

## Risk Disclosure Notice

Contracts for Difference, or 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 clients can lose the amount invested. With the SwissMain.com Trading Platform it is not possible to lose more than the amount invested and customers cannot be left in debt to SwissMain.com. We apply a Negative Balance Protection policy. Trading CFDs is not suitable for all investors; make sure you fully understand the risks involved.

### 1. THIS RISK DISCLOSURE NOTICE FORMS PART OF THE TERMS OF BUSINESS

1.1. You understand that using the electronic platform offered by SwissMain.com (referred hereinafter as "we", "our", "us", "the company"), you will have the opportunity to trade with CFDs. CFDs are high risk financial instruments which are not suitable for all investors. Meridian Banc Ltd., authorized and regulated by VFSC, company reference number 014691 is the primary liquidity provider of SwissMain.com

1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks or 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 Stop Loss 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. CHARGES AND TAXES

3.1. The Provision of Services by the company to the Client is subject to fees, available on the company's website. Before the Client begins to trade, they should obtain details of all fees, commissions, charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the charges.

3.2. The charges imposed by the company are subject to changes according to the Terms of Business with the Client.

3.3. There is a risk that the Client's trades in any financial Instruments may be or become subject to taxation and/or any other duty due to changes in legislation or Client's personal circumstances. The company does not offer tax advice.

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

3.5. It is noted that taxes are subject to changes without a prior notice.

### 4. CFDs ARE NOT SUITED FOR LONG-TERM INVESTMENT

4.1. CFDs are not suited to the long-term investor. 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. The reason for

the higher costs related to CFDs is that you use a much bigger leverage than in the case of a purchase of the base asset. While trading CFDs, you pay for using a large amount of lent funds.

## **5. NO RIGHTS TO THE BASE INSTRUMENT**

5.1. CFDs do not provide any right to the base instruments or – in the case of CFDs on stocks – to voting rights.

5.2. You are trading with CFDs, which means that you enter into a contract with us for the difference between the value of an instrument as specified on the trading platform at the time of opening a transaction, and the value of such instrument at the time of closing the transaction. You are not entitled to ownership of the base asset of such a contract e.g. the actual SHARES or the rights offered in a rights issue event.

## **6. ONLY INVEST SMALL PART OF YOUR MONEY IN ONE SINGLE POSITION**

6.1. If you invest all of your money into one single position you take high risk if market move against you. We do not recommend you to put more than 20% of your money in one single position.

## **7. APPROPRIATENESS**

7.1. Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.

7.2. 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.

## **8. POTENTIAL RISKS**

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

8.2. Before you open a CFD trade with us we require you to deposit money with us as an initial margin and you must ensure that the amount in your Trading Account is sufficient to maintain your positions open. The required guarantee amount (or 'margin') will differ between instruments and the amounts will be indicated on the Trading Platform. This means that you will be trading using 'leverage' and this can work for or against you; a small price movement in your favor can result in a high return on the guarantee amount for the trade, but a small price movement against you may result in substantial losses.

8.3. We will further require you to ensure that the funds in your Trading Account exceed the minimum required in order to keep a position open. Therefore, if the price of the CFD moves against you, you may need to provide us with substantial additional margin, at short notice, to maintain your open positions. If you do not do this, we will be entitled to close one or more or all of your positions. You will be responsible for any losses incurred.

8.4. You should also be aware that under our Terms of Business we are entitled, at our sole discretion, to ask the Client to maintain the margin above the required minimum (also known as 'margin call'). Under the Terms of Business, you are required to satisfy any margin calls immediately, by any applicable means in the time prescribed by us. If you do not do this, we will be entitled to close one, or more, or all of your positions.

8.5. Unless you have taken steps to place an absolute limit on your losses (for example, by placing a Stop Loss Order on your Account) it is possible for adverse market movements to result in the loss of the entire balance of your Trading Account. We offer a range of risk management tools to help you to manage this risk.

