



RISK DISCLOSURE

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XS is a trademark of XS Group. XS Ltd (hereinafter the “Company”) is authorized and regulated by the Financial Services Authority of Seychelles (“FSA”) under license number SD089.

This notice contains important information about the risks associated when dealing with Contracts for Difference (“CFDs”), Spread Bets or other financial derivative products. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in CFDs, spread bets or any other financial derivative products.

Clients can trade through the Company’s CFDs on forex, spot metals, futures and shares as well as spread bets.

1. Complex Instruments warning

Complex Instruments are derivative products for which special risks apply. This notice cannot disclose all the risks and other significant aspects of complex instruments. You should not deal with complex instruments unless you understand their nature and your exposure to risk. You should be satisfied that the product is suitable for you in the light of your circumstances and financial position.

Although complex instruments can be utilized for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should first make yourself acquainted with the risks associated with the investments. Independent financial advice is necessary if you are unsure whether such complex instruments are appropriate for you.

2. Products description

A CFD is an agreement between a ‘buyer’ and a ‘seller’ to exchange the difference between the current price of an underlying asset (currencies, commodities, indices, shares etc.) and its price when the contract is closed.

CFDs are leveraged products. They offer exposure to the markets while requiring you to only put down a small margin (‘deposit’) of the total value of the trade. They allow investors to take advantage of prices moving up (by taking ‘long positions’) or prices moving down (by taking ‘short positions’) on underlying assets.

It is understood that the Client has no rights or obligations in respect to the Underlying Assets relating to the CFDs he is trading. There is no delivery of the underlying asset.

When the contract is closed you will receive or pay the difference between the closing value and the opening value of the CFD and/or the underlying asset(s). If the difference is positive, the Company pays you. If the difference is negative, you must pay the Company.

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Notwithstanding the above, the Company provides you with a negative balance protection, per trading account, ensuring that you will not enter into a negative balance and be required to recover such losses and/or pay the Company the difference.

CFDs might seem similar to mainstream investments such as shares but they are different as you never actually buy or own the asset underlying the CFD.

‘Spread betting’ means a bet on the difference between the opening and closing price of a contract, the financial value of which is derived from the fluctuations in the price of the underlying asset (including but not limited to currency pairs, shares, metals etc.). Spread bets are a form of CFDs, which can be settled only in cash. Investing in CFDs or a spread bet carries similar risks, and you should be aware of them before investing in these products. Please seek independent advice if necessary.

Although CFDs, spread bets and derivative products in general can be utilised for the management of investment risk, they are unsuitable and not appropriate for many clients as they carry a high degree of risk.

CFDs, spread bets and other financial derivatives are leveraged products and involve a high level of risk. It is possible to lose all your capital.

CFDs, spread bets and derivative products in general may not be suitable for everyone. Before trading in these financial products, you should ensure that you fully understand all the risks involved and the extent of your exposure. Seek independent advice if necessary. If you do not understand how these financial products work, then you should not trade it.

3. CFDs on Cryptocurrencies

The values of cryptocurrencies can widely fluctuate and are extremely volatile and may result in significant losses over a short period of time. Cryptocurrencies are traded on non-regulated decentralized cryptocurrency exchanges whereas the respective prices of the cryptocurrencies depend solely on the internal rules of the specific exchange, which may be subject to change at any point in time and without notice. As a result, the trading environment and the respective prices are highly unpredictable compared to other financial instruments.

By trading CFDs on Cryptocurrencies the Client accepts a significantly higher risk of loss of his capital which may occur as a result of adverse price movements of the Cryptocurrencies at an unpredictable time. Trading in cryptocurrency CFDs is not appropriate for all investors and the Client should fully understand the risks related to Cryptocurrencies before deciding to trade on such products as well as the costs and charges applied in relation to these products which can be found at the Company’s website at: www.xs.com.

4. Trading is considered to be risky and speculative

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The Client is responsible for all the losses suffered in his account (up to the available balance as a negative balance protection per account applies). Consequently, the Client should be prepared to lose all the invested capital. Do not invest money you cannot afford to lose.

5. Gearing and Leverage

Before the Client opens a trade on CFD's or other financial derivative products, the Client is required to lodge money with the Company in order maintain a margin. This margin is usually a relatively modest proportion of the overall contract value. This means that the Client will be trading using "leverage" or "gearing". This means a relatively small market movement can lead to a proportionately much larger movement in the value of the Client's position and this can work either against the Client or for the Client.

At all times during which the Client has opens trades, he must maintain enough equity in the account, taking into consideration all accrued profits and losses, for meeting the margin requirements. If prices move against the Client, then the Client must deposit sufficient funds to avoid any margin calls otherwise the Company will be entitled to close one or more or all of the Client's trades (including any positions that are currently showing a profit) regardless of whether the Client agrees with the Company's decision to close his trade(s).

6. Off-Exchange Transactions

When a Client trades Forex, CFDs, spread bets or any other derivative product with the Company, the Client enters into off-exchange ("OTC") derivative transaction, by placing his orders through the Company's trading platform. OTC transactions may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to closeout an open position. The Client needs to open and close a position with the Company that is not transferable to any other person. In this case, the Client is exposed to the risk of the Company's default. Counterparty risk is the risk that the counterparty defaults and is unable to meet its financial obligations.

