Risk Disclosure

Introduction

TOPFX Ltd ("the Company"), whose headquarters are at 19 Stratigou Timagia, 3rd Floor, 3107 Limassol, Cyprus, is authorized and regulated by the Cyprus Securities and Exchange Commission (CySec) under license number 138/11.

Every type of Financial Instrument has its own characteristics and entails different risks. This Notice contains information about Forex Contracts for Difference (CFDs) or any other financial derivative product including some of the risks associated with trading with those Financial Instruments and should be read together with the **Terms of Business**. It is not intended to mention or explain all risks and other important aspects involved in dealing with Forex, CFDs or any other financial derivative product nor does it discloses all risks, and it does not replace your own understanding and experience of the above-mentioned products. It explains, in general terms, the nature of the risks associated with trading in Forex, CFDs or any other financial derivative product in order to assist you in understanding the nature and risks of this specific type of Financial Instrument being offered and, consequently, to be in a position to take investment decisions on an informed basis.

However we would like to warn you that this notice does not disclose all of the risks and other significant aspects of trading in Forex, CFDs or any other financial derivative product. In light of the risks, you should undertake such transactions only if you understand the nature of the financial instruments into which you are entering and the extent of your exposure to risk. Trading in high risk financial instruments like Forex, CFDs or any other financial derivative product may not be suitable for everyone and you should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. If you are in any doubt as to the suitability of any investment you should seek independent professional expert advice.

Please note that the value of your investments may rise or fall depending on market conditions and that you may not always recoup your initial investment. In addition past performance should not be seen as an indication of future performance.

This Risk Disclosure Notice ("the Notice") is provided in accordance with the Markets in Financial Instrument Directive (MiFID) of the European Union and the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)2007) as amended.

"Financial Instruments" shall mean Forex, Contracts for Difference (CFD) or any other derivative product.

1. Description of Contract for Difference (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.

The types of CFD include, but are not limited to Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs and Stock Index CFDs.
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) the Client has deposited with the Company, and the Client may be obliged to close his positions at the worst possible time.

When trading CFDs, the Client will be charged an interest rate which mirrors the financing rate of actually borrowing the funds to invest. This means that if the Client purchases a CFD, the Client will be required to pay financing costs (SWAP) for the period during which the Client holds the position. However the Client will not pay any financing costs if he opens and closes a CFD position on the same day. This means that if the Client holds a long position for a certain period of time, the financing costs might become substantial. As a seller of CFDs, the Client will not receive any interest. Details of financing fees applied are available on the Company's website and/or provided to the client during the account opening process.

1.1 Example of trading in CFDs

To open a CFD position, you need to deposit only a fraction of the full value of your trade, usually around **0.2 - 100 per cent (Leverage = 1:500 to 1:1)**. CFD trading therefore offers the possibility of a much better return on your initial investment than paying for the trade in full. However, any losses will be amplified in the same way, as shown in the example below:

If you bought €10,000 of shares directly and the price moved by €500, you would make a profit (or loss) of 5 per cent. If you opened a CFD on the same shares with a margin of 10 per cent (1:10), your outlay would be €1,000, and the value would still move by €500 giving you a profit (or loss) of 50 per cent.

It should be noted that the Company shall monitor the leverage applied to Client's positions, at all times. The Company reserves the right to decrease the leverage depending on the Client's trade volume.

1.2 How CFDs Differ from Underlying Securities

Shares of common stock represent a fractional ownership interest in the issuer of that security. Ownership of securities confers various rights that are not present with positions in CFDs. For example, persons owning a share of common stock may be entitled to vote in matters affecting various corporate actions. They also may be entitled to receive dividends and corporate disclosure, such as annual and quarterly reports.

The purchaser of a CFD, by contrast, has only a contract for future settlement. The purchaser of the CFD is not entitled to exercise any voting rights over the underlying security and is not entitled to any dividends that may be paid by the issuer.

Moreover, the purchaser of a CFD does not receive the corporate disclosures that are received by shareholders of the underlying security.

Owning the underlying security does not require an investor to meet any margin requirements in contrast with CFDs leveraged trading.

2. Risks & Warnings associated with transactions in Forex, CFDs or any other derivative product

- Forex, CFDs or any other financial derivative product are highly speculative and are suitable only for those Customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of margin or deposits.