## **9. NOT SUITABLE AS INCOME**

9.1. 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.

9.2. It is understood that the Client has no rights or obligations in respect of the base assets relating to the CFDs they are trading. There is no delivery of the base asset.

## **10. MARKET FLUCTUATIONS**

10.1. 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. For example: the value of investments denominated in foreign currencies may diminish or increase due to changes in the exchange rates.

10.2. CFDs are therefore only suitable for those Clients who fully understand the market risk and have previous trading experience. If unsure, it is advisable to seek independent advice.

10.3. Slippage is difference between the expected price of a transaction in a CFD, and the price the transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an order at a specific price impossible to execute when market orders are used, and also when large orders are executed when there may not be enough interest at the desired price level to maintain the expected price of trade.

## **11. DERIVATIVES**

11.1. Positions opened with us represent derivatives on other products and 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, to act reasonably and in accordance with our user agreement and with our order execution policy. Each CFD trade that you open through our Trading Platform results in you entering into a contract with us; these contracts can only be closed with us and are not transferrable to any other person.

## **12. NEED TO MONITOR POSITIONS**

12.1. Because of the effect of leverage and therefore 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.

## **13. OPERATIONAL RISKS**

13.1. Operational risks are inherent in every CFD transaction. For example, disruptions in the company's operational processes such as communications, computers or mobile networks or external events may lead to delays in the execution and settlement of a transaction. The company does not accept or bear any liability whatsoever in relation to our operational processes, except to the extent that it is caused by the fraud, negligence or dishonesty by the company's employees.

13.2. In connection with the use of computer equipment and data, 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 company 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 the requirements settings of the Client's application;
- e) Untimely update of the Client's application;
- f) 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;
- g) Trading over the phone might be impeded by overload of connection;
- h) Malfunction or non-operability of the platform, which also includes the Client Terminal.

13.3. The Client may suffer financial losses caused by the materialization of the above risks, the company accepting 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.

## **14. TRADING PLATFORM**

14.1. The Client is warned that when trading in an electronic platform they assume risk of financial loss which may be a consequence of amongst other things:

- a) Failure of Client's devices, software and poor quality of connection;
- b) Company's or Client's hardware or software failure, malfunction or misuse;
- c) Improper work of the Client's equipment;
- d) Wrong settings of the Client's application;
- e) Delayed updates of the Client's application.

14.2. 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's application 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's application.

## **15. COMMUNICATION BETWEEN THE CLIENT AND THE COMPANY**

15.1. The Client shall accept the possibility he/she could receive with delay or not receive at all any notice from the company due to technical/communications problems. The Client will not demand any compensation from us in this case.

15.2. The Client acknowledges that the unencrypted information transmitted by email is not protected from any unauthorized access.

## **16. FORCE MAJEURE EVENTS**

16.1. In case of a Force Majeure Event the company may not be in a position to arrange for the execution of client orders or fulfill its obligations under the Terms of Business with the Client. As a result the Client may encounter difficulties while using the services provided. The Client will not demand any compensation from us in this case.

16.2. 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 Terms of Business with the Client where such failure, interruption or delay is due to a Force Majeure event.

## **17. ABNORMAL MARKET CONDITIONS**

17.1. The Client acknowledges that during Abnormal Market Conditions the time period for which the orders are executed may be extended or it may be impossible for orders to be executed at declared prices. In this case orders will be executed at different price.

## **18. CURRENCY RISK**

18.1. Clients should be aware that CFDs denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

## **19. NEWSLETTERS**

19.1. The company may, from time to time and at its own 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;

19.2. 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.

## **20. NO GUARANTEES OF PROFIT**

20.1. The company provides no guarantees of profit or of avoiding losses when trading. The Client has received no such guarantees from the company or from any of its representatives. The Client is aware of the risks inherent in trading and is financially able to bear such risks and withstand any losses incurred.