



RISK DISCLOSURE AND ACKNOWLEDGEMENTS

 **RoboMarkets**

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RISK DISCLOSURE

1. INTRODUCTION

RoboMarkets Ltd (hereinafter called the "Company") is an Investment Firm regulated by the Seychelles Financial Services Authority (Reg.number: SD048).

2. GENERAL RISK NOTICE

2.1. The Client should not engage in any investment directly or indirectly in Financial Instruments unless the Client knows and understands the risks involved for each one of the Financial Instruments. Hence, prior to applying for an account, the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources.

2.2. All prospective Clients should read carefully the following risk warnings contained in this document before deciding to apply for a Trading Account with the Company. However, it is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments (including derivative financial instruments such as CFDs). The notice was designed to explain in general terms the nature of the risks involved when dealing with Financial Instruments on a fair and non-misleading basis.

2.3. The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the risks involved for each one of the Financial Instruments

2.4. The Company will not provide the Client with any investment advice relating to investments or possible transactions in investments or in Financial Instruments or make investment recommendations of any kind. Hence, prior to applying for a Trading Account with the Company, or placing an Order the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources.

2.5. If the Client does not understand the risks involved he should seek advice and consultation from an independent professional advisor. If the Client still does not understand the risks involved in trading in any Financial Instruments, he should not trade at all.

2.6. The Client should acknowledge that he runs a great risk of incurring losses and damages as a result of the purchase

and/or sale of any Financial Instrument and accept that he is willing to undertake this risk.

2.7. The Company does not and cannot guarantee the initial capital of the Clients' portfolio or its value at any time or any money invested in any financial instrument.

2.8. A Bank or Broker through whom the Company deals or the Company itself may act in the same market as you, its own account involvement could be contrary to your interests.

2.9. The insolvency of the Company or of a Bank or Broker used by the Company to affect its transactions may lead to the Client's positions being closed out against your wishes.

2.10. The Company will not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind.

2.11. The Execution Venue will be required to hold the Client's money in an account that is segregated from other clients and the Execution Venue's money in accordance with current regulations, but this may not afford complete protection.

2.12. Country/Political risk: This is the risk that an international investor bears due to the political conditions of the country the Client has invested in. Typically, the concern here is the actions of governments, but other vectors of political risk include local legal systems, the military, or state-sponsored groups. Examples of political risks include:

2.12.1. The imposition or removal of taxes;

2.12.2. The imposition or removal of exchange controls or exchange rate management systems;

2.12.3. The repudiation or moratorium of government or central bank debt;

2.12.4. The confiscation of assets including nationalization;

2.12.5. The imposition or removal of trade quotas or tariffs or both;

2.12.6. The passage of legislation making previously acceptable business practices or ownership structures now illegal or subject to censure.

2.13. Liquidity risk: Liquidity risk arises in situations where a party interested in trading a Financial Instrument cannot do so because nobody in the market wants to trade that particular Financial Instrument. In such a case an investor may not be able to sell a Financial Instrument or close out a position at the market price at any given time.

2.14. Credit risk: Credit risk refers to the capability of the counterparty to fulfill its contracted financial obligations like



dividend payments, interest payments, repayment of principal when due, etc.

2.15. Interest rate risk: Interest rate risk is the probability of an adverse impact on profitability or asset value as a result of changes in interest rates. Fluctuations of market interest affect the prices of securities. Usually, the price of shares increases if the interest rate falls and vice versa. Factors that influence the level of market interest rates include:

- 2.15.1.** Expected levels of inflation;
- 2.15.2.** General economic conditions;
- 2.15.3.** Monetary policy and the stance of the central bank;
- 2.15.4.** Foreign exchange market activity;
- 2.15.5.** Foreign investor demand for debt securities;
- 2.15.6.** Levels of sovereign debt outstanding;
- 2.15.7.** Financial and political stability.

2.16. Operational risk: Operational risk can be defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events. This is the risk that the internal organizational systems of the Company may run due to system malfunctions or human errors.

2.17. Market risk: This reflects the extent to which the return of a Financial Instrument varies in response to, or in association with, variations in the overall market returns.

