



## **RISK DISCLOSURE AND WARNINGS NOTICE**

**Last Updated on November 2021**

### **1. Introduction**

1.1 This Risk Disclosure and Warning Notice (“Notice”) is provided to you (our Client and prospective Client) in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 87(I)/2017, as subsequently amended from time to time (“the Law”), which is applicable to ALMA EUROPE LTD (“the Company”, “we”).

1.2. All Clients and prospective Clients should carefully read the following risk disclosures and warnings contained in this Notice, before applying to the Company for an Investment Account and before they begin to accept any services from the Company. However, it is noted that this document cannot and does not disclose or explain all the risks and other significant aspects involved in dealing in 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 offers the services of Portfolio Management, Investment Advice, and Reception and Transmission of Orders and executes Client orders in relation to the following financial instruments:

- i. Money Market Instruments
- ii. Bonds (Investment Grade / Non-Investment Grade)
- iii. Equities (Single Stocks)
- iv. ETFs & Funds (Bond & Equity related)
- v. Structured Products (Capital & Non-Capital Guaranteed)
- vi. Private Debt/Notes (Non-Rated Bonds)
- vii. Commodities

The above products and services are intended for the target markets of retail and professional Clients depending on their knowledge and experience of the market and who feel comfortable investing in the knowledge that they can lose part of or all their funds depending of their risk tolerance.



1.4. Regarding any references to agreements and/or policies of the Company in this Notice, these shall be available to the Client by the Company upon his/her request in a durable medium and/or paper and/or in the Company's website.

## **2. Charges and Taxes**

2.1. The Provision of Services by the Company to the Client may be subject to fees, in accordance with the Cost and Charges Policy. All fees, commissions, and charges related to each trade will be disclosed to the Client before each trade in case of investment advice or RTO service. In case of portfolio management service, the Company will report to Client on a yearly basis the total amount of all commissions, charges, and fees that the Client is 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 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.

2.4. There is a risk that the Client's trades in any financial instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his 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 seek 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 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 at source 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, may arise for which the Client is liable, and which are neither paid via us 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 Execution Venue (depository bank/broker/issuer) may deduct tax, as may be required by the applicable law, with respect to his investment activity.



2.9. It is noted that the Company's prices in relation to its financial instruments are set/quoted in accordance to the Company's Client's Best Interest Policy. It is noted that Company's prices may be different from prices reported elsewhere. The actual execution price of the Order may differ, in accordance with the Company's Act in the Client's Best Interest Policy and Client Agreement. As such, the price that the Client receives when he 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 financial instrument occurs or reflect the prices of third-party brokers/providers.

### **3. Third Party Risks**

3.1. It is understood that the Company will promptly place any Client money it receives into one or more segregated account(s) (denoted as 'clients' accounts') with reliable financial institutions (within or outside Cyprus or the EEA) such as a credit institution or a bank in a third country. The Company shall exercise due skill, care, and diligence in the selection of the financial institution. 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 because of the insolvency or any other analogous proceedings or failure of the financial institution where Client money will be held.

3.2. The financial institution (of paragraph 3.1.) where Client money will be held may be within or outside Cyprus or the EEA. It is understood that the legal and regulatory regime applying to any such financial institution outside Cyprus, or the EEA will be different from that of Cyprus. Hence, in the event of the insolvency or any other equivalent failure or proceeding of that person, the Client's money may be treated differently from the treatment which would apply if the money was held in a Segregated Account in Cyprus.

3.3. In the event of the insolvency or any other analogous proceedings in relation to that financial institution, 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 money received by the Company from the financial institution is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses. In general, accounts held with institutions, face various risks, including the potential risk of being treated as one (1) account in case the financial institution in which the funds are held defaults. Under such circumstances, any applicable deposit guarantee scheme may be applied without consideration of the Client as the ultimate beneficial owners of the Account. In addition, resolution measures may be taken in such a case, including the bail-in of Client funds.

