

RISK DISCLOSURE STATEMENT

In consideration of BrightFX Capital Limited (hereafter the “Company”) agreeing to enter into over-the-counter (“OTC”) contracts for differences (“CFDs”) and foreign exchange contracts (“FX Contracts”) with the undersigned (hereinafter referred to as the “Customer”, “you”, “your”), the Customer acknowledges, understands and agrees that:

1. Trading is very speculative and risky

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 up to the value of their invested deposit and in excess of margin, 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. The Customer represents, warrants and agrees that the 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 the Customer’s entire account balance will not change the Customer’s lifestyle.

Trading CFDs and FX Contracts is not appropriate for all persons. Under no circumstances should Clients risk more than they are prepared to lose. Trading CFDs and FX Contracts might result in Investors losing all their investment capital.

CFDs and FX Contracts are leveraged financial products and therefore as such, trading CFDs involves a high risk of loss as price movements are influenced by the amount of leverage the Client is using. Aiming to protect our Clients and in line with the provisions of CySEC circular C168, our Company has taken the all necessary measures, in order to ensure that the maximum loss for our Clients never exceeds the Clients’ available funds in the specific account by introducing a Negative Balance Protection to all Client Trading Accounts. As a result of the Negative Balance Protection a Client may not lose more than he / she invested.

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

Being long in CFDs 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 an 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 asset 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.

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

Being short in CFDs 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 asset 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.

4. High leverage and low margin can lead to quick losses

The high degree of “gearing” or “leverage” is a particular feature of both CFDs and FX Contracts. The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. This stems from the margining system applicable to CFDs which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous. A small price movement in your favour can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of your investment.

5. Margin Requirements

Customers must maintain the minimum margin requirement on their open positions at all times. It is the Customer's responsibility to monitor his/her account balance. The Customer may receive a margin call to deposit additional cash if the margin in the account concerned is too low. The Company has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained and this may result in the Customer's CFDs or FX Contracts being closed at a loss for which you will be liable.

6. Cash Settlement

The 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.

7. Prices, Margin and Valuations are set by the Company and may be different from prices reported elsewhere

The Company will provide prices to be used in trading, valuation of Customers' positions and determination of Margin requirements. The performance of your CFD or FX Contract will depend on the prices set by the Company and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the CFD concerned.

8. Abnormal Market Conditions

The Company receives price feeds from liquidity providers. The prices we offer on our platform are generated electronically from our systems by aggregating market data from the liquidity providers, and as a result, the prices on our trading platforms might not be the same as the prices you see on other platforms or in the market. Having a number of liquidity providers is important especially during abnormal market conditions such as times of extreme volatility, so that we secure that the Company is still able to provide Clients with competitive prices.

It should be noted that the price at which a trade is executed may vary significantly from the original requested price during abnormal market conditions. This may occur, for example, at the following cases:

- (a) during the market opening;
- (b) during news times;
- (c) during volatile markets where prices may move significantly up or down and away from the declared price;
- (d) where there is 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;
- (e) if there is insufficient liquidity for the execution of the specific volume at the declared price.

If due to abnormal market conditions there had not been enough liquidity available to fill the order in its entirety, the Company will either partially-fill the order, or wait until enough liquidity is available to complete the order in full.

9. Rights to Underlying Assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFDs or FX Contracts. The Customer understands that CFDs can have different underlying assets, such as stocks, indices, currencies and commodities.

10. 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.

11. One click trading and immediate execution

The Company's online trading system provides immediate transmission of the Customer's order once the Customer enters the notional amount and clicks "Buy/Sell." This means that there is no opportunity to review the order after clicking "Buy/Sell" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. The Customer should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with the Company. The Customer acknowledges and agrees that by using the Company's online trading system, the Customer agrees to the one-click system and accepts the risk of this immediate transmission/execution feature.

12. Telephone Orders

Market Orders executed over the telephone through the Trading Desk are completed when the BrightFX Capital telephone operator says 'deal' or 'done' following the Customer's placing of an order. Upon such confirmation of the telephone operator, the Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the Trading Desk, the Customer acknowledges and agrees to such immediate execution and accepts the risk of this immediate execution feature. Upon execution of the telephone order, the BrightFX Capital telephone operator shall complete the necessary paperwork (manual execution details).

13. The Company is not an adviser or a fiduciary to the customer

Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts or Cross Currency Contracts. Each decision by the Customer to enter into a CFD or FX Contract with the Company and each decision as to whether a transaction is appropriate or proper for the Customer, is an independent decision made by the Customer. The Company is not acting as an adviser or serving as a fiduciary to the Customer. The Customer agrees that the Company has no fiduciary duty to the Customer and no liability in connection with, and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with the Customer following the Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.

14. Recommendations are not guaranteed

The generic market recommendations provided by the Company are based solely on the judgment of the Company's personnel and should be considered as such. The Customer acknowledges that the Customer enters into any Transactions relying on the Customer's own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the Company and/or its affiliates. The generic market recommendations of the Company are based upon information believed to be reliable, but the Company cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading CFDs and/or FX Contracts.

15. No guarantees of profit

There are no guarantees of profit nor of avoiding losses when trading CFDs and FX Contracts. The Customer has received no such guarantees from the Company or from any of its representatives. The Customer is aware of the risks inherent in trading CFDs and FX Contracts and is financially able to bear such risks and withstand any losses incurred.

16. Internet Trading

When the Customer trades online (via the internet), the Company shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to the Company, the Customer, any exchange or any settlement or clearing system.

Neither the Company nor any of the Company's directors, officers, employees, agents, contractors, affiliates, third party vendors, facilities, information providers, licensors, exchanges, clearing organizations or other suppliers providing data, information or services, warrant:

- a) That the Electronic Trading Platform will be uninterrupted or error free at most of the times; nor does the Company make any warranty as to the results that may be obtained from the use of the Electronic Trading Platform or as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service, or transaction provided through the Electronic Trading Platform;
- b) That the Client's systems will be unaffected or undamaged by any malicious software;
- c) That any data will not be intercepted by any third party.

In the event that the Client's access to the Electronic Trading Platform or any portion thereof is restricted or unavailable, the Client agrees to use other means to place the orders or access information, such as calling the Company and/or the Company representative.

17. Quoting Errors

Should a quoting error occur (including responses to Customer requests), the Company 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 the Company 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 prices different from the prices the Company has posted on our screen, the Company 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 Customer statements. This may or may not adversely affect the Customer's realized and unrealized gains and losses.

18. Compensation

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.

