

## **Risk Disclosure Notice**

### Introduction

CFDs can put your capital at risk if used in a speculative manner. CFDs are categorized as high risk by some regulatory authorities as there is no protection of capital, no guaranteed return, and customers can lose the amount invested. With the COLMEX Ltd. Trading Platform, it is not possible to lose more than the amount invested, and customers cannot be left in debt to COLMEX Ltd.. Trading CFDs is not suitable for all investors; make sure you fully understand the risks involved.

This Risk Disclosure Notice forms part of the Client Agreements as defined in the User Agreement.

### 1. General Risks

1.1. You are considering dealing using the COLMEX Ltd. trading platform in Contracts for Difference (CFDs). CFDs are high-risk investments, which are not suitable for many investors.

1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt, you should seek professional advice.

1.3. It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks, and that you monitor your positions carefully.

### 2. Magnified Losses

2.1. The nature of margin trading markets means that both profits and losses can be magnified, and unless you place a Close at Loss or a Limit Order, you could incur very large losses if your position moves against you. However, you cannot lose more than the balance on your Trading Account.

### 3. CFDs Are Not Suited for Long-Term Investment

3.1. CFDs are not suited to long-term investors. If you hold a CFD open over a long period of time, the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

### 4. No Rights to the Underlying Instrument

4.1. CFDs do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.

### 5. Suitability

5.1. Subject to our obligation to assess how appropriate the Trading Platform is to your circumstance, any decision whether or not to open an account and the risks involved is completely yours.

5.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

### 6. Potential Risks

6.1. You cannot lose more than your Trading Account balance.

6.2. Before you open a CFD trade with us, we require you to lodge money with us as Initial Margin, and in order to keep a transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin.

6.3. If our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you do not do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.

## 7. Not Suitable as Income

7.1. The inherent concept of CFDs means they are not suitable for an investor seeking an income from their investments, as the income from such investments may fluctuate in value.

## 8. Fluctuations in the Market

8.1. It is important that you comprehend the risks associated with trading on a market, as fluctuations in the price of the underlying market will have an effect on the profitability of the trade.

## 9. Derivatives

9.1. Positions opened with us are not traded on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, act reasonably, and in accordance with our User Agreement and our order execution policy.

## 10. Need to Monitor Positions

10.1. Because of the effect of gearing and the speed at which profits or losses can be incurred, it is important that you monitor your positions closely. It is your responsibility to monitor your trades.

## 11. Operational Risks

11.1. Operational risks with COLMEX Ltd. on your computer are inherent in every CFD transaction. Disruptions in communications, computers, networks, or external events may lead to delays in the execution and settlement of a transaction. COLMEX Ltd. does not accept liability for such disruptions unless caused by fraud or dishonesty.

## 12. Currency Risk

12.1. Customers should be aware that CFDs denominated in currencies other than their home currency have the additional risk associated with currency fluctuations.