



# Risk Disclosure For Financial Instruments

EXT LTD (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (with license No.165/12). This notice is provided to you in accordance with the Markets in Financial Instrument Directive (MiFID) of the European Union and CYSEC requirements because you are considering dealing with the Company in the financial instrument provided by the Company.

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments and was designed to explain in general terms the nature of the risks particular to dealing in the Financial Instruments and its derivatives provided by the Company and to help the Client to take investment decisions on an informed basis. This notice should be read together with the General Risk Disclosure. Nevertheless, Client should seek additional information and/or independent advice if any characteristics of Financial Instrument or risks involved are not clear to him/her.

In order to comply with the Markets in Financial Instrument Directive (MiFID) of the European Union, the Company will classify the prospective client as Retail Client, Professional Client or Eligible counterparty when considering the application for opening an account, based on the information provided to the Company. Prior to applying for an account the Client should consider carefully whether trading in Financial Instruments and its derivatives is suitable for him in the light of his circumstances and financial resources. Trading in derivative financial instruments entails the use of “gearing” or “leverage”. In considering whether to engage in trading, the Client should be aware of the following:

## **Risks associated with transactions in derivative financial instruments - option, future, forward, swap, contract for difference (CFD)**

The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of derivative Financial Instruments provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in derivative Financial Instruments and accepts and declares that he is willing to undertake this risk. For many members of the public dealings in derivative Financial Instruments will not be suitable.



The Client should not engage in any dealings directly or indirectly in Financial Instruments and its derivatives unless he knows and understands the features risks involved in them.

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 the Client's trade. The derivative Financial Instruments available for trading with the Company are non-delivery spot transactions giving an opportunity to make profit on changes in currency rates, commodities, bonds, precious metals, virtual currencies (crypto currencies), stock market indices or share prices called the underlying instrument.

If the underlying instrument movement is in the Client's favor, the client may achieve a good profit, but an equally small adverse market movement can quickly result in the loss of the Clients' entire deposited amount.

### **Volatility of price and limitation on the available market**

The derivative Financial Instruments and CFDs provided by the Company are derivative securities, where their price is derived from the price of the underlying reference instruments. Derivative securities/markets can be highly volatile. The prices of derivative Financial Instruments and the Underlying Reference Instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it can be impossible to execute any type of Clients order at declared price. The prices of derivative Financial Instruments and CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial, and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace. Transactions in derivative Financial Instruments provided by the Company are undertaken on the Company's Trading Platform through the Execution Venues and, accordingly, the terms and conditions and trading rules are established solely by the counterparty. The Client can close an open position of Financial Instrument during the given Financial Instrument session hours (this information is available on the Trading Platform).

### **Costs and taxation**

Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable and which may be found in the clients protected area of the Company's Website. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money



terms. Keeping of open positions in the Financial Instruments overnight are subject to overnight (rollover) fees. Information on all applicable fees are available in the clients protected area of the Company's Website. The Client assumes taxation consequences that his trades in Financial Instruments may be or become subject to tax and/or any other duty and is solely responsible for assessing his tax liabilities.

## **Margin requirements**

Clients money are required to be deposited with Company's counterparty (Execution Venue) in order to be used as Margin for the position opening and maintenance. The Margin requirement will depend on the Financial Instrument, level of leverage (if any) and the value of position to be established. Information on Margin requirement for each Financial Instrument is available on the Trading Platform. Margin requirements are at Company's or the counterparty (Execution Venue) discretion. The Company or the counterparty (Execution Venue) may call for additional Margin at any time the Margin balance falls below the maintenance margin level as applied by the counterparty (Execution Venue). The Company may at any time notify you that unless you transfer to your Account(s) such additional Margin to meet Margin requirements, it or the relevant Counterparty may liquidate any or all Open Positions ("Margin Call"). Once issued, you must comply in full with the Margin Call regardless of any currency value fluctuations and irrespective of any recovery in the market value of the subject Open Positions. You may not increase or establish any new Open Positions while any Margin Call remains unsatisfied.

