

RISK DISCLOSURE AND WARNINGS NOTICE

This is the Risk Disclosure and Warnings Notice of London Capital Group (Cyprus) Limited (LCG).

This 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(I)/2007, as subsequently amended from time to time (“the Law”), because you are proposing to undertake dealings in financial instruments in the form of Foreign Exchange Contracts (“FX Contracts”) and/or Contracts for differences (“CFDs”) with LCG. The purpose of this notice is to help you understand the nature and risks of our products and services. 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 dealing in Financial Instruments. The notice was designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis...

General Risk Warning For Complex Financial Instruments (Derivative Financial Instruments such as CFDs)

Trading CFDs and FX Contracts is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who:

- a) understand and are willing to assume the economic, legal and other risks involved;
- b) are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
- c) are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

Neither CFDs nor FX Contracts are appropriate investments for retirement funds. CFD and FX transactions are among the riskiest types of investments and can result in large losses. Customer represents, warrants and agrees that Customer understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and FX Contracts and that the loss of Customer’s entire account balance will not change Customer’s lifestyle.

You should not engage in this form of investing unless you understand the nature of the Transaction you are entering into and the true extent of your exposure to the risk of loss.

Your profit and loss will vary according to the extent of the fluctuations in the price of the underlying markets on which the trade is based and your losses could exceed your initial deposit. If you are in any doubt you should seek independent professional advice.

The purpose of these Transactions is to secure a profit or avoid a loss by reference to fluctuations in the price of the underlying market. In the context of our activities, the underlying instrument

may be a single security, a basket of securities, a securities Index, an exchange rate between two currencies, a treasury product, a bullion, a commodity or such other investment as we may from time to time agree in writing.

It is an express term of each Transaction that:

- neither party acquires any interest in or right to acquire or is obliged to sell, purchase, hold, deliver or receive the underlying instrument; neither party acquires any voting rights in relation to the underlying instrument; and
- that the rights and obligations of each party under the Transaction are principally to make and receive such related payments.

You may be called upon to deposit substantial additional margin, at short notice, to maintain your position. If you do not provide such additional funds within the time required, your position may be closed at a loss and you will be liable for any resulting deficit. You should ensure you monitor your positions closely and always have access to our platforms when you have open positions or pending orders.

Risks related to long CFD positions, i.e. for purchasers of CFDs

Being long in CFD means you are buying the CFDs on the market by speculating that the market price of the underlying will rise between the time of the purchase and sale. As owner of a long position, you will generally make a profit if the market price of the underlying rises whilst your CFD long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst your CFD 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 closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

Risks related to short CFD positions, i.e. for sellers of CFDs

Being short in CFD means you are selling the CFDs on the market by speculating that the market price of the underlying will fall between the time of the purchase and sale. As owner of a short position, you will generally make a profit if the market price of the underlying falls whilst your CFD short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your CFD 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 closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

Costs and charges

Before you enter into a Transaction you should make sure you have read and understood our costs and charges. Our costs and charges can be found on our website.

Cash Settlement

Customer understands that CFD and FX Contracts can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

Appropriateness

For many members of the public, these Transactions are not suitable. You should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources and investment objectives. In considering whether to engage in this form of investing, you should be aware of the high degree of "gearing" or "leverage" associated with these types of investment products. This stems from the initial financial requirements applicable to such Transactions which generally involve a comparatively modest deposit or margin in terms of the overall market value of the Transaction involved, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your Transaction. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss over and above your initial deposit.

Although our platforms have features that are designed to help minimise your risk of loss, none of these are guaranteed and you should not rely on them.

Before we open an account for you, we will make an assessment of whether you have sufficient knowledge and experience to understand the risks involved in Trading CFDs and FX Contracts trading based on the information you provide to us. We will inform you if as a result of our assessment we consider that our products and services may not be appropriate for you. If we give you such a warning you should then refrain from trading with us. If you nonetheless wish to trade with us, you should use the demo account to acquaint yourself with our products and fully understand the risks involved.