- The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of Forex, CFDs or any other financial derivative product may fluctuate downwards or upwards and it is even probable that the investment may become of no value. As with any high risk financial product, you should not risk any funds that you cannot afford to lose, such as your retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet your living expenses.

- The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in Forex, CFDs or any other financial derivative product and accepts and declares that he is willing to undertake this risk.

- The Client should take the risk that his trades in Forex, CFDs or any other financial derivative product may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.

- The high degree of “gearing” or “leverage” is a particular feature of Forex, CFDs or any other financial derivative product meaning a relatively small movement in the underlying market can have a disproportionately effect on the Client’s trade.

- If the market moves against the client’s position, the client may be called upon to deposit substantial additional margin (funds), at short notice, to maintain his position. If the client fails to comply with a request for additional funds within the time prescribed, his position may be closed at a loss and he will be liable for any resulting deficit. You will be deemed to have received a notice requiring the payment of such funds, even if you are not at home or do not receive the messages we leave for you, if the notices are delivered to your nominated contact points.

- A loss (which may or may not result in a margin call) may require the Client to immediately provide additional funds to the Company to maintain the open positions. The Company may also change its rates of initial margin and/or notional trading requirements at any time, which may result in a change to the margin the Client is required to maintain.

- When trading Forex, CFDs or any other financial derivative product the Client will be charged an interest rate which mirrors the financing rate of actually borrowing the funds to invest. This means that if the Client purchases a Forex, CFDs or any other financial derivative product, the Client will be required to pay financing costs (SWAP) for the period during which the Client holds the position. However the Client will not pay any financing costs if he opens and closes Forex, CFDs or any other financial derivative product position on the same day. This means that if the Client holds a long position for a certain period of time, the financing costs might become substantial. As a seller of Forex, CFDs or any other financial derivative product, the Client will not receive any interest. Details of financing fees applied are available on the Company's website and/or provided to the client during the account opening process.

- Forex, CFDs or any other financial derivative product are not suitable for 'buy and forget' trading or long-term positions. Each day the client maintains the position it costs money (if you are long), so there is a time when Forex, CFDs or any other financial derivative product become too expensive.

- Transactions in Forex, CFDs or any other financial derivative product are not undertaken on a recognized stock exchange or on a Multilateral Trading facility (MTF), rather they are undertaken through the Company's Trading Platform and, accordingly, they may expose the client to greater risks than regulated stock exchange transactions. The Trading Platform does not fall into the definition of a recognized stock exchange or of a Multilateral Trading facility (MTF) because the Company is always the counterparty in every client transaction. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company. The Client is obliged to close an open position of any given Forex, CFDs or any other financial derivative product during the opening hours of the Company's Trading Platform. The Client also has to close any position with the same counterparty with whom it was originally entered into, thus the Company.

- The Company may be required to hold client's money in an account that is segregated from other clients and the Company's money in compliance with current regulations, but this may not afford complete protection.

- You have no rights or obligations in respect of the underlying instruments relating to your Forex, CFDs or any other financial derivative product.

- Where the Forex, CFDs or any other financial derivative product 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.

- Where the Company 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. Each decision, by the Client, to enter into a Forex, CFDs or any other financial derivative product transaction with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision by Client. The Company is not acting as an advisor. Client agrees that the Company has no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Client following Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.

- There are no guarantees of profit nor of avoiding losses when trading Forex, CFDs or any other financial derivative product. Client has received no such guarantees from the Company or from any of its representatives. Client is aware of the risks inherent in trading Forex, CFDs or any other financial derivative product and is financially able to bear such risks and withstand any losses incurred.

- In case of any quoting error occur (including responses to Client requests, typing errors, etc), the Company is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant account.

- The Company requires the Client to pass through an appropriateness test during the application process and warns the Client, if on the basis of information provided, the trading on Forex, CFDs or any other financial derivative product is not appropriate based on the Client's profile.

- The client is obligated to keep passwords secret and ensure that third parties do not obtain access to client's online account. The client will be liable for trades executed by means of his password even if such use may be wrongful.

- Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but for example as a dealing spread), it is the Client's responsibility to request and obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

- All relevant cost and charges will be provided by the Company or set out in the Company's website. Clients should be aware of such costs and charges that may influence the account profitability of the Client.

