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General Description of the Nature and Risks of Financial Instruments

Introduction

This General description of the nature and risks of Financial Instruments (hereinafter referred to as the "Disclosure") is prepared and provided by XNT LTD (Company No. C52182; hereinafter referred to as the "Company") in respect of agreements covering the provision of its "Services" (as this term is defined in the Terms of Business of the Company) to its clients (hereinafter a reference "you" or "yours" may be used in relation to the Company's clients) in accordance with the MFSA's rules and pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (the "MiFID II").

This Disclosure is intended to all categories of Clients - Retail, Professional and Eligible Counterparties.

This Disclosure cannot and does not disclose or explain all of the risks and is intended to provide a general understanding of the nature and risks of Financial Instruments and associated Transactions in order to help the Client to take investment decisions on an informed basis. This Disclosure does not explain how such risks relate to Client's personal circumstances.

The Client should not engage in any Transaction in Financial Instruments, directly or indirectly, unless the Client fully knows and understands the nature (including the terminology and the procedures involved) and the risks associated with the trading in relevant Financial Instruments. So, prior to applying for the Account the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources. If the Client has any concerns about suitability of any Services or Financial Instruments for Client's individual circumstances, financial goals and financial sustainability, or in case the Client does not fully understand the extent of Client's exposure to risks, we strongly recommend to seek a professional advice in advance of any investment decisions.

The Company may revise this Disclosure from time to time; therefore, we kindly ask the Client to review this Disclosure periodically and in any case in advance of entering into any Transaction with a particular Financial Instrument.

The Client must not rely on this Disclosure as investment, legal, tax or any other professional advice or recommendation, or consider this Disclosure as a solicitation to enter into or refrain from entering into any Transaction or invest or refrain from investing into any particular Financial Instrument.

Unless otherwise provided in this Disclosure, all capitalized terms used in this Disclosure have the meaning as defined in the Terms of Business and the Glossary of the Company then in force.

This Disclosure is not a marketing material.

Risk Notice

Dealings in Financial Instruments entail various risks, which may influence the results of the Transaction and thus also the achievement of the financial goals of a Client. In order to accomplish the planned financial goals, a Client must pay special attention to all risks related to a particular Financial Instrument and Transaction.

Before committing your funds to an investment in any particular Financial Instrument, you must consider and accept the following risks (as a minimum):

1. The Company does not and cannot guarantee the initial capital of Clients' portfolio or its value at any time or any money invested in any Financial Instrument. Trading in Financial Instruments involves a high risk of loss of capital; thus, you are highly recommended not to invest funds that you cannot afford to lose;

2. Regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value;

3. Transactions with Financial Instruments involve a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument, and entering into the Transaction a Client must be able and willing to undertake this risk. If you choose to enter a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully. If you are in any doubt about the risks involved, you should seek professional advice;

4. Information of the past performance of a Financial Instrument 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 Financial Instruments to which the said information refers;

5. The Transactions undertaken through the dealing services of the Company may be of a speculative nature.

Large losses may occur in a short period of time, equaling the total of funds deposited with the execution venue;

6. Under certain market conditions it may be difficult or impossible to execute an Order;

7. Placing Stop Loss Orders serves to limit your losses. However, under certain market conditions there are some circumstances in which a 'stop loss' limit is ineffective, e.g., where there are rapid price movements or market closure;

8. Obligation to maintain Margin requirements: Should the equity of a Client be insufficient to hold current positions open, a Client may be called upon to deposit additional funds at short notice or reduce exposure. It is your responsibility to monitor your Account balance. A Client may receive a Margin Call to deposit additional cash if the Margin in Client's Account is too low. You may need to provide us with substantial additional funds to meet your Margin requirement on short notice to maintain your positions open. Failure to do so, may result in your positions being closed at a loss for which you will be liable;

9. A Delegate, Counterparty, Depository, or other third party in relation to any Order, Contract or Transaction carried out by the Company for you or the Company itself may act in the same market as you, its own account involvement could be contrary to your interests. Please see our Conflicts of Interest Policy;

10. A Client's attention is expressly drawn to currencies 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 which may be quoted owing to the absence of a Counterparty;

11. Before a Client begins to trade, he should obtain details of all the Charges for which a Client will be liable. If any Charges are not expressed in money terms (but for example as a dealing spread), a Client should ask for a written explanation, including appropriate examples, to establish what such Charges are likely to mean in specific money terms;

12. Investing in some Financial Instruments entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, a Client should be aware that the high degree of "gearing" or "leverage" is a particular feature of derivative Financial Instruments. This stems from 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 a Client's trade. If the underlying market movement is in a Client's favor, a Client may achieve profit, but an equally small adverse market movement can quickly result in the loss of a Clients' entire deposit, but may also expose a Client to a large additional loss. In regard to transactions in derivative Financial Instruments with the execution venues, a derivative Financial Instrument is a non-delivery spot

transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. A Client must not purchase derivative Financial Instrument unless a Client is willing to undertake the risks of losing entirely all the money which are invested and also any additional Charges, commissions and other expenses incurred. There are no guarantees of profit, nor of avoiding losses when trading in derivative Financial Instruments. Neither the Company, nor its representatives intend to provide, nor can they actually provide such guarantees. Unlimited risks are inherent to trading in derivative Financial Instruments and a Client must be financially able to bear such risks and withstand any losses incurred;