2.18. Investments into complex products such as strategies of traders under copy-trading services are a subject to specific risks arising from the direct dependence of the investment's outcome from the actions of a third party performing a relevant strategy. A strategy, being a derivative product of Forex/CFDs, implies that all risks relevant to the underlying product (leverage risk, market risk, liquidity risk, etc.) are also relevant to the derivative at the same degree. The Client should acknowledge that past performance of such product is not a reliable indicator of future results. The Client understands that the behavior and the number of trading operations can vary significantly from previously recorded values of the given strategy, thus directly affecting the volatility of an investment's value. Additional technical procedures are involved in maintaining copy-trading services, meaning that technical risks are greater when investing in such products.

3. TECHNICAL RISKS

3.1. The Client shall be responsible for any financial losses caused by the failure of information, communication, electronic, internet, telephone, public electricity network and other systems caused by clients systems. The result of any system failure may be that his Order is either:

3.1.1. Order not executed according to his instructions

3.1.2. Order is not executed at all

3.1.3. Might cause prices to change between the price when the order was placed and the price when the order has been received

The Company does not accept any liability in the case of such a failure.

3.2. While trading the Client and not the Company shall be responsible for the financial losses caused by (but not limited to):

- a) Clients hardware or software failure, malfunction or misuse;
- b) Poor Internet connection either on the side of the Client or the Company or both, or interruptions or transmission blackouts or public electricity network failures or internet connection failures or hacker attacks, or overload of connection;
- c) The wrong settings in the Client Terminal;
- d) Delayed Client Terminal updates;
- e) The Client disregarding the applicable rules on the Client Terminal;
- f) Delays or other errors caused during the transmission of Orders and/or messages via computer or other communication devices;
- g) Information received via computer or via other communication devices is inaccurate.

3.3. The Client acknowledges that at times of excessive deal flow the Client may have some difficulties to be connected over the telephone with a Dealer or with the Company Online Trading System, especially in a Fast Market (for example, when key macroeconomic indicators are released).

3.4. Trading on-line, no matter how convenient or efficient, does not necessarily reduce risks associated with currency trading.

3.5. The Customer acknowledges that under Abnormal Market Conditions the period during which the Instructions and Requests are executed may be extended.

3.6. Electronic trading systems use computer devices for routing orders, balancing operations, registering and clearing transactions. These may be subject to temporary failure and



faulty operation. On executing transactions using an electronic trading system, the Client bears the risks specific to such a system, including the risk of a failure in the operation of the hardware or software. Therefore, the Client's order may not be carried out in accordance with his instructions or may not be executed at all. It may be impossible to continually receive information on the positions or to meet margin requirements. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing with all Financial Instrument and investment services. Please refer to the Risk Disclosure for Financial Instruments if the Client is considering trading with the Company in Derivative Financial Instruments.

3.7. The Client shall accept the risk of any financial losses caused by the fact that the Client has received with a delay or has not received at all any notice from the Company.

3.8. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access of third parties.

3.9. The Company has no responsibility if authorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, any other electronic means, fax or post.

3.10. The Client is wholly responsible for keeping the privacy of all the information sent by the Company and accepts the risk of any financial losses caused by the unauthorized access of the third party to the Client's Account.

3.11. The Client is fully responsible for the risks in respect of undelivered Company Online Trading System internal mail messages sent to the Client by the Company.

4. ABNORMAL MARKET CONDITIONS RISK

4.1. The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or executed at all.

5. TRADING PLATFORMS

5.1. Orders may be executed one at a time while being in the queue. Multiple Orders from the same Client Account at the same time may not be executed.

5.2. The Client acknowledges that the only reliable source of Quotes Flow information is that of the real/live Server's Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes simply may not reach the Client Terminal.

5.3. The Client acknowledges that when the Client closes the Order placing/modifying/deleting window or the position opening/closing window, the Instruction or Request, which has been sent to the Server, shall not be canceled.

5.4. In case the Client has not received the result of the execution of the previously sent Instruction but decides to repeat the Instruction, the Client shall accept the risk of making two Transactions instead of one.

