

FIDELISCO CAPITAL MARKETS LTD
Risk Disclosure and Warnings Notice relating to Transactions in CFDs

Fidelisco Capital Markets Ltd (“**Fidelisco**” or the “**Company**”) is an investment firm regulated by the Cyprus Securities and Exchange Commission under license no. 181/12. The Risk Disclosure and Warnings Notice relating to Transactions in CFDs (the “**Notice**”) is issued under Law 144(I)/2007 (The Cyprus Investment Services and Activities and Regulated Markets Law of 2007), and the European Parliament Markets in Financial Instrument Directive (“**MiFID**”).

1. Risks Particularly Associated with Transactions in CFDs
 - 1.1. This Notice is directed towards all prospective Clients wishing to invest in Contracts of Difference (CFDs), and should be read carefully by all interested parties towards which it is directed. It should be noted that the Notice alone cannot and does not, contain nor explain all of the risks and practices involved when a Client is dealing in CFDs. The purpose of this Notice is to explain, fairly, clearly and in general terms, the nature of the risks involved when dealing in CFDs.
 - 1.2. It is the Client’s responsibility to become aware of the risks that are involved when trading on margin. Where the Client does not understand the relevant risks involved, the Client should seek advice and consultation from an independent Financial Advisor. If the Client continues to not understand the risks involved in trading in any Financial Instruments, the Client should not trade at all.
 - 1.3. The Client should acknowledge that dealing with CFDs is not appropriate for all members of the public. The Client is advised not to engage in CFD dealings, directly or indirectly, unless the Client knows and understands all of the potential risks involved in such dealings. The Client should acknowledge that dealing in CFDs bears the risk that the Client may lose all of the money they have invested.
2. The Client is warned of the following risks:
 - a. CFDs are derivative financial instruments, where their price is derived from the price of the underlying instrument to which the CFDs refer (for example currency, commodities, stocks, metals, indices etc.). Derivative financial instruments and related markets can be highly volatile. The prices of CFDs and the underlying instrument 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 Fidelisco. Under certain market conditions it may be impossible for a Client’s order to be executed at declared price leading to losses. The prices

of CFDs 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.

- b. Some of the CFDs underlying instruments may not become immediately liquid as a result of reduced demand for the underlying instrument and Client may not be able to obtain the information on the value of these or the extent of the associated risks.
- c. Trading in CFDs is speculative and involves a high degree of risk. In particular because it will be conducted using a margin (which covers only a small percentage of the value of the underlying asset being traded), as such, even small price changes in the underlying assets/products of CFDs can result in significant losses. You should be aware that by trading with CFDs and forex you may lose the margin held at Fidelisco that serves for the purposes of collateral for opening and maintaining your trading positions.
- d. Therefore, trading in forex and CFDs is appropriate only for persons who: (a) understand and are willing to assume the economic, legal and other risks involved in such transactions; and (b) are financially able to withstand losses of their initial margin funds and any additional funds transferred to Fidelisco to maintain their positions.
- e. When you engage in CFDs trading you are placing a trade in relation to movements of prices set by Fidelisco. Prices quoted to you by Fidelisco will include a spread, mark-up, or mark-down when compared to prices that Fidelisco may receive or expect to receive if it were to cover transactions with you by a trade in the interbank market or with another counterparty. Be advised that the total impact of spreads may be significant in relation to the size of the margin you post and may make it more difficult for you to realise a profit from your trading. You should carefully consider the effect of spreads, mark-ups, or mark-downs on your ability to profit from trading.
- f. The “gearing” or “leverage” available in CFDs and spot forex trading (i.e. the funds Fidelisco requires you to provide when a position is opened compared to the notional size of trade you can enter into) means that a small margin deposit can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the size of any loss or profit which can work against you as well as for you.
- g. You may lose all amounts you deposit with Fidelisco as margin. The placing of certain orders (e.g. “stop-loss” or “limit” orders) that are intended to limit losses to certain amounts may not always be effective because market conditions or

technological limitations may make it impossible to execute such orders. Please also note that for all orders (including guaranteed stop loss orders) you may sustain the loss (which your order is intended to limit) in a short period of time. In other cases the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.

- h. You unreservedly acknowledge and accept that, regardless of any information which may be offered by Fidelisco, the value of any investment in financial instruments may fluctuate downwards or upwards and it is even probable that you may lose all the money that you deposited.
- i. You have to pay to Fidelisco all losses you sustain as well as all other amounts payable under the terms and conditions for CFDs trading. If you decide to engage in CFDs and/or forex trading, you must accept this degree of risk.
- j. CFDs Transactions have a contingent liability, and the Client should be aware of the implications of this in particular the margining requirements of Fidelisco. Clients are required to deposit funds in their trading account in order to open a position. The Margin requirement will depend on the underlying instrument of the CFDs. Margin requirements can be fixed or calculated from current price of the underlying instrument, it can be found on the website of Fidelisco.
- k. Should the margin capital be insufficient to hold current positions open, the Client may be asked to deposit additional funds at short notice or reduce exposure. Failure to do so in the time required may result in the liquidation of positions at a loss and the Client will be liable for any resulting deficit. With regards to transactions in CFDs, Fidelisco has the discretionary right to automatically close all positions at market prices if margin level drops below 0%.
- l. Transactions in CFDs are not undertaken on a recognized or designated investment exchange but they are undertaken through the Company's trading systems whereby execution is effected via Fidelisco and, accordingly, they may expose the Client to greater risks than 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, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by the counterparty in these instruments and consequently it may be difficult to establish what a fair price is.
- m. You can only engage in CFDs and/or forex trading with Fidelisco in currencies, commodities and indexes that are offered by Fidelisco. Fidelisco does not

undertake to continue to offer all such currencies, indexes and/or commodities. The markets Fidelisco offers (and its prices) are derived from underlying prices quoted in the interbank market or other recognized markets for such currencies and/or commodities. Fidelisco has no control over movements in the underlying prices which may be volatile and unpredictable. Those movements will affect the Company's prices, whether or not you can open or close a position and the price at which you can do so.

- n. Fidelisco may have access to information that is not available to you, may have acquired trading positions at prices that are not available to you, and may have interests different from your interests. Fidelisco does not undertake any obligation to provide you with market or other information we possess, nor to alter or refrain from our own trading.
- o. Fidelisco does not and cannot guarantee the initial capital of your portfolio or its value at any time or any money invested in any financial instrument.
- p. Information of the previous performance of a CFD or of any underlying asset of a CFD does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the CFD to which the information refers.
- q. Some CFDs may not become immediately liquid and as a result you may not be in a position to sell them or easily obtain information on the value of these CFDs or the extent of the associated risks.
- r. If there is anything you do not understand, please contact our Customer Services Team on support@fidelisco.eu

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