13. Transactions may be undertaken outside a regulated market (as this term is defined in MiFID II) and, accordingly, they may expose a Client to greater risks than Transactions undertaken on a regulated market. The terms and conditions and trading rules may be established solely by the execution venue. A Client may only be able to close an Open Position of any given contract during the opening hours of the execution venue. A Client may also have to close any position with the same Counterparty with whom it was originally entered into. In regard to Transactions in Financial Instruments with the Company, the Company is using a trading platform for Transactions in Financial Instruments, which does not fall into the definition of a regulated market as this is not an MTF;

14. It is important that you monitor all of your positions closely. It is your responsibility to monitor your positions and during the period that you have any open positions you should always have the ability to access your Account;

15. The Company enter into any Transaction with a Client on the understanding that a Client fully knows and understands the nature (including the terminology and the procedures involved) and the risks associated with the trading in relevant Financial Instruments, that a Client is willing and able, financially and otherwise, to assume all risks, and that the loss of Client's entire Account balance will not be detrimental to a Client's lifestyle; and the Company would not otherwise enter into any Transaction with a Client.

Description of key risks related to all types of Financial Instruments

Change of law risk	If there is a change of law or regulation which affects a Financial Instrument or the manner in which it is traded or held, additional costs might be incurred or, in extreme circumstances, Financial Instruments can be lost.

Contingent liability Transactions (Margin trading, short selling) risk	Contingent liability investment transactions or Margin trading can mean engaging in a Transaction in which Financial Instruments are purchased partially through a Margin loan provided by a third party, for which the Financial Instruments act as a collateral, or borrowing Financial Instruments against cash collateral. Margin trading can also mean trading investment products such as futures, options, CFDs or FOREX in which an initial Margin deposit is made to secure Client's obligations and further Margin may be required to secure its obligations as the value of Open Positions changes. If a Client trades using a Margin it may sustain a total loss of the Margin or even a loss that exceeds the Margin which was deposited to establish or maintain a position. If the market moves against a Client, the Client may be called upon to pay substantial additional Margin at short notice to maintain the position. If a Client fails to do so within the specified timeframes, Open Position(s) may be liquidated at a loss and a Client will be responsible for the resulting deficit.
Counterparty risk	The insolvency of any institution acting as a party to a Contract or Transaction (or otherwise providing a service) may expose a Client to financial loss.
Country risk	The value of a foreign Financial Instruments may decline because of political changes or instability in the country where the Financial Instrument was issued. Examples of political risks include: • imposition or removal of taxes; • imposition or removal of exchange controls or exchange rate management systems; • repudiation or moratorium of government or central bank debt; • confiscation of assets including nationalization; • imposition or removal of trade quotas or tariffs or both; • passage of legislation making previously acceptable business practices or ownership structures now illegal or subject to censure.
Credit risk	Credit risk refers to the capability of the counterparty to fulfil its contracted financial obligations like dividend payments, interest payments, repayment of principal when due.

Currency risk	If investments are denominated in a currency other than that in which a Client's initial investment was made, returns could be reduced, or losses incurred, due to currency fluctuations.
Cyber-attack risk	An exposure to harm or loss resulting from breaches of or attacks on information systems, including unauthorized access to trading software, account and or personal information hijacking etc.
Data quality risk	The quality and reliability of official data published by the governments and government agencies in Emerging Market countries is generally not equivalent to that of more developed countries.
Day trading risk	Day-trading Margin rules are generally less strict than overnight Margin rules, therefore allowing a Client to open larger intraday positions. If market moves against a Client, the losses incurred may exceed initial deposit. Active day trading will also increase the amount of the Charges and other commissions and fees, which will impact the returns from trading.
Electronic trading risk	Electronic trading systems use computer devices for routing orders, balancing operations, registering and clearing transactions. These may be subject to temporary failure and faulty operation. On executing transactions using an electronic trading system, a Client bears the risks specific to such a system, including the risk of a failure in the operation of the hardware or software. Therefore, a Client's Order may not be carried out in accordance with his instructions or may not be executed at all. It may be impossible to continually receive information on the positions or to meet Margin requirements.
Fellow customer risk	When Client's Assets are held based on omnibus client segregation: a. at Counterparty level, collateral/assets are not legally attributed to a Client in terms of asset or value; b. one client's Margin can offset another's positions and gains offset another client's losses; one client's Margin decrease may offset another's decrease; c. Margin calls are all "netted" to a single call per omnibus account.

Fraud risk	If there is a fraud in relation to Financial Instruments which a Client holds, a Client may be at risk of losing its Financial Instruments.
Interest rate risk	Interest rate risk is the probability of an adverse impact on profitability or asset value as a result of changes in interest rates. Fluctuations of market interest affect the prices of securities. Usually the price of shares increases if the interest rate falls and vice versa. Factors that influence the level of market interest rates include: • Expected levels of inflation; • General economic conditions; • Monetary policy and the stance of the central bank; • Foreign exchange market activity; • Foreign investor demand for debt securities; • Levels of sovereign debt outstanding; • Financial and political stability.
Investment restrictions risk	Investments in certain type of Financial Instruments may be legally restricted in some counties. Client's positions in restricted Financial Instruments may be scaled down on closed, causing potential loses.
Legal risk in other jurisdictions	Some markets may be subject to different or diminished investor protection, which may put Client's Assets at additional risk.
Market conditions	'Stop loss' or 'stop limit' Orders intended to limit losses may not be effective if market conditions make it impossible to execute such Orders. Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If a Client has sold (written) options, this may increase the risk of loss.

