry a particularly high risk, as losses can exceed initial deposits.

Fundify operates on an **execution-only basis** and **does not provide investment advice or portfolio management**. Clients are responsible for understanding the risks involved before trading.

Throughout this document, the terms “long” and “short” are used to describe trading positions:

- A long position involves buying an instrument in anticipation of a price increase. Profit arises when prices rise; losses occur when they fall.
- A short position involves selling an instrument not owned in anticipation of a price decline. Profit arises when prices fall; losses occur when they rise.

II. General Risks

2.1 Market Risk

All investments are exposed to market risk — the risk that the value of financial instruments may fluctuate due to global, economic, or political factors. Unexpected events, such as interest rate changes or geopolitical tensions, can cause sharp price movements and lead to losses.

Example: A long position in Apple shares at \$150 per share drops to \$142.50 following a weaker-than-expected earnings report. For a holding of 200 shares, the total loss amounts to \$1,500.

2.2 Currency Risk

Currency risk arises when an investment or trade is denominated in a currency different from the client’s base currency. Exchange rate fluctuations can amplify or offset investment returns.

Example: An investor holding Microsoft shares denominated in USD gains 5% on the share price. However, the USD weakens by 3% against GBP, reducing the net return to approximately 2%.

2.3 Operational and Systems Risk

Operational risks include system failures, connectivity issues, or technology malfunctions that prevent the placement, modification, or closure of trades. Such issues may arise from software errors, hardware failures, or third-party service disruptions.

Example: During a sudden market movement, a temporary trading platform outage prevents a gold position from being closed. The price falls further during the outage, leading to increased realised losses.

2.4 Counterparty Risk

Counterparty risk occurs when a financial institution or broker fails to meet its contractual obligations. In such circumstances, access to funds or assets may be delayed or lost.

Example: A liquidity provider fails to process a transaction during high volatility in EUR/USD, resulting in execution at a worse price than quoted, increasing realised losses.

2.5 Legal and Regulatory Risk

Legal and regulatory risks stem from changes in laws, tax regimes, or market regulations. Such changes may affect asset prices, trading activity, or the ability to maintain certain positions.

Example: A government bans short selling of specific financial stocks, forcing the immediate closure of short positions in those securities, resulting in losses.

2.6 Taxation Risk

Taxation rules differ between jurisdictions and may change without notice. Clients are responsible for understanding and meeting their tax obligations.

Example: Mauritius does not currently impose capital gains tax on the sale of securities, making it an attractive jurisdiction for investors. However, future changes to tax laws—such as the introduction of a capital gains or dividend withholding tax—could reduce overall investment returns. For example, if a 10% capital gains tax were introduced, a USD 5,000 profit from selling international shares would result in a USD 500 tax charge, reducing the net gain to USD 4,500.

2.7 Online Trading and Cybersecurity Risk

Online trading depends on internet connectivity, trading software, and external systems. Technical failures, poor internet speed, or cybersecurity threats may affect the ability to trade.

Example: A client attempts to close a gold CFD during a volatile period. At the same time, their home internet connection drops. By the time the connection is restored, the market has moved further against the client, resulting in a larger loss.

Another example is a client's trading account being accessed by someone who obtained their password because it was not stored securely. The unauthorised party places trades, causing losses before the account can be locked.

2.8 Regulatory Restrictions and Jurisdictional Limitations

Fundify may not be allowed to offer services in certain regions due to local regulations. Clients must ensure that using Fundify's services does not breach the laws of their own country.

Example: A client living in a jurisdiction where high-leverage trading is restricted opens an account without checking local laws. Later, their local regulator restricts or bans the use of high-leverage CFDs. The client may be required to close their positions or reduce leverage. Fundify cannot provide services where local restrictions apply.

2.9 No Guarantee of Performance

Past performance does not predict future results. Markets can move in unexpected ways, and strategies that worked before may not work again. Clients should not assume that past trends or previous success will continue

Example: A client buys a CFD on a stock that has been rising for many months. The client expects the trend to continue, but unexpected news causes the stock to drop sharply, resulting in a loss. This shows that even strong past performance can change suddenly.

Another example is a client using a trading strategy that was profitable last year. When market conditions shift, the same strategy becomes less effective and starts to generate losses. This demonstrates that strategies can stop working when the market environment changes.

III. CFD-Specific Risks

3.1 Leverage and Margin Risk

CFDs are leveraged products. This means you only need to deposit a small amount of money (called margin) to open a much larger position. While leverage can increase potential profits, it also increases the risk of losing money quickly. Even a small price movement can cause large losses because the loss is based on the full size of the position, not just the margin you used.

Fundify offers leverage ranging from 1:100 (minimum) to 1:2000 (maximum), depending on the type of account and the financial instrument being traded.

The following margin rules apply across all accounts:

- **Margin Call Level: 80%**
When your equity falls to 80% of the required margin, your account enters margin call. You may need to add more funds or close positions.
- **Stop-Out Level: 50%**
If your equity falls to 50% of the required margin, the trading platform will automatically begin closing your open positions to protect the remaining equity.

Below are three simple examples showing how leverage and margin work in different situations.

Example 1 – Forex CFD With Very High Leverage (1:2000)

A client opens a **\$20,000 EUR/USD** trade using **1:2000 leverage**.

- Required margin: **\$10**
- Account equity before opening the trade: **\$50**

A very small price movement of **0.10%** against the client causes a **\$20 loss**.