Not Advice

We provide our services on an execution only basis. We do not provide investment, tax, legal, regulatory or financial advice. Any information we provide to you is purely factual and does not take into account your personal circumstances (for example your available funds and risk appetite). We may give you factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimized. Any decision to use our products is solely your decision, therefore you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, financial, legal, regulatory, tax or similar matter before dealing with us.

OTC products

Transactions with LCG are not transacted on a recognized or designated investment exchange, they are an off-exchange, or "over-the-counter" (OTC) derivative which is non-transferable. This means you enter into Transactions directly with us and that those Transactions can only be closed with us. Accordingly, they may expose you to greater risks than exchange transactions because your ability to open and close Transactions is solely dependent on our platforms being able to accept orders from you and to execute them. For example, if you wish to close the position earlier than the time at which it would otherwise automatically expire, you will have to close it at LCG's quotation which may reflect a premium or discount to the Underlying Market. When the Underlying Market is closed, LCG's quotation can be influenced by the weight of other client's buying or selling with LCG. You will have to close any position with the same provider with whom

it was originally entered into.

All Transactions are legally binding and enforceable by both parties.

Currency Risk

Investing in FX Contracts and CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD or FX Contract is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.

Gapping

Gapping (or Slippage) refers to an occurrence whereby the market moves past a Stop Loss level. This may be because the particular underlying market has become unusually volatile for a period of time. In such instances the underlying market may have stopped trading and may only recommence trading at a price below a Stop Loss level. Where this happens a Stop Loss may not be effective and the Position will be closed at the current LCG Quote.

Accordingly, where you have an open Position in a volatile market environment you must understand the potential impact of Gapping.

Foreign and emerging markets will involve different risks from UK markets. In some cases risks will be greater for example where those markets are less well supervised, have greater or more rapid market fluctuations or when those markets are less liquid. The potential for profit or loss from transactions on foreign and emerging markets or in foreign currency denominated markets will also be affected by fluctuations in foreign exchange rates.

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 trading is restricted or suspended.

Safekeeping of clients' money

LCG is required to hold your money in segregated trust accounts in accordance with the regulations of CySEC, but this may not afford complete protection, for example if the bank that we use becomes insolvent. If you deposit collateral as security with LCG, you should ascertain from LCG how your collateral will be dealt with.

Advice and Recommendations

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 CFDs or the Underlying Markets, The Client alone will enter into Transactions and take relevant decisions based on his own judgement. 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.

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.

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:

- a) the Company will not be responsible for such information
- b) the 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.

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.

Investor Compensation Fund

The Company participates in the Investor Compensation Fund for clients of Investment Firms regulated in the Republic of Cyprus. Customers will be entitled to compensation under the Investor Compensation Fund where we are unable to meet our duties and obligations arising from your claim. Any compensation provided to you by the Investor Compensation Fund shall not exceed twenty thousand euro (EUR 20.000). This applies to your aggregate claims against us.

Trade Responsibly: Contracts for Difference (CFD) trading carries a high level of risk to your capital and can result in losses that exceed your initial deposit. CFD trading may not be suitable for everyone, so please ensure that you fully understand the risks involved. Before deciding to trade, you need to ensure that you understand the risks involved considering your investment objectives and level of experience. Past performance of CFDs is not a reliable indicator of future results. Most CFDs have no set maturity date - CFD positions typically mature on the date you choose to close the relevant existing open position. You should seek independent financial advice, if you feel it is necessary or appropriate. Please read carefully the relevant Risk Disclosure, available here [Legal Documentation](#)

London Capital Group (CYPRUS) Limited (LCG CY) is a company registered in Cyprus under registered number: 356430. LCG CY is authorised and regulated by the Cyprus Securities and Exchange Commission (License Number:341/17). The registered address for LCG CY is: 205 Arch. Makarios Avenue III, Victory House, 5th Floor, 3030 Limassol.