5.1. The Client acknowledges that if the Pending Order has already been executed but the Client sends the Instruction to modify its level, the only Instruction, which will be executed, is the Instruction to modify Stop Loss and/or Take Profit levels on the position opened when the Pending Order triggered.

6. FORCE MAJEURE EVENTS

6.1. Force Majeure means unforeseeable circumstances that prevent someone from fulfilling a contract.

6.2. In case of a Force Majeure Event, the Client accepts the risk of financial losses, example of force majeure event are:

6.2.1. Government actions, the outbreak of war or hostilities, the threat of war, acts of terrorism, national emergency, riot, civil disturbance, sabotage, requisition, or any other international calamity, economic or political crisis;

6.2.2. Act of God, earthquake, tsunami, hurricane, typhoon, accident, storm, flood, fire, epidemic or other natural disaster;

6.2.3. Labour disputes and lock-out

6.2.4. Suspension of trading on a Market, or the fixing of minimum or maximum prices for trading on a

6.2.5. Market, a regulatory ban on the activities of any party (unless the Company has caused that ban),

6.2.6. decisions of state authorities, governing bodies of self-regulating organizations, decisions of governing bodies of organized trading platforms;

6.2.7. A financial services moratorium having been declared by appropriate regulatory authorities or any other acts or regulations of any



regulatory, governmental, or supranational body or authority;

- 6.2.8. Breakdown, failure or malfunction of any electronic, network and communication lines (not due to the bad faith or willful default of the company);
- 6.2.9. Any event, act or circumstances not reasonably within the Company's control and the effect of that event(s) is such that the Company is not in a position to take any reasonable action to cure the default;
- 6.2.10. The suspension, liquidation or closure of any market or the abandonment or failure of any event to which the Company relates its Quotes, or the imposition of limits or special or unusual terms on the trading in any such market or on any such event;

7. RISK DISCLOSURE FOR FINANCIAL INSTRUMENTS

This notice is provided to the Client because the Client is considering dealing with the Company in the financial instrument provided by the Company.

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments and CFDs (contracts for difference) and was designed to explain in general terms the nature of the risks particular to dealing in the Financial Instruments and CFDs provided by the Company and to help the Client to take investment decisions on an informed basis.

Prior to applying for an account, the Client should consider carefully whether trading in Derivative Financial Instruments and CFDs is suitable for him in the light of his circumstances and financial resources. Trading in derivative financial instruments and CFDs entails the use of "gearing" or "leverage". In considering whether to engage in this form of trading, the Client should be aware of the following:

7.1. General

- 7.1.1. The Client should acknowledge that, regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards

or upwards and it is even probable that the investment may become of no value.

- 7.1.2. The Client should acknowledge that the Client runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts that the Client is willing to undertake this risk.
- 7.1.3. Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.
- 7.1.4. The Client is hereby advised that the transactions undertaken through the dealing services of the Company may be of a speculative nature. Large losses may occur in a short period of time.
- 7.1.5. Some Financial Instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- 7.1.6. When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price, and performance.
- 7.1.7. A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- 7.1.8. A Derivative Financial Instrument (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument.
- 7.1.9. The value of the Derivative Financial Instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.
- 7.1.10. The Client must not purchase a Derivative Financial Instrument unless the Client is willing to



undertake the risks of losing entirely all the money which the Client has invested and also any additional commissions and other expenses incurred.

- 7.1.11. Under certain market conditions, it may be difficult or impossible to execute an order.
- 7.1.12. Placing Stop Loss Orders serves to limit your losses. However, under certain market conditions, the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.
- 7.1.13. Should the Equity of the Client be insufficient to hold current positions open, the Client may be called upon to deposit additional funds at short notice or reduce exposure. Failure to do so within the time required may result in the liquidation of positions at a loss and the Client will be liable for any resulting deficit.
- 7.1.14. The Client's attention is expressly drawn to currencies traded so irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.
- 7.1.15. Investing in some Financial Instruments entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, the Client should be aware that the high degree of "gearing" or "leverage" is a particular feature of Derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favor, the client may achieve a good profit, but an equally small adverse market movement cannot only quickly result in the loss of the Clients' entire deposit, but may also expose the Client to a large additional loss. In regard to transactions in Derivative Financial Instruments with the Execution Venues, a derivative Financial Instrument is a non-delivery spot transaction giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying

instrument. The Client must not purchase derivative Financial Instrument unless the Client is willing to undertake the risks of losing entirely all the money which the Client has invested and also any additional commissions and other expenses incurred.

