

# Risk Disclosure Policy

## Orinoco (Pty) Ltd

### (FSP Number: 51913)

<b>Revision</b>	<b>Reviewed By</b>	<b>Approved By</b>
	<b>Compliance Officer</b>	<b>Key Individual</b>

Company Name	Orinoco (Pty) Ltd
Physical Address	Spaces Umhlanga Office 154 1st Floor 2 Ncondo Place Ridgeside Durban, KZN 4320
License Number	51913
Website	<a href="http://finorinoco.com">finorinoco.com</a>

## **1. Risk Disclosure Statement**

This Risk Disclosure Statement is issued by Orinoco Capital (Pty) Ltd, a company authorized and regulated by the Financial Sector Conduct Authority of South Africa ("FSCA") under FSP License Number 51913.

This document is provided in accordance with applicable regulatory requirements to ensure that clients and prospective clients are adequately informed of the risks associated with trading in financial instruments, specifically Contracts for Difference ("CFDs"), in respect of which Orinoco Capital (Pty) Ltd acts solely as an intermediary.

The purpose of this disclosure is to outline the nature and key risks associated with CFDs. Clients are strongly encouraged to review this document carefully prior to applying for a trading account or engaging in any trading activity through the Execution Venue.

It should be noted that this document does not, and cannot, disclose or explain all possible risks nor how such risks relate to the individual circumstances of each client. Clients should carefully consider whether such trading is appropriate for their circumstances and, where necessary, seek independent financial or legal advice. Clients should ensure they understand the risks involved, have the financial capacity to bear potential losses, and maintain ongoing oversight of their trading activity.

## **2. About Orinoco Capital (Pty) Ltd**

Orinoco Capital (Pty) Ltd (the "Company") is a Private Company duly incorporated in accordance with the laws of the Republic of South Africa, bearing registration number 2021/704761/07. The Company is authorized by the Financial Sector Conduct Authority ("FSCA") to operate as a Financial Services Provider ("FSP") with FSP number 51913 under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS Act").

The Company acts as a financial services intermediary services, meaning it helps clients open trading accounts through an online platform, and offers customer support, but does not execute trades. The Company does not act as a market maker, product issuer, or provider of the underlying instruments and operates solely in an intermediary capacity between the client and Octa Markets Incorporated, a company incorporated in Saint Lucia under registration number 2023-00092 (herein referred to as the "Execution Venue").

The Company does not act as the Execution Venue for client trades and does not assume the role of principal or counterparty to any client trades. The Company does not provide discretionary portfolio management, investment advice, or execute trades on behalf of clients.

The Company's representatives meet the fit and proper requirements as prescribed by the FAIS Act and operate under appropriate supervisory procedures in accordance with the FAIS Act and are qualified to assist you in a professional manner.

**FSP Details:**

- FSP License Number: 51913
- Registered Name: Orinoco Capital (Pty) Ltd
- Contact: [compliance@finorinoco.com](mailto:compliance@finorinoco.com)

**Key Individual:**

- Name: Bongani Goodenough Mngadi
- Contact: [bmngadi@finorinoco.com](mailto:bmngadi@finorinoco.com)

The Company confirms that its Key Individual(s) and Representative(s) are mandated and entitled to render only intermediary services to you in terms of the FAIS Act.

**Compliance Officer:**

- Name: Sipelele Bathandwa Madikizela
- Contact: [smadikizela@finorinoco.com](mailto:smadikizela@finorinoco.com)

**3. Insurance Cover**

In accordance with the requirements of the Financial Advisory and Intermediary Services (FAIS) Act., the Company maintains professional indemnity and fidelity insurance to cover potential liabilities arising from the provision of intermediary services.

**4. Advice**

The Company does not provide investment advice in relation to CFDs or any financial instruments.

The Company operates strictly within the scope of its authorization as a Financial Services Provider acting in an intermediary capacity under the applicable regulatory framework. The Company may sometimes provide factual information or research about a market, information about transaction procedures and information about the potential risks involved and how those risks may be minimized. However, any decision to engage with the Company's services or to trade in CFDs is made solely at the client's discretion.

Clients are solely responsible for determining the suitability of any CFD transaction in light of their individual financial situation, investment objectives, and risk tolerance. Where there is any uncertainty regarding the risks involved in CFD trading, clients are strongly encouraged to seek independent professional advice. If, after obtaining such advice, a client remains uncertain or does not fully understand the risks, they should refrain from trading altogether.

