RISKS DISCLOSURE

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1. INTRODUCTION

1.1 This short warning, being an addition to the General Business Terms, is not intended to mention all risks and other important aspects of operations with foreign currency and derivatives. Considering the risks, you should not settle transactions of the aforementioned products if you are not aware of the nature of the contracts you enter into, the legal aspects of such relations within the context of such contracts, or the degree of your exposure to risk. Operations with foreign currency and derivatives are connected with a high level of risk, therefore it is not suitable for many people. You have to thoroughly evaluate to what extent such operations are suitable for you, taking into consideration your

experience, aims, financial resources and other important factors.2. OPERATIONS WITH FOREIGN CURRENCY AND DERIVATIVES

2.1 Leveraged trading means that potential profits are magnified; it also means that losses are magnified. The lower the margin requirement, the higher the risk of potential losses if the market moves against you. Sometimes the margins required can be as little as 0.5%. Be aware that when trading using margin, your losses can exceed your initial payment and it is possible to lose much more money than you initially invested. The amount of the initial margin may seem small in comparison with the value of the foreign currency contracts or derivatives, since the "leverage" or "gearing" effect is used therein, in the course of trade. Relatively inconsiderable market movements will have proportionally increasing impact on the amounts deposited, or intended to be deposited by you. This circumstance may work either for you, or against you. When supporting your position, you may incur losses to the extent of the initial margin, and any additional sums of money deposited in the Company. If the market started moving in the opposite direction of your position, and/or the amount of the required margin increased, then the Company may require you to urgently deposit additional sums of money to support the position. Failure to meet the requirement to deposit additional sums of money may result in the closing of your position/s by the Company, and you will bear the responsibility for any losses or lack of funds connected therewith.

2.2 Orders and Strategies reducing the risk

Placement of certain orders (for example, "stop-loss" orders, if this is allowed by local legislation, or "stop-limit" orders), which restrict the maximum amount of losses, may turn out to be inefficient if the market situation makes execution of such orders impossible (for example, upon illiquidity of the market). Any strategies using combinations of positions, for example, "spread" and "straddle" may not be less risky than those connected with common "long" and "short" positions.

3. ADDITIONAL RISKS SPECIFIC TO TRANSACTIONS WITH FOREIGN CURRENCY AND DERIVATIVES

3.1 Conditions for entering into contracts

You need to obtain from your broker detailed information about the conditions for entering into contracts, and any obligations connected therewith (for example, about the circumstances, wherein you may accrue the obligation to carry out or accept delivery of any asset within the framework of a futures contract, or, in the case of an option, information about the expiration dates and the time limitations for executing options). Under some circumstances, a stock exchange or clearinghouse may change the requirements of unsettled contracts (including the strike price), to reflect changes in the market of the respective asset.

3.2 Suspension or restriction of trade. Price correlation

Certain market situations (for example, illiquidity) and/or the operating rules of some markets (for example, suspension of trade with respect to contracts or months of contracts, due to an excess in the limits of price changes) may increase the risk of losses incurred, since executing transactions or squaring/netting positions becomes difficult or impossible. Losses could increase, if you sell options. A well-grounded interconnection does not always exist between prices of the asset and the derivative asset. The absence of a benchmark price for an asset may make a "fair value" estimation difficult.

3.3 Deposited funds and property

You should familiarize yourself with protective instruments, within the limits of the Security deposited by you in the form of cash or any other assets, when executing an operation either inside the country or abroad, especially if insolvency or bankruptcy of a dealing firm could be an issue. The extent to which you can return your cash or other assets is regulated by the legislation and local country standards wherein the Counterparty carries out its activities.

3.4 Commission fees and other charges

Prior to participating in any trades you should get clear details on all commission fees, remunerations and other charges that will need to be paid by you. These expenses will affect your net financial result (profit or loss).