- 7.1.16. Transactions may not be undertaken on a recognized or designated investment exchange and, accordingly, they may expose the Client to greater risks than exchange transactions. The terms and conditions and trading rules may be established solely by the Execution Venue. The Client may only be able to close an open position of any given contract during the opening hours of the Execution Venue. The Client may also have to close any position with the same counterparty with whom it was originally entered into. In regards to transactions with Financial Instruments with the Company, the Company is using a Trading Platform for transactions in Financial Instruments which does not fall into the definition of a recognized exchange as this is not a Multilateral Trading Facility.
- 7.1.17. Profits and losses of transactions with contracts denominated in a foreign currency that differs from the currency of the Client's account are affected by the exchange rate fluctuations when converted from the contract currency to the account currency.

7.2. What is a CFD?

- 7.2.1. A CFD is an agreement between a "buyer" and a "seller" to exchange the difference between the current price of an underlying asset (shares, currencies, commodities, indices, etc.) and its price when the contract is closed.
- 7.2.2. When the contract is closed, the Client will receive or pay the difference between the closing value and the opening value of the CFD and/or the underlying asset(s). If the difference is positive, the CFD provider pays you. If the difference is negative, the Client must pay the CFD provider.
- 7.2.3. CFDs might seem similar to mainstream investments such as shares, but they are very different as the Client never actually buy or own the asset underlying the CFD.



7.3. Risks associated with transactions in derivative financial instruments and CFDs (Contracts For Difference)

- 7.3.1. The Client agrees and understands that when trading in CFDs the Client is trading on the outcome of the price of an Underlying Asset and that trading does not occur on a Regulated Market but Over-The-Counter (OTC);
- 7.3.2. The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Financial Instruments and CFDs provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.
- 7.3.3. The Client should unreservedly acknowledge and accept that the Client runs a great risk of incurring losses and damages as a result of the dealing in Financial Instruments and CFDs and accepts and declares that the Client is willing to undertake this risk. For many members of the public dealings in Financial Instruments and CFDs will not be suitable.
- 7.3.4. The Client should not engage in any dealings directly or indirectly with Financial Instruments and CFDs unless the Client knows and understands the features risks involved in them. The high degree of "gearing" or "leverage" is a particular feature of Derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. The Financial Instruments available for trading with the Company are non-delivery spot transactions giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client's favor, the client may achieve a good profit, but an equally small adverse market movement cannot only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred.

7.4. Volatility of price and limitation on the available market

- 7.4.1. CFDs are not suitable for "buy and hold" trading. They can require constant monitoring over a short period of time (minutes/hours/days). Even maintaining your investment overnight exposes the Client to greater risk and additional cost.
- 7.4.2. The Financial Instruments and CFDs provided by the Company are derivative securities, where their price is derived from the price of the underlying reference instruments in which the Financial Instruments and CFDs refer to. Derivative securities/ markets can be highly volatile. The prices of Derivative Financial Instruments and CFDs and the Underlying Reference Instruments and Indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions, it can be impossible to execute any type of Clients order at declared price. Therefore, Stop Loss order cannot guarantee the limit of loss. The prices of Derivative Financial Instruments and CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial, and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.
- 7.4.3. Transactions in Derivative Financial Instruments and CFDs provided by the Company are not undertaken on a recognized exchange, rather they are undertaken on the Company's Trading Platform through the Execution Venue and, accordingly, they may expose the Client to greater risks than regulated exchange transactions.
- 7.4.4. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company's Execution Venue. The Client can only close an open position of any given Financial Instrument and CFD during the opening hours of the Company's Trading Platform.



