

Risk Disclosure

RISK DISCLOSURE STATEMENT

For Transactions in Foreign Exchange and Derivatives (Including Contracts for Differences)

In consideration of Alchemy Markets Ltd. (hereinafter referred to as “Alchemy Markets”, “we” or “us”) agreeing to enter into over-the-counter (“OTC”) contracts for differences (“CFD’s”) and spot foreign exchange contracts (“Spot FX Contracts”) with the undersigned (hereinafter referred to as the “Customer”, “you”, or “your”), Customer acknowledges, understands and agrees that:

Alchemy Markets Ltd., a Private Limited Liability Company Registered in accordance with the Laws of Malta and having its registered office at 168, St. Christopher Street, Valletta VLT 1467, Malta, EU, bearing Corporate Registration Number C/56519, is licensed by the Malta Financial Services Authority (“MFSA”) as a Category 3 Investment Services Provider IS/56519.

This statement, which constitutes an addition to the Retail Client Agreement and the General Terms & Conditions, cannot and does not disclose or explain all of the risks and other significant aspects involved in trading foreign exchange and derivatives. Engaging in these types of transactions can carry a high risk to your capital, potentially resulting in the total loss of such capital. Should you require a more comprehensive understanding of the risks involved, please contact Alchemy Markets for further information.

In consideration of the risks, you should not engage in trading in the above mentioned products unless you understand the nature of the contracts and the contractual legal relationship into which you are entering. Transactions in foreign exchange derivatives are not suitable for many members of the public. You should carefully consider whether transacting in foreign exchange is appropriate for you in light of your experience, objectives, financial position and other relevant circumstances.

If in doubt, it is advisable to seek independent financial advice.

Foreign Exchange and Derivatives Trading Is Very Speculative and Risky

Trading CFD’s and Spot FX Contracts is highly speculative, and involves a significant risk of loss; it may not be suitable for all investors but only for those customers who:

- (a) understand and are willing to assume the economic, legal and other risks involved;
- (b) are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
- (c) 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 CFD's nor Spot 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, and is willing and able, financially or otherwise, to assume the risks of trading CFD's and Spot FX Contracts; and that the loss of Customer's entire Account balance will not change Customer's lifestyle.

Risks related to Long CFD positions, i.e. for purchasers of CFD's

Being Long in a CFD means you are buying the CFD's on the market by speculating that the market price of the underlying asset 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 asset rises whilst your CFD long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying asset 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 as a result of closing your position, in circumstances which you do not have enough liquidity for the margin on your account in order to maintain an open position.

Risks related to Short CFD positions, i.e. for sellers of CFD's

Being Short in a CFD means you are selling the CFD's on the market by speculating that the market price of the underlying asset 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 asset falls whilst your CFD short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying asset 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 as a result of closing your position, in circumstances which you do not have enough liquidity for the margin on your account in order to maintain an open position.

High Leverage And Low Margin Can Lead To Quick Losses

The high degree of "Gearing" or "Leverage" is a particular feature of both CFD's and Spot FX Contracts. The effect of leverage makes investing in CFD's riskier than investing in the underlying asset. This stems from the margining system applicable to CFD's 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 which could exceed the money placed on deposit. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of the investment.

Effect of "Leverage" or "Gearing"

Transactions in foreign exchange and derivatives carry a high degree of risk. The high degree of "Leverage" or "Gearing" that is often obtainable in foreign exchange and derivatives trading can work against you as well as for you due to fluctuating market conditions. If the market moves against you, you may not only sustain a total loss of your initial margin deposit, and any additional funds deposited with Alchemy Markets to maintain your position, but you may also incur further liability to Alchemy Markets. You may be called upon to deposit additional funds on short notice to maintain your position. Failing to comply with a request for deposit of additional funds may result in closure of your position(s) by Alchemy Markets on your behalf; you will be liable for any resulting loss or deficit.