The Company holds the Clients' funds in licensed credit institutions (banks) and in more particular keeps segregated Clients' accounts from the Company's own account, in accordance with regulations.

7. Underlying Market Volatility

CFDs, spread bets and other financial derivative products are instruments that allow the Client to trade on price movements in underlying markets/instruments. Even though the Company offers its own prices at which the Client trades CFDs, spread bets and other financial derivative products, the Company's prices are derived based on the underlying instruments/markets.

It is important for the Client to understand that the fluctuation of the underlying instrument may influence the value of the derivative product and affect the Client's profitability. The Client should also be aware of "gapping" where events occur that result in a sudden and

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significant profit or loss on the Client's account. "Gapping" can occur either when the underlying instrument/market is open or when it is closed.

If you do not have enough time to monitor your investment on a regular basis, you should not invest in CFDs, spread bets or other complex financial instruments. These products are not suitable to 'buy and hold' trading. They can require constant monitoring over a short period of time. Even maintaining your investment overnight exposes you to greater risk and additional costs. The volatility of the market together with the extra leverage on your investment can result in rapid changes to your overall investment position. Immediate action may be required to manage your risk exposure or to post additional margin.

8. Trading Platform

The Client is warned that when trading in an electronic Trading Platform he assumes risk of financial loss which may be a consequence of amongst other things:

- Failure of Client's devices, software and poor quality of connection.
- The Company's or Client's hardware or software failure, malfunction or misuse.
- Improper work of Client's equipment.
- Wrong setting of Client's Terminal.
- Delayed updates of Client's Terminal.

The Client acknowledges that only one Instruction is allowed to be in the queue at one time. Once the Client has sent an Instruction, a new Instruction can be given to the Company.

The Client acknowledges that the only reliable source of Quotes Flow information is that of the live Server's Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes simply may not reach the Client Terminal.

The Client acknowledges that when the Client closes the order placing/ deleting window or the position opening/closing window, an Instruction, which has been sent to the Server, shall not be cancelled.

Orders may be executed one at a time while being in the queue. Multiple orders/Instructions from the same Trading Account at the same time may not be executed.

In case the Client has not received as a result of Force Majeure Events the execution of the previously sent Order but decides to repeat the Order, the Client shall accept the risk of making two Transactions instead of one.

The Client acknowledges that if a Pending Order in a CFD has already been executed but the Client sends an instruction to modify its level, the only instruction, which will be executed, is the instruction to modify Stop Loss and/or Take Profit levels on the position opened when the Pending Order triggered.

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9. Stop loss' limits

There are some circumstances in which a 'stop loss' limit is ineffective, for example, where there are rapid price movements or market closure. Stop limits cannot always protect you from losses.

10. Liquidity risk

Can affect your ability to trade. Some financial instruments may not become immediately liquid as a result, for example, of reduced demand and the Client may not be able to sell them or easily obtain information on the value of these financial instruments or the extent of the associated risks.

11. 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.

If trading after 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.

12. Technical risk

The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems, which are not the result of gross negligence or wilful default of the Company.

If the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his Order is either not executed according to Client's instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

At times of excessive deal flow the Client may have some difficulties to be connected over the phone or the Company's platform(s)/system(s), especially in fast Market (for example, when key macroeconomic indicators or news are released).

The Client acknowledges that the internet may be subject to events which may affect his access to the Company's websites and/or the Company's trading Platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. The Company is not

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responsible for any damages or losses resulting from such events which are beyond its reasonable control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's website and/or trading system or delay or failure in sending orders or transactions.

In connection with the use of computer equipment and data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability of any resulting loss:

- a) Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client.
- b) Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client.
- c) Outage (unacceptably low quality) of communication via the channels used by the Client, or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company.
- d) Wrong or inconsistent with requirements settings of the Client Terminal.
- e) Untimely update of the Client Terminal.
- f) When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialling, when trying to reach an employee of the Company due to communication quality issues and communication channel loads.
- g) The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Client from the Company.
- h) Trading over the phone might be impeded by overload of connection;
- i) Malfunction or non-operability of the Trading Platform, which also includes the Client Terminal.

The Client may suffer financial losses caused by the materialization of the above risks, the Company accepts no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses he may suffer.

13. Abnormal Market Conditions

The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or may not be executed at all.

Abnormal Market Conditions include but not limited to times of rapid price fluctuations of 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, or there is lack of liquidity, or this may occur at the opening of trading sessions.

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14. Foreign Currency

When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence and/or Trading Account, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client.