## **Risk Disclosure on Rolling Spot Forex (Forex, FX)**

The underlying assets for this instrument can be a currency pair or precious metal, which always traded in pairs and involves simultaneous buying and selling of two different currencies. Client does not own the underlying asset, but make gain (or suffer losses) as a result of price movements of the underlying assets. The objective of the Forex trading is to allow a client to gain leveraged exposure to the movement in the value of the currency pair (whether up or down), without actually needing to buy or sell the currency. The exposure is leveraged since the Rolling Spot Forex only requires a small proportion of the notional value of the position to be deposited upfront as initial margin.

Rolling Spot Forex is intended for clients who have knowledge of, or are experienced with, leveraged products, understand that by investing in this product, they could lose some or all of their investment, accept the risk of losing some or all of their investment in exchange for the potential of higher return, understand that the underlying asset can be highly volatile and the value of the product may change frequently and therefore investors should have sufficient time to monitor and manage their investments, have experience trading this or similar products and understand that trading this product will include fees that will reduce the profitability of the investment the longer the product is held.



## Risk Disclosure on CFD in Virtual Currencies

Trading in contract for differences ('CFDs') relating to virtual currencies is not suitable for all clients. These products are considered as complex and as such, highly risky and usually highly speculative - and as such, clients must always make sure that are fully aware and understand the specific characteristics and risks regarding the trading on CFDs in relation to virtual currencies.

In addition to the above, trading CFDs relating to virtual currencies comes with a high risk of losing all invested capital. Also, the trading prices of virtual currencies and CFDs based on those values can widely fluctuate (extreme price volatility) or become temporarily or permanently unavailable and therefore may result in significant loss over a short period of time. In light of the aforesaid, customers should trade carefully and only with funds that they can afford to lose. In addition to the above, trading on virtual currencies or CFDs relating to virtual currencies comes with a high risk of losing all your invested capital. since are considered as complex and high risk products. Also, the trading prices of virtual currencies and CFDs based on those values can widely fluctuate (extreme price volatility due to high volatility) or become temporarily or permanently unavailable and therefore may result in significant loss over a short period of time. In light of the aforesaid, customers should trade carefully and only with funds that they can afford to lose. Clients should not engage in trading CFD in relation to virtual currencies if they do not have necessarily knowledge or if they cannot bear the loss of the entire invested amount.

Trading CFD on virtual currencies incurs following costs (annual rate): entry fee 0.25%, exit fee 0.25%, overnight fee for long position 3.5%, overnight fee for short position 50.0%.

Overnight clarification: if a long position is held overnight, the overnight fee is payable daily at the rate of 0.009722% (which is 1/360 of fee 3.5%) applicable to the value at the end of the day. Consequently, if short position is held overnight, the overnight fee is payable daily at the rate of 0.138889% which is 1/360 of 50.0%.

## Risk Disclosure on Options

This disclosure cannot and does not disclose all of the risks and other significant aspects involved in trading in complex instruments such as Options. Client should seek additional information and/or advice in case if any instrument's characteristics are not clear to him.

There are different types of Options with different characteristics and transactions in them are executed as per contract specification for the right to sell or buy, underlying assets and its quantity, strike price, expiration date, settlement terms.



Buying Options involves less risk than selling options because, if the price of the underlying asset moves against you, you can allow the option to lapse. The maximum loss in this case is limited to the amount of premium, plus commissions and/or other transaction charges.

Writing Options involves risk considerably greater than buying options. Client is liable for margin to maintain his/her position and a loss may be far greater than the premium received. By writing an option, Client accept a legal obligation to buy or sell the underlying asset if the option is exercised against him/her, however far the market price has moved away from the exercise price. If Client already own the underlying asset which he/she have contracted to sell (known as covered call options) the risk is reduced. If Client does not own the underlying asset (naked or uncovered call options) the risk can be unlimited. Only experienced persons should deal in this highly speculative option type.

Commission and charges: Before begin to trade Client should obtain details of the applicable commissions, fees and other charges for which he/she may be liable. Information on applicable fees is available in the protection client's area of the Company's Website. Commission charged as a percentage will normally be a percentage of total contract value.

Suspension of trading: 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 exchange trading is suspended or restricted. Placing a stop loss order will not necessarily limit client's losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

Client should not engage in any direct or indirect transaction with Options unless Client knows and understands the nature and extent of his/her exposure to risk and unless this product is suitable for him/her in the light of his/her knowledge, circumstances and financial position.