Risk-reducing Orders or Strategies

The placing of certain orders (e.g. “stop-loss” orders or “stop-limit” orders), which are intended to limit losses to certain amounts, may not be adequate given that market conditions or technological limitations that may make it impossible to execute such orders, e.g. due to illiquidity in the market. It should be noted that strategies using combinations of positions, such as “Spread” and “Straddle” positions may be as risky as taking simple “long” or “short” positions.

Margin Requirements

Customer must maintain the minimum margin requirement on their open positions at all times. It is Customer’s responsibility to monitor his/her Account balance. Customer may receive a margin call to deposit additional cash if the margin in the account concerned is too low. Alchemy Markets has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained. This may result in Customer’s CFD’s or Spot FX Contracts being closed at a loss for which you will be liable.

Spread

The difference between Our Bid Price and Our Ask Price is “Our Spread”. Our Spreads are set in our absolute discretion, since we are acting as market maker, and any changes are effective immediately. Information in relation to Our Spread, Leverage, Rollover Fees and Trading Hours for each Market is stated in CFD Trading Conditions and FX Trading Conditions pages of Alchemy Markets’s website.

Cash Settlement

Customer understands that CFD and Spot FX Contracts can only be settled in cash, and the difference between the buying and selling price partly determines the result of the investment.

Conflicts of Interest

Alchemy Markets is the counterparty to all Transactions entered into under the Customer Agreement and, as such, Alchemy Markets’s interests may be in conflict with yours. Our conflicts of interest policy is available at Alchemy Markets’s website.

OTC Transactions

When trading CFD’s or Spot FX Contracts with us, such Transactions will not be executed on a recognized or designated investment exchange and are known as OTC (Over The Counter) transactions. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange contracts because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction, or to assess the exposure to risk. Bid Prices and Ask Prices may not be quoted by us, based on best execution policies applicable in the market and even when they are, Alchemy Markets may find it difficult to establish a fair price particularly when the relevant exchange or market for the underlying asset is closed or

suspended. There is no central clearing and no guarantee by any other party of Alchemy Markets's payment obligations to the Customer. Thus the Customer is exposed to credit risk with Alchemy Markets. The customer must look only to Alchemy Markets for performance of all contracts in the Customer's Account and for return of any Margin or Collateral.

Suspension of Trading

Under certain market conditions, it may be difficult or impossible to liquidate a position, increasing the risk of loss. This may occur, for example, at times of rapid price movement if the price for the underlying asset rises or falls in one trading session to such an extent that trading in the underlying asset is restricted or suspended.

Prices, Margin And Valuations Are Set By Alchemy Markets And May Be Different From Prices Reported Elsewhere

Alchemy Markets will provide prices to be used in trading, valuation of Customer positions and determination of Margin Requirements in accordance with its Trading Policies and Procedures and Market Information Sheets. The performance of your CFD or Spot FX Contract will depend on the prices set by Alchemy Markets and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the CFD concerned.

Our prices for a given market are calculated by reference to the price of the relevant underlying asset which we obtain from third party external reference source's or exchange's. For our CFD and Spot FX Contracts, we obtain price data from wholesale market participants. Although Alchemy Markets expects that these prices will be reasonably related to prices available in the market, Alchemy Markets's prices may vary from prices available to banks and other market participants. Alchemy Markets has considerable discretion in setting and collecting Margin. Alchemy Markets is authorized to convert funds in Customer's Account for Margin into and from such foreign currency at a rate of exchange determined by Alchemy Markets in its sole discretion on the basis of then-prevailing money market rates.

Rights to Underlying Assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFD's or Spot FX Contracts. The Customer understands that CFD's can have different underlying assets, such as stocks, indices, currencies and commodities, as specified in CFD Trading Conditions and FX Trading Conditions pages of Alchemy Markets's website.

Currency Risk

Investing in Spot FX Contracts and CFD's 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 Spot 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.

One Click Trading And Immediate Execution

Alchemy Markets's Online Trading System provides immediate transmission of Customer's Order once Customer enters the notional amount and clicks "Buy/Sell." This means that there is no opportunity to review the Order after clicking "Buy/Sell" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. Customer should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with Alchemy Markets. Customer acknowledges and agrees that by using Alchemy Markets's Online Trading System, Customer agrees to the one-click system and accepts the risk of this immediate transmission/execution feature.

