

RISK DISCLOSURE



▶ **RISK DISCLOSURE AND WARNINGS NOTICE**

1. INTRODUCTION

1.1. This risk disclosure and warning notice is provided to you (our Client and prospective Client) in compliance to the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 144(l)/2007, as subsequently amended from time to time ('the Law'), which is applicable to FxGrow Limited ('the Company').

1.2. All Clients and prospective Clients should read carefully the following risk disclosure and warnings contained in this document, before applying to the Company for a trading account and before they begin to trade 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 trading leveraged products such as FOREX and CFDs. The notice was designed to explain in general terms the nature of the risks involved when trading leveraged products such as FOREX and CFDs on a fair and non- misleading basis.

2. CHARGES AND TAXES

2.1. The Provision of Services by the Company to the Client is subject to fees, available on the Company's website. Before the Client begins to trade, he should obtain details of all fees, commissions, charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the charges.

2.2. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that he understands what such charges are likely to amount to.

2.3. The Company may change its charges at any time.

2.4. There is a risk that the Client's trades in any Financial Instruments the trade 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 Company does not offer tax advice.

2.5. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

2.6. It is noted that taxes are subject to change without notice.

2.7. It is noted that the Company's prices in relation to Forex and CFDs trading are set by the Company and may be different from prices reported elsewhere. The Company's trading prices are the ones at which the Company is willing to sell FOREX or CFDs to its Clients at the point of sale. As such, they may not directly correspond to real time market levels at the point in time at which the sale of FOREX or CFD occurs.



3. THIRD PARTY RISKS

3.1. The Company may pass money received from the Client to a third party (e.g. an intermediate broker, a bank, a market, a settlement agent, a clearing house or OTC) to hold or control in order to effect 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.

3.2 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.

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

4. INSOLVENCY

4.1. The Company's insolvency or default, may lead to positions being liquidated or closed out without the Client's consent.

5. TECHNICAL RISKS

5.1. The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.

5.2. If the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result

Of any such failure may be that his order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

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

5.4. At times of excessive deal flow the Client may have some difficulties to be connected over the phone or the Company's Platform(s)/system(s), especially in fast Market (for example, when key macroeconomic indicators are released).

5.5. The Client acknowledges that the internet may be subject to events which may affect his access to the Company's Website and/or the Company's trading Platform(s)/system(s), including but not limited to



interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity



Network failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's Website and/or Trading System or delay or failure in sending orders or Transactions.

5.6. In connection with the use of computer equipment and data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability of any resulting loss:

(a) Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client;

Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client;

(b) Outage (unacceptably low quality) of communication via the channels used by the Client, or the Company or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;

(c) Wrong or inconsistent with requirements settings of the Client Terminal;

(d) Untimely update of the Client Terminal;

(e) When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialing, when trying to reach an employee of the broker service department of the Company due to communication quality issues and communication channel loads;

(f) The use of communication channels, hardware and software, generate the risk of non-reception of a message (Including text messages) by the Client from the Company;

(g) Trading over the phone might be impeded by overload of connection.

(h) Malfunction or non-operability of the Platform, which also includes the Client Terminal.

5.7. The Client may suffer financial losses caused by the materialization of the above risks, the Company accepting no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses he may suffer.

6. TRADING PLATFORM

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

(d) Wrong setting of Client's Terminal.

(e) Delayed updates of Client's Terminal.

6.2. The Client acknowledges that only one Instruction is allowed to be in the queue at one time. Once the Client has sent an Instruction, any further Instructions sent by the Client are ignored and the 'orders is locked' message appears until the first Instruction is executed.



6.3. The Client acknowledges that the only reliable source of Quotes Flow information is that of the 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.

6.4. The Client acknowledges that when the Client closes the order placing/ deleting window or the position opening/closing window, the Instruction, which has been sent to the Server, shall not be cancelled.

