

RISK DISCLOSURE

In consideration of Avatrade ("we", "our", "us", "AvaTrade") agreeing to enter into over-the-counter ("OTC trading") contracts for differences ("CFDs"), Spread-betting ("Spread-bets") and Options contracts ("Options") with the undersigned (hereinafter referred to as the "Customer", "you", "your"), Customer acknowledges, understands and agrees that:

1. THIS RISK DISCLOSURE NOTICE FORMS PART OF THE CUSTOMER AGREEMENTS AS DEFINED IN THE USER AGREEMENT

- 1.1. This notice provides you with information about the risks associated with OTC trading, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.
- 1.2. It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

2. APPROPRIATENESS

- 2.1. Subject to our obligation to assess the appropriateness of OTC Trading for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.
- 2.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

3. ONLY INVEST MONEY YOU CAN AFFORD TO LOSE

Do not invest with money you cannot afford to lose. OTC trading carries a high degree of risk and due to fluctuations in value, the customer may not get back the amount invested.

4. OTC DERIVATIVES

Positions opened with AvaTrade are not traded on any exchange. The prices and other conditions are set by AvaTrade, subject to any obligations we have to provide best execution, to act reasonably and in accordance with the customer agreement and our order execution policy. Each OTC trade that you open through the Trading Platform results in you entering into a contract with AvaTrade; these contracts can only be closed with AvaTrade and are not transferrable to any other person or entity. There is no central clearing and no guarantee by any other party of AvaTrade's payment obligations to the Customer, thus Customer is exposed to credit risk with AvaTrade.

5. NO RIGHTS TO THE UNDERLYING INSTRUMENT

CFDs and Spread-bets do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.

6. TRADING PLATFORM

6.1. The Customer is warned that when trading in an electronic platform he assumes risk of financial loss which may be a consequence of amongst other things:

- 6.1.1. Failure of Customer's devices, software and poor quality of connection;
- 6.1.2. AvaTrade or Customer's hardware or software failure, malfunction or misuse;
- 6.1.3. Improper work of Customer's equipment;
- 6.1.4. Wrong setting of Customer's Terminal;
- 6.1.5. Delayed updates of Customer's Terminal.

7. MAGNIFIED LOSSES

The nature of margin trading markets means that both profits and losses can be magnified.

8. POTENTIAL RISKS

- 8.1. Before you open a trade with us we require you to lodge money with us as Initial Margin and, in order to keep a Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the

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amounts will be indicated on the Trading Platform. This means that you will be trading using 'leverage' or 'gearing' and this can work for or against you; a small price movement in your favour can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

- 8.2. We will further require you to ensure that the amount in your Trading Account exceeds the Maintenance Margin in order to keep a Transaction open. Therefore, if our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you do not do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.
- 8.3. You should also be aware that under our Customer Agreement we are entitled, at our sole discretion, to make a Margin Call. Under the Customer Agreement, you are required to satisfy any Margin Calls immediately, by any applicable means in the time prescribed by us. If you do not do this, we will be entitled to close one, or more, or all of your trades.
- 8.4. At Expiration, Options that are in the money will be automatically closed out at intrinsic value, that is, in the case of Call Options, the amount by which the closing price of the specified FX/CFD exceeds the strike price, and in the case of Put Options, the amount by which the Strike exceeds the closing price of the specified FX/CFD. For long Call and short Put positions, the closing price will be the prevailing bid price of the underlying FX/CFD at Expiration; and for short Call and long Put positions, the closing price will be the prevailing ask (offer) price of the underlying FX/CFD, as determined by Ava in its sole discretion. Options that are not in the money will expire worthless.
- 8.5. AvaTrade quotes variable spreads on Options. Variable option spreads are affected by actual market conditions, which are beyond our control. AvaTrade does not guarantee any maximum or minimum quotable option spreads. There may be times when Options quotes are not available in some underlying assets.
- 8.6. Risks Related to Long CFD or Spread-bet positions
- 8.7. Being long means you are speculating that the market price of the underlying will rise between the time of the open and close of the position. As holder of a long position, you will generally make a profit if the market price of the underlying rises whilst your long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst your long position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closing of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.
- 8.8. Risks Related to short CFD or Spread-bet positions
- 8.9. Being short means you are speculating that the market price of the underlying will fall between the time of the open and close of the position. As holder of a short position, you will generally make a profit if the market price of the underlying falls whilst your short position is

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open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your short position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closing of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

9. FLUCTUATIONS IN THE MARKET

- 9.1. It is important that you comprehend the risks associated with trading on a market as fluctuations in the price of the underlying market will have an effect on the profitability of the trade. For example: the value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange.
- 9.2. Slippage is the difference between the expected price of a Transaction, and the price the Transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an Order at a specific price impossible to execute, when market orders are used, and also when large Orders are executed when there may not be enough interest at the desired price level to maintain the expected price of trade.

10. ABNORMAL MARKET CONDITIONS

The Customer 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 may not be executed at all.

11. NEED TO MONITOR POSITIONS

Because of the effect of leverage and therefore the speed at which profits or losses can be incurred it is important that you monitor your positions closely. It is your responsibility to monitor your trades.

12. OPERATIONAL RISKS

- 12.1. Operational risks with AvaTrade on your computer are inherent in every OTC transaction. For example, disruptions in AvaTrade's operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. AvaTrade does not accept or bear any liability

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whatsoever in relation to the operational processes of AvaTrade, except to the extent that it is caused by the fraud, negligence or dishonesty by AvaTrade.