Market order risk	A Market Order is an instruction to execute an Order at any price available in the market. A Market Order is not a guarantee of execution at a specified price, and an Order may be executed at an undesirable price. To have greater control over the execution prices, a Client may use a Limit Order, which is an instruction to execute an Order at or better than the specified limit price.
Market risk	General market risk must be distinguished from the risk attached to the Financial Instrument itself. At some point of time market conditions may be more favorable for a specific type of the Financial Instrument, for example when equity market is extremely volatile, investing in debt securities or money market instruments is generally considered to be lower risk.
Market liquidity risks	In specific circumstances certain Financial Instruments cannot be traded quickly enough, for example as a result of reduced demand, when a Client cannot sell them immediately, or easily obtain information on the value of such Financial Instruments or the extent of the risks associated with such Financial Instruments. Market conditions can change significantly in a very short period of time. Under certain trading conditions it may be difficult or impossible to liquidate a position.
Omnibus account risk	At the level of Company's Depository/Delegate the Company keeps Clients' Assets separately from its own assets. However, the Clients' Assets may be placed or kept in a common pool of identical assets or otherwise deposited in an omnibus clients' account. A Client is not identified at the Depository's/Delegate's level, but only at the Company's level. In the event of default on the part of the Company's Depository/Delegate, which causes a shortfall in the assets held in the pooled account, a Client may share proportionately in that shortfall. In case of insolvency proceedings of the Company, insolvency resolution of the affected accounts might not be as efficient and fast as in case with an individually segregated account. Omnibus accounts are also subject to "fellow customer risk".

Operational risk	Trading facilities utilize computer systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. A Client's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. You should be aware of the risks that may result from any failure, malfunction or disruption of any transmission, communication system, computer facility or trading software, whether belonging to the Company or to any other external party, which could mean that your Order may be delayed or fail.
Past performance risk	Future performance of a Financial Instrument may derive from the Financial Instrument's performance in the past. However, when performance figures quoted refer to the past performance, there is no guarantee that future performance will be the same. Past performance does not guarantee future results.
Price risk	As a result of this risk a Client may suffer losses from fluctuations of prices of Financial Instruments. Prices may undergo unforeseeable fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles.
Risk of trading outside a Regulated Market, MTF or OTF	When performing Transactions outside of the regulated market, MTF or OTF, they are concluded directly with the Counterparty. Such Transactions are associated with a relatively higher risk in comparison with Transactions concluded within the regulated market, MTF or OTF, as there is a possibility that a Transaction with Financial Instruments outside of the regulated market, MTF or OTF may be suspended and the assessment and closing of Open Positions may become difficult.

Risk of using electronic communication means and software	When using electronic communication means, a Client may suffer direct or indirect losses, which have occurred due to damages in informative, electronic or remote service systems or errors related to shortages in market infrastructure, including shortages in transaction technologies and management, accounting and control systems, which are related to the unauthorized access of third persons to trade by using the name of a Client. In the case that refusals appear in the data transmission system or software operation, there is a risk of non-performance of a Client's Order, as well as a Client will not be able to receive information on the Account in a timely manner by using electronic Internet system or remote service systems.
Risk of trading in complex Financial Instruments	Trading in complex Financial Instruments are generally not suitable for Retail Clients. Trading in complex Financial Instruments include transactions with: • non-complex Financial Instruments (ordinary shares, bonds with simple structure, some investment funds certificates), but which are traded on Margin; • derivatives (futures contracts, short options, swaps, forwards, FOREX, CFDs); • structured Financial Instruments (index linked bonds, Financial Instruments, which contain characteristics of derivatives), as well as other Financial Instrument with a complex structure that makes it difficult to assess the associated risks. Trading in complex Financial Instruments carries a substantial risk of financial losses.
Settlement risk	A risk to which a Client is exposed to during settlement of A Transaction in Financial Instruments. The risk of technical malfunctioning may lead to interruptions in reporting systems or communication channels, resulting in inaccurate processing of Transactions.

Suspension of trading risk	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 regulated market, MTF or OTF trading is suspended or restricted. Placing a stop-loss Order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an Order at the specified price.
Risk of delegation of holding Financial Instruments	The Company may make use (directly or indirectly) of any Depository (located and operating within, as well as outside the country of residence of the Company) for the purposes of holding or control of Clients' Money / Assets. Where accounts containing Clients' Assets / Money are subject to the laws of any jurisdiction outside the country of residence of the Company, Client's rights relating the Clients' Assets / Money may negatively differ from Client's rights under the laws of country of residence of the Company. Without prejudice to the Company's liability for its own acts and omissions, the Company may not be held liable for any loss or prejudice, directly or indirectly, suffered by a Client as a result of the acts, omissions or insolvency of any Delegate.
Tax risk	Changes in tax laws, imposing a new tax on the transfer or holding of a Financial Instrument could result in additional costs being incurred when realizing one's investment. The level and basis of taxation on a particular Financial Instrument and on a Client and any reliefs from such taxation depend on a Client's individual circumstances and could change at any time. The tax and regulatory characterization of the Financial Instrument may change over its lifetime that may have adverse consequences for a Client. The Company does not offer tax advice and does not warrant that no tax and/or any other stamp duty will be payable. A Client should be responsible for any taxes and/or any other duty which may accrue in respect of any Transaction.