Clients acknowledge and accept that trading in CFDs involves a high degree of risk, including the possibility of incurring losses that may exceed the initial capital invested. The value of trading positions in CFDs may increase or decrease, and clients remain fully liable for any resulting financial losses or damages.

## 5. General Risk statements

Please read carefully the below content and ensure that you understand all risks associated with trading prior to opening an account with the **Product Supplier**:

- a. You should not engage in any form of trading, whether directly or indirectly in Financial Instruments unless you know and understand the risks involved for each one of the Financial Instruments, and you undertake to familiarise yourself with the product and/or service prior to any trading.
- b. You should be aware that you may benefit and/or lose all or part of your funds when engaging in trading activities. Online trading involves substantial risks, as indicated hereunder.
- c. Prior to opening an account with the **Product Supplier**, and/or placing an order, you should consider carefully whether investing in a specific instrument is suitable to your circumstances and financial resources. The **Product Supplier** makes no form of guarantee on any returns and/or profits at any stage during the business relationship.
- d. In making a decision to trade products as offered and provided by and/or through the **Product Supplier** you must rely on your own examination of the products and services, including the merits and risks involved.
- e. Neither the FSP nor the Product Supplier provide advice of any kind, including tax, investment or legal advice, other than general information provided to its clients.
- f. You should not risk more than what you are prepared to lose. You acknowledge that you possess a clear understanding of the risks involved and take into consideration the level of experience and knowledge that you should hold in respect of any financial instrument, product and/or service, before deciding to trade, and to seek for independent advice or consultation at your discretion, prior to any trading and/or activity.
- g. You should not fund your account with the **Product Supplier** with funds that you are not willing to risk partly and/or in whole. You acknowledge that any funds used to trade your account with the **Product Supplier**, including funds obtained from any credit facility, credit institution, loan(s), and/or otherwise, carry high risk, and the **Product Supplier** does not guarantee any profit and/or return on deposits and therefore, you should understand that your overall risk will be significantly increased. For instance, if you incur a loss on your trades, you acknowledge and understand and accept that you still have to repay any amount borrowed plus any interest and/or other costs, or charges related.
- h. The Client represents, warrants, and agrees that they understand the high degree of risk, and Client confirms that Client is willing and able, financially and/or otherwise, to assume the risk of trading in financial instruments and to bear the loss of Client's

entire account, and any loss incurred that such balance will not affect the Client's lifestyle and in case of any loss that does affect the Client's lifestyle or situation, the Client understands that Client is fully responsible and liable for such risk(s) to the full extent, and holds harmless the FSP and the Product Supplier from any and all liability that may be incurred.

- i. With regards to Cash Settlement, the Client acknowledges and understands that financial instruments trading can only be settled in cash.
- j. The Client understands and agrees that there are no rights in respect of the underlying instruments and assets relating to Client's trading.

## **6. Effect of Leverage**

Please ensure you understand leverage trading. We provide key (but not exhaustive) information in relation to leverage trading below:

- a. Margin trading which is also known as 'leverage' or 'leverage trading', which means that you can place trades that are greater than the initial funds of deposited margin, and allows investors access to greater sums of capital allowing them to leverage their positions and to amplify your market exposure to a level that passes such initial capital margin basically is the amount of deposit needed to ensure the running of positions in the market and to be kept active, whereas margin call is the assertion that an investor adds more funds to make up for probable loss.
- b. When executing trade under margin trading, even small market movements may have a great impact on a Client's trading account with the Product Supplier due to the effect of leverage.
- c. With margin trading you can make significant gains if the price moves in your favor however, you must take into consideration that if the trend on the market is against, you, you may sustain a total loss of your Initial Margin and you may be required to deposit additional margin with the Product Supplier to maintain Open Positions, these is referred as a 'Margin Call'.
- d. You shall be held fully responsible for ensuring that you always deposit enough margins promptly, and you confirm that you are liable for all risks, financial resources used and the chosen trading strategy.
- e. Many Financial Instruments are traded within wide ranges of intraday price movements. Consequently, you must carefully consider the fact that there is not only a high probability of profit, but also one of loss.
- f. Margin Trading carries a high degree of risk to your capital and as such, it is not suited to all investors.
- g. As there is no limit to the losses that you may incur, you should ensure that you have sufficient resources available to you to cover any adverse movement in the price of

the margined product and/or volatility in the market, which may be related to any financial instrument that is being traded.

