



**RISK DISCLOSURE NOTICE**

## INTRODUCTION

This Risk Disclosure Notice ("Notice") is issued by **OTSO Markets (Pty) Ltd** ("OTSO Markets", "we", "us", or "our"), an authorised Financial Services Provider regulated by the **Financial Sector Conduct Authority (FSCA), FSP No. 54190**. Its purpose is to ensure that you understand the key risks of trading Contracts for Difference ("CFDs") before applying for an account or engaging in any trading activity.

You are strongly advised to read this Notice carefully. If English is not your first language, please seek assistance from an independent professional who can explain the financial, technical, and legal terminology.

Trading CFDs involves **high risk** and may lead to the **total loss of your invested funds**. These products are volatile and often traded with **leverage**, which magnifies both profits and losses. Past performance does not guarantee future results. This Notice highlights major risks but is **not exhaustive**; if you are uncertain about these products or their suitability, you should obtain **independent financial advice**.

Margin trading is **not appropriate for all investors**. You are solely responsible for monitoring open positions and maintaining sufficient margin at all times. Speculative strategies that may generate high returns also involve significant risk; only trade with funds you can afford to lose.

Granting third parties access to your trading account may result in losses or fees incurred without your knowledge or control. OTSO Markets (Pty) Ltd accepts no responsibility for any financial loss arising from such access.

You are responsible for all **commissions, fees and taxes** associated with your trading activity. OTSO Markets does not provide tax advice and assumes no liability for any tax obligations.

We encourage clients to familiarise themselves with CFDs, Crypto Assets, leverage, margin requirements, and trading tools by using our **free demo account**. Further information is available at <https://otsogroup.com/>

**1. Market Volatility**

CFDs are subject to extreme market fluctuations, leading to rapid gains or losses, potentially beyond initial investments.

**2. Leverage Risk**

Trading CFDs with leverage amplifies risks. Even small price movements can lead to significant losses exceeding the initial deposit. OTSO Markets offers leverage up to 1:1000, which significantly increases both potential profits and losses.

**3. Counterparty Risk**

Under OTSO Markets' hybrid execution model, when we act as principal and counterparty to your trades, you are exposed to our financial stability. If OTSO Markets becomes insolvent, you may lose some or all of your funds.

**4. Liquidity Risk**

Certain CFDs may suffer from low liquidity, making it difficult to enter or exit trades at favourable prices.

**5. Pricing / Quote Discretion Risk**

The prices used when opening, adjusting, or closing your positions are sourced from our liquidity providers or internally generated under our hybrid execution model. In volatile or illiquid markets, your orders may be executed at prices materially different from those you expected. We reserve the right to correct obvious pricing errors, widen spreads, delay execution, or cancel trades in accordance with our terms.

**6. Margin Calls and Liquidation Risk**

Failure to maintain adequate margin levels may result in automatic liquidation of positions at unfavorable prices. OTSO Markets operates with a Margin Call Level at 100% and a **Stop-Out** Level at 50%.

**7. Slippage and Execution Risk**

Orders may be executed at prices significantly different from the requested due to rapid market movements or system latencies. This is particularly common during news releases, market openings, and periods of low liquidity.

**8. Weekend and Overnight Risk**

Market gaps between trading sessions can cause sudden price shifts, leading to unexpected losses. Positions held over weekends or holidays are exposed to gap risk when markets reopen.

**9. Regulatory and Taxation Risks**

CFDs are subject to regulatory changes and taxation laws, which may impact trading conditions and profitability. Changes in FSCA regulations or tax legislation may affect your trading activities.

**10. Technical and System Failures**

System outages, software glitches, and network disruptions may prevent traders from managing their positions effectively. This includes failures of the Trading platform, internet connectivity issues, or server problems.

**11. Data / Privacy / Security Risk**

Use of our trading platform and services involves cyber-security risks, including hacking, phishing, data breaches, system compromise, or unauthorised access to your account. While we maintain security measures, you remain responsible for protecting your login credentials and account access, and we accept no liability for losses caused by your failure to secure your account.

## 12. Psychological and Behavioral Risks

The fast-paced nature of CFD trading can lead to impulsive decision-making, increasing the likelihood of losses. Emotional trading, overtrading, and revenge trading are common behavioral risks.

## 13. Negative Balance Risk

Trading CFDs may result in account equity falling below zero. In such circumstances, you may incur liability for amounts beyond your initial deposit. Unless explicitly stated otherwise, we do not guarantee that you will not owe additional amounts beyond your account balance.

## 14. No Ownership of Underlying Asset

When you trade CFDs or Crypto Assets, you do *not* acquire rights in the underlying asset (for example, ownership, voting rights, dividend entitlements, or custody rights). You merely speculate on price changes via the contract. You remain exposed to the credit risk of the provider rather than holding the underlying asset directly.

## 15. Abusive Trading / Automated Trading Risk

Use of third-party signal providers, expert advisors, or automated trading systems may increase the risk of losses, system failures, logic errors, and manipulation strategies. We may refuse, restrict, or cancel trades which we deem abusive, and we accept no liability for losses arising from such systems or from clients' misuse of them.

## 16. Swap / Rollover / Financing Cost Risk

For positions held overnight or during weekends or holidays, you will incur financing or swap charges, which may increase or decrease depending on market conditions. These costs may erode your profits or accentuate your losses. You are responsible for reviewing applicable financing rates at all times.

## 17. Conflict of Interest Risks

We act as principal and counterparty to your trades and may engage in hedging, internalising, or other activities that create a potential conflict between our interests and yours. We have policies to manage such conflicts but you acknowledge that they may still affect trade execution, pricing, and your overall outcomes.

## 18. Currency Conversion Risk

If your account currency differs from the currency of the underlying asset or contract, you may incur conversion costs or unfavourable exchange-rate movements, which will affect your profit or loss. The conversion rate applied is determined by us and may include additional margins.

## 19. Withdrawal / Deposit Processing Risk

Deposits and withdrawals may be subject to bank or payment-service delays, third-party processing failures, funds being frozen for anti-money-laundering review, or other operational issues. We are not responsible for losses or delays incurred due to such payment-processing events.

## 20. Force Majeure Risk

Events beyond our control, such as natural disasters, geopolitical events, regulatory or governmental actions, power failures, telecommunications breakdowns or other emergencies, may result in markets being closed, prices gapping, trades being rejected or delayed, or the inability to close out positions.

We accept no liability for losses arising from such force-majeure events.

## 21. Demo Account Limitation Risk

Using a demo or practice account may not replicate the real trading environment. Examples include different liquidity, no slippage, delayed execution, no emotional or financial risk. Results achieved in a demo account are not a guarantee of similar performance in live trading, and you should not rely on them as proof of future outcomes.

By applying for an account and engaging in trading with OTSO Markets (Pty) Ltd, you acknowledge that you have read, understood, and accepted the risks outlined in this Risk Disclosure Notice. Trading in CFDs involves significant risk, and you may lose all of your invested funds or more. We do not guarantee any specific outcome or avoidance of losses. You are fully responsible for your trading decisions, margin requirements, and compliance with all legal obligations. To the maximum extent permitted by law, we accept no liability for any direct or indirect loss, damage, or costs arising from trading or reliance on this Notice.