3.5 Transactions in the other jurisdictions

Execution of transactions on markets in any other jurisdictions, including markets formally connected with your internal market may result in additional risks for you. Regulation of the aforementioned markets may differ from yours in degree of investor protection (including a lower degree of protection). Your local regulatory authority is unable to ensure compulsory compliance to the rules determined by regulatory authorities or markets in other jurisdictions in which you execute transactions.

3.6 Currency risks

Profits and losses of transactions with contracts re-denominated in a foreign currency that differs from the currency of your account are affected by exchange rate fluctuations when converted from the contract currency to the account currency.

3.7 Liquidity risk

Liquidity risk affects your ability to trade. It is the risk that your CFD or asset cannot be traded at the time you want to trade (to prevent a loss, or to make a profit). In addition, the margin you need to maintain as a deposit with the CFD provider is recalculated daily in accordance with changes in the value of the underlying assets of the CFDs you hold. If this recalculation (revaluation) produces a reduction in value compared with the valuation on the previous day, you will be required to pay cash to the CFD provider immediately in order to restore the margin position and to cover the loss. If you cannot make the payment, then the CFD provider may close your position whether or not you agree with this action. You will have to meet the loss, even if the price of the underlying asset subsequently recovers. There are CFD providers that liquidate all your CFD positions if you do not have the required margin, even if one of those positions is showing a profit for you at that stage. To keep your position open, you may have to agree to allow the CFD provider to take additional payments (usually from your credit card), at their discretion, when required to meet relevant margin calls. In a fast moving, volatile market you can easily run up a large credit card bill in this way.

3.8 "Stop loss" limits

To limit losses many CFD providers offer you the opportunity to choose ‘stop loss’ limits. This automatically closes your position when it reaches a price limit of your choice. There are some circumstances in which a ‘stop loss’ limit is ineffective for example, where there are rapid price movements, or market closure. Stop loss limits cannot always protect you from losses.

3.9 Execution risk

Execution risk is associated with the fact that trades may not take place immediately. For example, there might be a time lag between the moment you place your order and the moment it is executed. In this period, the market might have moved against you. That is, your order is not executed at the price you expected. Some CFD providers allow you to trade even when the market is closed. Be aware that the prices for these trades can differ widely from the closing price of the underlying asset. In many cases, the spread can be wider than it is when the market is open.

3.10 Counterparty risk

Counterparty risk is the risk that the provider issuing the CFD (i.e. your counterparty) defaults and is unable to meet its financial obligations. If your funds are not properly segregated from the CFD provider’s funds, and the CFD provider faces financial difficulties, then there is a risk that you may not receive back any monies due to you.

3.11 Trading systems

The majority of usual "voice" and electronic trading systems use computer devices for routing orders, balancing operations, registering and clearing transactions. As with other electronic devices and systems, these are subject to temporary failure and faulty operation. Your chances for reimbursement of certain losses may depend on the limits of liability determined by the supplier of the trading systems, markets, clearinghouses and/or dealing firms. Such limits may vary; it is necessary for you to get detailed information from your broker on this matter.

3.12 Electronic trading

Trading executed using any Electronic Communications Networks may differ not only from trading on any usual "open-outcry" market, but also from trading where other electronic trading systems are used as well. If you execute any transactions on an Electronic Communications Network, you bear the risks specific to such system, including the risk of a failure in the operation of the hardware or software. System failure may result in the following: Your order may not be carried out in accordance with instructions; an order may not be executed at all; it may be impossible to continually receive information on your positions, or to meet margin requirements.

3.13 Over-the-counter operations

In a number of jurisdictions, firms are allowed to carry out over-the-counter operations. Your broker may act as the counterparty for such operations. The special feature of such operations lies in the complexity or impossibility of closing positions, estimating values, or determining the fair price or exposure to risk. For the aforementioned reasons, these operations may be connected with increased risks. The regulation governing over-the-counter operations may be less strict or provide a particular regulatory mode. You will need to become familiar with the rules and risks connected therewith, prior to executing such operations.