

RISK DISCLOSURE STATEMENT

Magnum FX (Cyprus) Ltd (“Magnum FX”, the “Company”, “we” or “us”) operating under the trading name “ETFinance” is a Cypriot Investment Firm (“CIF”) authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the License Number: 359/18, since 04 June 2018.

This Risk Disclosure Statement (“the Risk Disclosure”) is written in accordance with the Law for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters (L. 87(I)/2017) which implemented the Markets in Financial Instrument Directive 2014/65/EU (MiFID II) into the legal framework of Cyprus, and intends to inform you of the general risks that exist in trading through our website and in dealing in the financial instruments offered by the Company. The present Risk Disclosure Statement is provided to you in accordance with the requirements of MiFID II as a result of you considering using or already using the services offered by the Company and to enter into transactions in financial instruments offered by the Company.

This Risk Disclosure includes a general description of the nature and risks of financial instruments offered by the Company as well as the risks particular to that specific type of financial instruments in sufficient details so as for you to be in a position to take investment decisions on an informed basis. In general, you must recognize that the risks described hereunder entail a chance of losing money while trading. However, you should recognize that this Risk Disclosure is informational and must not be considered as an exhaustive identification of all possible risks.

No client should commence trading with the Company until they have read and understood and consented to this document and relevant risks associated with trading.

Risk Warning

Trading involves significant risk and can result in loss of your invested capital. Trading leverage products may not be suitable for all traders. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. You should not invest more than you can afford to lose and should ensure that you fully understand how CFDs work and the risks involved. Before trading, please take into consideration your level of experience, investment objectives and seek independent financial advice if necessary. Please read full Risk Disclosure Statement. ETFinance is a trading name of MAGNUM FX (CYPRUS) LTD authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC) under license No. 359/18. MAGNUM FX (CYPRUS) LTD address is 79 Spyrou Kyprianou Avenue, Limassol 3076, Cyprus.

Trading Complex Financial Instruments such as CFDs Is Very Speculative and Highly Risky

It involves a significant risk of loss and is not suitable for all traders but only for those who:

- understand and are willing to assume the economic, legal and other risks involved;
- are experienced and knowledgeable about specific financial instruments offered by the Company;
- comprehend that CFDs are leveraged products and that trading in CFDs using the Company’s leverage tool involves high risk of loss as price movements are influenced by the amount of leverage used; and
- are financially able to assume loss of their entire investment amount taking into consideration their personal finances, including resources and obligations.

During the process of verifying your account, the Company will apply an Appropriateness Test on the information provided by you. If, based on this information, the Company finds that you do not possess the appropriate level of experience and/or knowledge, you will be warned as such. The Company does not allow the opening of a trading account by persons not possessing the relevant knowledge and experience, unless they are understanding and accepting all associated risks and are willing to continue with the opening of a trading account despite the warning provided by the Company.

It is important for you to ensure that any decision to engage in trading CFDs, is made on an informed basis, and that you understand the nature of the CFDs/products offered and the extent of all the risks associated with CFDs and other products.

CFDs are not appropriate investments for retirement funds. CFD transactions are among the riskiest types of investments and can result in large losses. Customer represents, warrants and agrees that Customer understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and that the loss of client's entire account balance will not change client's lifestyle.

The Financial Instruments offered by the Company derive their value from the performance of the underlying assets/markets. It is important therefore that you understand the risks associated with trading in the relevant underlying asset/market because movements in the performance of the underlying asset/market will affect the profitability of your trade.

Information on the previous performance of Financial Instruments does not guarantee the same circumstances of its current and/or future performance. The use of historical data does not lead to safe forecast.

