

Risk Disclosure

PLEASE READ THE RISK DISCLOSURE BELOW TO ENSURE THAT YOU ARE FAMILIAR WITH THE RISKS INVOLVED WHEN YOU INVEST THROUGH THE EMMA PLATFORM

Background

Emma Technologies Limited (“Emma”, “we”, “us” or “our”) (firm reference number: 794952) is an appointed representative of RiskSave Technologies Ltd, a firm authorised and regulated by the Financial Conduct Authority (FCA), under firm reference number 775330.

Our company registration number is 10578464 and our registered office is 49-51 Central Street, London, England, EC1V 8AB.

Unless specified otherwise, all definitions are adopted from the Emma Technologies Ltd Terms of Service which are available at the [link](#).

Emma provides investment services to Customers by transmitting Orders to a Third Party Broker for execution (or onward transmission for execution).

Risks

When you invest in the stock market, your capital is at risk. You may receive back less than your original investment. This is true whether you invest in stocks or any other securities available on our App.

Whenever you invest your money, there is an element of risk to it. This is unlike putting your cash in a bank account where you would expect to receive at least the same amount back as you put in (your ‘capital’), provided your bank doesn’t go bankrupt.

This is not necessarily true of investments through our App, for which your capital is at risk. This means that due to the nature of investments, the value of your investment can go up as well as down.

This Risk Disclosure provides a summary of the nature of the risks that come with investing in securities through our App. Please read and understand this risk disclosure before you open an account with Emma Invest to ensure you understand the nature of the service and investments provided.

E-money risk

To open an Emma Account to trade in Securities through the Emma App, you must also open an Electronic Money Account. Emma is not an electronic money issuer or provider but arranges for you to obtain the Electronic Money Account from the E-money Provider. This account is limited to use in connection with our Emma App. If you stop using our Emma App the Electronic Money Account will be closed as it is only available to you as an active Emma user.

Balances shown within Emma Invest that are waiting to be invested or in an Instant Access Pot will be held as E-money by our E-money provider - CurrencyCloud. It is important to note that CurrencyCloud is not a bank, but rather an E-money Institution.

E-money is stored in a digital wallet, and unlike money saved in a bank account, it (or the funds which underpin it) can't be lent by the E-money provider from one person to another.

Your Emma Wallet is operated and maintained by our E-money provider, who is obliged to protect your money through 'Safeguarding'. They do this by placing it into a separate, segregated bank account, where it is pooled with money belonging to other Emma customers who hold e-money and the E-money provider's other customers.

These safeguarding accounts are protected by law, so other creditors of a failed E-money institution can't make a claim against them. In practice, this means if our E-money provider were to fail, it should have enough money in its safeguarding account to pay all customers the money they are owed.

Of course, for safeguarding to protect you, the E-money provider must honour their safeguarding obligations by ensuring that there is enough money in its safeguarding account to repay all customers.

In the event that our E-money provider were to fail or become insolvent, an independent insolvency administrator may be appointed to manage the closure of the business and distribute the safeguarded cash held back to customers.

Any money belonging to Emma's customers can only be paid out from the pooled, safeguarding account after insolvency costs have been settled.

Unlike a bank, **E-money is not covered by the [Financial Services Compensation Scheme \(FSCS\)](#)**, meaning that you will not have recourse to the FSCS in the event of insolvency of our E-money

provider and therefore any money not returned through an administration process would be lost.

It is important to note that while E-money is regulated by the FCA, it is not subject to the same level of regulatory and prudential requirements as banking or the holding of client money, such as firms having to hold as much extra money to help them continue operating if they fail, safeguarded funds being regarded as 'client money', or being subject to the FCA's Client Money & Assets ('CASS') rules.

This is why, here at Emma, we pick our providers very carefully, and will only work with reputable companies who have a proven track record and are able to assure compliance with the FCA's safeguarding rules.

Insolvency risk

When you buy a share in a company, you own a part of that company. This means that if the company does well, the value of your investment in that company is likely to increase and you may be entitled to receive profits that it distributes as dividends. If the share price of that company has risen since you bought it, you are able to benefit from that increase in value by selling your share.

However, if the company becomes insolvent, it is likely that the value of its shares will fall sharply. A share will usually be delisted from the stock exchange when insolvency becomes likely or when insolvency processes are formally triggered.

At this point, it will not be possible to buy or sell any shares you hold in this company on most occasions. Where insolvency occurs, shareholders will usually rank lowest in the priority for receiving any funds back, meaning that there is a higher risk that you will receive either nothing at all or a fraction of what you invested. If shareholders do receive any funds back following an insolvency, it will typically take a long time for this to be confirmed and for any funds to be received.

Market fluctuations and volatility

The market price of an investment can go down as well as up. Past performance is also not a reliable indicator of future performance. The market price of an instrument is influenced by many factors. These include company performance, economic conditions, market sentiment and news flow.

Prices of shares will sometimes move very quickly and unexpectedly. This includes times when markets are open for trading, but also there can be large jumps or falls in price between the time at which the market closes on a trading day and the time it opens on the following trading day.

