

INFINOX

Risk Disclosure Notice

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Prior to offering our services to you, we require you to read this Risk Disclosure Notice.

Contents

1.	Risk Disclosure Notice	2
2.	Introduction	2
3.	Margin Trading	2
4.	Additional Deposits	3
5.	Rolling Spot Forex	3
6.	Contracts for Differences (CFD)	4
7.	Exchange Risk	4
8.	Liquidity Risk	4
9.	Market volatility	5
10.	Weekend and Holiday Risk	5
11.	Charges and Commissions	6
12.	Client Money	6
13.	Execution Only	6
14.	General	6

1. Risk Disclosure Notice

Prior to offering our services to you, we require you to read the following Risk Disclosure Notice.

2. Introduction

Before deciding to participate in the Forex and derivative market, you should carefully consider your level of knowledge and experience. You should have relevant and sufficient knowledge and experience of trading in Forex and derivative products. This is to ensure that you understand the risks of trading in Forex and derivative products and to ensure trading in such products is suitable for you.

You should also consider your investment objectives and risk appetite. Trading Forex and derivatives carries a high level of risk to your capital and you can lose your invested capital. Do not invest money you cannot afford to lose. Forex and derivative products are leverage products and the effect of leverage is that a small price movement can cause both gains and losses to be magnified. Trading derivatives and Forex may not be suitable for all investors. Please seek independent professional financial advice if you do not understand the risks involved in trading Forex and derivative products.

Forex and derivative products are 'complex financial instruments'. A 'complex financial instrument' is a high-risk investment and requires a greater level of experience and knowledge of the underlying risks involved.

Complex financial instruments include instruments such as derivatives, which are not considered to be 'readily realizable' (potentially difficult to sell when you want to). Examples of complex financial instruments able to be traded on the INFINOX trading platform are:

- Rolling Spot Forex
- Contract for Difference (CFD)

3. Margin Trading

Margin is the amount of money you need to open a position, defined by the margin rate. Margin trading is a high-risk trading strategy that allows you to trade more than the capital or 'margin' that a firm holds for you. This is also known as 'leverage' or 'leverage trading', which means that you can place trades that are greater than the relatively small amount of money that you have deposited as margin. With margin trading you can make significant

gains if the price moves in your favour. However, even a small movement in price against you can lead to substantial losses.

If this happens, you may be required to deposit additional margin with us immediately to keep these trades open; this is referred to as a 'Margin Call'. You are liable for ensuring that you always deposit enough margin and for any losses that you may incur when your positions are closed. There is no limit on the potential losses or profits when you carry out margin trading and you should always consider this when making trading decisions.

Margin trading carries a high degree of risk to your capital and as such, it is not suited to all investors. Before you decide to carry out any margin trading, please ensure that you fully understand the risks involved, and seek independent advice if necessary.

As there is no limit to the losses that you may incur, you should ensure that you have sufficient resources available to you to cover any adverse movement in the price of the margined product, any margin requirement or loss.

To manage exposure, employ risk reducing strategies such as:

1. Make use of "stop loss" or "limit" orders to limit potential losses when utilizing leverage. Stop Loss or limit orders are not guaranteed; gaps in market pricing may cause your Stop Loss orders to be filled at a less advantageous price and you can incur losses which can exceed your invested capital.
2. Use a lower leverage so you can impose a higher margin requirement on yourself. This way, you will be less tempted to enter into positions beyond your comfortable leverage level. You will also be aware of a potential margin closeout sooner.
3. Monitor the status of your account and open positions continuously.

4. Additional Deposits

You are required to deposit a margin with the firm in order to open a position and it is your responsibility to ensure that you have enough margin to cover your open positions. If your margin requirement is insufficient you will either need to deposit more funds with us in order to maintain the position or reduce the position to reduce your margin requirement.

If you do not take any action to maintain your margin, then we will have the right to close your trade for you and you accept that you will be responsible for any losses.

5. Rolling Spot Forex

This is either a future where the underlying instrument being traded is foreign exchange or sterling, or it is a contract for difference where the profit is secured or a loss is avoided, through fluctuations in foreign exchange rates, in either case the contract is entered into for speculative purposes. A rolling spot forex contract can be 'rolled' indefinitely and no currency is actually delivered until the position is closed. This exposes both parties to fluctuations in the underlying currencies.

6. Contracts for Differences (CFD)

A CFD (Contract for Difference) is an agreement to exchange the difference between the opening and closing value of a contract at its close. Rather than buying or selling the underlying instrument on which your contract is based, you simply place a trade with a CFD provider. The price of your CFD will then replicate the price of the underlying asset (without actually owning the underlying product) giving you a profit (or a loss) as the price of the underlying moves, so that the amount of any profit or loss made on a CFD will be equal to the difference between the price of the underlying instrument when the CFD is opened and the price of the underlying instrument when the CFD is closed, multiplied by the number of underlying instruments to which the CFD relates.