- The Client declares and warrants that he/she has read, understood and accepts the following:

    - Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.

    - Some Financial Instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.

    - When a Financial Instrument is 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 its value, price and performance.

    - A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.

    - A derivative financial instrument (i.e. option, future, forward, swap, contract for difference) may be a non delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity or indices.

    - The value of the derivative financial instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.

    - The Client must not purchase a derivative financial instrument unless he is willing to undertake the risks of loosing entirely all the money which he has invested and also any additional commissions and other expenses incurred.

- In case of a Force Majeure Event the Customer shall accept the risk of financial losses.

- The Client acknowledges and accepts that there may be other risks which are not contained above.

2.1 Volatility of price and limitation on the available market

- The prices of Forex, CFDs, or any other derivative product may fluctuate rapidly and over wide ranges, none of which can be controlled by the Client or the Company. It is important for the Client to understand that his profitability might be affected by these changes in conditions.

- Under specific market conditions (illiquidity, economic announcement, political events, at times of rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted, etc) it can be impossible to execute any type of Clients order at declared price. Under these conditions the prices of Forex, CFDs, or any other derivative product may not maintain their customary or anticipated relationships to the prices of the underlying asset. Therefore placing contingent orders, such as “stop-loss” or “stop-limit” orders, may not necessarily limit your losses to the intended amounts, since market conditions, which can become extraordinarily volatile, may make it impossible to execute such orders. The Client should also be aware of gaps and windows into the price of an instrument that occur sometimes at the opening or closing of the market where the underlying instrument is traded, affecting Client’s profitability.

- All Forex, CFDs, or any other derivative product involves risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads and “straddle” positions may be as risky as taking simple long or short positions. Trading in Forex, CFDs, Forex or any other derivative product requires knowledge of all relevant markets and available types of orders.

- The prices of Forex, CFDs, or any other derivative product 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 marketplace.

2.2 Margin call

Clients are required to deposit a Margin with the Company in order to open a position. The Margin requirement will depend on the underlying instrument of the Forex, CFDs or any other financial derivative product, the level of leverage chosen and the value of position to be established.

The Client has the responsibility to ensure that he/she has sufficient margin on his/her trading account, at all times, in order to maintain an open position. In addition, the Client shall continuously monitor any open positions in order to avoid positions being closed due to the unavailability of funds.

The Company will not notify the client for any Margin Call to sustain a loss making position. The Company has the discretionary right to start closing positions when margin decreases to about 100%, and automatically close all positions at market prices if margin drops to 50%.

As a result of existing market conditions, the Client may not be able to sell a Forex, CFDs or any other financial derivative product even if such Forex, CFDs or any other financial derivative product is usually offered by the Company, or, where the Client has already sold a Forex, CFDs or any other financial derivative product, the Company may compel the Client to close his position. This may happen in the event that the underlying instrument cannot be borrowed for various reasons such as the announcement of a purchase offer, payment of dividends, or aggressive sales orders on the market.

3. Communication Risks

- The Company bears no responsibility for any loss that arises as a result of delayed or unreceived communication sent to the Client by the Company.
- The Company bears no responsibility for any loss that arises as a result of unencrypted information sent to the Client by the Company that has been accessed via unauthorized means.
- The Company bears no responsibility for any unreceived or unread internal message sent to the Client through the trading platform(s). In case a message is not received or read within seven (7) calendar days the message gets automatically deleted.
- The Client is solely responsible for the privacy of any information contained within the communication received by the Company.
- The Client accepts that any loss that arises as a result of unauthorized access of a third party to the client's trading account is not the responsibility of the Company.
- Telephone conversations may be recorded, and you will accept such recordings as conclusive and binding evidence of the instructions

4. General Investment Risks

The classification of risks is based on general as well as on product-specific risks. We mentioned above the product-specific risks for Forex, CFDs or any other financial derivative product. The general risks which should also be taken into account are described briefly below. Please note that some of the below risks may or may not be applicable in Forex, CFDs or any other financial derivative product.

Counterparty risk

When trading Forex, CFDs or any other financial derivative product, the Client is effectively entering into an over-the counter ("OTC") transaction, that is, the position opened with the Company cannot be closed with any other entity. OTC transactions may involve greater risk compared to transactions occurring on regulated markets. This is due to the fact that in OTC transactions there is no central counterparty and either party to the transaction bears the risk.

