

FIRST PRUDENTIAL MARKETS (GLOBAL), LLC.

RISK DISCLOSURE AND WARNINGS NOTICE

Last Updated on [insert month/year of updated]

PART A – RISKS ASSOCIATED WITH ALL FINANCIAL INSTRUMENTS

1. Introduction

1.1 This Risk Disclosure and Warning Notice (“Notice”) is provided to you (our Client and prospective Client) in accordance with [*], as subsequently amended from time to time (“the Law”), which is applicable to FIRST PRUDENTIAL MARKETS (GLOBAL), LLC. (“the Company”, “we”).

1.2. All Clients and prospective Clients should read carefully the following risk disclosures and warnings contained in this Notice, before applying to the Company for a Trading Account and before they begin to accept any services from the Company. However, it is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in the Financial Instruments offered by the Company. This notice was designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis.

1.3. The Company executes Client Orders in relation to Contracts for Differences (“CFDs”) in stocks, commodities, indices and currency pairs (FX), etc. The above products and services are intended for the client target market of Small to large scale retail and professional investors with knowledge and experience of the industry who feel comfortable trading complex financial markets and who want to trade with money they can afford to lose and have high risk tolerance. Prospective clients will understand the impact of and risks associated with margin trading, its key concepts along with leverage and the potential to bear losses of the entire invested capital.

2. Charges and Taxes

2.1. The Provision of Services by the Company to the Client may be subject to fees, available on the Company’s website ([Click here](#)). Before the Client begins to trade, he should obtain details of all fees, commissions, charges for which the Client may be liable. It is the Client’s responsibility to check for any changes in the charges.

2.2. 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.

2.3. The Company may change its costs and associated charges at any time, according to the provisions of the Client Agreement found on the Company's website at ([Click here](#)).

2.4. 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.

2.5. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

2.6. It is noted that taxes are subject to change without notice.

2.7. If required by applicable Law, the Company shall deduct at source from any payments due to the Client such amounts as are required by the tax authorities to be deducted in accordance with applicable Law.

2.8. It is possible that other costs, including taxes, relating to Transactions carried out on the Trading Platform may arise for which the Client is liable and which are neither paid via us nor imposed by the Company. Although it is the Client's sole and entire responsibility to account for tax due and without derogating from this, the Client agrees that the Company may deduct tax, as may be required by the applicable law, with respect to his trading activity on the Trading Platform. The Client is aware that the Company has a right of set-off against any amounts in the Client's Trading Account with respect to such tax deductions.

2.9. It is noted that the Company's prices in relation to CFDs trading are set/quoted in accordance to the Company's Best Interest and Order Execution Policy which is available on the Company's website at ([Click here](#)). It is noted that Company's prices may be different from prices reported elsewhere. The prices displayed on the Company's Trading Platform reflects the last known available price at the moment prior to placing any Order, however, the actual execution price of the Order may differ, in accordance with the Company's Best Interest and Order Execution Policy and Client Agreement. As such, the price that the Client receives when he opens or closes a position may not directly correspond to real time market levels at the point in time at which the sale of the CFD occurs or reflect the prices of third-party brokers/providers.

3. Third Party Risks

3.1. It is understood that the Company will promptly place any Client money it receives into one or more segregated account(s) (denoted as 'clients' accounts') with reliable financial institutions (within or outside the Bahamas) such as a credit institution or a bank in a third country. The Company shall exercise due skill, care and diligence in the selection of the financial institution according to Applicable Regulations, it is understood that there are circumstances beyond the control of the Company and hence the Company does not accept any liability or responsibility for any resulting losses to the Client as a result of the insolvency or any other analogous proceedings or failure of the financial institution where Client money will be held.

3.2. The financial institution (of paragraph 3.1.) where Client money will be held may be within or outside the Bahamas. It is understood that the legal and regulatory regime applying to any such financial institution outside the Bahamas will be different from that of the Bahamas. Hence, in the event of the insolvency or any other equivalent failure or proceeding of that person, the Client's money may be treated differently from the treatment which would apply if the money was held in a Segregated Account in the Bahamas.