h. In order to manage exposure and limit risk, you may employ risk reducing strategies including, but not limited to:

- Using "stop loss" or "limit" orders to mitigate potential losses when utilizing leverage. Stop Loss or limit orders are not guaranteed, and gaps in market pricing may cause your Stop Loss orders to be filled at a less advantageous price and you can incur losses which can exceed your invested capital.
- Using a lower leverage so you can impose a higher margin requirement on yourself. This way, you will be less tempted to enter into positions beyond your comfortable leverage level. You will also be aware of a potential margin closeout sooner.
- Monitor the status of your account(s) and open positions continuously.
- Use of "Expert Advisors".

## **7. Technical Risk**

During trading operations, clients may encounter technical risks, including but not limited to the following:

- Software malfunctions or failures;
- Communication system failures;
- Incorrect setup of the Client terminal;
- Hardware or equipment failures;
- Delays in client terminal updates;
- Extreme market volatility impacting system performance
- Internet connectivity issues, interruptions, or transmission blackouts.
- Failures in public electricity networks
- Hacker attacks
- Connection overload;
- Failure to follow instructions on the Company's official website;

Please ensure you understand technical risks associated with online/internet trading. We provide key (but not exhaustive) information in relation to technical risks below:

- a. Trading in CFDs and other derivative products through the Product Supplier's platform may differ from trading on other electronic trading systems, as well as from trading in a conventional or open market.
- b. The risk of financial loss may be caused by the failure of information, communication, electronic and/or any other systems.

- c. You acknowledge that the internet may be subject to events which may affect access to the Product Supplier's system(s) including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures, force majeure event, and/ or hacking attacks with respect to the Product Supplier's trading platform, your own systems and the communications infrastructure (for example, the internet) connecting the platform of the Product Supplier with you. You are warned that while trading on an electronic platform, you shall assume the risk of financial loss, which can be caused by a range of reasons associated with the failure of equipment, hardware, software, delayed terminal updates, down time, with respect to the Product Supplier's trading platform, your own systems, and the communications infrastructure connecting the platform with you.
- d. When you trade online (via the internet), the FSP and the Product Supplier shall not be liable for any claims, losses, damages, costs or expenses, caused directly or indirectly by any malfunction, disruption or failure of any transmission, communication, system, computer facility or trading software, whether belonging to the FSP, the Product Supplier, you, any exchange or any settlement clearing system.
- e. The FSP and the Product Supplier also have no responsibility if an unauthorized third person gains access to your information, including electronic addresses, password, login, electronic communication and personal data. In the event where you become aware of any unauthorized use of your account with the Product Supplier, password, login, it is your responsibility to inform the Product Supplier promptly by telephone call and immediately in written form.
- f. You also acknowledge that the unencrypted information transmitted by email is not protected from any unauthorized access.
- g. You further understand that at times of peak load there may be some difficulties in getting telephone communication with a company representative, especially in the fast market (for example, when key economic indicators are released).
- h. You also understand that under abnormal market conditions, the execution time in connection with any trading instructions may increase.

## **8. Communication Risks**

Clients acknowledge that non-encrypted information sent via email may not be secure against unauthorized use. The client agrees not to disclose confidential information received from the Company and assumes all risks associated with third-party access to such information. The Company is not responsible for any financial losses resulting from the client's failure to receive messages or communications.

The Company facilitates communication and transactional interactions with clients through electronic means, including the trading platform and, where applicable, email correspondence. Although such methods are commonly used and generally dependable,

they may at times experience technical issues, delays, security breaches, or failures in transmission. Clients are advised to consider these limitations when relying on electronic communications.

## **9. Exchange Risk**

Please ensure you understand exchange risks. We provide key (but not exhaustive) information in relation to exchange risks below:

- a. Financial Instruments products, especially CFDs are exposed to 'exchange risk'.
- b. Exchange risk also known as "currency risk", and is the risk of loss (or gain) from unforeseen changes in exchange rates (the prices at which currencies are traded in exchange).
- c. There is a risk that you will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in exchange rates.