Inflation Risk

Inflation is the general increase in the prices of goods and services calculated as the percentage change in a price index. Inflation risk is the possibility that the inflation will rise above the expected rate. Inflation erodes the purchasing power of the currency and/or investment, since positive rate of inflation indicates that prices on average are increasing. For example 3.0% inflation means that prices rose by 3.0%, on average. As the rate of inflation increases the purchase power decreases. The purchasing power of the invested capital declines if the rate of inflation is higher than the return generated by the securities.

Inflation can have as an effect the reduction of purchasing power, disruptions to stock and bond markets (which may cause volatility), devaluation of income on interest-bearing securities, squeezing of the profit margins of certain types of stocks.

Market risk

Marker risk also referred as “systematic risk” or “non-diversifiable risk” reflects the extent to which the return of the security varies in response to, or in association with, variations in the overall market returns. Market risks are uncertain evens that affect the entire securities market and the entire economy. It is the risk inherent in an investment related to movements in the overall market that cannot be diversified away. If the market value of an investment declines, assets are reduced. Credit risk, exchange risk, country risk and interest-rate risk in particular have an impact in the form of price fluctuations. All investments are exposed to this risk.

Unsystematic Risk

Unsystematic Risk also referred as “specific risk” or “diversifiable risk” or “residual risk” is the company or industry specific risk that is inherent in each investment. It is the risk of price change due to the unique circumstances of a specific security, as opposed to the overall market, such as financial results, losses caused by labor problems (i.e. strike), weather conditions, poor management decisions etc. This type of risk can be reduced by assembling a portfolio with significant diversification so that a single event affects only a limited number of the assets

Country risk

Country risk also called “political risk” is the specific risk that an international investor bears because of the political or economic conditions of the country he/she invested. Thus for investors, country risk can simply be defined as the risk of losing money due to changes that occur in a country’s government or regulatory environment. For example, financial factors such as currency controls, the imposition or removal of taxes, the imposition or removal of exchange controls or exchange rate management systems, the repudiation or moratorium of government or central bank debt, the confiscation of assets including nationalisation, the imposition or removal of trade quotas or tariffs or both, the passage of legislation making previously acceptable business practices or ownership structures now illegal or subject to censure are some examples of country risk.

Liquidity risk

Liquidity risk arises from situations in which an investor interested in trading a security cannot do it because nobody in the market wants to trade that security. It is the inability to find buyers on the terms desired. It is 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 (trading related 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:

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

Liquidity risk can be of significant consideration when investing in some emerging markets, in certain lightly traded securities such as unlisted options etc.

Exchange risk

Exchange risk also known as “currency risk” is associated with international transactions and is the risk of loss (or gain) from unforeseen changes in exchange rates (the prices at which currencies trade for each other). It is the risk that an investor 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 to an investor who purchases securities denominated in a currency different from his/her domestic currency. The exchange risk associated with foreign denominated financial instruments is a key element in foreign investment.

Interest-rate risk

Fluctuations in interest-rate levels on the money and capital markets have a direct impact on the prices of fixed-interest securities. Rising interest rates usually have a negative impact on the market prices of equities and bonds. By contrast, falling interest rates have a positive impact on prices of equities and bonds. Therefore interest rates are a key component in many market prices and an important economic barometer.

Operational Risk

Operational risk is the risk of loss arising from inadequacies in, or failures of system and controls for, monitoring and quantifying the risks and contractual obligations associated with financial instruments transactions, for recording and valuing financial instruments and related transactions, or for detecting human error or systems failures. In general operational risk loss can be categorized under the following (overlapping) categories: (a) Internal and External fraud, (b) Employment practices and workplace safety, (c) Clients, products and business practice, (d) Business disruption and systems failures, (e) Execution, delivery and process management.

Leverage Risk

Leverage indicates the risk undertaken by an investor which is greater than the invested capital. One of the main characteristics of leverage is that the relatively insignificant fluctuations of the underlying assets’ prices can lead to multiple profits or losses. A leverage investment can be extremely risky as the investor may lose more than he/she originally invested.

