



Risk Disclosure Statement

Regulated by the Mauritius Financial Services Commission, License No. C116016325

1. Introduction

XCM Capital Markets Ltd ("**XCM**", "**we**" or the "**Company**") is incorporated in Mauritius with Company Registration No. 145041 and is authorized and regulated by the Mauritius Financial Services Commission ("**FSC**") as an investment dealer with License No. C116016325.

Before "**you**" (or the "**Client**") apply for a trading account with the Company and begin trading on financial markets, please carefully review the below list of risks in conjunction with other legal documents available at www.inwext.com (hereinafter the "**Website**").

2. Risk Warnings

You should only engage in trading in financial derivative instruments if you know and fully understand the risks involved. Therefore, before applying for an account with XCM, you should consider carefully whether trading in financial derivative instruments suits you considering your circumstances and financial resources. If you do not understand the risks of trading financial derivative instruments, you should not trade.

3. General Risks and Acknowledgements

In consideration of the Company agreeing to engage in financial derivative trading with the Client, the Client acknowledges, consents, and accepts the following risks:

- The Company does not and cannot guarantee that funds deposited in the Client's account will not be lost as a result of the Client's transactions;
- The Client acknowledges that, regardless of any information which the Company may offer, the value of any financial derivative instruments may fluctuate downwards or upwards;
- The Client acknowledges that they run a significant risk of incurring losses and damages as a result of the purchase and/or sale of any financial derivative instrument and accepts that they are willing to undertake this risk;
- Information on the previous performance of a financial derivative instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a safe forecast as to the corresponding future performance of the financial derivative instruments to which the said information refers;
- The Client is at this moment advised that the transactions undertaken through the dealing services of the Company may be of speculative nature. Significant losses may occur in a short period of time and may be equal to the total value of funds deposited with the Company;
- Some financial derivative instruments may not become immediately liquid, for example, as a result of reduced demand, and the Client may not be in a position to sell them or quickly obtain information on the value of these financial derivative instruments or the extent of the associated risks;
- When a financial derivative instrument is traded in a currency other than the currency of the Client's country of incorporation, any changes in the exchange rates may have a negative effect on its value, price, and performance;
- A derivative financial instrument (i.e., option, future, forward, swap) may be a non-delivery spot transaction allowing making a profit on changes in currency rates, commodity, stock market indices, or shares, called the underlying instrument;
- 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;

- The Client should not trade in financial derivative instruments unless they are willing to undertake the risks of losing entirely all the funds they have invested and also any additional commissions and other expenses incurred;
- Under certain market conditions (for example, force majeure event, technical failure, communications network failure, poor or no liquidity, market news or announcements, etc.), it may be difficult or impossible to execute an order;
- It is in the absolute discretion of XCM to accept the Client's orders or reject them, and such discretion will be applied based on various factors, including, but not limited to, available market conditions, liquidity options, and risk profile of the Client and its retail customers;
- Should the Client's equity be insufficient to hold any open positions, the Client may be called to deposit additional funds at short notice or reduce exposure. Failure to do so within the required time may result in the liquidation of positions at a loss, and the Client will be liable for any resulting deficit;
- The Client's attention is expressly drawn to financial derivative instruments 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 that may be quoted owing to the absence of a counterparty;
- The Client is responsible for any taxes or duties which may accrue in respect of their trades;
- Before the Client begins to trade with us, he can request details of all of our commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but, for example, 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;
- 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;
- There may be situations, movements, and/or conditions occurring at the weekend, at the beginning of the week, or intra-day after the release of significant macroeconomic figures or economic or political news that make currency markets open with price levels that substantially differ from previous prices. In this case, there exists a significant risk that orders issued to protect open positions and open new positions may be executed at prices significantly different from those designated; and
- Some other risks and circumstances cannot be predicted, described, or quantified and can result in the partial or complete loss of the funds you use to trade with us.

4. Third-Party Risks

The Company may be required to hold your money in an account segregated from other Clients and the Company's money per current regulations, but this may not afford complete protection.

The Company may pass funds received from the Client to a third party (e.g., a bank) to hold or control 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.

The third party to whom the Company will pass the Client's funds may hold it in an omnibus account, and it may not be possible to separate it from the Client's or the third party's money. In the event of insolvency or any other analogous proceedings about that third party, the Company may only have an unsecured claim against the third party on behalf of the Client. 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 in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.

The insolvency of the Company or of a bank, broker, or liquidity provider used by the Company to effect its transactions may lead to the Client's positions being closed against their wishes.