## **10. Liquidity Risk**

Please ensure you understand liquidity risks. We provide key (but not exhaustive) information in relation to liquidity risks below:

- a. Financial Instruments products especially CFDs and foreign exchange trading are exposed to 'liquidity risk'.
- b. Liquidity risk arises from situations in which an investor interested in trading a security cannot do so because no one in the market wants to trade that security. It is the inability to find buyers on the terms desired. It is also the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.
- c. Non-highly traded securities bear higher liquidity risk since there is a risk of having difficulty in liquidating an investment position without taking a significant discount from the current market value. The liquidity risk is usually reflected in a wide bid-ask spread and large price movements and can take the following three forms:
  - Bid-ask spread: how much a trader can lose by selling an asset and buying it back right away.
  - Market depth: how many units traders can sell or buy at the current bid or ask price without moving the price.
  - Market resiliency: how long it takes for prices that are temporarily incorrect to return to normal.

## **11. Software Risk**

The MetaTrader 4 and MetaTrader 5 trading platforms utilize advanced order entry and order tracking systems. While the Company makes every reasonable effort to execute orders at the requested price, execution may be affected by various factors beyond the Company's control. Trading via the internet does not eliminate the risks associated with trading in foreign exchange or CFDs. All pricing and trade execution are subject to the terms and conditions set forth in the Customer Agreement.

## **12. Third Party Risks**

- a. The Product Supplier may pass money received from the Client to a third party (e.g. a bank, payment provider, a market, intermediate broker, OTC counterparty or clearing house) to hold or control in order to effect a transaction through or with that person, or to satisfy the Client's obligation to provide collateral (e.g. initial margin requirement) in respect of a transaction. The Product Supplier has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.
- b. The third party to whom the Product Supplier will pass money, may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money. In the event of the insolvency or any other analogous proceedings in relation to that third party, the Product Supplier may only have an unsecured claim against the third party on behalf of the Client, and the Client will be exposed to the risk that the money received by the Product Supplier from the third party, is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Product Supplier does not accept any liability or responsibility for any resulting losses.

## **13. Other Risks**

The risks described above are not intended to be exhaustive. Clients acknowledge and accept that additional risks, whether foreseen or unforeseen, may arise in connection with their trading activities. By engaging in trading, the Client assumes responsibility for all such risks.

## **14. Past Performance**

Please ensure you understand past performance indications and how you should utilise such information. We provide key (but not exhaustive) information in relation to past performance below:

- a. Past performance, simulation or prediction of financial instruments, including but not limited to derivatives, foreign exchange and CFDs does not constitute an indication of future results.
- b. You should note that the value of your investment can decrease as well as increase, the market price of the underlying asset may fluctuate.
- c. There are various types of investments with varying degrees of risk, and therefore there can be no assurance that the future performance of any specific investment, investment strategy, or product may be profitable, equal or corresponding to any historical performance level(s) or suitable for your trading.
- d. There are various factors, including the changing market conditions, which may no longer be reflective of any current opinion, information or positions.

- e. You should not assume that any discussion or information contained or provided by the FSP and/or the Product Supplier, its directors, officers, employees or third-party providers serves as the receipt of, or as a substitute for any investment advice, and as such the Client is reminded to consult with independent professional advisor of Client's choice.

## **15. Position Monitoring**

It is the client's responsibility to closely monitor all positions and related transactions. The Company does not assume any obligation to do so on the client's behalf and shall not be held liable for any loss, damage, or consequence resulting from the client's failure to adequately monitor such positions.

## **16. Market Volatility**

- a. Financial markets may fluctuate rapidly and the prices of the Product Suppliers' products will reflect this. Spreads fluctuate just like exchange rates. You may face increased periods of price volatility during market events such as economic and political news announcements, elections, force majeure events, and so forth. During this period, there may be times where spreads are considerably wider than usual, which may impact your account(s). Generally speaking, wide spreads will mean the cost of closing your position will be greater. This will reflect as a loss to your equity and raises the chance of you breaching your margin requirement.
- b. Under extreme volatility you will see your profit and loss fluctuate far more than normal. This means you may enter margin close out quicker and also significantly raises the possibility of your account entering negative equity. If the market were to spike, crash or gap, it could result in significant losses especially for a highly leveraged trading account(s).