Title transfer collateral arrangement risk

Where a Client provides funds under a title transfer collateral arrangement to the Company a Client undertakes the following reuse risks and consequences:

a. any rights, including any proprietary rights that a Client may have had in funds will be replaced by an unsecured contractual claim for the return of funds subject to the terms of the relevant Collateral Arrangement;

b. in the event of the insolvency or default of the Company under the relevant agreement a Client's claim against the Company for the return of funds will not be secured and will be subject to the terms of the relevant Collateral Arrangement and applicable law and, accordingly, a Client may not be able to recover the full value of funds;

c. in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to the Company any rights a Client may have to take any action against the Company, such as to terminate the agreement, may be subject to a stay by the relevant resolution authority;

d. the provision of title transfer collateral, the return of funds may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by a Client on the Account.

Third party risk

The Company may delegate all or part of the Services, including its functions and duties regarding the keeping of Clients' Assets / Moneys, to one or more Delegate. Without prejudice to the Company's liability for its own acts and omissions, the Company will not be liable for any loss or prejudice, directly or indirectly, suffered by a Client as a result of the acts, omissions or insolvency of any Delegate.

Trading over the counter (OTC) instruments risk	When trading, for example, CFDs with us the Orders will not be executed on a regulated market and will be executed OTC. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC Transactions may involve greater risk than entering into Transactions on a regulated market, because there is no regulated market on which to close out an Open Position. It may be impossible to liquidate an Open Position, to assess the value of the position arising from an OTC Transaction or to assess the exposure to risk. There is no central clearing and no guarantee by any other party of our payment obligations to you, so you are exposed to credit risk with the Company. You must look only to the Company for performance of all Transactions in your Account and for return of any Margin.

Risks related to specific types of Financial Instruments

Shares

Listed Shares (non-complex financial instruments)
and
Non-listed Shares (complex financial instruments)

Company risk	A buyer of the share does not lend cash to the company but becomes a co-owner of the company and thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.
Price risk	Share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly and in aggregate, influence share prices.

Dividend risk	The dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.
Risk relating to market conditions	The price of a share and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each company differently depending on the nature and size of the company, amongst other factors; a share cannot therefore be assessed as an investment in isolation.
Disinvestment risk	Shares may be affected by impediments to disinvestment (e.g. shares may prove illiquid or difficult to sell and/or may be difficult to sell at a price equal to or greater than the transaction price at the point in time that the purchaser wishes to sell).
Dilution risk	In the absence of any restrictions in the incorporation documents of the company or other agreement, an issuer may issue more of its shares, thereby potentially reducing the value of the holding and putting downward pressure on the amount of dividends per share.
Termination of listing	Where the shares are listed or admitted to trading on a regulated market, the relevant issuer will not be obliged to maintain the listing or trading. Shares may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant regulated market. This may result in reduced liquidity or a reduction in the value of the shares.

Shares that embed a derivative (complex financial instruments) [additional risks]

Leverage risk	Subscription rights such as warrants involve leverage, the price of a warrant can be highly volatile. A relatively small movement in the price of the underlying security can result in a disproportionately large movement, favorable or unfavorable, in the value of the warrant.
Derivatives risk	Shares like preferred shares may include an embedded derivative, making the shares redeemable, giving the issuer the right to redeem the share at a date and price specified in the prospectus.

Conversion risk	Preferred shares may also be convertible. The timing for conversion and the conversion price specific to the individual issue will be laid out in the prospectus..

Fractional Shares [additional risks]

Limited selection of stocks	Not every stock is available for fractional investing. You might not be able to choose from as many companies as you could if you bought whole shares.
Liquidity	You might not have immediate asset liquidity with your fractional shares. Fractional shares may not trade as frequently or as rapidly as whole shares. Not every fractional share is in high demand, so it can sometimes take longer to buy or sell your fractional shares.
Shareholder rights	You will not be able to exercise voting rights on company matters if you own less than a whole share.
Transfers	Transfer of fractional shares to other brokers will not be allowed. The fractional amount will either need to be closed before the transfer or additional share will need to be acquired to the nearest whole share.
Dividends	ust as fractional stocks represent a portion of a whole share, if you own fractional shares, you'll get the portions of stocks' dividends.
Undistributable Interests	Normally only payments that are equal to or greater than 0.01 USD per share are supported. Amounts smaller than 0.01 USD, or other non-divisible amounts, may not be distributed.

Mutual funds

UCITS funds (mutual funds and ETF), other non-complex mutual funds

Market risk	The value of a fund depends on the value of the assets it holds. If general market conditions deteriorate, it is likely that the value of the investment in the fund will also deteriorate. Typically, an ETF will seek to replicate a stock market index, market sector, commodity or other basket of assets. Accordingly, a Client is exposed to the market risk of the underlying assets.
Liquidity risk	Interests in UCITS are intended to be easily transferable and redeemable, but in the event of poor performance of the fund, liquidity may be drastically reduced, and Clients may be unable to realize their investments without incurring losses or reduced returns.
Changes to portfolio	The composition of the fund's portfolio of investments may change from time to time. Such changes may have an impact on the value of the fund.
Limited diversification risk	As UCITS can only invest in certain assets, they are therefore highly exposed to market conditions affecting those investments.

