

Risk Disclosure Notice

Before applying to open an account or trading with us, you must carefully consider whether using CFDs is appropriate for you taking into account your personal circumstances and financial position.

Risk Warning

Trading in financial products always involves a risk. Generally, you should only trade in financial products if you understand the products and the risks associated with them. We have endeavoured in the following sections to cover the key leveraged products that OliveFX offers to its clients as well as the risks associated with these particular products. Olive offers OTC derivatives being Foreign Exchange and CFDs, and these different products involve different levels of exposure to risk. The risk of an OTC derivative product is impacted by the risk and volatility of that derivative's underlying asset or instrument, market and specific risks and events, and the level of margin ratio or leverage permitted by OliveFX.

Foreign Exchange (Forex) Trading

When trading in foreign exchange, the investor takes a view on the development of the price of one currency relative to another, where one is sold and the other is purchased. By way of example, an investor may sell Australian Dollars (AUD) against the US dollar (USD) if he expects that the USD will increase relative to the AUD.

Foreign exchange is traded as a leveraged product, which means that for a small outlay, you can open and trade larger positions in the market. FX Spot is the purchase of one currency against the sale of another for immediate delivery.

The currency exchange market is the world's largest financial market, on certain measures, with 24-hour trading on working days. It is characterised, among other things, by a relatively low profit margin compared to other products. A high profit therefore generally requires a large trading volume, which is achieved for instance by margin trading as described above. When trading in foreign exchange, a gain realised by one market player will always be offset by another player's loss. OliveFX quotes prices on the basis of prices that Olive can obtain in the market.

Further, OTC derivatives by their nature may not at times be liquid investments in themselves. If you wish to exit a position, you rely on our ability to close out at the time you wish, which might not match the liquidity or market price you may desire.

Please note that as foreign exchange is margin traded, it allows you to take a larger position than you would otherwise be able to take based on your funds with OliveFX. As such, a relatively small negative or positive market movement can have a significant effect on your investment or margin funds. Foreign exchange trading therefore involves a relatively high level of risk. This makes the potential gain or loss high, even if the deposit is relatively small. If your total exposure on margin trades exceeds your deposit, you risk losing more than your deposit. Please also note that for margin trades, OliveFX has the right to amend the margin requirements at any time and you will be required to either top up funds or reduce positions (which may be at a loss) in such an instance, to avoid being closed out automatically by the trading platform.

Lastly, foreign exchange markets can change rapidly. This exposes you to potentially adverse changes in the value of your Account, which can be large (depending on foreign exchange rates) and volatile.

Contract for Differences (CFD) Trading

A CFD - or Contract for Difference - is an agreement between two parties to exchange the difference between the opening and closing price of a financial instrument or security. The product allows you to take a view on the future increases or decreases in the value of a specific asset, for instance a stock index. If your view proves to be correct, you may make a profit from the difference in value (less costs). If the view you took turns out to be wrong, you may have to pay the difference in value (plus costs). CFDs are always margin traded (see the above paragraph on foreign exchange transactions). Index CFDs are over-the counter (OTC) products with a price fixed by OliveFX on the basis of the price and liquidity of the underlying shares, the futures market, estimated future dividends, the effects of interest rates, etc.

Please note that as CFDs are margin traded, it allows you to take a larger position than you would otherwise be able to take based on your funds with OliveFX. As such, a relatively small negative or positive movement in the underlying instrument can have a significant effect on your investment. CFD trading therefore involves a relatively high level of risk. This makes the potential gain or loss high, even if the opening margin requirement is relatively small. If your total exposure on trades exceeds your deposit, you risk losing more than your deposit. Please also note that for margin trades, OliveFX has the right to amend the margin requirements at any time and you will be required to either top up funds or reduce positions (which may be at a loss) in such an instance, to avoid being forced to close out automatically by the trading platform.

Additionally there is a liquidity and credit risk associated with CFD trading. When there is a lack of liquidity in a CFD you may not be able to enter or exit a contract at your requested price. Please note CFDs are also a contract with the CFD provider. As such, interests are exposed to credit risk where a provider defaults and cannot meet their obligations.

Other Important Matters

The following are other important matters and risks for you to consider:

1. CFDs and Foreign Exchange traded on OliveFX are off-exchange derivatives, which might be considered to involve greater risk than on-exchange derivatives as you are only able to open and close matching trades on OliveFX.
2. Under certain conditions it may be difficult or impossible to close an open position due to a lack of liquidity or other market event, or the underlying asset or instrument is suspended or restricted from trading.
3. In certain market conditions the pricing of a derivative may gap, which can lead to increased risk and losses. It also means that stop losses may not be effective to manage risk.
4. OTC derivatives traded with or issued by OliveFX are not guaranteed by an exchange but rather are a liability or contingent liability of OliveFX.
5. Our obligations to you such as under the Client Agreement, are usually unsecured obligations. In the event of an insolvency, your rights and our obligations to you will be determined by insolvency as amended and interpreted at that time.
6. In trading or investing on OliveFX, you are still subject to the Corporations Act 2001 (Cth) including in relation to insider trading and market manipulation.