



# Risk Disclosure

## More Than Trading

PU Prime LLC

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**Email:** [info@puprime.com](mailto:info@puprime.com)

**Web:** [www.puprime.com](http://www.puprime.com)

**Address:** Euro House, Richmond Hill Road, Kingstown, VC0100,  
St. Vincent and the Grenadines, P.O. Box 2897

PU Prime is the commercial name of PU Prime LLC (the “Company”, “us”, “we”, “our”, “ours” or “ourselves” as appropriate) and is authorised and regulated by the Financial Services Authority of St. Vincent and the Grenadines under number 271 LLC 2020. The Company registered in St. Vincent and the Grenadines (“SVG”) and located at Euro House, Richmond Hill Road, Kingstown, VC0100, St. Vincent and the Grenadines, P.O. Box 2897.

This notice is provided to you in compliance with SVG requirements because you are proposing to undertake dealings in financial instruments in the form of CFDs or Forex with a firm which is carrying on investment business. This notice cannot and does not disclose or explain all the risks and other significant aspects involved in dealing in such products.

We do not provide advice relating to investments or possible transactions in investments or investment recommendations of any kind. We can provide factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimized.

### **Definition of Contract for Difference (CFD)**

A contract for difference (“CFD”) is a leveraged contract entered into with PU Prime on a bilateral basis. It allows an investor to speculate or hedge on rising or falling prices in an underlying asset through online trading platforms. It also allows clients to hedge against any future adverse market movements. An investor has the choice to buy (or go “long”) the CFD to benefit from rising underlying asset prices; or to sell (or go “short”) the CFD to benefit from falling underlying asset prices or not trade at all. The price of the CFD is derived from the price of the underlying asset price, which may be either the current (“cash”) price or a forward (“future”) price. For instance, if an investor is long a PU Prime CFD and the price of the underlying index rises, the value of the CFD will increase - at the end of the contract PU Prime will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the cash price of the underlying index falls, the value of the CFD will decrease - at the end of the contract they will pay PU

Prime the difference between the closing value of the contract and the opening value of the contract. The leverage embedded within all CFDs has the effect of magnifying both profits and losses.

Engaging in CFDs or Forex (in this notice referred to as a 'Transaction') carries a high degree of risk to your capital. You should not engage in this form of investing unless you fully understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. Your profit and loss will vary according to the extent of the fluctuations in the price of the underlying markets on which your transaction is based.

For many members of the public, these transactions are not suitable. You should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources and investment objectives. In considering whether to engage in this form of investing, you should be aware of the following:

### **1. Leverage**

The high degree of "leverage" or "gearing" (i.e. the funds required at the outset, compared with the size of the trade you can place) is a feature of this type of transaction. Therefore, a relatively small movement in the underlying market can have a disproportionate effect on your transaction. If the underlying market movement is in your favor, you may achieve a good profit, but an equally small adverse market movement can result in the loss of your entire deposit as a retail client status. Negative balance protection is available on per account basis for our retail clients and elective professional clients: if your balance falls below zero, we will bring it back to zero as soon as possible at no cost to you. If you are a professional client an adverse movement can result in a loss but may also expose you to a large additional loss, in particular, your losses may exceed your initial deposit as a professional client and no deposit or other amount you have paid will limit your losses. If you decide to engage in Margined Forex or CFD trading, you must accept this degree of risk.

You may be called upon to deposit substantial additional margin, at short notice, to maintain your position(s). If you do not provide such additional funds within the time required, your position(s) may be closed at a loss and you will be liable for any resulting deficit. If you are in any doubt regarding our products, you should seek independent professional advice.

## **2. Margined Forex and CFDs**

The purpose of a Margined Forex or CFD Transaction is to secure a profit or avoid a loss by reference to fluctuations in the price of the underlying asset or an index (the "Underlying Market"). In the context of our activities, the Underlying Market may be a securities Index, exchange rate between two currencies, CFDs on gold, silver, oil or such other investment as we may from time to time agree in writing. It is an express term of each CFD or Forex transaction that neither you nor us:

- a) acquire any interest in or right to acquire or is obliged to sell, purchase, hold, deliver or receive the Underlying Market; and
- b) that the rights and obligations of each party under the CFD or Forex transaction are principally to make and receive such related payments.