Performance risk	No assurance can be given relating to the present or future performance of a fund and any underlying asset or instrument in which the fund may invest, that any analytical model used by the fund will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a fund has or may invest will prove accurate. A Client trading in an ETF may rely on the manager to track the performance of the underlying indices or assets, or the ETF may track the underlying assets passively (i.e. without the active involvement of the manager). In practice, the ETF's performance will differ from the performance of those indices or assets. More specifically, this may be the result of an ETF tracking error (being the difference between the returns of the ETF and its reference index or asset) may occur owing to a number of factors including rebalancing, restrictions/limitations (e.g. emerging market accessibility), method of replication and the costs/expense ratio (higher costs may lead to a greater tracking error).Therefore, a Client may receive lower returns than it would have had it invested directly in those underlying assets.
Tracking risk	Changes in the price of the fund are unlikely to match the exact performance of the relevant/underlying Financial Instrument of group of Financial Instruments. Factors such as fees and expenses payable in respect of the ETF, liquidity of the market, failure of the tracking strategy, currency effect, policies etc., may affect the correlation with the underlying Financial Instruments.
Composition risk	While two funds may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket. For example, two funds may track particular industry, but rely on a completely different basket of companies or segments.

Complex mutual funds (complex UCITS, non-UCITS, leveraged or structured or synthetic ETF, AIF, other similar funds) [additional risks]

Market risk	The value of a fund depends on the value of the assets it holds. If general market conditions deteriorate, it is likely that the value of the investment in the fund will also deteriorate. Typically, an ETF will seek to replicate a stock market index, market sector, commodity or other basket of assets. Accordingly, a Client is exposed to the market risk of the underlying assets.

Liquidity risk	Open-ended funds may not be able to liquidate their assets and return funds to Clients in the event that there is poor liquidity in the market generally or in the specific sector in which the fund invests. Ongoing costs to service those investments could lead to increased losses or reduced profits for Clients. Closed-ended funds can be subject to risks of low trading and therefore provide limited liquidity, making it difficult for a Client to realize its investment. Some AIFs have lock-up periods or may otherwise be illiquid, so realizing your investment can be difficult.
Changes to portfolio	The composition of the fund's portfolio of investments may change from time to time. Such changes may have an impact on the value of the fund.
Interest rate risk	A leveraged fund will be exposed to interest rate rises. This could reduce the returns that Clients receive, or even lead to losses.
Derivatives risk	A fund may utilize Financial Instruments in the form of warrants, futures, options, forward contracts and swaps to seek to enhance investment returns. While this can potentially have the effect of enhancing the fund's performance, it can also be detrimental if there are losses on the derivatives.
Restrictions on subscription	A Client in the fund's units/shares may be prevented from subscribing and redeeming such units/shares, either at the official net asset value (for example, as a result of the imposition of any charges by the fund) or at all, or the prescribed notice period, timing cut-offs and minimum/maximum amounts in respect of subscriptions and redemptions for the fund's units/shares may be changed.
Compulsory redemption risk	The fund may compulsorily redeem the shares/units upon the occurrence of certain events (for example, if, following the insolvency of the investment manager, the fund becomes unable to fulfil its investment objectives).
Limited diversification risk	Unless the fund is subject to investment restrictions and diversification requirements, the number and diversity of investments held by a fund may be limited. AIFs may not be subject to investment restrictions and diversification requirements, and therefore they may have limited diversification meaning that a Client may be highly exposed to poor market conditions in the relevant sector.

Performance risk	No assurance can be given relating to the present or future performance of a fund and any underlying asset or Financial Instrument in which the fund may invest, that any analytical model used by the fund will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a fund has or may invest will prove accurate. Clients, trading in an ETF may rely on the manager to track the performance of the underlying indices or assets, or the ETF may track the underlying assets passively (i.e. without the active involvement of the manager). In practice, the ETF's performance will differ from the performance of those indices or assets. More specifically, this may be the result of an ETF tracking error (being the difference between the returns of the ETF and its reference index or asset) may occur owing to a number of factors including rebalancing, restrictions/limitations (e.g. emerging market accessibility), method of replication and the costs/expense ratio (higher costs may lead to a greater tracking error).Therefore, a Client may receive lower returns than it would have had it invested directly in those underlying assets.
Sub-funds segregation	The sub-funds of the fund may be segregated as a matter of the law of the fund's home jurisdiction and, as such, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, the fund may operate or have assets held on its behalf or be subject to claims in other jurisdictions other than its home jurisdiction which may not necessarily recognize such segregation. There can be no guarantee that the courts of any jurisdiction outside its home jurisdiction will respect the above limitations on liability.
Composition risk	While two funds may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket. For example, two funds may track particular industry, but rely on a completely different basket of companies or segments.
Asset allocation	AIFs can invest in a very wide range of investments. Some AIFs will invest in highly speculative or very illiquid assets; this may increase the risk of losing some or all of the investment in the AIF or making it difficult to return the value of the investment.

Leverage risk	AIFs can be highly leveraged. This means that small falls in the value of the investments they hold can have significant impact on the value of the fund.
Derivatives risk	ETF managers may employ a synthetic structure to provide the stated return, whereby the return is based on a derivative executed with a counterparty. The return may therefore be dependent on the credit quality of the counterparty and/or the collateral held to support the position. Clients may also be exposed to the risks outlined below in respect of derivatives.
Authorized participant (AP) concentration risk	In the ETF market, only an AP is permitted to engage in the creation/redemption of transactions directly with the ETF. Since the ETF may only permit for a limited number of institutions to act as an AP, there is the risk that, where an AP exits the business, or is otherwise unable to proceed with the creation/redemption transactions, it was instructed to carry out, and no other AP is able to step in to give effect such creation/redemption transactions, the ETF shares/units may be more likely to trade at a premium price or a discount to the net asset value of index or assets it seeks to replicate, and as a result the ETF may be subject to trading halts and/or delisting.
Index-linked risk	An ETF may seek to track and replicate a specific index (e.g. a stock index) to achieve returns that correspond to value of that underlying index. There is a risk that, where the provider of such index has not compiled, composed or calculated the index accurately, the Client may be exposed to the risks associated with that index and its inaccurate or erroneous composition.