7.4.5. The markets (and prices) offered are derived from related underlying. The Company has no control over movements in the underlying; movements in the underlying may be volatile and unpredictable. Those movements will affect the Company prices, whether or not it is possible for the Client to open and close a trade and the price at which it can be done. Under certain trading conditions, it may be difficult or impossible to close an open position. This may occur, for example, if the price of the underlying rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

7.5. Liquidity risk

7.5.1. Liquidity risk affects your ability to trade. It is the risk that you're CFD or asset cannot be traded at the time the Client wants to trade (to prevent a loss, or to make a profit).

7.5.2. The margin the Client needs to maintain as a deposit with the CFD provider is recalculated daily in accordance with changes in the value of the underlying assets of the CFDs the Client hold. If this recalculation (revaluation) produces a reduction in value compared with the valuation on the previous day, the Client will be required to pay cash to the CFD provider immediately in order to restore the margin position and to cover the loss. If the Client cannot make the payment, then the CFD provider may close your position whether or not the Client agrees with this action. The Client will have to meet the loss, even if the price of the underlying asset subsequently recovers. There are CFD providers that liquidate all your CFD positions if the Client does not have the required margin, even if one of those positions is showing a profit for the Client at that stage.

7.5.3. Before the Client begins to trade, the Client should obtain details of all commissions and other charges for which the Client will be liable and which may be found on the Company's Website. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written

explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

7.5.4. To keep your position open, the Client may have to agree to allow the CFD provider to take additional payments, at their discretion, when required to meet relevant margin calls. In a fast-moving, volatile market the Client can easily run up a large credit card bill in this way the value of open positions in the Financial Instruments and CFDs provided by the Company are subject to financing fees. The price of long positions in Financial Instruments and CFDs is reduced by a daily financing fee throughout the life of the contract. Conversely, the price of short positions in Financial Instruments and CFDs is increased by a daily financing fee throughout its life. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website.

7.5.5. The Client should take the risk that his trades in Financial Instruments and CFDs may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.

7.6. Margin requirements and leverage risk

7.6.1. CFDs are leveraged products. They offer exposure to the markets while requiring the Client to only put down a small margin ("deposit") of the total value of the trade. They allow investors to take advantage of prices moving up (by taking "long positions") or prices moving down (by taking "short positions") on underlying assets.

7.6.2. Leveraged trading means that potential profits are magnified; it also means that losses are magnified.

7.6.3. The lower the margin requirement, the higher the risk of potential losses if the market moves against you. Sometimes the margins required can



be as little as 0.5%. Be aware that when trading using margin, you can lose the entire invested deposit of funds.

- 7.6.4. Clients are required to deposit a Margin with the Company's Execution Venue in order to open a position. The Margin requirement will depend on the underlying instrument of the derivative Financial Instrument, level of leverage chosen and the value of the position to be established. The Company will not notify the Client of any Margin Call to sustain a loss-making position. The Company's Execution Venue has the discretionary right to start closing positions when Margin Level decreases to 100%, and automatically close all positions at market prices if Margin Level drops below 100%. The Company's Execution Venue guarantees that there will be no negative balance in the account when trading Financial Instruments and CFDs.
- 7.6.5. "Stop-loss" limits: To limit losses many CFD providers offer the Client the opportunity to choose "stop loss" limits. This automatically closes your position when it reaches a price limit of your choice. There are some circumstances in which a "stop loss" limit is ineffective - for example, where there are rapid price movements or market closure. Stop loss limits cannot always protect the Client from losses.
- 7.6.6. Execution risk: Execution risk is associated with the fact that trades may not take place immediately. For example, there might be a time lag between the moment the Client place your order and the moment it is executed. In this period, the market might have moved against you. That is, your order is not executed at the price the Client expected. Some CFD providers allow the Client to trade even when the market is closed. Be aware that the prices for these trades can differ widely from the closing price of the underlying asset. In many cases, the spread can be wider than it is when the market opens.
- 7.6.7. Counterparty risk: Counterparty risk is the risk that the provider issuing the CFD (i.e. your counterparty) defaults and is unable to meet its financial obligations.
- 7.6.8. Under Margin Trading conditions even small market movements may have a great impact on

the Client's Account. It is important to note that Client Accounts trade under the effect of Leverage. The Client is responsible for all the risks, financial resources the Client uses and for the chosen trading strategy.

