



Lykke Cyprus Ltd

Risk Disclosure

JAN 2018

Contents

1. Introduction.....	3
2. Risks on Leveraged Products	3
3. Risks related to long CFD positions, i.e. for purchasers of CFDs	3
4. Risks related to short CFD positions, i.e. for sellers of CFDs	4
5. High leverage and low margin can lead to quick losses.....	4
6. Market Commentary.....	4
7. Recommendations are not guaranteed	5
8. Abnormal Market Conditions	5
9. Internet Trading Risks	5
10. Communications.....	6
11. Currency Risk	6

1. Introduction

Foreign exchange and CFD trading carries a high level of risk, and may not be suitable for all investors. Before deciding to trade with Lykke Cyprus Ltd, clients are advised to carefully consider their investment objectives, financial status, level of experience, and risk tolerance. The possibility exists that clients could sustain a loss partial or all of your invested funds and therefore clients are advised not to invest capital that they cannot afford to lose. Lykke Cyprus Ltd strongly advises clients to seek advice from an independent financial advisor if there are any doubts concerning the risks associated with foreign exchange.

2. Risks on Leveraged Products

Lykke Cyprus Ltd provides leverage for clients to trade on margin, from minimum leverage of 1:1 up to a maximum leverage of 1:500. For example, a trading contract on leverage of 1:500 will only require 0.2% of the contract value as margin. Small price movements in the underlying instruments will result in large potential gains/losses on the client's trade.

Trading CFDs and FX Contracts is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who:

1. understand and are willing to assume the economic, legal and other risks involved;
2. are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
3. are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

Neither CFDs nor FX Contracts are appropriate investments for retirement funds. CFD and FX transactions are among the riskiest types of investments and can result in large losses. Customer represents, warrants and agrees that Customer understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and FX Contracts and that the loss of Customer's entire account balance will not change Customer's lifestyle.

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

Being long in CFD means you are buying the CFDs on the market by speculating that the market price of the underlying will rise between the time of the purchase and sale. As owner of a long position, you will generally make a profit if the market price of the underlying rises whilst your CFD long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst

your CFD long position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

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

Being short in CFD means you are selling the CFDs on the market by speculating that the market price of the underlying will fall between the time of the purchase and sale. As owner of a short position, you will generally make a profit if the market price of the underlying falls whilst your CFD short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your CFD short position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

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

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

6. Market Commentary

Any opinions, news, research, analyses, prices or other information contained on this website or linked to from this website are provided as general market commentary and do not constitute investment advice. Lykke Cyprus Ltd is not liable for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

7. Recommendations are not guaranteed

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

8. Abnormal Market Conditions

Under abnormal market conditions, currency rates and CFDs may fluctuate rapidly to reflect unforeseeable events that cannot be controlled either by the Firm or you. As a result, Lykke Cyprus Ltd may be unable to execute your instructions at the declared price and a 'stop loss' instruction cannot guarantee to limit the latter's loss.

Currency and CFD prices are influenced by, amongst other things, implementation of governmental, agricultural, commercial and trade programs and policies and national and international socioeconomic and political events.

9. Internet Trading Risks

Lykke Cyprus Ltd uses an Internet-based trade execution system, employing high-end network services such as Microsoft Azure to facilitate and host our database. Clients are advised that there are risks associated with utilising such a trading system including, but not limited to, the failure of hardware, software, and Internet connection. In an event such unfortunate event did occur the company reserve the rights to void such orders on its judgement.

Lykke Cyprus Ltd cannot be held responsible for communication failures, distortions, and/or delays when clients trade via the Internet. Lykke Cyprus Ltd employs backup systems and contingency plans to minimise the possibility of system failure.

10. Communications

Lykke Cyprus Ltd bears no responsibility for any loss that arises as a result of delayed or un-received communication sent to you by the Firm.

In addition, Lykke Cyprus Ltd bears no responsibility for any loss that arises as a result of unencrypted information sent to you by the Firm that has been accessed via unauthorised means.

Lykke Cyprus Ltd bears no responsibility for any un-received or unread internal messages sent to you through the trading platform(s); in case a message is not received or read within 7 (seven) calendar days the message gets automatically deleted.

You are solely responsible for the privacy of any information contained within the communication received by Lykke Cyprus Ltd.

11. Currency Risk

Investing in FX Contracts and CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD or FX Contract is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.