Creating a comprehensive and detailed Risk Disclosure Policy is crucial for a forex brokerage company like Giraffe Markets to ensure clients fully understand the associated risks before engaging in forex trading.

Giraffe Markets Detailed Risk Disclosure Policy

Effective Date: 1St October 2023

1. Introduction

Giraffe Markets, a registered forex brokerage company in St. Lucia, is committed to providing clients with comprehensive information regarding the potential risks and hazards associated with forex trading. This Detailed Risk Disclosure Policy is designed to ensure that our clients have a thorough understanding of the inherent risks involved in forex trading.

2. Market Risks

a. Market Volatility

The forex market is known for its high volatility, where exchange rates can fluctuate dramatically in a short period. Price movements can be influenced by various factors, including economic data releases, geopolitical events, and market sentiment.

b. Leverage Risks

Leverage is a double-edged sword. While it can amplify potential gains, it also magnifies potential losses. Trading on margin means you are effectively borrowing money to increase your position, and this exposes you to a risk of losses exceeding your initial investment.

c. Risk of Loss

Forex trading carries the substantial risk of financial loss. You could lose your entire initial investment and potentially more. Only trade with funds that you can afford to lose without affecting your financial stability.

d. Market Liquidity

Market liquidity can vary, leading to wider spreads and potentially more volatile conditions during times of low liquidity. This can increase the risk of slippage, where your order is executed at a different price than expected.

3. Regulatory and Counterparty Risks

a. Regulatory Environment

The forex market lacks a centralized exchange, and regulatory oversight can vary by jurisdiction. Different regulatory environments can affect client protection and dispute resolution procedures.

b. Counterparty Risk

Clients are exposed to counterparty risk when trading with brokers and other financial institutions. It is essential to assess the credibility and financial stability of your chosen broker.

4. Risk Management

a. Use of Stop Loss Orders

Implementing stop loss orders can be a critical risk management tool. These orders automatically close positions at predetermined price levels to limit potential losses.

b. Risk Assessment

Clients should conduct thorough risk assessments, including evaluating their financial capacity, risk tolerance, and investment goals. Diversifying your trading portfolio can help spread risk.

c. Market Analysis

Conduct thorough market analysis, research, and due diligence before entering any trade. Stay informed about economic and geopolitical events that can impact the forex market.

d. Technical Risks

Technical issues, such as system outages, internet connectivity problems, or platform failures, can disrupt trading activities. Always have backup plans in place for such contingencies.

5. Client Acknowledgment

By using Giraffe Markets' services, you acknowledge that you have read and understood the comprehensive risks associated with forex trading, as detailed in this Risk Disclosure Policy. You agree to bear full responsibility for your trading decisions and the associated risks.