- 12.1.1. In connection with the use of computer equipment and data, the Customer bears the following risks amongst other risks, in which cases AvaTrade has no liability of any resulting loss:
 - 12.1.2. Power cut of the equipment on the side of the Customer or the provider, or communication operator (including voice communication) that serves the Customer;
 - 12.1.3. Physical damage (or destruction) of the communication channels used to link the Customer and provider (communication operator), provider, and the trading or information server of the Customer;
 - 12.1.4. Outage (unacceptably low quality) of communication via the channels used by the Customer, or AvaTrade or the channels used by the provider, or communication operator (including voice communication) that are used by the Customer or AvaTrade;
 - 12.1.5. Wrong or inconsistent with requirements settings of the Customer Terminal;
 - 12.1.6. Untimely update of the Customer Terminal;
 - 12.1.7. The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Customer from AvaTrade;
 - 12.1.8. Upon confirmation of an order placed over the telephone, Customer has bought or sold and cannot cancel the Market Order. By placing a Market Order over the telephone, Customer acknowledges and agrees to such immediate execution and accepts the risk of this immediate execution feature.
 - 12.1.9. Malfunction or non-operability of the Platform, which also includes the Customer Terminal.
- 12.2. The Customer may suffer financial losses caused by the materialization of the above risks, AvaTrade accepting no responsibility or liability in the case of such a risk materializing and the Customer shall be responsible for all related losses he may suffer.

13. QUOTING ERRORS

Should a quoting error occur AvaTrade is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant Account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by AvaTrade in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market represents

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prices different from the prices we have posted on our screen, we will attempt, on a best efforts basis, to execute Transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer statements.

This may or may not adversely affect the Customer's realized and unrealized gains and losses.

14. COMMUNICATION BETWEEN THE CUSTOMER AND AVATRADE

- 14.1. The Customer shall accept the risk of any financial losses caused by the fact that the Customer has received with delay or has not received at all any notice from AvaTrade.
- 14.2. The Customer acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorised access.
- 14.3. AvaTrade takes no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between AvaTrade and the Customer or when using the internet or other network communication facilities, or any other electronic means.

15. FORCE MAJEURE EVENTS

- 15.1. In case of a Force Majeure Event AvaTrade may not be in a position to arrange for the execution of Customer Orders or fulfil its obligations under the agreement with the Customer. As a result the Customer may suffer financial loss.
- 15.2. AvaTrade will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the User Agreement where such failure, interruption or delay is due to a Force Majeure event.

16. CURRENCY RISK

Customers should be aware that OTC trades denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

17. NON ADVICE AND RECOMMENDATIONS

- 17.1. When placing Orders with AvaTrade, AvaTrade will not advise the Customer about the merits of a particular Transaction or give him any form of investment advice and the Customer acknowledges that the Services do not include the provision of investment advice in OTC trades or the Underlying Markets. The Customer alone will enter into Transactions and take relevant decisions based on his own judgement. In asking AvaTrade to enter into any Transaction, the Customer represents that he has been solely responsible for making his own independent appraisal and investigation into the risks of the Transaction. He represents that he has sufficient knowledge, market sophistication, professional advice and experience to make his own evaluation of the merits and risks of any Transaction. AvaTrade gives no warranty as to the suitability of the products traded under this Agreement and assumes no fiduciary duty in its relations with the Customer.
- 17.2. AvaTrade will not be under any duty to provide the Customer with any legal, tax or other advice relating to any Transaction. The Customer should seek independent expert advice if he is in any doubt as to whether he may incur any tax liabilities. The Customer is hereby warned that tax laws are subject to and may change from time to time.

18. TAXES

- 18.1. There is a risk that the Customer's trades in any Financial Instruments may be or become subject to tax and/or any other duty for example, due to changes in legislation or Customer's personal circumstances. AvaTrade does not offer tax advice.
- 18.2. The Customer is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

19. INVESTOR COMPENSATION FUND

AvaTrade participates in Investor Compensation Company Ltd ("ICCL") for Customers of Investment Firms regulated in the Republic of Ireland. Certain Customers will be entitled to compensation under the ICCL where AvaTrade is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible. Compensation shall not exceed twenty thousand Euro (EUR 20.000) for each entitled Customer.

20. NEWSLETTERS

20.1. AvaTrade may, from time to time and at its discretion, provide the Customer (or in newsletters which it may post on its Website or provide to subscribers via its Website or the Trading Platform or otherwise) with information, news, market commentary or other information but not as a service. Where it does so:

20.1.1. AvaTrade will not be responsible for such information

20.1.2. AvaTrade gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related Transaction;

20.1.3. this information is provided solely to enable the Customer to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Customer;

20.1.4. if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Customer agrees that he will not pass it on to any such person or category of persons; e) the Customer accepts that prior to dispatch, AvaTrade may have acted upon it itself to make use of the information on which it is based. AvaTrade does not make representations as to the time of receipt by the Customer and cannot guarantee that he will receive such information at the same time as other Customers

20.2. It is understood that market commentary, news, or other information provided or made available by AvaTrade are subject to change and may be withdrawn at any time without notice

21. NO GUARANTEES OF PROFIT

AvaTrade provides no guarantees of profit nor of avoiding losses when trading. Customer has received no such guarantees from AvaTrade or from any of its representatives. Customer is aware of the risks inherent in trading and is financially able to bear such risks and withstand any losses incurred.