3.3. The financial institution to whom the Company will pass Client money may hold it in an omnibus account. In the event of the insolvency or any other analogous proceedings in relation to that financial institution, the Company may only have an unsecured claim against the financial institution on behalf of the Client, and the Client will be exposed to the risk that the money received by the Company from the financial institution is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses. In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the financial institution in which the funds are held defaults. Under such circumstances, any applicable deposit guarantee scheme may be applied without consideration of the Client as the ultimate beneficial owners of the omnibus Account. In addition, resolution measures may be taken in such a case, including the bail-in of Client funds.

3.4. The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.

3.5. A Bank or Broker through whom the Company deals with could have interests contrary to the Client's Interests.

3.6. It is understood that the Company does not execute Client Orders on own account basis, i.e. as principal to principal against the Client; the Company receives and then transmits and executes Client Orders with a third party (the Liquidity Provider). This is known and straight through process and is explained in the "Summary Best Interest and Order Execution Policy" found at ([Click here](#)). In the event of lack of liquidity of the Liquidity Provider after a successful Order for the Client, the Company will not be in a position to settle the transaction for the Client (i.e. pay the Client the Difference of his successful trade).

4. Insolvency

4.1. The Company's insolvency or default or the insolvency or default of any parties involved in Transactions undertaken by the Company on the Client's behalf (including without limitation brokers, execution venues and liquidity providers), may lead to positions being liquidated or closed out without the Client's consent and as result the Client may suffer losses. In the unlikely event of the Company's insolvency, segregated client funds cannot be used for reimbursement to the Company's creditors. If the Company is unable to satisfy repayment

claims, eligible claimants have the right to compensation by the Investor Compensation Fund as stated below.

4.2 The Company as the issuer of a CFD may become temporarily or permanently insolvent, resulting in its inability to meet its obligations. The solvency of an issuer may change due to one or more of a range of factors including the financial prospects of the issuing company, the issuer's economic sector and/or the political and economic status of the countries where it and/or its business are located. The deterioration of the issuer's solvency will influence the price of the securities that it issues.

5. Technical Risks

5.1. 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.

5.2. 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.

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

5.4. 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).

5.5. 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 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.

5.6. 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 dialing, 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.

5.7. 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.

6. Trading Platform

6.1. 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.

6.2. 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.

6.3. 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.

6.4. 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.

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

6.6. The Client acknowledges that when the Client closes the Order, it shall not be cancelled.

6.7. 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.

6.8. 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.

7. Force Majeure Events

7.1. 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 [\(Click here\)](#). As a result the Client may suffer financial loss.

7.2. 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.

8. Communication between the Client and the Company

8.1. The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice from the Company.

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

8.3. The Company has no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

8.4. The Client is fully responsible for the risks in respect of undelivered Company Online Trading System internal mail messages sent to the Client by the Company.

9. Abnormal Market Conditions

9.1. 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.

9.2. 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.

10. Foreign Currency

10.1. 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.

11. Regulatory and Legal Risk

11.1. 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.

12. Advice and Recommendations

12.1. The Company will not advise the Client about the merits of a particular Transaction or give him any form of investment advice and the Client acknowledges that the Services do not include the provision of investment advice in CFDs or the Underlying Assets and Markets. The Client alone will enter into Transactions and take relevant decisions based on his own judgement. In asking the Company to enter into any Transaction, the Client represents that he has been solely responsible for making his own independent appraisal and investigation into the risks of the Transaction. He represents that he has sufficient knowledge, market sophistication, professional advice and experience to make his own evaluation of the merits and risks of any Transaction. The Company gives no warranty as to the suitability of the products traded under this Agreement and assumes no fiduciary duty in its relations with the Client.

12.2. The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any Transaction. The Client should seek independent expert advice if he is

in any doubt as to whether he may incur any tax liabilities. The Client is hereby warned that tax laws are subject to change from time to time.

12.3. 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:

- (a) the Company will not be responsible for such information;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;

12.4. 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.

13. No Guarantees of Profit

13.1. The Company provides no guarantees of profit nor of avoiding losses when trading in Financial Instruments. The Company cannot guarantee the future performance of the Client's Trading Account, promise any specific level of performance or promise that Client's investment decisions, strategies, will be successful/profitable. Customer has received no such guarantees from the Company or from any of its representatives. Customer is aware of the risks inherent in trading in Financial Instruments and is financially able to bear such risks and withstand any losses incurred. The Client acknowledges and accepts that there may be other additional risks apart from those mentioned above.