

RISK WARNING NOTICE

Terms of Business for trading and investment services

SMPFX CURRENCIES & MONETARY BROKERS L.L.C, (“SMPFX”, “we”, “our”, “firm”, “us”) provides you with this ‘Risk Warning Notice’ (the ‘Notice’) issued under Law 87(I)/2017 (Provision of Investment Services, the Exercise of Investment Activities, the Operation of regulated Markets and other related matters) and the operation of Regulated Markets and Regulation (EU) 600/2014 (MiFID II – MiFIR), and which aims to help you understand the risks that might arise from trading or investing on the SMPFX website.

SCOPE OF RISK WARNING

This Notice is directed towards all prospective Clients of SMPFX and should be read carefully by all interested parties towards which it is directed. It should be noted that the Notice alone cannot and does not contain nor explain all of the risks and practices involved when a Client is dealing in Financial Instruments and/or Contracts for Difference (“CFDs”).

The Client must only engage, directly or indirectly in investments in Financial Instruments when the Client knows and understands the risks involved in each one of the Financial Instruments. **SMPFX** shall not, at any given time during investment or otherwise, be providing the Client with any investment advice relating to investments or possible transactions in investments or in Financial Instruments. Further, **SMPFX** will not, at any given time during investment or otherwise, be making investment recommendations of any kind to the Client.

It is the Client’s responsibility, taking into account his personal circumstances and financial resources, to take particular care and make careful considerations independently, both prior to applying for a trading account with **SMPFX**, and prior to making any individual order. Where the Client does not understand the risks involved in applying for a trading account with **SMPFX** or in making any individual order, the Client should seek advice and consultation from an independent Financial Advisor. If the

Client continues to not understand the risks involved in trading in any Financial Instruments, the Client should not trade at all.

The Client must acknowledge that the purchase and/or sale of any Financial Instrument poses a great risk of incurring losses and damages, and the Client must accept that he is willing to undertake this risk.

GENERAL RISKS

SMPFX makes known and warns the Client of the following, non-exhaustive list of risks:

The Initial Capital of the Client's portfolio and/or its value and or any money invested by the Client in any Financial Instrument cannot be, and are not guaranteed by **SMPFX**.

The Client accepts that, the value of any investment in Financial Instruments may fluctuate downwards or upwards and also accepts the probability that any investment may, at any given time become of no value in spite of any information (to the contrary or otherwise) which may be offered by **SMPFX** at any time.

The Client acknowledges that information known of a Financial Instrument's previous performance does not in any way guarantee its current and/or future performance. Using historical data does not amount to a binding or safe forecast with regards to the current and/or future performance of the Financial Instruments to which the said information refers.

SMPFX advises the Client that any transactions that may take place via **SMPFX's** dealing services may be of a speculative nature. The Client is advised that large losses may occur in a short period of time.

The Client acknowledges that there are cases whereby Financial Instruments may not become immediately liquid (for example, as a result of reduced demand). The client further acknowledges that in these cases the Client may not be in a position neither to sell the said Financial Instruments nor easily obtain information on their value and/or the extent of their associated risks.

Where Financial Instruments are traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on the Financial Instruments' value, price and performance.

SMPFX hereby advises the Client that Financial Instruments traded on foreign markets may entail risks that are different and/or greater than the usual risks of the Client's country of residence market. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.

The Client acknowledges that Derivative Financial Instruments (such as options, futures, forwards, swaps, CFDs, NDFs) may be non-delivery spot transactions which may give rise to an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called by their respective underlying instruments. **SMPFX** advises the Client that the value of the Derivative Financial Instrument may be directly affected by the price of the relevant underlying instrument.

The Client is hereby advised not to purchase a Derivative Financial Instrument unless the Client is willing to undertake the risk of losing the investment he has made entirely, as well as any additional commissions and other expenses incurred.

he Client acknowledges that a prospective insolvency of **SMPFX** and/ or of a Bank and/ or of a Broker used by **SMPFX** may result in the Client's positions being closed out against his wishes.

