



RISK ACKNOWLEDGEMENT & DISCLOSURE

Update Date: June 2021

RISK ACKNOWLEDGEMENT

TABLE OF CONTENT

INTRODUCTION	03
SCOPE OF THE POLICY	03
1. RISK WARNING	03
2. ACKNOWLEDGEMENT	04
3. RISK WARNING NOTICE FOR FOREIGN EXCHANGE AND DERIVATIVE PRODUCTS	05
4. RISK WARNING NOTICE FOR CFDs ON CRYPTOCURRENCIES	10
5. RISKS BEYOND THE CONTROL OF THE COMPANY	11
6. THIRD-PARTY RISK	11
GENERAL NOTICE	12

This notice is provided to you in accordance with Cyprus Law 87(I) of 2017, as amended.

INTRODUCTION

Royal Financial Trading (Cy) (hereinafter "the Company"), is registered under Cyprus Company Law with registration number HE349061. The Company is authorized and regulated as a Cyprus Investment Firm (CIF) by the Cyprus Securities and Exchange Commission (CySEC), License Number 312/16, under the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) ("the Law"), as amended from time to time, and subject to CySEC Laws and Regulations. The Company's head office is located at John Kennedy St, Kanika Complex, Iris House, 3rd Floor, Office 340, 3106 Limassol, Cyprus.

The Company is operating under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "Markets in Financial Instruments Directive 2014/65/EU" or "MiFID II") and amending Directive 2002/92/EC and Directive 2011/61/ EU, as last amended by Directive (EU) 2016/1034 of the European Parliament and of the Council, of 23 June 2016 and under Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (the "MiFIR") which was implemented in Cyprus by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), which provide for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters (the "Investment Services and Activities and Regulated Markets Law"), as the same may be modified and amended from time to time.

SCOPE OF THE POLICY

The Risk Acknowledgement and Disclosure document is provided to the Client in accordance with the Law. The Notice is designed to explain, in general terms, the nature of the risks involved when dealing with Financial Instruments on a fair and non-misleading basis but does not disclose or explain all of the risks and aspects involved in dealing with Financial Instruments. This Notice forms an integral part of the Service Agreement between the Client and the Company.

1. RISK WARNING

1.1. All prospective Clients should read carefully the following risk warnings contained in this document. 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 with 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 nonmisleading basis.

The Client should not engage in any investment, directly or indirectly, involving Financial Instruments unless he knows and understands the risks involved for each of the Financial Instruments. 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. So, prior to applying for a trading account with the Company, or making 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. If the Client does not understand the risks involved, he should seek advice and consultation from an independent financial advisor. If the Client still does not understand the risks involved in trading any Financial Instruments, he should not trade at all.

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 accepts that he is willing to undertake this risk. 86.67% of retail investor accounts lose money when trading CFDs.

All words and expressions defined in the Operative Agreements shall, unless the context requires otherwise, have the same meaning in this document.

2. ACKNOWLEDGEMENT

Technical risk

2.1. The Client shall be responsible for the risks of financial losses caused by the failure of information, communication, electronic and other systems. Any system failure may result in the failure of the order being executed according to his instructions or being executed at all. The Company does not accept any liability in the case of such a failure.

2.2. While trading via the Client Terminal, the Client shall be responsible for the risks of financial losses caused by:

- (a) Client's or Company's 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, transmission blackouts, public electricity network failures, 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 described in the Client Terminal user guide and the Company's Website.

2.3. The Client acknowledges that, at times of excessive deal flow, the Client may have some difficulties connecting with a Dealer over the telephone, especially in a Volatile Market (for example, when key macroeconomic indicators are released).

Abnormal market conditions

2.4. The Client acknowledges that, under Abnormal Market Conditions, Instructions and Requests for execution may be extended.

Client Terminal

2.5. The Client acknowledges that only one Request or Instruction is allowed to be in the queue at a time. Once the Client has sent a Request or an Instruction, any further Requests or Instructions sent by the Client will be ignored and the "Order is locked" status will appear until the first Request or Instruction is executed.

2.6. The Client acknowledges that the only reliable source of Quotes Flow information is that of the real/live Server's Quotes Base. The 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.

2.7. 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 cancelled.