CFDs are a way of trading on the upward or downward price movements of traditional financial markets without buying or selling the underlying asset directly. The potential losses associated with the price movements can exceed the total value of the initial margin (and any additional margin funds) you have deposited with us, and you may be obliged to close your positions at the worst possible time.

You should also be aware that a CFD is a 'principal-to-principal' contract which means that once the position has been opened, you are restricted to closing your position with the same counterparty, regardless of whether or not you could have achieved a better outcome elsewhere.

7. Exchange Risk

Forex and derivative products are exposed to 'exchange risk'. Exchange risk also known as "currency risk" is the risk of loss (or gain) from unforeseen changes in exchange rates (the prices at which currencies trade for each other). There is a risk that you will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in

exchange rates. It can also be described as the uncertainty of returns where you purchase securities in a currency different to your domestic currency.

8. Liquidity Risk

Forex and derivative products are exposed to 'liquidity risk'. Liquidity risk arises from situations in which an investor interested in trading a security cannot do so because no one in the market wants to trade that security. It is the inability to find buyers on the terms desired. It is also the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.

Non-highly traded securities bear higher liquidity risk since there is a risk of having difficulty in liquidating an investment position without taking a significant discount from current market value. The liquidity risk is usually reflected in a wide bid-ask spread and large price movements and can take the following three forms:

1. Bid-ask spread: how much a trader can lose by selling an asset and buying it back right away.
2. Market depth: how many units traders can sell or buy at the current bid or ask price without moving the price.
3. Market resiliency: how long it takes for prices that are temporarily incorrect to return to normal.

9. Market volatility

Financial markets may fluctuate rapidly and the prices of our products will reflect this. Spreads fluctuate just like exchange rates. You face increased periods of price volatility during market events such as economic and political news announcements, elections and so forth. During this period, there may be times where spreads are considerably wider than usual. This can impact your account in the following ways; in general wide spreads will mean the cost of closing your position will be greater. This will reflect as a loss to your equity, and raises the chance of you breaching your margin requirement.

Under extreme volatility you will see your profit and loss fluctuate far more than normal. This means you may enter margin close out quicker and also significantly raises the possibility of your account entering negative equity. If the market were to spike, crash or gap, it could result in significant losses especially for a highly-leveraged trading account.

Gapping is a risk that arises as a result of market volatility. Gapping occurs when the prices

of our products suddenly shift from one price to another, as a consequence of market volatility. There may not always be an opportunity for you to place an order or for the platform to execute an order between the two price levels. One of the effects of this may be that stop-loss orders are executed at unfavourable prices, either higher or lower than you may have anticipated, depending on the direction of your trades.

10. Weekend and Holiday Risk

There will be limitation on when you are able to carry out trading, for example you will not be able to trade over weekends and bank holidays (market opening and closing times can be found on our website) when financial markets will generally be closed for trading. You should be aware that this may cause the markets to open at a significantly different price from where they closed.

You will not be able place or change orders over the weekend, on market holidays or and at other times when the relevant markets are generally closed. There is a substantial risk that non-guaranteed “stop-loss” orders left to protect open positions held during these periods, can be executed at levels significantly worse than their specified price and you will be liable for ‘making good’ any losses, even if they are unforeseen.

11. Charges and Commissions

Before you begin to trade, you should ensure that you understand all commissions and other charges for which you will be liable. All costs and charges have been disclosed to you separately.

12. Client Money

Unless otherwise agreed with you in writing, we will hold all Client funds in segregated bank accounts. As such, all Client funds deposited with us are subject to the Client Money Rules of the regulator.

13. Execution Only

You carry out your trading activities on an execution only basis. This means that we will

not provide you with investment advice relating to investments or possible transactions in investments. We are permitted to provide factual market information and information about transaction procedures, potential risks involved and how those risks may be minimized, but any decision made to trade must be yours.

14. General

There are risks associated with using an internet based trading system including, but not limited to, the failure of hardware, software, and internet connection. INFINOX is not responsible for communication failures or delays when trading via the internet. INFINOX employs back-up systems and contingency plans to minimize the possibility of system failure.

INFINOX is not liable for any loss or damage, including without limitation, any loss of profit, which may arise directly or indirectly from use or reliance on such information.

INFINOX has taken reasonable measures to ensure the accuracy of the information on the website. The content on this website is subject to change at any time without notice. Any opinions, news, research, analyses, prices, or other information contained on this website are provided as general market commentary, and do not constitute investment advice

If you are in any doubt whatsoever about any aspect of the risks involved in the financial instruments noted in this Risk Disclosure Notice, then we strongly recommend that you seek independent professional advice before continuing, as your trading strategy and forex and derivative products may not be suitable for you.

Margin trading is not necessarily designed to replace existing or traditional methods of investing and is therefore not suited to everyone so you must ensure that you fully understand the risks before taking up your trading strategy.