3.4. It is understood that the Company does not execute Client Orders on own account basis, i.e. as principal to principal against the Client; the Company receives and then transmits and



executes Client Orders with a third party (Execution Venue). This is a known process and is explained in the Company's "Best Client Interest and Order Execution Policy". In the event of lack of liquidity on the part of the Execution Venue (Depository bank/broker/product issuer) after a successful placement of the Order for the Client, the Company will not be in a position to settle the transaction for the Client.

#### **4. Insolvency**

4.1. The Company's insolvency or default or the insolvency or default of any party involved in transactions undertaken by the Company on the Client's behalf (including Depository Banks, brokers, product issuers) may lead to positions being liquidated or closed out without the Client's consent and as result the Client may suffer losses. If the Company is unable to satisfy repayment claims, eligible claimants have the right to compensation by the Investor Compensation Fund as stated below.

#### **5. Investor Compensation Fund**

5.1. The Company participates in the Investor Compensation Fund for Clients of Investment Firms regulated in the Republic of Cyprus. Investor Compensation shall not exceed twenty thousand Euros (EUR 20.000) for each entitled Client. For more details, please refer to the "Investor Compensation Fund Notice".

#### **6. Technical Risks**

6.1. 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, electronic or other systems, which are not the result of gross negligence or wilful default of the Company.

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

6.3. At times of excessive deal flow the Client may have some difficulties to get in contact over the phone and/or via email and/or via fax with the Company especially in fast Market (for example, when key macroeconomic indicators or news are released).

6.4. In connection with the use of computer equipment and data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability of any resulting loss:

- (a) Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client.



- (b) Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client.
- (c) Outage (unacceptably low quality) 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 or the Company.
- (d) Wrong or inconsistent with requirements settings of the Client Terminal.
- (e) Untimely update of the Client Terminal.
- (f) When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialling, when trying to reach an employee of the Company due to communication quality issues and communication channel loads.
- (g) The use of communication channels, hardware, and software, generate the risk of non-reception of a message (including text messages) by the Client from the Company.
- (h) Trading over the phone might be impeded by overload of connection.

6.6. The Client may suffer financial losses caused by the materialization of the above risks, 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 may suffer.

## **7. Force Majeure Events**

7.1. In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfil its obligations under the Client Agreement with the Client. As a result, the Client may suffer financial loss.

7.2. 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.

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

8.1. The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice 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 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.

## **9. Abnormal Market Conditions**

9.1. The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or may not be executed at all.

9.2. Abnormal Market Conditions include but not limited to times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

## **10. 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.

## **11. Regulatory and Legal Risk**

11.1 A change in laws and regulations may materially impact a Financial Instrument and investments in a sector or market. A change in laws or regulations made by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

## **12. Investment Advice and Recommendations**

12.1 The Company will advise the Client about the merits of a particular investment or provide him with some form of investment advice/recommendation and the Client acknowledges and which the Client alone will enter any such investment transaction and take relevant decisions based only on his own judgement. In asking the Company to enter any transaction, the Client accepts that he has been solely responsible for making his own independent appraisal and investigation into the risks of the transaction. He acknowledges that he has sufficient knowledge, market sophistication, professional advice, and experience to make his own evaluation of the merits and risks of any transaction.



12.2. The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any investment transaction. The Client should seek independent expert advice if he is in any doubt as to whether he 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 discretion, provide the Client (or in newsletters which it may post on its Website or provide to Clients via Emails) with information, news, market commentary or other information but not as a service. Where it does so:

- (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 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 accepts that prior to dispatch, the Company may have acted upon it 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 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.

### **13. No Guarantees of Profit**

13.1 The Company provides no guarantees of profit nor of avoiding losses when investing in Financial Instruments. The Company cannot guarantee the future performance of the Client's investment account, promise any specific level of performance, or promise that Client's investment decisions, strategies, will be successful/profitable. Customer has received no such guarantees from the Company or from any of its representatives. Customer is aware of the risks inherent in investing in 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.