- Equity falls from **\$50 → \$30**
- If equity falls to **\$8**, this is **80% of the \$10 margin → Margin Call**
- If equity falls to **\$5**, this is **50% of the \$10 margin → Stop-Out**, and the system will begin closing the trade automatically

This example shows how very high leverage can lead to fast and significant losses, even when the market moves only a little.

Example 2 – Forex CFD With Moderate Leverage (1:200)

A client opens a **\$10,000 GBP/USD** trade using **1:200 leverage**.

- Required margin: **\$50**
- Account equity: **\$200**

If the market moves **1%** against the client:

- The loss is **\$100**
- Equity drops from **\$200 → \$100**

Margin thresholds:

- **80% margin call:** 80% of \$50 = **\$40**
- **50% stop-out:** 50% of \$50 = **\$25**

If the market continues to move:

- Equity reaching **\$40** triggers a **margin call**
- Equity reaching **\$25** triggers **stop-out**, and the platform will automatically close positions

This example shows how losses can quickly become larger than the margin used, even at lower leverage.

Example 3 – Equity CFD With Minimum Leverage (1:100)

A client buys an **Apple CFD at \$150** using **1:100 leverage**.

- Total exposure: **\$15,000**
- Required margin: **\$150**
- Account equity before opening the trade: **\$1,000**

If Apple falls by **5%**:

- The client loses **\$750**
- Equity reduces from **\$1,000 → \$250**

Margin thresholds:

- **80% margin call:** 80% of \$150 = **\$120**
- **50% stop-out:** 50% of \$150 = **\$75**

If the market keeps falling:

- Equity reaching **\$120** triggers a **margin call**
- Equity reaching **\$75** triggers **stop-out**, and the system will automatically close the trade

This example shows how even a small move in the share price can create large losses compared to the margin used, especially when using leverage.

3.2 Volatility and Gapping Risk

CFD prices can move rapidly, especially during news releases or illiquid market conditions. Price gaps occur when prices open significantly higher or lower than the previous close. Stop-loss orders do not guarantee execution at the exact level requested.

Example: A long gold CFD at \$2,000/oz includes a stop-loss at \$1,980/oz. Overnight, geopolitical news causes gold to open at \$1,950/oz, skipping the stop-loss level. For a 100-ounce position, the intended \$2,000 loss becomes a \$5,000 loss.

3.3 Liquidity and Execution Risk

Low liquidity or high volatility may result in slippage or delayed order execution. Spreads may also widen during major announcements or thin markets.

Example: A short crude oil CFD at \$80 per barrel is affected when an unexpected OPEC announcement drives the price to \$85. For a 200-barrel position, this results in a realised loss of \$1,000.

3.4 Financing and Overnight Charges

CFD positions held overnight incur financing or swap charges. These charges can accumulate over time and reduce profitability.

Example: A €10,000 long position in EUR/USD held for 30 days incurs a daily charge of €5, totalling €150 in financing costs, reducing overall profit.

3.5 No Ownership or Shareholder Rights

CFD trading does not involve ownership of the underlying asset. Traders have no entitlement to dividends, voting rights, or other shareholder benefits.

3.6 Conflicts of Interest Risk

Fundify may execute CFD trades using different models depending on the type of account and the instrument traded. These include:

- **Principal (Market-Maker) Model** – Fundify may take the opposite side of the client's CFD position.
- **STP (Straight-Through Processing) Model** – CFD orders are sent directly to the external market through third-party liquidity providers such as banks or institutional market makers.

Both models can create potential conflicts of interest.

Principal (Market-Maker) Execution



Under this model, Fundify may act as the counterparty to the client's trade. For example, if a client opens a long position, Fundify may take the corresponding short position. This structure creates a potential conflict because the Company's financial outcome may be influenced by the client's trading performance. In certain situations, Fundify may benefit when the client incurs a loss. Although the execution process is automated and supervised through independent market data, the model itself creates a natural potential conflict of interest.

Example: On a principal account, Fundify may take the opposite side of the client's trade. If the client's long position moves into loss, Fundify—as the counterparty—may benefit from that movement.

Why this is a conflict: When Fundify is the opposing counterparty, the Company's financial interests may differ from the client's. Even though Fundify uses automated pricing, independent market data, and strict internal controls, the nature of the model creates a potential conflict because Fundify and the client are on opposite sides of the transaction.

STP (Straight-Through Processing) Execution

Under the STP model, Fundify routes client orders directly to the external market via third-party liquidity providers. Conflicts may arise because the liquidity provider's interests or operational constraints may not always align with the best possible outcome for the client. During periods of volatility or limited liquidity, a provider may widen spreads, delay execution, or reject orders. These actions may negatively impact the client's trade, and because Fundify relies on these external providers for execution quality, this can create a potential conflict.

Example: If the client is using an STP account, the order is sent to the external market through a liquidity provider. During fast market conditions, the provider may widen spreads or delay the order fill. This results in a less favourable price for the client.

Why this is a conflict: The liquidity provider's pricing and execution decisions may reduce the quality of the client's outcome. Because Fundify depends on external providers to execute STP orders, the provider's commercial interests may not always align with securing the best available price for the client.

IV. Final Disclaimer

Trading CFDs on Forex, Commodities, Precious Metals, and International Equities carries a high level of risk and can result in the loss of all your invested capital. You should not engage in such trading unless you fully understand the products, the mechanics of leverage, and the potential impact of market movements.

Before trading, ensure you:

- Understand the terms and conditions of Fundify's products.
- Have sufficient experience and financial capacity to bear potential losses.
- Seek independent advice if you are uncertain about any aspect of trading these instruments.

By opening an account and trading with Fundify Limited, you acknowledge that you have read, understood, and accepted the risks outlined in this disclosure notice.