



HANABI RISK DISCLOSURE POLICY

1. Introduction HANABI LIMITED ("the Company"), a Seychelles-registered entity regulated by the **Seychelles Financial Services Authority (FSA)**, provides institutional-grade liquidity solutions. This Risk Disclosure Policy aims to inform clients and counterparties of the potential risks associated with trading and liquidity services provided by the Company.

2. Purpose and Scope

2.1 The purpose of this policy is to outline the various risks that clients may face when engaging with HANABI LIMITED.

2.2 This policy applies to all counterparties, including brokers, institutional traders, and financial entities using the Company's liquidity services.

3. General Trading Risks

3.1 Market Risk

- Prices of financial instruments fluctuate due to external factors such as economic events, geopolitical developments, and market sentiment.
- The Company does not guarantee profitability or protection from losses.

3.2 Liquidity Risk

- Market conditions may result in insufficient liquidity, leading to difficulties in executing large orders at desired prices.
- HANABI LIMITED strives to maintain deep liquidity pools but cannot ensure execution without price impact.

3.3 Slippage Risk

- Orders may be executed at prices different from the requested due to market volatility and execution latency.
- Stop-loss orders are not guaranteed to execute at the intended level.

3.4 Execution Risk



- Orders may be subject to delays or rejections during periods of high volatility.
 - The Company utilizes multiple execution venues but cannot guarantee order fulfillment under all conditions.
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4. Counterparty and Credit Risks

4.1 Counterparty Risk

- Clients may face losses if the financial condition of their trading counterparties deteriorates.
- The Company conducts due diligence but does not provide counterparty risk guarantees.

4.2 Credit Risk

- Clients engaging in margin trading may experience losses if their positions are forcibly liquidated due to insufficient margin.
 - HANABI LIMITED monitors margin levels but does not assume responsibility for client credit management.
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5. Leverage Risks

5.1 Trading with leverage amplifies both potential gains and losses.

5.2 High leverage increases exposure to rapid market fluctuations, potentially leading to margin calls and liquidations.

5.3 Clients are responsible for understanding the implications of leveraged trading and managing their risk exposure appropriately.

6. Technological and Operational Risks

6.1 System Failures

- Trading platforms and execution systems may experience outages or technical issues.
- HANABI LIMITED implements redundancy measures but does not guarantee uninterrupted service.



6.2 Cybersecurity Risk

- Unauthorized access, hacking, and security breaches can impact client accounts and trading operations.
 - The Company employs industry-standard cybersecurity protocols to mitigate risks.
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7. Regulatory and Compliance Risks

7.1 Regulatory Changes

- Financial markets are subject to evolving regulations that may impact trading conditions and operational practices.
- The Company adheres to **Seychelles Financial Services Authority (FSA) regulations** and continuously monitors changes in the legal landscape.

7.2 AML and Compliance Risk

- Clients must comply with **Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT) regulations**.
 - Failure to meet compliance requirements may result in service termination or regulatory actions.
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8. Risk Management and Client Responsibility

8.1 Risk Control Measures by the Company

- Provision of negative balance protection where applicable.
- Real-time margin monitoring and automated risk management systems.
- Transparent reporting on execution quality and market conditions.

8.2 Client Responsibilities

- Clients must assess their risk tolerance and use appropriate risk management tools.
 - HANABI LIMITED is not liable for losses resulting from client trading decisions.
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9. Amendments and Policy Review



9.1 The Company reserves the right to update this policy as necessary to reflect changes in market conditions, regulatory requirements, and operational enhancements.

9.2 Clients will be notified of significant amendments via official communication channels.

10. Contact Information For inquiries regarding this Risk Disclosure Policy, please contact:

HANABI Limited

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