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

6.6. The Client acknowledges that when the Client closes the Order, it shall not be cancelled.

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

6.8. The Client acknowledges that if the Pending Order has already been executed but the Client sends an 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.

7. COMMUNICATION BETWEEN THE CLIENT AND THE COMPANY

7.1. 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.

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

7.3. The Company has 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 the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

7.4. 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 as they are automatically deleted within 3 (three) calendar days.



8. FORCE MAJEURE EVENTS

8.1. In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfill its obligations under the agreement with the Client. As a result the Client may suffer financial loss.

8.2. The Company 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 this Agreement where such failure, interruption or delay is due to a Force Majeure event.

9. ABNORMAL MARKET CONDITIONS

9.1. 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 may not be executed at all.

10. FOREIGN CURRENCY

10.1. 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 and may lead to losses for the Client.

11. GENERAL RISK WARNING FOR COMPLEX FINANCIAL INSTRUMENTS (DERIVATIVE FINANCIAL INSTRUMENTS SUCH AS FOREX AND CFDS)

11.1. Trading in FOREX and CFDS is VERY SPECULATIVE AND HIGHLY RISKY and is not suitable for all members of the general public but only for those investors who:

- (a) Understand and are willing to assume the economic, legal and other risks involved.
- (b) Taking into account their personal financial circumstances, financial resources, life style and obligations are financially able to assume the loss of their entire investment.
- (c) Have the knowledge to understand CFDS and FOREX trading and the Underlying assets and Markets.

11.2. The Company will not provide the Client with any advice relating to CFDS or FOREX, the Underlying Assets and Markets or make investment recommendations of any kind. So, 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 in CFDS or FOREX, he should not trade at all.



11.3. FOREX and CFDs derivative financial instruments deriving their value from the prices of the underlying assets/markets in which they refer to (for example currency, equity indices, stocks, metals, indices futures, forwards etc.). Although the prices at which the Company trades are set by an algorithm developed by the Company, the prices are derived from the Underlying Assets /market. It is important therefore that the Client understands the risks associated with trading in the relevant underlying asset/ market because fluctuations in the price of the underlying asset/ market will affect the profitability of his trade.

11.4. Leverage and Gearing

11.5. Transactions in foreign exchange and derivative Financial Instruments carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign exchange or derivatives contract so that transactions are "leveraged" or "geared".

11.6. A relatively small market movement will have a proportionately larger impact on the funds the Client has deposited or will have to deposit; this may work against the Client as well as for the Client. The Client may sustain a total loss of initial Margin funds and any additional funds deposited with the Company to maintain his position. If the market moves against the Client's position and/or Margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain his position. Failing to comply with a request for a deposit of additional funds, may result in closure of his position(s) by the Company on his behalf and he will be liable for any resulting loss or deficit.

11.7. Risk-reducing Orders or Strategies

11.8. The placing of certain Orders (e.g. "stop-loss" orders, where permitted under local law, or "stop-limit" Orders), which are intended to limit losses to certain amounts, may not be adequate given that markets conditions make it impossible to execute such Orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions. Therefore Stop Limit and Stop Loss Orders cannot guarantee the limit of loss.

11.9. Trailing Stop and Expert Advisor cannot guarantee the limit of loss.

11.10. Volatility

11.11. Some Derivative Financial 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 in which the Derivative Financial Instruments refer to. Derivative Financial Instruments and related Underlying Markets can be highly volatile.



The prices of Derivative Financial Instruments and the Underlying Asset 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 may be impossible for a Client's order to be executed at declared prices leading to losses. The prices of Derivative Financial Instruments and the Underlying Asset 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 market place.

11.12. Margin

11.13. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of Derivative Financial 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 quickly result in the loss of the Client's entire deposit, but may also expose the Client to a large additional loss.

11.14. Liquidity

11.15. Some of the Underlying Assets may not become immediately liquid as a result of reduced demand for the Underlying Asset and Client may not be able to obtain the information on the value of these or the extent of the associated risks.