The movements in prices over time also mean that the indicative price you see in-app (based on the latest price point received from our third-party data provider) when you place your order will typically vary from the price you receive when that order is executed.

Liquidity risk

Liquidity risk is the risk that an asset may be difficult to sell at a reasonable price or the risk that it may be difficult to sell the asset quickly, meaning that you are not able to sell the asset at the time you want to and withdraw the proceeds or use it on other investments.

All securities available on our App carry liquidity risk. However, some securities carry higher liquidity risk than others. Typically, more highly traded securities will be more liquid than less traded securities and hence have a lower liquidity risk.

For all securities, there will be a difference between the price you can buy at (the 'offer' price) and the price you can sell at (the 'bid' price) - the offer price will almost always be higher than the bid price. The difference between these two prices is known as the bid-offer spread. More liquid stocks will have a lower bid-offer spread than less liquid ones. In addition to market fluctuations, this again means that the indicative price you see in-app when you place your order will typically vary from the price you receive when that order is executed.

Liquidity risk may also mean that orders are rejected (because there are no available market participants willing to execute a trade at an acceptable price) and can result in you not being able to buy or sell your securities. Typically these interruptions are short-lived, but for more illiquid securities it can sometimes result in difficulties trading those securities over extended periods.

Currency risk

Where your investments are denominated in currencies other than GBP, fluctuations in foreign exchange rates will impact the market value of your investment, as well as the value of any dividends distributed by the company to shareholders.

Legal risks

Legal actions or changes, including those taken by governments or regulators, can cause risks to the value and ability to sell your investments. This includes regulatory actions to de-list or ban trading of a security, which can lead to you not being able to sell your securities. While such actions are relatively rare, they can be very impactful and unexpected.

Inflation

Inflation is a measure of the rate of rising prices in goods and services in an economy. Increases in inflation are typical in most markets, however, the rate of increase may have detrimental effects on your investment. Inflation rates may accelerate due to a number of factors, such as changes in production costs, availability of raw materials, and the average price of employee wages.

A rising rate of inflation may reduce the real value of an investment over time. The rate of return on a particular Instrument may become lower than the rate of inflation, leading to losses that you would otherwise not have incurred if your investment had been in another Instrument, the value of which kept pace with the rate of inflation.

Instruments rights-related risk

Certain Instruments may give the holder rights, for example, to vote at an annual general meeting or receiving a dividend payment from the issuer. These rights may be subject to change and you should not assume you will be able to exercise these rights. The payment of a dividend is subject to certain conditions, such as the availability of distributable profits by the issuer, and therefore cannot be guaranteed.

Operational Risk

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact investors in such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

Fraud Risk

Whilst many markets and jurisdictions impose and maintain robust anti-fraud, anti-bribery and anti-corruption regimes and controls, fraud and financial crime continue to exist in many new and innovative guises. Serious organised and highly sophisticated criminals may impersonate financial counterparties or their products, promoting the investment in that product and potentially lead to the complete loss associated with an investment.

In severe cases, fraud risk may also result in a loss of data, whether personal or otherwise. It cannot always be guaranteed that losses arising as a result of fraudulent activity will be recoverable.

Third-Party Risk

In respect of certain Instruments, the settlement, perfection, transfer, or realisation of that instrument may depend on or require some action, performance or consent from a third party. For example, trustees, custodians, agents, clearinghouses and exchanges may need to take some action in order for an investment to settle or for the legal right of ownership to change. As such, you shall remain subject to the risks of failure by the relevant third party to act as required or in a timely manner.

Tax Risk

A change in tax law to impose a new tax or amend an existing tax on the transfer or holding of an Instrument could result in costs being incurred when selling the Instrument and could have a significant impact on that investment's profitability. In some jurisdictions, the tax treatment of particular Instruments, issuers or investors can be highly complex and subject to increase volatility and change. As a result, there may be a high degree of uncertainty and unpredictability in respect of the tax position of a particular Instrument, or whether it is even possible or practicable to reclaim a tax return on an investment you are legally entitled to.

Your own tax position will depend on your personal tax status and the tax rules which apply specifically to you. You shall be solely responsible for determining the tax impact of your trading and should consult a tax professional if you are unsure and/or have any questions. Emma does not provide any tax advice.

Exchange Risk

In respect of securities that are listed or traded on a public exchange, the ability to deal in those securities will be subject to the terms, conditions, rules, and procedures applicable to that exchange or clearing house.

In certain circumstances, it may be more difficult to acquire or sell an Instrument as a result of changes or decisions at the exchange level. For example, at times of rapid volatility and price movements, the relevant exchange may take the decision to temporarily block, restrict, or suspend dealings in that product. This may result in you being unable to liquidate your Position at a particular time and for a particular price, or alternatively make it difficult or impossible to acquire an Instrument.

Service interruption risks

While we try to minimise disruptions to our services, there can be instances where access to our services can be interrupted, whether this is caused by a market issue, an external provider or our own systems. As outlined in our terms and conditions, we do not guarantee that our services will always be accessible by you, always available, always functioning properly or error-free.

In these situations, you may not be able to submit orders or your orders may be cancelled, you may also not be able to monitor your positions using our App.