Telephone Orders And Immediate Execution

Market Orders executed over the telephone through the Alchemy Markets Trading Desk are completed when the Alchemy Markets telephone operator says "deal" or "done" following Customer's placing of an Order. Upon such confirmation of the telephone operator, Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the Alchemy Markets Trading Desk, Customer acknowledges and agrees to such immediate execution and accepts the risk of this immediate execution feature.

Alchemy Markets Is Not An Adviser Or A Fiduciary To Customer

Where Alchemy Markets provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts or Cross Currency Contracts. Each decision by Customer to enter into a CFD or Spot FX Contract with Alchemy Markets and each decision as to whether a transaction is appropriate or proper for Customer, is an independent decision made by the Customer. Alchemy Markets is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that Alchemy Markets has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Customer following Alchemy Markets's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by Alchemy Markets.

Recommendations Are Not Guaranteed

The generic market recommendations provided by Alchemy Markets are based solely on the judgment of Alchemy Markets's personnel and should be considered as such. Customer acknowledges that he/she enters into any Transactions relying on their own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of Alchemy Markets and/or its affiliates.

The generic market recommendations of Alchemy Markets are based upon information believed to be reliable, but Alchemy Markets cannot and does not guarantee its accuracy or completeness. Therefore, following such generic recommendations will not reduce or eliminate the risk inherent in trading CFD's and/or Spot FX Contracts.

No Guarantees Of Profit

There are no guarantees of profit nor of avoiding losses when trading CFD's and Spot FX Contracts.

Customer has received no such guarantees from Alchemy Markets or from any of its representatives. Customer is aware of the risks inherent in trading CFD's and Spot FX Contracts and is financially able to bear such risks and withstand any losses incurred.

Customer May Not Be Able To Close Open Positions

Due to market conditions which may cause any unusual and rapid market price fluctuations, or other circumstances, Alchemy Markets may be unable to close out Customer's position at the price specified by Customer and the risk controls imposed by Alchemy Markets might not work. Customer agrees that Alchemy Markets will bear no liability for a failure to do so.

Internet/Electronic Trading

Trading through Alchemy Markets's trading system may differ from trading on other electronic trading systems as well as from trading in a conventional or open market. Trading on an electronic trading system will expose you to risks associated with the system including the failure of hardware and software, system downtime, in relation to either Alchemy Markets's trading system or the individual customer's system and the communications infrastructure (e.g. the internet) connecting Alchemy Markets's platform with Alchemy Markets's customers. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfillment of the margin requirements.

When Customer trades online (via the internet), Alchemy Markets shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to Alchemy Markets, Customer, any exchange or any settlement or clearing system.

Telephone Orders

Alchemy Markets is not responsible for disruption, failure or malfunction of telephone facilities and does not guarantee its telephone availability. For the avoidance of doubt, Customer is aware that Alchemy Markets may not be reachable by telephone at all times. In such cases Customer shall place his/her order through other means offered by Alchemy Markets.

Quoting Errors

Should a quoting error occur (including responses to Customer requests), Alchemy Markets is not liable for any resulting errors in Account balances and reserves the right to make necessary corrections or adjustments to the relevant Account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by Alchemy Markets in its sole discretion and acting in good faith, from the relevant market at the time such an error occurred.

In cases where the prevailing market represents prices different from the prices Alchemy Markets has posted on our screen, Alchemy Markets will attempt, on a best efforts basis, to execute Transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the

Customer statements. This may or may not adversely affect the Customer's realized and unrealized gains and losses.

Terms and Conditions of Contracts

You have the responsibility to fully understand the trading rules and/or terms and conditions of the transactions to be undertaken and/or the Retail client Agreement, including, but without limitation any terms describing risk factors, such as volatility, liquidity, and so on.