## **17. Gapping**

Gapping is a sudden shift in the price of an underlying market from one level to another. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur both when the underlying market is open and when it is closed. When these factors occur when the underlying market is closed, the price of the underlying market when it reopens (and therefore our derived price) can be markedly different from the closing price, with no opportunity to sell your instruments before the market opens. Unlike a guaranteed stop, a non-guaranteed stop will not protect you against the risk of gapping.

## **18. Market Liquidity**

Market conditions can change significantly in a very short period of time, so that if you wish to sell an underlying instrument or close a Contract, you may not be able to do so under the same terms as when you purchased or opened it. 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 under the rules of the relevant exchange trading is suspended or restricted.

## **19. Price and Costs**

Please ensure you understand how prices are generated in the course of trading. We provide key (but not exhaustive) information in relation to price and cost below:

- a. The prices generated by the Product Supplier's trading platforms are derived from the relevant underlying instruments, which the Product Supplier obtains from third party liquidity/price providers. The prices of CFDs and other derivative products that you trade with the Product Supplier may include a mark-up.
- b. All relevant costs and charges will be provided by the Product Supplier or set out on the Product Supplier's website. You should be aware of such costs and charges as they will influence your account's profitability.
- c. In addition to any profit or losses, there are different types of costs linked to transactions in derivative products. Costs will impact effective return. Costs related to derivative trading may include bid-offer spreads, daily and overnight financing costs, account management fees and taxes. The costs can be complex to calculate and may outweigh the gross profits from a trade.
- d. For trading derivatives, CFDs and other derivative products, you may be required to pay a commission and/ or other fees. The commission and financing/overnight fees are not incorporated into the Product Supplier's quoted prices and are instead charged explicitly to the client account(s). The swap values are clearly stated on the Product Supplier's website accepted by you during the online account opening process as they are described in the Product Supplier's Terms and Conditions of Business (i.e. the Client Agreement with the Product Supplier).
- e. The swap rate is mainly dependent on the level of interest rates as well as the Product Supplier's fee or having an open position overnight. The Product Supplier has the discretion to change the level of the swap rate on each financial instrument at any given time and you acknowledge that you will be informed of any such changes via the Product Supplier's website. You further acknowledge that you are responsible for reviewing the contracts specification located on the Product Supplier's website and for being updated on the level of swap value prior to placing any order with the Product Supplier.

## **20. Region Restriction**

The content, services and/or products are not intended for use by or distribution to any individual or legal entity in any jurisdiction or country where such distribution, publication or use would be contrary to the law or regulatory provisions of that country. Individuals or legal entities in respect of whom such prohibitions apply, whether on grounds of their nationality, their place of residence or on other grounds, must not access or use the website of the Product Supplier.

Additionally, certain services and products of the Product Supplier may not be registered or licensed under legal and regulatory provisions governing financial services or products and their providers in certain countries, and as such, all users are requested to enquire for additional specific information about products and services available in your country.

## **21. Acknowledgements**

You hereby acknowledge and declare that you have read, understood and thus accept without any reservation all the information included herein, including the following:

- a. The value of the financial instrument (CFD or any other derivative product) may decrease, and you may receive less money than originally invested or the value of the financial instrument may present high fluctuations. It is possible that the invested capital may become of no value.
- b. Information on past performance of a financial instrument does not guarantee the present and/or future performance. The use of historic data does not constitute a binding or safe forecast as to the corresponding future return of the financial instruments to which such data refers.
- c. Some corresponding instruments may not become immediately liquid due to various reasons such as reduced demand and the Product Supplier may not be in a position to sell them or easily obtain information on the value of such financial instruments or the extent of any related or inherent risk concerning such financial instruments.
- d. When a financial instrument is negotiated in a currency other than the currency of your country of residence, any changes in an exchange rate may have a negative effect on the financial instrument's value, price and performance.
- e. A financial instrument in foreign markets may entail risks different than the usual risks in the markets in your country of residence. The prospect of profit or loss from transactions in foreign markets is also influenced by the exchange rate fluctuations.
- f. Various situations, developments or events may arise over a weekend when the currency markets generally close for trading, that may cause the currency markets to open at a significantly different price from where they close on Friday afternoon. You will not be able to use the Product Supplier's trading platform to place or change orders over the weekend and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held over the weekend will be executed at levels significantly worse than their specified price.

## **22. Adoption**

As Key Individual of Orinoco Capital (Pty) Ltd, I, Bongani Goodenough Mngadi hereby confirm the adoption of the policy.

Date 1st of November, 2025