The Client is advised that the execution of an order may be difficult or impossible under certain market conditions. Further, **SMPFX** advises the Client that **SMPFX** could be dealing through Banks and Brokers that may have interests contrary to the Client's interests.

The Client acknowledges that, in the course of trading, there are currencies traded so irregularly or infrequently that it cannot be certain that a price will be quoted at all times. The Client's attention is expressly drawn to these currencies and he is warned that it may be difficult to effect transactions at a price which may be quoted, due to the absence of a counter party.

The Client is advised that the risks associated with currency trading are not eliminated by trading on – line, regardless of the convenience or efficiency this mode of trading may provide.

The Client's attention is expressly drawn to movements that occur after the release of significant macroeconomic figures, economic or political news which may take place at

weekend, at the beginning of a week, during the course of a business day or at any other time, that may make currency markets to open at price levels which are substantially different from prices previously quoted.

The Client is advised that the above mentioned movements poses significant risk that there may be orders issued to protect open positions and/or new positions which may be executed at prices which significantly differ from those designated.

THIRD PARTY RISKS

SMPFX may pass money received from the Client to a third party (e.g. a bank) to hold or control in order to effect a Transaction through or with that person or to satisfy the Client's obligation to provide collateral (e.g. initial margin requirement) in respect of a Transaction. **SMPFX** has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.

The third party to whom **SMPFX** 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 the event of the insolvency or any other analogous proceedings in relation to that third party, **SMPFX** may only have an unsecured claim against the third party on behalf of the Client, and the Client will be exposed to the risk that the money received by **SMPFX** from the third party is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. **SMPFX** does not accept any liability or responsibility for any resulting losses.

SMPFX may deposit client money with a depository who may have a security interest, lien or right of set-off in relation to that money.

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

Please note that the opinions contained on the Trading Signals are and not made by **SMPFX** and do not constitute any opinion of **SMPFX** but reflect solely the current judgment of an independent third party, which might change without any prior notice and should not in any way be construed, either explicitly or implicitly, directly or indirectly, as investment advice, recommendation or suggestion of an investment strategy with respect to a financial instrument.

RISKS ASSOCIATED WITH TRANSACTIONS IN CFDs

CFDs are derivative financial instruments, where their price is derived from the price of the underlying instrument to which the CFDs refer. Derivative financial instruments and related markets can be highly volatile.

The prices of CFDs and the underlying instrument 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 **SMPFX**.

Under certain market conditions it may be impossible for a Client's order to be executed at declared price leading to losses. The prices of 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 market place.

RISKS ASSOCIATED WITH PROFESSIONAL ACCOUNTS

Where we treat you as a Professional Client, you will be entitled to fewer protections under the Law than you would be entitled to as a Retail client. In particular:

You will be given fewer information disclosures with regard to **SMPFX**, its services, products and financial instruments such as Contracts for Difference ("CFDs") (for example on costs, commissions, fees and charges, information on risks associated with CFDs or any other particular product);

Where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it, including for CFDs the risks involved in trading with leverage / margin;

When providing you with Best Execution we are not required to prioritize the overall costs of the transaction as being the most important factor in achieving Best Execution for you;

We do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;

Should we provide you with periodic statements, we are not required to provide them as frequently or as detailed as for Retail Clients;

You will not be entitled to compensation under the Investor Compensation Fund for clients of Cypriot Investment Firms, as available for Retail Clients.

CHARGES AND TAXES

The Client is advised that changes in his personal circumstances, changes in legislation, and any other factor may pose a risk that the Client's trades in Financial Instruments may be or become subject to tax and/or any other duty.

SMPFX cannot and does not warrant that the Client will not incur tax and/or any other duty. The Client is advised that any taxes and/or any other duty which may accrue in respect of his trades are the Client's own responsibility.