The high degree of “gearing” or “leverage” is a particular feature of derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client’s trade. If the underlying instrument movement is in the Client’s favour, the client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients’ entire deposit but also any additional commissions and other expenses incurred.

Off-Exchange Transaction Risk

Forex, CFDs, or any other derivative product are off-exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or “non-transferable” derivatives may involve greater risk than investing in on-exchange derivatives 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 off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently, it may be difficult to establish what a fair price is.

5. Risks on active trading (Day Trading)

You should carefully consider the following points before engaging in an active trading strategy or what is sometimes called "day trading." Active trading or day trading may be described as engaging in frequent purchase and sale transactions (at least several per week and, for some active traders, often numerous transactions per day) using systematic or strategic approaches.

Active trading has a very high level of risk: Active trading generally is not appropriate for someone of limited resources or limited investment or trading experience or low-risk tolerance. You should be prepared to lose all of your funds that you invest in your trades. In particular, you should not fund this type of trading with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses.

Be cautious of claims of large profits from active trading: You should be wary of advertisements or other statements that emphasize the potential for large profits from active trading. Active trading may result in few or no profits, and worse, may lead to large financial losses very quickly.

Active trading requires sophisticated knowledge of securities markets: Active trading requires in-depth knowledge of the securities markets and of sophisticated and disciplined trading techniques and strategies. Also, you must compete with professional, licensed traders employed by securities firms and other knowledgeable, experienced and well-trained traders. You should have appropriate knowledge and experience before engaging in active trading.

Active trading requires in-depth knowledge of your broker's operations: An important part of executing active trading strategies is the quality and consistency of the order execution systems and procedures. Whether you use the services of professional brokers or electronic systems, your success will be affected by their strengths and weaknesses and the methods and practices of the brokerage firm in executing trades. You should develop an intimate knowledge of these matters before you engage in active trading.

Active trading may result in you paying large commissions: You pay commissions on each trade you make. The more actively you trade, the more commissions will increase your losses or reduce your profits.

Active trading on margin or short selling may result in losses beyond your initial investment account amount: When you actively trade with borrowed funds, you can lose more than you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to avoid the forced sale of those securities or other securities or collateral in or for your account. Short selling as part of your trading strategy also may lead to large losses, because you may have to purchase a stock at a very high price in order to cover a short position.

In summary, active trading is not a game. It is not recommended for inexperienced traders or for persons who do not have sufficient resources and time to devote to their trading activities. Active trading is a serious commitment that should not be undertaken unless you are able to handle high risk and high stress well, and are willing to consistently adhere to objective and disciplined trading strategies and approaches.

6. Extended trading hours risks

Risk of Lower Liquidity: Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities and, as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, if at all.

Risk of Higher Volatility: Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed or not executed at all, or you may receive an inferior price in extended hours trading than you would during regular market hours

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Risk of Changing Prices: The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening the next morning. As a result, you may receive a price in extended hours trading that is inferior to the one you would receive during regular market hours.

Risk of Unlinked Markets: Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive a price in one extended hours trading system that is inferior to the one you would in another extended hours trading system.

Risk of News Announcements: Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity or higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

Risk of Wider Spreads: The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

7. Electronic Trading and order routing systems risks

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the Companies and/or exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the Companies and/or exchange(s) offering the system and/or listing contracts you intend to trade.

Differences among electronic trading systems

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the Company and/or exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

Risks associated with system failure

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. The Company does not accept any liability in the case of such a failure.

Internet Trading Risks

There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, hardware malfunction, software failure, and Internet connection problems. Because we do not control signal power, reception or routing via Internet, the configuration of your equipment or the reliability of its connection, we shall not be responsible and liable for communication failures, distortions or delays you may experience while trading via the Internet. In addition, we are not responsible for the breach of any Internet security with respect to your Account. We have no liability or duty of indemnification related to unusable data, lost or corrupt Customer transactions or data, by whatever means, in whatever form, resulting in part or in whole from third-party software or networking goods or services or from internet related problems or from actions or events outside of our control.

The Company has no responsibility for any loss that arises as a result of a system failure, including but not limited to:

- Hardware or software failure, malfunction or misuse either on the client's side or the Company's or both
- Poor internet connection either on the client's side or the Company's or both
- Incorrect settings or misuse of the Client terminal
- Delayed updates of the Client terminal

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