- 7.6.9. It is recommended to place Stop Loss to limit potential losses, and Take Profit to collect profits when it is not possible for the Client to manage the Client's Open Positions. However, it is noted that placing a Stop Loss Order cannot guarantee the limit of loss.
- 7.6.10. The Client shall be responsible for all financial losses caused by the opening of the position using temporary excess Free Margin on the Client Account gained as a result of a profitable position (cancelled by the Company afterwards) opened at an Error Quote (Spike) or at a Quote received as a result of a Manifest Error.
- 7.6.11. The high degree of "gearing" or "leverage" is a particular feature of Derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. The Financial Instruments available for trading with the Company are non-delivery spot transactions giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement cannot only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred.

8. RISKS ASSOCIATED WITH INVESTMENT INTO COPY-TRADING SERVICES

8.1. Execution latency

When investing via the copy-trading service where a trading transaction of an investor and a relevant transaction in the underlying strategy are performed separately, the risk arises



that the difference in time of given transactions will cause these trades to be performed under different market conditions and/or at different market prices. Despite the fact that such differences may result into either positive or negative outcome for an investor, the possibility of such discrepancies assumes that the performance of an investment is a subject to additional fluctuations over the performance of the underlying strategy.

8.2. Ratio risks

Using an additional factor for increasing a volume of copied transactions which is non-proportional to the ratio of balances and leverages of investor's account and a source account of a strategy implies a significant additional risk aside from direct market exposure. During drawdown situations (when the market moves against open positions), the account of an investor can face margin shortages leading to positions close-out (liquidation), while source account with lesser relative exposure can sustain such drawdown. Any investor using custom factor feature of copy-trading services shall always consider his risk appetite as the factor applies not only to the potential profits but also to the potential losses to the same extent. Ratio risks are also relevant to the situations when such factor is not used, but funds and/or leverages and/or stop-out conditions of investor's and source accounts differ in a way that may cause the earlier liquidation of investor's positions.

8.3. Expenses/charges difference

Copy-trading services can offer a possibility of subscribing to copy a trader's account, where the policy of broker charges (commissions/markups/etc.) for a trader is different from the one broker applies to the investor's account. Moreover, an investor in such services is usually obliged to bear additional expenses in favor of a trader for copying the trades. These differences can cause specific risks to an overall result of investing. The NET outcome of an investment after all charges and expenses can be worse than the assessed gain of a source account of a trader. This difference can be either insignificant or considerable to the extent where the overall result of an investment is negative while the assessed results of the trader during the investment period are positive. An investor shall always thoroughly research charges structure of a broker and of a particular strategy prior to the investment.

8.4. Liquidity sharing

Investment activity via copy-trading services usually implies that a number of investors are following a single strategy.

Therefore, subscribers are automatically performing similar trading operations at the same time as the strategy provider. If the number of investors is significant, then a large total volume of transactions is performed in a single security each time when a single trade is conducted by a strategy provider. This feature of copy-trading services imposes additional risks to the performance of an investment as liquidity sources usually offer a finite amount of liquidity available at each price level, thus orders of a larger volume tend to be filled at worse prices than orders of a smaller volume. Risks of such kind are more significant when the set of securities used in a strategy is composed of less-liquid or exotic instruments.

8.5. Multiple strategies portfolio

Copy-trading services offer a possibility to invest into several products (strategies) at the same time, forming a portfolio of strategies with a single investment account. While diversification of an investment is usually considered a risk mitigation technique, it shall be noted that actual overall risk of such portfolio depends greatly on its composition and on the proportion of high-risk strategies in it. When investing in multiple strategies, it is necessary to make sure that investment account has the adequate amount of funds to support the copying of all trades simultaneously in relevant proportion. Otherwise, the margin load on an investment account tends to be high, which causes additional risks similar to ratio risks described above.