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

2.9. The Client acknowledges that if the Pending Order has already been executed but the Client sends the Instruction to modify its level and the levels of If-Done Orders at the same time, 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. Communication

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

2.11. The Client acknowledges that the unencrypted information transmitted by email is not protected from any unauthorized access.

2.12. The Client is fully responsible for the risks in respect of undelivered Client Terminal internal mail messages sent by the Company to the Client for they are automatically deleted within three (3) calendar days.

2.13. The Client is wholly responsible for the privacy of the information received from the Company and accepts the risk of any financial losses caused by the unauthorized access of a third party to the Client's Trading Account.

2.14. The Company assumes no responsibility if authorized third persons have access to information, including electronic addresses, electronic communication and personal data, or access data that are transmitted between the Company or any other party using the internet or other network communication facilities, telephone or any other electronic means. Force Majeure Event

2.15. In case of a Force Majeure Event the Client shall accept the risk of financial losses.

3. RISK WARNING NOTICE FOR FOREIGN EXCHANGE AND DERIVATIVE PRODUCTS

This notice cannot disclose all the risks and other significant aspects of foreign exchange and derivative products such as Contracts for Differences. You should not deal in such products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in light of your circumstances and financial position. Certain strategies, such as a "spread" position or a "straddle", may be as risky as a simple Long or Short position.

Although Forex and derivative instruments can be utilized for the management of investment risk, some of these products are unsuitable for many investors. You should not engage in any dealings, directly or indirectly, with derivative

products unless you know and understand the risks involved in them and that you may lose your money entirely or incur further damages. Different instruments involve different levels of exposure to risk; while deciding whether to trade with such instruments, you should be aware of the following points:

3.1. Effect of leverage

The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. This is a result of the margining system applicable to CFDs, which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportional impact on a Client's trade. A small price movement in the Client's favor can provide a high return on the deposit, however, a small price movement against the Client may quickly result in significant losses.

Under Margin Trading conditions, even small market movements shall have great impact on the Client's Trading Account. It is important to note that all accounts trade under the effect of Leverage. The Client must be aware of the fact that if the market moves against the Client, the Client may sustain a total loss of the deposited funds. The Client is responsible for all the risks, financial resources the Client uses and for the chosen trading strategy.

It is highly recommended that the Client maintains a Margin Level (percentage Equity to Necessary Margin ratio which is calculated as $\text{Equity} / \text{Necessary Margin} * 50\%$) no lower than 1,000%. It is also recommended to place Stop Loss Orders, to limit potential losses, and Take Profit Orders, to collect profits, when it is not possible for the Client to manage the Client's Open Positions.

The Client shall be responsible for all financial losses caused by the opening of a position using temporary excess Free Margin on the Trading 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.

3.2. High volatile instruments

Some Instruments trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses as well as profits. The price of Derivative financial instruments is derived from the price of the underlying asset, of which the instruments refer to (for example: currency, stock, metals, indices etc.). Derivative financial instruments and related markets can be highly volatile. The prices of instruments and the underlying asset may fluctuate rapidly and within 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 may be impossible for a Client's order to be executed at a declared price, leading to losses. The prices of instruments and the underlying asset will be influenced by, among 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 market. Therefore, Stop Loss Orders cannot guarantee the limit of loss.

The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value. This is owed to 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 can not only result in the loss of the Clients' entire deposit quickly but may also expose the Client to a large additional loss.

3.3. Liquidity

Some of the underlying assets may not become immediately liquid as a result of reduced demand for the underlying asset and the Client may not be able to obtain the information on the value of such underlying assets or the extent of the associated risks.

3.4. Contracts for Differences

The CFDs available for trading with the Company are non-deliverable spot transactions that give an opportunity to make profit on changes in the price of the underlying asset, such as currencies, commodities, stock market indices or shares. If the underlying asset's movement is in the Client's favor, the Client may achieve a good profit, but an equallysmall adverse market movement can not only result in the loss of the Clients' entire deposit quickly but also expose the Client to any additional commission and other expenses incurred. So, the Client must not enter into CFDs unless he is willing to undertake the risks of losing all the money he has invested and any additional commissions and other expenses incurred.

Transactions in Contracts for Differences may also have a contingent liability and you should be aware of its implications, as set out below.