15. Regulatory and Legal Risk

A change in laws and regulations may materially impact a financial instrument and investments in a sector or market. A change in laws or regulations made by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

16. Client Money

When holding Client Money on behalf of a Retail Client, the Company makes adequate arrangements to safeguard the Clients' rights and prevent the use of Client Money for its own account. For this purpose, the Company ensures to promptly place any Client money into one or more accounts, denoted as 'clients' Segregated accounts which are segregated from the Company's own accounts and opened with any of the following: (a) a credit institution within Seychelles; (b) a bank authorized and/or licensed in a third country and (c) a payment provider that has been assessed based on specific criteria imposed by the Company and/or approved by the Company's management. The third party to whom the Company will pass money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money in which case the Client will not have any claim against a specific sum in a specific account in the event of insolvency.

The Company does not accept any liability or responsibility for any resulting losses. In general, accounts held with institutions, including omnibus accounts face various risks including the potential risk of being treated as one (1) account in case the institution defaults. Another risk might be that the funds in the Omnibus Account may be exposed to obligations of the Company connected with the positions of other Clients in case The Company is unable to meet its obligations towards them.

Furthermore, the Client acknowledges that the Company, where applicable, may transfer/hold Client Money within or outside Seychelles in one or more segregated Clients' bank account. Client Money held outside Seychelles may be subject to the jurisdiction of that territory and Client rights may differ accordingly. The Company shall not be liable for the solvency, acts or omissions of any institution with which Client Money are held.

17. Cost and Charges

In addition to any profit or losses, there are different types of costs linked to transactions in derivative products. Costs will impact the effective return. Examples of costs include commissions charged by the Company. Costs related to derivative trading may also include

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bid-offer spreads, daily and overnight financing costs, account management fees and taxes. These costs can be complex to calculate and may outweigh the gross profits from a trade.

If any charges are not expressed in monetary terms (but, for example, as a percentage or formula), the Client should ensure that he understands what such charges are likely to amount to.

18. Tax

You should understand the tax treatment of any profits, gains or losses you may make trading CFDs or other derivative financial instruments. You should consult a professional tax consultant for taxation advice.

There is a risk that the Client's trades in any financial instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice and recommends that the Client seek advice from a competent tax professional if the Client has any questions. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

19. Swap Values and Charges

If a Client holds any positions overnight, then an applicable swap charge will apply. The swap values are clearly stated on the Company's website and accepted by the Client during the account registration process as they are described in the Company's Terms and Conditions.

The swap rate is mainly dependent on the level of interest rates as well as the Company's fee for having an open position overnight. The Company has the discretion to change the level of the swap rate on each financial instrument at any given time and the Client acknowledges that he will be informed of any such changes via the Company's website. The Client further acknowledges that he is responsible for reviewing the contracts specifications located on the Company's website and for being updated on the level of swap value prior to placing any order with the Company.

20. Force Majeure Events

In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfil its obligations under the Client Agreement with the Client found at www.xs.com. As a result the Client may suffer financial loss.

The Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the Client Agreement where such failure, interruption or delay is due to a Force Majeure Event.

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21. Client's Acknowledgement

The Client hereby acknowledges and declares that he has read, understood and thus accepts without any reservation all the information included herein including the following:

- a) The value of the financial instrument (CFD or any other derivative product) may decrease, and the Client may receive less money than originally invested or the value of the financial instrument may present high fluctuations. It is possible that the invested capital may become of no value;
- b) Information on past performance of a financial instrument does not guarantee the present and/or future performance. The use of historic data does not constitute a binding or safe forecast as to the corresponding future return of the financial instruments to which such data refers.
- c) Some financial instruments may not become immediately liquid due to various reasons such as reduced demand and the Company may not be in a position to sell them or easily obtain information on the value of such financial instruments or the extent of any related or inherent risk concerning such financial instruments ;
- d) When a financial instrument is negotiated in a currency other than the currency of the Client's country of residence, any changes in an exchange rate may have a negative effect on the financial instrument's value, price and performance.
- e) A financial instrument in foreign markets may entail risks different than the usual risks in the markets in the Client's country of residence. The prospect of profit or loss from transactions in foreign markets is also influenced by the exchange rate fluctuations.
- f) The Company will not provide the Client with any advice relating to CFDs, the Underlying Assets and Markets or make investment recommendations including occasions where the Client shall request such advice and/or recommendation. However, the Company may provide the Client with information and tools produced by third parties on an "as is" basis (i.e. the Company does not approve, or endorse, or affect the said information and or tools), which may be indicative of trading trends or trading opportunities. The Client accepts and understands that taking any actions based on the information and/or tools provided by third parties may result in losses and or general reduction of value of the Client's assets. The Company does not accept liability for any such losses resulting from actions taken by the Client on the basis of information and or tools produced by third parties.
- g) The Company may, from time to time and at its discretion, provide the Client (or in newsletters which it may post on its Website or provide to subscribers via its Website or the Trading Platform or otherwise) with information, news, market commentary or other information but not as a service. Where it does so:
 - i. the Company will not be responsible for such information;

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- ii. the Company gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related Transaction;
- iii. this information is provided solely to enable the Client to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;
- iv. if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that he will not pass it on to any such person or category of persons;
- v. the Client accepts that prior to dispatch, the Company may have acted upon it itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he will receive such information at the same time as other Clients;

It is understood that market commentary, news, or other information provided or made available by the Company are subject to change and may be withdrawn at any time without notice.

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