5. Conflicts of Interests

The Company is the counterparty to all transactions entered into under the Client Agreement, and, as such, the Company's interests may conflict with yours. For further details, please read our Conflicts of Interest Policy which is available on the Website.

6. Prices are set by the Company and may be different from prices reported elsewhere

The Company will provide the prices to be used in trading and the valuation of the Client's positions in accordance with its Trading Policies and Procedures. The trading rates assigned to the assets may not directly correspond to real-time market levels when the sale of a financial derivative instrument occurs.

7. Rights to underlying assets

You have no rights or obligations regarding the underlying assets relating to your financial derivative instrument trading.

8. Electronic Trading Risks

Clients, who undertake transactions on an electronic trading system, will be exposed to risks associated with the system, including the failure of hardware and software (Internet/Servers). The result of any system failure may be that an order is not executed according to the instructions provided or is not executed at all. The Company does not accept any liability in the case of such failure. The use of wireless connections, dial-up connections, or any other form of unstable connection at the client's end may result in poor or interrupted connectivity or lack of signal strength causing delays in data transmission between the Client and the Company. Such delays or disturbances may result in the client sending out-of-date "Market Orders". In these circumstances, the Company will update the price and execute the order at the best available "market price".

The Client acknowledges that only one instruction can be in the "queue" at once.

The Client acknowledges that an order may not be canceled or modified when closed or executed.

The Client may lose all amounts deposited with the Company as a margin. Placing specific orders intended to limit losses to certain amounts may only sometimes be effective because market conditions or technological limitations may make it impossible to execute such orders.

9. Technical Risks

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

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

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

The Client acknowledges that the internet may be subject to events which may affect their access to the Website and/or the Company's system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failure 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.

The Client is warned that when trading on an electronic platform, they assume the risk of financial loss, which may be a consequence of, amongst other things:

- Failure of Client's devices, software, and poor quality of connection;
- The Company's or Client's hardware or software failure, malfunction, or misuse;
- Improper work of Client's equipment;
- Wrong setting of Client's Terminal; and
- Delayed updates of Client's Terminal.

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 for any resulting loss:

- 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;
- Outage (unacceptably low quality) of communication via the channels used by the Client, of the channels used by the provider, or communication operator (including voice communication) that the Client uses;
- Wrong or inconsistent with requirement settings of the Client Terminal;
- Untimely update of the Client Terminal;
- 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 trading department of the Company due to communication quality issues and communication channel loads;
- The use of communication channels, hardware, and software, generates the risk of non-reception of a message (including text messages) by the Client from the Company;
- An overload connection might impede trading over the phone;
- Malfunction or non-operability of the trading system (platform), which also includes the Client Terminal; and
- Outage (unacceptably low quality) of communication via the channels used by the Company, particularly physical damage (destruction) of the communication channels by third parties.

10. The Company is not an advisor to the Client

Where the Company provides generic market recommendations, they do not constitute a personal recommendation or investment advice, nor is it an offer to trade or the solicitation of an offer to trade in any derivative financial instruments.

Each decision made by the Client to trade in a derivative financial instrument with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision made by the Client. The Company does not act as an advisor to the Client. The Client agrees that the Company has no fiduciary duty to the Client and no liability in connection with and is not responsible for any liabilities, claims, damages, costs, and expenses, including legal fees, incurred in connection with the Client following any of the Company's generic trading recommendations.

11. No guarantee of profit

There are no guarantees of profit or avoidance of losses when trading in derivative financial instruments. The Client has not and will not receive any such guarantees from the Company or any of its representatives. The Client must become aware of the risks inherent in trading in derivative financial instruments and is financially able to take such risks and withstand any losses incurred.

IMPORTANT NOTICE: THIS DOCUMENT AND THE RISK DISCLAIMER FOR DERIVATIVE FINANCIAL INSTRUMENTS DO NOT DISCLOSE, CONTAIN OR EXPLAIN ALL OF THE RISKS AND OTHER SIGNIFICANT ASPECTS INVOLVED IN DEALING WITH ALL DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENT SERVICES. THIS DOCUMENT WAS DESIGNED TO EXPLAIN IN GENERAL TERMS THE NATURE OF THE RISKS INVOLVED WHEN DEALING IN DERIVATIVE FINANCIAL INSTRUMENTS ON A FAIR AND NON-MISLEADING BASIS IN ACCORDANCE WITH THE LAW.