8.6. Risks

No aspect of the information and/or social trading feature provided and/or made available on our websites is intended to provide, or should be construed as providing, any investment, tax or other financial related advice of any kind. The client should not consider any such content and/or any such feature to be a substitute for professional financial and/or investment advice. If the Client chooses to engage in transactions based on content on the website and/or elect to copy specific traders and/or trades, then such decisions and transactions and any consequences flowing therefrom are your sole responsibility. While individual participants may offer a transaction which may be subsequently copied by other traders, such advice, opinions or trades amount to nothing more than exchanges between persons who may be anonymous or unidentifiable or simply the execution of a trade by such traders. The company do not provide investment advice directly, indirectly, implicitly, or in any manner whatsoever by making such information and/or features available to you. You should use any information



gathered from here and/or utilize the social trading features only as a starting point for your own independent research and investment decision making.

Past performance and/or risk scores should be considered as hypothetical performance results. Hypothetical performance results have many inherent limitations. No representation or guarantee is being made that any account will or is likely to achieve profits or losses similar to the past performance or risk score shown. The actual percentage gains/losses experienced by investors will vary depending on many factors, including but not limited to: starting account balances (deposits and withdrawals), market behavior, the investor's account settings and the actual performance of the copied user.

9. HIGH-RISK INVESTMENT NOTICE

9.1. General risk disclosure

The Client should not engage in any investment directly or indirectly in Financial Instruments unless the Client understands the risks involved for each one of the Financial Instruments. Hence, prior to applying for an account, the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources. The Client is warned of the following risks:

- 9.1.1. The Company does not and cannot guarantee the initial capital of the Clients' portfolio or its value at any time or any money invested in any financial instrument.
- 9.1.2. The Client should acknowledge that, regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.
- 9.1.3. The Client should acknowledge that the Client runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts that the Client is willing to undertake this risk.
- 9.1.4. Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or

safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.

- 9.1.5. The Client is hereby advised that the transactions undertaken through the dealing services of the Company may be of a speculative nature. Large losses may occur in a short period of time, equaling the total of funds deposited with the Execution Venue.
- 9.1.6. Some Financial Instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- 9.1.7. When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price, and performance.
- 9.1.8. A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- 9.1.9. A Derivative Financial Instrument (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument.
- 9.1.10. The value of the Derivative Financial Instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.
- 9.1.11. The Client must not purchase a Derivative Financial Instrument unless the Client is willing to undertake the risks of losing entirely all the money which the Client has invested and also any additional commissions and other expenses incurred.



- 9.1.12. Under certain market conditions, it may be difficult or impossible to execute an order.
- 9.1.13. Placing Stop Loss Orders serves to limit the Clients losses. However, under certain market conditions, the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.
- 9.1.14. Should the Equity of the Client be insufficient to hold current positions open, the Client may be called upon to deposit additional funds at short notice or reduce exposure. Failure to do so within the time required may result in the liquidation of positions at a loss and the Client will be liable for any resulting deficit.
- 9.1.15. A Bank or Broker through whom the Company deals or the Company itself may act in the same market as you, its own account involvement could be contrary to the Clients interests.
- 9.1.16. The insolvency of the Company or of a Bank or Broker used by the Company to affect its transactions may lead to the Client's positions being closed out against the Clients wishes.
- 9.1.17. The Client's attention is expressly drawn to currencies traded so irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.
- 9.1.18. Trading on-line, no matter how convenient or efficient, does not necessarily reduce risks associated with currency trading.
- 9.1.19. There is a risk that the Client's trades in Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.
- 9.1.20. Before the Client begins to trade, the Client should obtain details of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms

(but for example as a dealing spread), the Client should ask for a written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

- 9.1.21. Investing in some Financial Instruments entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, the Client should be aware that the high degree of "gearing" or "leverage" is a particular feature of Derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement cannot only quickly result in the loss of the Clients' entire deposit, but may also expose the Client to a large additional loss. In regard to transactions in Derivative Financial Instruments with the Execution Venues, a derivative Financial Instrument is a non-delivery spot transaction giving an opportunity to make a profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. The Client must not purchase derivative Financial Instrument unless the Client is willing to undertake the risks of losing entirely all the money which the Client has invested and also any additional commissions and other expenses incurred.