3.5. Off-exchange transactions in derivatives

CFDs, Forex and Precious Metals 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, assess the value of the position arising from an off-exchange transaction or 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; consequently, it may be difficult to establish what is a fair price. In regard to transactions in CFDs, Forex and Precious Metals with the Company, the Company is using a Trading Platform for transactions in CFDs, which does not fall into the category of a recognized exchange due to the fact that it is not a Multilateral Trading Facility, thus depriving it of the same protection as such.

3.6. Foreign markets

Foreign markets will involve different risks from the Cyprus markets. In some cases, the risks will be greater. On request, the Company must provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which it will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions on foreign markets or in foreign-denominated contracts will be affected by fluctuations in foreign exchange rates.

3.7. Contingent liability investment transactions

Contingent liability investment transactions, which are margined, require you 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 asset.

If you trade in Contracts for Differences, you may sustain a total loss of the funds you have deposited to open and maintain a position. If the market moves against you, you may be called upon to pay substantial additional funds at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. It is noted that the Company will not have a duty to notify the Client for any Margin Call to sustain a loss-making position.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

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

3.8. Collateral

If you deposit 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 your collateral whether you are trading in a recognized or designated investment exchange, with the applied rules of that exchange (and the associated clearing house), or trading off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets, which you deposited, and may have to accept payment in cash. You should ascertain from your firm how your collateral will be dealt with.

3.9. Commissions and taxes

Before you begin to trade, you should make yourself aware of all the commissions and other charges of which you will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should understand what such charges are likely to amount to.

There is a risk that the Client's trades in any Financial Instruments, including derivative 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 is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

3.10. 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 or 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. Placing a Stop Loss Order will not necessarily limit

your losses to the intended amounts because market conditions may make it impossible to execute such an Order at the stipulated price. In addition, 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.

3.11. Insolvency

The Company's insolvency, or default, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets you have lodged as collateral and you may have to accept any available payments in cash.

Segregated Funds will be subject to the protections conferred by Applicable Regulations.

Non-Segregated Funds will not be subject to the protections conferred by Applicable Regulations. Non-Segregated Funds will not be segregated from the Company's funds and will be used in the course of the Company's business; in the event of the Company's insolvency, you will be ranked as a general creditor.

3.12 Gapping

Gapping is a risk that arises as a result of market volatility. Gapping occurs when the prices of CFDs suddenly shift from one level to another, without passing through the level in between. There may not always be an opportunity for the Client to place an order between the two price levels.

3.13 Stop Loss Orders cannot always protect you from losses.

The Company offers you the opportunity to choose Stop Loss Orders to limit the potential losses you can incur from an open position. This option automatically closes your position when it reaches a certain price limit. There are some circumstances in which a 'stop loss' limit is ineffective, e.g., where there are rapid price movements or market closure.

3.14 Risk of Margin Call and Liquidation (close-out)

To keep CFD positions open, the Client needs to have enough funds in his account to cover his margin obligations. When the Client's margin obligations are no longer covered, the Client must immediately deposit additional cleared funds or close positions so that the funds in his account cover the margin. Margin shortages can arise quickly as market values change. Unless the Client has sufficient funds in his account to cover these situations, there is a risk of having to close positions when the Client may prefer not to. The value of the Client's account must always remain above the liquidation, or close out, level. If it falls below this level, the Client's CFD trades are at risk of being liquidated. To prevent liquidation of the Client's CFD positions, the Client must make sure he has deposited enough funds to keep his account value above the liquidation level. If the Client's trade does not go as he expects, the Client may be required to deposit additional funds in order to hold his position.

3.15 Risk of loss of invested funds.

It is possible for adverse market movements to result in the loss of your account balance in full or even more. In case you lose more than your current account balance, we will bear the negative consequences of such adverse events and your losses will be limited to your then current account balance.

3.16 Past performance

Past performance of any investment is not necessarily a guide to future performance.

3.17 Operational risk

Is the risk of business operations failing due to human error. Operational risk will change from industry to industry and is an important consideration to make when looking at potential investment decisions. Industries with lower human interaction are likely to have lower operational risk

3.18 Country risk

Is the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.

3.19 Interest rate risk

Is the risk that an investment's value may change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.