## **3. Trading Off Exchange**

Transactions with PU Prime are not transacted on a recognized or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The transactions structure and rules will be established solely by PU Prime in accordance with SVG conduct of business rules. For example, if you wish to close the position, you will have to close it at PU Prime's quotation which may reflect a premium or discount to the Underlying Market. When the Underlying Market is closed, PU Prime's quotation can be influenced by the weight of other clients' buying or selling with PU Prime. As an example, the spread can widen substantially. You will only be able to close any position with the same provider with whom it was originally entered.

When entering such transactions, PU Prime will do so under a two-way client agreement (i.e. PU Prime terms of business and documents incorporated by reference therein) in accordance with the SVG conduct of business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with the client agreement.

#### **4. Margin Requirement**

We reserve the right to adjust margin requirements for any product that we may offer. This may result in your margin requirement increasing and you may therefore be required to deposit additional funds to maintain existing positions.

#### **5. Position Monitoring**

It is your responsibility to monitor your account. Should the net value of the account (cash plus running profits minus running losses) fall below the margin required, we may close some or all your trades at the current market price. This should not however be taken as a guarantee, and it is your responsibility to ensure that enough funds are always on your account.

#### **6. Market Risk**

Margined Forex and CFD trading rely on the price movement of underlying financial products. You are therefore exposed to similar, but magnified, risks to holding the underlying assets. In some cases, risks will be greater.

Creating a stop loss order may limit your loss but this is not guaranteed as your losses may be greater in some circumstances. Slippage occurs when a stop loss does not get filled at the exact order price but slips to a higher or lower price. This may be because the Underlying Market has become unusually volatile for a period. Where this happens a Stop Loss may not be effective, and your position will be closed at the current PU Prime price.

Gapping is when a market jumps significantly, resulting in your stop loss being missed and your trade closed at a much higher or lower price than intended. Accordingly, where you have an open position in a volatile market environment you must understand the potential impact of these events, as you could be filled at the next available PU Prime price.

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example at times of rapid price movement if the price rises or falls in one trading session to such an extent that trading is restricted or suspended.

At market opening and closing times and prior to announcements, the market spread may widen substantially. Consequently, you must ensure that you have enough funds on your account to cover this eventuality.

Where you are trading a product denominated in a currency different to that in which you hold your account, fluctuations in the exchange rate will affect your profit and loss potential.

## **7. Credit**

No credit is extended to you. Neither a variation margin credit allocation, nor an initial margin credit allocation constitute a credit facility.

## **8. Counterparty Risk**

We are the counterparty to all your trades. None of our products are listed on an exchange, nor can any rights, benefits or obligations be transferred to anyone else. While we undertake our obligation to provide you with best execution and to act reasonably and in accordance with our published terms of business, Margined Forex and CFDs opened on your account with us must be closed with us, based on our prices and on the terms and conditions that you have contracted with us.

## 9. Segregated Accounts

PU Prime is required to hold retail client funds in segregated trust accounts in accordance with the regulations of SVG, but this may not afford complete protection. While we monitor the creditworthiness of our banks closely and select them based on robustness and solidity, this does not mean that they are risk-free. If you deposit collateral as security with PU Prime, you should ascertain from PU Prime how your collateral will be dealt with.

## 10. Tax

You take the risk that your trades and any related profits may be or become subject to tax. You are responsible for all taxes and stamp duty in respect of your trades. We do not provide any tax advice to clients, and you are responsible for your own tax affairs. If you are in any doubt as to your tax obligations, you should seek independent advice.

## 11. Commission, Spreads and other Costs

You should obtain details of all commissions and other charges for which you will be liable, prior to trading with PU Prime. Where charges are not expressed in money terms (such as a bid offer spread), you should obtain a clear explanation of what such charges are likely to mean in specific money terms. When commission is charged as a percentage (such as futures), it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

Some type of trades you make may require you to pay financing costs. Trades in currencies different than your base currency may require you to convert those foreign currencies to your base currency. The combination of overnight financing and foreign exchange costs may exceed any profits on your trades or increase the losses that you may incur on your trade.