Debt securities

Listed debt securities (non-complex financial instruments)

New issuances risk	Clients should be aware that they may not receive the full allocation they apply for, and that any debt instruments they do receive may decline in value from the par value of issuance.

Bail-in risk	Debt instruments issued by banks, certain other financial services firms and, in some cases, their parents and other affiliates may, depending on the rank of the debt security in the resolution creditor hierarchy, be vulnerable to "bail in" or equivalent measures, where the issuer undergoes a resolution procedure. In a bail in, a governmental or other regulatory body may require Client's rights under such securities to be written off in whole or in part, or converted into equity, or the terms of such securities to be altered (e.g. date of maturity or interest rates payable) or payments suspended. The purpose of such a bail-in is to prevent the issuer from entering into insolvency proceedings and will therefore precede formal insolvency. This means that the holders of the bank and related debt securities may lose some or all of their investment, where the issuer is in financial difficulty, even outside an insolvency scenario and absent the technical default of the issuer.
Insolvency risk	The issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing entity, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.
Interest rate risk	Uncertainty concerning interest rate movements means that purchasers of fixed rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.
Credit risk	The value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is, relative to the interest rate on a risk-free security of similar maturity and interest rate structure usually a government bond or certificate of deposit, generally considered to be free from risk of monetary loss), the higher the perceived credit risk of the issuer..

Risk relating to market conditions	The price of a bond and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each issuer differently depending on the nature and size of the issuer, amongst other factors; a bond cannot therefore be assessed as an investment in isolation.
Disinvestment risk	Bonds may be affected by impediments to disinvestment (e.g. the liquidity of a bond may affect the market value of a bond despite its projected yield based on its coupon and expected maturity). Market may become less liquid, meaning that the bond holder is unable to exit this investment before the maturity date. This exposes the bond holder to inflation and/or interest rate risk, as the return on the bond may become lower than the rate of inflation or interest rates available elsewhere.
Termination of listing risk	Where the bonds are listed or admitted to trading, the relevant issuer will not be obliged to maintain the listing or trading. Bonds may be suspended from trading and/or delisted at any time in accordance with applicable rules and regulations of the relevant regulated market(s). This may result in reduced liquidity or a reduction in the value of the bonds.
Market risk	When the equity and debt markets are extremely volatile, investing in money market instruments is generally considered to be lower risk. Conversely, during normal market conditions you may be prevented from achieving your objective during any period in which assets are not substantially invested in accordance with your principal investment strategies as a result of being invested in such money market instruments.
Risks affecting the issuer	Clients in money market instruments are exposed to the political, market and operational risks that affect the issuers of the underlying assets. They are also exposed to currency risk insofar as underlying assets are denominated in a currency other than the one in which their investment was made.
Non-listed or complex debt securities (complex financial instruments) [additional risks]	

Risks specific to certain types of bonds	Additional risks may be associated with certain types of bonds, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds, and subordinated bonds. For such bonds, it is advised to make inquiries about the risks referred to in the issuance prospectus, and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, it is advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and, as such, there is a risk that bond holder will not be reimbursed. In the case of reverse convertible notes, there is a risk that bond holder will not be entirely reimbursed but will receive only an amount equivalent to the underlying securities at maturity.
Asset backed securities (ABS) operational risk	An ABS is a debt security in respect of which the income payments, and therefore the value, are derived from and collateralized (or "backed") by a specified underlying asset or pool of underlying assets. The asset can be a loan, a lease, a pool of secured loans or receivables relating to assets such as cars, aircraft or real estate or revenue streams. Often, an ABS is issued by a special purpose vehicle ("SPV") which is specifically formed for the purpose of issuing the ABS and purchasing the relevant asset or assets. An SPV is highly dependent on third parties such as corporate service providers, servicers/asset managers, paying agents, trustees and other service providers to meet its own obligations. It is therefore exposed to the operational and credit risk of those third parties.
ABS credit risk	The holder of an ABS is exposed to the credit risk of the issuer of the ABS and the borrower against the underlying asset. These two risks may be related. Wide spread default by underlying obligors may lead to the insolvency of the issuer of the ABS.
ABS ownership risk	The holder of the relevant ABS does not have any ownership rights over the underlying assets and will therefore have no claim over the underlying obligor(s) in the event of its or their insolvency.

Perpetual bond risk	Perpetual bonds do not have a maturity date, which means that there is no point in time when issuer will return principal amount to a bond holder. Bond must be sold to another investor in order to receive the money.
Debt securities that embed a derivative (complex financial instruments) [additional risks]	
Early redemption risk	The issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.
Tax call risk	The issuer of the bond may have the right to call the bond should there be an adverse change to the tax laws that affect it. This may mean that the yield on the bond is lower than anticipated.
Derivatives risk	As these bonds include an embedded equity derivative, Clients should consider the effect of the embedded derivative on the value of the bond, which may amplify any losses.
Equity risks	On exercise of the conversion rights, holders are exposed to the risks relating to shares in respect of the relevant equity securities..
Conversion risk	Conversion of the bond into equities may only be possible during certain periods of time and may also be subject to certain other conditions. This may mean that the holder is unable to exercise its conversion right at the most advantageous time, which may result in reduced profits or increased losses.