SMPFX strongly advises the Client to obtain details of all commissions and other charges for which the Client will be liable prior to the Client beginning to trade. In the event of charges that are not expressed in money terms (e.g. expressed as a dealing spread), the Client must ask for a written explanation, including appropriate examples, in order to ensure that he is fully informed of what such charges are likely to mean in specific money terms.

In accordance with current regulations, **SMPFX** may be required to hold the Client's money in an account that is segregated from other Clients as well as from **SMPFX's** own accounts. The Client is expressly warned that this may not afford complete protection to the Client.

TECHNICAL RISKS

Where the Client makes transactions on an electronic system, the Client may be exposed to the risks which may be associated with the system (including the failure of

hardware and software (Internet / Servers). The result of any system failure may be that the client's order is either not executed according to his instructions or it is not executed at all. **SMPFX** cannot and shall not bear any liability in the case of such a failure.

The Client is advised that he is responsible for the risks of financial losses caused by failure of information, communication, electronic or other systems.

Where authorized third parties have access to information, such as electronic addresses, electronic communication and personal data, **SMPFX** shall have no responsibility when the above are transmitted between **SMPFX** or any other party, using the internet or other network communication facilities, telephone, or any other electronic means.

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

The Client's attention is expressly drawn at times of excessive deal flow, when the Client may have difficulties in connecting over the phone or the Trading Platform.

The Client acknowledges that the internet may be subject to events which may affect his access to **SMPFX** Website and/or Trading System, including but not limited to interruptions or transmission blackouts, software and hardware failure and internet disconnection.

SMPFX is not responsible for any damages or losses resulting from such events which are beyond its 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 **SMPFX** Website and/or Trading System or delay or failure in sending Orders or Transactions.

SMPFX cannot be responsible for not fulfilling any obligations with its Clients because of internet connection failures or public electricity network failures or hacker attacks.

The Client is warned that when trading in an electronic 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
- **SMPFX'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

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 **SMPFX** has no liability of any resulting loss:

- Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client.
- 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
- 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
- Wrong or inconsistent with requirements settings of the Client terminal
- Untimely update of the Client Terminal
- When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic network connection, when trying to reach an employee of the broker service department of **SMPFX** due to communication quality issues and communication channel loads
- The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Client from **SMPFX**
- Trading over the phone might be impeded by overload of connection.
- Malfunction or non-operability of the trading system (platform), which also includes the Client Terminal
- Outage (unacceptably low quality) of communication via the channels used by **SMPFX**, in particular physical damage (destruction) of the communication channels by third parties

SLIPPAGE

The volatility in the market may create conditions where orders are difficult to execute, since the price might be many pips away due to the extreme market movement. Although the trader is looking to execute at a certain price, the market may have moved significantly and the order would be filled at the next best price or the fair market value. Similarly, increased volume may also result in slippage if sufficient liquidity does not exist to execute all trades at the requested rate. Once a stop is triggered, it becomes an

At Best market order, and there is no guarantee it will be filled at any particular given price. Therefore, stop orders may incur slippage depending on market conditions.

SMPFX will not be liable for price order slippage especially important in volatile markets, when one or two price providers may post wide spreads, or simply avoid quoting any price at all.

TRADING PLATFORM

The Client acknowledges that the only reliable source of Quotes is that of the live Server feed. The Client is warned that quotes in the Client terminal are not a reliable source of information, since 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 / modifying / deleting window or the position opening / closing window, the instruction, which has been sent to the Server, shall not be cancelled.

FORCE MAJEURE EVENTS

Where a Force Majeure Event occurs, the Client acknowledges that he shall accept the risk of financial loss.

LANGUAGE

The Company's official language is the English language. Any translated version of the Policy and/or any other communication, including our Website, may be provided solely

for convenience purposes or due to legal requirements. In the event of a dispute, the English version shall prevail.

DISCLAIMER

By using the services and products offered on this website, I confirm that I have read and understood the Declaration of Risks related to Transactions in international financial markets and I hereby agree to bear the above-mentioned risks, including margin requirements of the Company and /or third parties.