Weekend Risk

Various situations may arise over a weekend (Friday 22:00 CET – Sunday 23:30 CET), or during a holiday when the financial markets generally close for trading, that may cause the markets to open at a significantly different price from where they closed. Alchemy Markets customers will not be able to use the Alchemy Markets trading system to place or change orders over the weekend, on market holidays or and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held during these periods will be executed at levels significantly worse than their specified price.

Charges and Commissions

Before you begin to trade, you should obtain from us details of all commissions and other charges for which you will be liable. These charges will affect your net profit or loss.

Money and Collateral

You acknowledge that you can afford to lose the sums that you remit to Alchemy Markets as deposit. When you deposit money with us, this will generally be held in a segregated client's account held with one or more authorized credit and/or banking institution/s situated in Malta and/or in an EEA member state as shall be indicated on the Alchemy Markets website from time to time. The MFSA's rules pertaining to client money and Safeguarding of Client Assets will apply. You acknowledge that the holding of money in a segregated client's account may not provide complete protection, particularly in the event of the insolvency of any third party institution/s entrusted by Alchemy Markets to hold client assets.

Specific risks to Asset Management and Advisory Services

Alchemy Markets Ltd. has no obligation to cease entering into transactions when the assets on the Account decrease, even substantially. Therefore, the client undertakes to control the development of his/her account so as to be able to terminate the asset management service if s/he is of the opinion that the results do not conform to his/her expectations or needs.

Compensation

Alchemy Markets participates in the Investor Compensation Fund for clients of Investment Firms regulated by the

MFSA. Customers will be entitled to compensation under the Investor Compensation Fund where we are unable to meet our duties and obligations arising from your claim. Any compensation provided to you by the Investor Compensation Fund shall not exceed twenty thousand Euro (€20.000). This applies to your aggregate claims against us.

Leveraged Trading Example

Leverage Basics

Leveraging a position is an expression in Forex trading; whereby collateral (often referred to as margin) is put down to cover a position significantly larger than the funded value. It is common for brokers to offer clients 100:1 effectively allowing the trade value to be multiplied 100 times of the balance in the account.

Lots Basics

In Forex, trades in currency pairs are usually traded in lots where each lot consists of 100,000 units. In the course of a trade this means a 1 lot buy of a base currency will happen in sync with a 1 lot sell of the counter currency. For example, selling 1 lot of EUR/USD at \$1.2500 means 100,000 Euros are bought and 125,000 Dollars are sold.

A Leveraged Trade Example

A trader deposits \$2,000 into his account which is then referred to as his total balance or equity. The trader then chooses to buy 1 Lot of USD/JPY at a price of 97.50 (1 US Dollar buys 97.50 Yen) and uses the 100:1 leverage on offer by his broker (thereby giving him 100x the trading power of his equity). The trader's utilized margin is \$1000 and he has \$1000 of floating equity or unused margin.

In the course of the trade, the position moves in the trader's favor and as such the gains are added to the floating equity in the trader's account. The same happens vice versa should the position go against the trader. Importantly, the floating gains or losses are not realized until the position is closed and funds return to the traders account balance.

The Result

In our example trade we will presume the position moves 100 pips in the trader's favor (in exchange terms, it moves upwards one Yen to 98.50), In this scenario the trader makes a gain of \$1,000 (\$10 per pip × 100 pips). As a result of the trade we see a 50% return on his \$2,000 funded account, or a 100% gain on the \$1000 margin.

If the position had moved against the trader by 100 pips the converse would have happened. The position would have been closed automatically due to a margin call since the floating equity had reached \$0 from \$1000. The margin call activates to protect the trader from crossing into a negative account balance.

*** The Leveraged Trade Examples are for illustrative purposes only and are not to be construed in any way to constitute investment advice.**

** The performance figures quoted are estimates and may not be a reliable indicator of future performance of this investment.

I / WE HAVE READ, UNDERSTOOD AND AGREE TO THE RISK DISCLOSURE STATEMENT AND THE TRADING POLICIES AND PROCEDURES SET OUT ABOVE