Margin (leveraged) trading, short selling and contingent liability transactions

Leverage risk	Margin trading can magnify losses just as dramatically as it can boost returns.

Margin risk	A relatively small market movement will have a proportionately larger impact on the Margin a Client has deposited or will have to deposit: this may work against, as well as for a Client. A Client may sustain a total loss of required maintenance Margin and any additional Margin deposited to maintain the position. If the market moves against the position or Margin levels are increased, a Client may be called upon to pay substantial additional collateral on short notice to cover losses incurred from price fluctuations to maintain the position. Failure to provide additional Margin may lead to the position being closed out which could crystallize a loss position.
Negative balance risk	Under certain market conditions such as increased volatility or market gapping there may be a situation when the loss on the position exceeds the amount of deposited Margin. The position may be closed out (stop-loss) leaving a negative balance on the Account and a Client will be responsible to cover it. Under certain circumstances, negative balance protection applies to Retail Clients, if so provided by the competent financial market supervisory authority within national product intervention measures.

Options contracts

Leverage risk	Options contracts are leveraged Financial Instruments as the amount premium paid is smaller relative to the value of the underlying asset. Options buyer risk is limited to the amount of premium which is paid. Selling (writing) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount.
Pricing risk	Option pricing theory uses variables (current underlying price, exercise price, volatility, interest rate, time to expiration) to theoretically value an option. Essentially, it provides an estimation of an option's fair value which traders incorporate into their strategies to maximize profits. Direct observation of volatility is impossible, so it must be estimated or implied. Therefore, for an unexperienced Client it is very hard to predict how option price will react to price change of an underlying asset.
Changes to the rules or a Regulated Market or clearing houses	The terms and conditions of contracts traded on a regulated market can be modified by the regulated market or clearing house to reflect changes or events in respect of the underlying asset or otherwise.

Futures contracts

Leverage risk	Futures contracts are leveraged Financial Instruments as the amount of initial Margin required is smaller relative to the potential gains or losses under the contracts.
Margin risk	A relatively small market movement will have a proportionately larger impact on the Margin a Client has deposited or will have to deposit: this may work against a Client as well as for them. A Client may sustain a total loss of initial Margin funds and any additional Margin deposited with the firm to maintain the position. If the market moves against the position or Margin levels are increased, a Client may be called upon to pay substantial additional collateral on short notice to cover losses incurred under the futures contracts and maintain the position. Failure to provide collateral may lead to the contracts being closed out which could crystallize a loss position.
Clearing risk	Most derivatives traded on a regulated market are accepted for clearing by a clearing house. Such cleared derivatives are subject to the rules of the clearing house, including collateral arrangements required by the clearing house. Therefore, participants may be required to post collateral on short notice to cover losses incurred under the cleared derivatives contracts. Failure to post collateral may lead to the contracts being closed out, which could crystallize a loss position.
Changes to the rules of a Regulated Market and clearing houses	The terms and conditions of contracts traded on a regulated market can be modified by the regulated market or clearing house to reflect changes or events in respect of the underlying asset or otherwise.

Contract for difference (CFD), including rolling spot forex

ESMA risk warning	CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **The vast majority of Retail Client accounts lose money when trading CFDs.** The Client should consider whether the Client understands how CFDs work and whether the Client can afford to take the high risk of losing his money.
Leverage risk	CFDs are leveraged instruments as the amount of initial Margin required is smaller relative to the potential gains or losses under the contracts. Under negative market conditions it is possible to lose more money than the initial deposit. Under certain circumstances, negative balance protection applies to Retail Clients, if so provided by the competent financial market supervisory authority within national product intervention measures.
Margin risk	A relatively small market movement will have a proportionately larger impact on the Margin a Client has deposited or will have to deposit: this may work against, as well as fora Client. A Client may sustain a total loss of initial Margin funds and any additional Margin deposited with the firm to maintain their position. However, if the market moves against their position or Margin levels are increased, a Client may be called upon to pay substantial additional collateral on short notice to cover losses incurred under the CFDs and maintain their position. Failure to provide collateral may lead to the contracts being closed out which could crystallize a loss position.
Counterparty risk	When buying or selling a CFD, the only asset being traded is the contract issued by the CFD provider. This exposes a Client to the provider's other counterparties, including other clients the CFD provider conducts business with. The associated risk is that the counterparty may fail to fulfill its financial obligations. If the provider is unable to meet these obligations, then the value of the underlying asset is no longer relevant.

Holding costs risk	Depending on the positions and how long they are held for, the holding costs shall accumulate on a daily basis. In some cases, particularly if the positions are held for a long time, the sum of these holding costs may exceed the amount of any profits, or they could significantly increase losses. It is important to have sufficient funds in the Account to cover holding costs.
Volatility risk (including market gapping)	Financial markets may fluctuate rapidly and the prices of CFD will reflect this. Gapping is a risk that arises as a result of market volatility. Gapping occurs when the prices of CFDs suddenly shift from one level to another, without passing through the level in between. There may not always be an opportunity for a Client to place an Order or for the platform to execute an Order between the two price levels. One of the effects of this may be that stop-loss Orders are executed at unfavorable prices, either higher or lower than anticipated, depending on the direction of the trade.
Underlying assets risk	You have no rights or obligations in respect of the underlying Financial Instruments or assets relating to your positions relating to CFDs. The client should understand that CFDs and other types of Financial Instruments can have different underlying assets, including, equity, indices and commodities. Specifically, in case of an equity CFD you will not receive any voting rights.