11.16. Contracts for Differences

11.17. The CFDs available for trading with the Company are non-deliverable spot transactions giving an opportunity to make profit on changes in the Underlying Asset (cash indices, index futures, bond futures, commodity futures, spot crude oil, spot gold, spot silver, single stocks, currencies or any other asset according to the Company's discretion from time to time). If the Underlying Asset movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Client's entire deposit but also any additional commissions and other expenses incurred. So, the Client must not enter into CFDs unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commissions and other expenses incurred.

11.18. Investing in a Contract for Differences carries the same risks as investing in a future or an option and the Client should be aware of these as set out above. Transactions in Contracts for Differences may also have a contingent liability and the Client should be aware of the implications of this as set out below under 'Contingent Liability Investment Transactions'.



11.19. Contingent Liability Investment Transactions

11.20. 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 Financial Instrument. Margin requirements can be fixed or calculated from current price of the underlying instrument and it can be found on the website of the Company.

11.21. 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. If the market moves against the Client, he may be called upon to pay substantial additional funds at short notice to maintain the position. If the Client fails to do so within the time required, his position may be liquidated at a loss and he 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.

11.22. 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 the Client entered the contract.

11.23. 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.

11.24. Collateral

11.25. 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.

11.26. Suspensions of Trading

11.27. 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. Placing a Stop Loss will not necessarily limit the Client's 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.



11.28. No Delivery

11.29. It is understood that the Client has no rights or obligations in respect of the Underlying Assets relating to the FOREX or CFDs he is trading. There is no delivery of the underlying asset.

11.30. 'Slippage'

11.31. Slippage is difference between the expected price of a Transaction in a CFD, 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.

12. ADVICE AND RECOMMENDATIONS

12.1. The Company will not advise the Client about the merits of a particular Transaction or give him any form of investment advice and the Client acknowledges that the Services do not include the provision of investment advice in FOREX or CFDs or the Underlying Markets. The Client alone will enter into Transactions and take relevant decisions based on his own judgment. In asking the Company to enter into any Transaction, the Client 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. The Company gives no warranty as to the suitability of the products traded under this Agreement and assumes no fiduciary duty in its relations with the Client.

12.2. The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any Transaction. The Client should seek independent expert advice if he is in any doubt as to whether he may incur any tax liabilities. The Client is hereby warned that tax laws are subject to change from time to time.

- (a) The Company may, from time to time and at its discretion, provide the Client (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, recommendations, news, market commentary or other information but not as a service. Where it does so: he Company will not be responsible for such information
- (b) He Company 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;
- (c) This information is provided solely to enable the Client to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;
- (d) 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 Client agrees that he will not pass it on to any such person or category of persons;



(e) The Client accepts that prior to dispatch, the Company may have acted upon it itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he will receive such information at the same time as other clients.

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

13. NO GUARANTEES OF PROFIT

13.1. The Company provides no guarantees of profit nor of avoiding losses when trading. Customer has received no such guarantees from the Company 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.

14. CAPITAL LOSS

14.1. CFDs, which are leveraged products, incur a high level of risk and can result in the loss of all of your invested capital. However, it should be noted that FxGrow Limited operates on a 'negative balance protection' basis; this means that you cannot lose more than your initial investment.

FxGrow Limited (www.fxgrow.co) is registered and regulated by the Vanuatu Financial Services Commission (VFSC) with a registration number 40308 and licensed by The Dealers in Securities act [CAP70].

Risk warning

Trading leveraged products such as Forex and CFDs carries a considerable level of risk, as such it may not be suitable for all investors. Whilst leverage enables traders to magnify their profits on successful trades, it also magnifies losses on unsuccessful trades; meaning that it is possible to sustain significant losses, perhaps even the entire sum of your invested capital. As such, we urge all clients to adopt a prudent risk management strategy in accordance with their investment goals and level of trading experience. Please ensure you read our Risk Disclosure, Terms and Conditions and Trading Rules in full.