- 9.1.22. Transactions may not be undertaken on a recognized or designated investment exchange and, accordingly, they may expose the Client to greater risks than exchange transactions. The terms and conditions and trading rules may be established solely by the Execution Venue. The Client may only be able to close an open position of any given contract during the opening hours of the Execution Venue. The Client may also have to close any position with the same counterparty with whom it was originally entered into. In regard to transactions in Financial Instruments



with the Company, the Company is using a Trading Platform for transactions in Financial Instruments which does not fall into the definition of a recognized exchange as this is not a Multilateral Trading Facility because the Company may be in a Client transaction.

9.1.23. The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Financial Instruments and CFDs provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

9.1.24. The Client should unreservedly acknowledge and accept that the Client runs a great risk of incurring losses and damages as a result of the dealing in Financial Instruments and CFDs and accepts and declares that the Client is willing to undertake this risk. For many members of the public dealings in Financial Instruments and CFDs will not be suitable. The Client should not engage in any dealings directly or indirectly with Financial Instruments and CFDs unless the Client knows and understands the features risks involved in them.

9.2. Other additional obligations

9.2.1. Before the Client begins to trade, the Client should obtain details of all commissions and other charges for which the Client will be liable and which may be found on the Company's Website. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. The value of open positions in the Financial Instruments and CFDs provided by the Company are subject to financing fees. The price of long positions in Financial Instruments and CFDs is reduced by a daily financing fee throughout the life of the contract. Conversely, the price of short positions in Financial Instruments and CFDs is increased by a daily financing fee throughout its life. Financing

fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website.

9.2.2. The Client should take the risk that his trades in Financial Instruments and CFDs may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.

9.3. Margin requirements

Clients are required to deposit a Margin with the Company's Execution Venue in order to open a position. The Margin requirement will depend on the underlying instrument of the derivative Financial Instrument, level of leverage chosen and the value of the position to be established. The Company will not notify the Client of any Margin Call to sustain a loss-making position.

9.4. Off-exchange transactions in derivatives

9.4.1. CFDs offered by the Company are off-exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently, it may be difficult to establish what a fair price is.

9.4.2. In regards to transactions in CFD's the Company is using an Online Trading System for transactions in CFD's which does not fall into the definition of a recognized exchange as this is not a



9.4.3. Multilateral Trading Facility and so do not have the same protection.

9.5. Contingent liability investment transactions

9.5.1. Contingent liability investment transactions, which are margined, require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The Margin requirement will depend on the underlying asset of the instrument. Margin requirements can be fixed or calculated from the current price of the underlying instrument, it can be found on website of the Company.

9.5.2. If the Client trades in futures, Contracts for Differences or sell options, he may sustain a total loss of the funds he has deposited to open and maintain a position. It is noted that the Company will not have a duty to notify the Client of any Margin Call to sustain a loss-making position.

9.5.3. Contingent liability investment transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose the Client to substantially greater risks.

9.6. Collateral

If the Client deposits collateral as security with the Company, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of the collateral depending on whether the Client is trading on a recognized or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off-exchange. Deposited collateral may lose its identity as the Client's property once dealings on the Client's behalf are undertaken. Even if the Client's dealings should ultimately prove profitable, he may not get back the same assets which he deposited and may have to accept payment in cash.

9.7. Suspensions of trading

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.

9.8. Clearinghouse protections

On many exchanges, the performance of a transaction by the Client is guaranteed by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Client and may not protect him if he or another party defaults on its obligations to the Client. On request, the Company must explain any protection provided to him under the clearing guarantee applicable to any on-exchange derivatives in which he is dealing. It is noted that there is no clearinghouse for traditional options, or normally for off-exchange instruments which are not traded under the rules of a recognized or designated investment exchange.