Risks related to trading CFDs on virtual currencies

The following risks shall be considered:

- there is no specific EU regulatory framework governing trading in CFDs on virtual currencies;
- trading in such products falls outside the scope of our MiFID II regulated activities;
- CFDs on virtual currencies are complex and high risk and as such come with a high risk of losing all the invested capital;
- virtual currencies are underlying assets that can widely fluctuate (high volatility) and may result in significant loss over a short period of time;
- CFDs on virtual currencies are not appropriate for any Client and therefore, you should not trade in such products if you do not have the necessary knowledge and expertise in this specific product;
- you should always be fully aware and understand the specific characteristics and risks related to the CFDs on virtual currencies you are planning to trade;
- trading in CFDs on virtual currencies does not entitle you to any protection under any applicable investor compensation schemes;
- you will not be entitled to refer to any competent financial Ombudsman in case of a dispute related to trading CFDs on virtual currencies.

Regulatory restrictions

National Competent Authorities of many countries implement national intervention measures in respect of CFDs and may impose certain limitations / restrictions in respect of trading in CFDs for different categories of Clients.

Securities financing transactions

Credit risk

A party to a repo or shares lending Transaction is exposed to credit risk because its counterparty may become insolvent or otherwise unable to meet its obligations and such party may not be adequately collateralized in order to mitigate this counterparty credit risk.

Settlement risk	Operational risk may arise due to the non-settlement or delay in settlement of securities, or failure to deliver securities due to illiquid market conditions in respect of the specific securities at any given time, with the securities difficult to source. Delivery failure could result in an event of default and termination of the repo or shares lending transaction.
Market risk	The economic risks and rewards remain with the seller (or lender). Therefore, there is also a potential opportunity cost to a repo or shares lending transaction. If the value of the securities transferred to buyer (or borrower) has fallen before equivalent securities are returned, the seller (or lender) may have missed the opportunity to dispose of those securities for a higher price which may exceed the price received for the use of its securities under the transaction.
Interest rate risk	For longer dated repos, there can be interest rate risk, in that parties are locked into paying/receiving a specific interest rate that is higher/lower than the prevailing rate.
Collateral risk	Repo and shares lending transactions also involve risks relating to the re-use of collateral provided to the counterparty.

Risks Related to Automated Trading Systems

Trading in the financial instruments market involves substantial risk, and the use of automated trading systems (ATS) introduces additional complexities and uncertainties. ATS is a computer program designed to make trading decisions automatically based on pre-defined rules. While ATS can potentially offer benefits such as increased efficiency, reduced emotional biases, and the ability to execute trading strategies in an automated way, they also carry significant risks that should be carefully considered before using them. **ATS do not include trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention (algorithmic trading).** The following risk disclaimer outlines key factors that traders should be aware of when using automated trading systems:

Market Risk	ATS are susceptible to market volatility, sudden price movements, and unforeseen events that can impact financial markets. These factors may result in significant losses, and past performance is not indicative of future results.
Technology Risk	The proper functioning of ATS relies heavily on technology. Technical glitches, system failures, connectivity issues, and data inaccuracies may occur, leading to execution errors or financial losses. Traders should be aware of the potential risks and have contingency plans in place.
System Risks	ATS are complex software programs that can malfunction or produce inaccurate signals, leading to poor trading decisions. Factors such as bugs, software updates, and hardware failures can significantly impact the performance of ATS.
Parameters Risk	ATS operate based on a pre-determined set of parameters. Changes in market conditions, unexpected news, or anomalies in data may cause outcomes that are not anticipated. Traders should regularly monitor and update their set of parameters to adapt to evolving market conditions.
Execution Risks	ATS rely on the timely and accurate execution of orders by brokers. Delays, errors, or technical issues with brokers can lead to unfavorable trading outcomes.
Data Risks	ATS rely on accurate and timely market data. Data errors or delays can cause ATS to make incorrect decisions, resulting in losses.
Liquidity Risk	Some trading strategies executed by ATS may encounter difficulties in executing trades, especially during periods of low liquidity. This can result in slippage, where trades are executed at a different price than intended, leading to potential financial losses.
Over-Optimization Risk	Excessive optimization of ATS to historical data may lead to overfitting, where the system performs well in past conditions but fails to adapt to new market scenarios. Traders should be cautious about over-optimizing their systems and strive for robustness.

Emotional Detachment	While ATS can reduce emotional biases, they can also lead to a lack of risk management and an inability to react quickly to changing market conditions.
Additional Costs	ATS may incur additional costs, such as trading fees for executing orders more frequently.
Regulatory Risk	The regulatory environment for ATS may change, impacting the legality or functionality of certain trading strategies or systems. Traders should stay informed about regulatory developments and ensure compliance with applicable laws and regulations.
Model Risk	The assumptions underlying the mathematical models used in ATS may not always hold true. Traders should be aware of the limitations of such models and consider the possibility of model risk when deploying automated trading strategies.
Capital Risk	Automated trading involves the risk of losing capital. Traders should only invest capital that they can afford to lose and should carefully manage their risk exposure to avoid significant financial setbacks.

ATS may not be appropriate for all investors. They are generally more appropriate for experienced traders with a deep understanding of financial markets, risk management, and software programming. Investors should carefully consider their own financial situation, risk tolerance, and investment goals before using ATS. It is essential for traders to conduct thorough research, seek professional advice, and carefully assess their risk tolerance before engaging in automated trading. No guarantees or assurances can be made regarding the profitability or success of any trading strategy, and traders are advised to exercise caution and prudence at all times.