3.20 Legal and Regulatory Risk

A change in laws or regulations made by the government or a regulatory body may increase the costs of operating a business, reduce the attractiveness of an investment and/or change the competitive landscape and by such materially alter the overall profit potential of your investment. This risk is unpredictable and may vary depending on the market for the underlying asset of a given CFD.

4. RISK WARNING NOTICE FOR CFDs ON CRYPTOCURRENCIES

The CFDs on Cryptocurrency services are not suitable for all investors. The CFDs on Cryptocurrency services are highly complex and as such Customers must always make sure that are fully aware and understand the specific characteristics and risks regarding the said CFDs on Cryptocurrency services and have extensive knowledge and/or expertise of the CFDs on Cryptocurrency services and of the underlying assets of the financial instruments offered by the CFDs on Cryptocurrency services.

Trading on financial instruments offered by the CFDs on Cryptocurrency services carries a high risk of losing all your invested capital in your trading account and/or in a specific trade. Trading prices of the financial instruments and underlying assets offered by the CFDs on Cryptocurrency services carry high volatility and thereby can widely fluctuate or become temporarily or permanently unavailable, therefore clients should trade carefully and only with funds that they can afford to lose.

The nature of Cryptocurrencies may lead to an increased risk of fraud or cyber-attack and may mean that technological difficulties experienced by the Company may prevent the access to or use of the CFDs on Cryptocurrency services.

The financial instruments offered by the CFDs on Cryptocurrency services have specific distinct risks from financial instruments offered by the Company with underlying assets, currencies or commodities. Unlike most currencies, which are backed by governments or other legal entities, or by commodities such as gold or silver, Cryptocurrencies are backed by technology and trust. There is no central bank that can take corrective measure to protect the value of Cryptocurrencies in a crisis or issue more currency. CFDs on virtual currencies are complex and high-risk products and as such, you could lose your entire invested capital.

CFDs on virtual currencies can widely fluctuate and may result in significant loss over a short period of time. You should not trade in CFDs on virtual currencies in case you do not have the necessary knowledge and expertise in these products or if you cannot bear the loss of the entire invested amount.

By accepting this Risk Disclosure Statement, you acknowledge and confirm that you understand the characteristics of CFDs on Virtual currencies, as presented in the Key Investor Information Document as well as the aforesaid described risks related with CFDs on Virtual currencies.

5. RISKS BEYOND THE CONTROL OF THE COMPANY

The Client and not the Company, is completely liable for the following risks the listing of which is not exceptive:

- (a) Lack of knowledge of the trading terminal settings;
- (b) Technical faults in the Client's software;
- (c) Disclosure of the registration credentials to the third parties at the opening of the real account;
- (d) Unauthorized access by the third party to the personal email account of the Client;
- (e) Reading with the delay of the information sent the Client's email address; f. Any other force-majeure circumstances on the part of the Client

6. THIRD-PARTY RISK

6.1. The Company may pass money received from the Client to a third party (e.g. a bank, a market, intermediate broker, OTC counterparty or clearing house) to hold or control in order to affect 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 Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.

6.2. The third party, to whom the Company 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 Company 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 Company from the third party is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.

6.3. The Company may hold Client money on the Client's behalf outside the EEA. The legal and regulatory regime

applying to any such bank or person will be different from that of Cyprus and, in the event of the insolvency or any other analogous proceedings in relation to that bank or person, the Client money may be treated differently from the treatment which would apply if the money was held in an account with a bank in Cyprus. The Company will not be liable for the insolvency, acts or omissions of any third party referred to in this paragraph.

6.4. The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.

6.5. A Bank or Broker, through whom the Company deals with, could have interests contrary to the Client's Interests.

GENERAL NOTICE

This notice is provided to you in accordance with the Markets in Financial Instrument Directive II (MiFID II) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (the "MiFIR") of the European Union because you are considering dealing with the Company in the financial instrument provided by the Company ("Financial Instruments").

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

In order to comply with the Markets in Financial Instrument Directive II (MiFID II) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (the "MiFIR") of the European Union, the Company will classify the prospective Client as Retail Client, Professional Client or Eligible counterparty when considering the application for opening an account, based on the information provided to the Company.