Trading in the Financial Instruments offered by the Company can put your capital at risk. These Financial Instruments are categorized as high-risk complex products and you may lose all or part of the amount invested. Trading in the Financial Instruments offered by the Company is not suitable for all categories of traders. Your trading decisions are subject to various markets, currency, economic, political, business risks etc. and will not necessarily be profitable. You acknowledge, and without any reservation accept, that the value of any investment in a Financial Instrument may vary either upwards or downwards. You acknowledge and without any reservation accept, the existence of a substantial risk of incurring losses and damages as a result of the buying or selling of any Financial Instrument offered by the Company and acknowledge your intent to take such risk.

The Company will not provide you with any investment recommendations or with any advice that is directly or indirectly connected with the trading of Financial Instruments and you acknowledge that the services provided by us do not include investment advice. This includes guidance in relation to underlying assets, the market or specific trading strategies that may be accommodated by you.

The Company may provide, at its discretion, information, news, market commentary or any other information through its website, agents or platform but when it does so, it is understood that the information is provided solely to enable you to make your own investment decisions and does not amount to investment advice. You accept that you are solely responsible for the trades you make and that any transaction you enter into is done so based on your own judgment.

Market Risk: Due to the high volatility of the market, prices of most Financial Instruments traded can vary considerably over the course of the day, which may bring you profit as well as loss. Those Financial Instruments with volatile price movements should be carefully considered as there are higher risks of loss. Prices may fluctuate due to changes in market conditions which is beyond your control and that of the Company and it may not be possible for trades to be executed at the declared prices resulting in losses. The volatility of the market can be affected by, but is not limited to, changes in the supply & demand,

national & international policy, geopolitical instability and economical/political events or announcements.

Liquidity Risk: This is the financial risk that for a certain period of time an underlying asset cannot be traded quickly enough in the market without impacting the market price. You acknowledge that some products offered by the Company may suffer from liquidity strains due to adverse market conditions, and as such, the

The volatility may be reflected in a larger spread between the ASK and BID prices, resulting in a change in the price of the product.

OTC/Counterparty Risk: When trading CFDs with us, such transactions will not be executed on a recognized or designated investment exchange and are known as OTC transactions. All positions entered into with us must be closed with us and cannot be closed with any other entity. OTC transactions may involve greater risk than investing in on-exchange contracts 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 OTC transaction or to assess the exposure to risk. Bid prices and ask prices may not be quoted by us, based on best execution policies applicable in the market. There is no central clearing and no guarantee by any other party of the Company's payment obligations to you, thus you are exposed to credit risk.

Foreign Exchange Risk: If a Financial Instrument is traded in a currency other than the currency of your account, changes in exchange rate may affect the value of the transaction negatively resulting in financial losses.

Tax: Client may be subject to additional costs other than the acquiring of instruments, such as tax therefore the Client should seek advice for any tax matters resulting from trading of financial instruments and which are likely to have an impact on the income earned from such transactions in accordance with the tax legislation of the country of residence, tax residence respectively.

High Leverage and Low Margins Can Lead to Quick Losses: As CFD products entail the use of leverage, you may deposit a relatively small proportion of the overall contract value to open a trade. This can work for and against you as a relatively small movement in the price of the underlying financial instrument being traded can have a disproportionate effect on your trade. This may result in you achieving a good profit if the price of the underlying financial instrument moves in your favor, but equally may result in you incurring significant losses as an equally small adverse market movement may quickly result in the loss of your entire invested capital. Your losses will never exceed the balance of your account as the Company offers negative balance protection.

For example, if a retail client wishes to open a position on EUR/USD worth of USD 30,000 and for which the fixed leverage ratio offered is 1:30 then the trader would only need to use USD 1,000 (i.e. USD 30/ 30,000) of his/her funds to do so.

Margin Requirements: You must maintain the minimum margin requirement on your open positions at all times. It is your responsibility to monitor your account balance. You may receive a margin call to deposit additional funds if the margin in the account concerned is too low. The Company has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained, and this may result in your open positions being closed at a loss for which you will be held liable.

One Click Trading and Immediate Execution: Company's Online Trading System provides immediate

transmission of your order once you enter the notional amount and clicks “Buy/Sell.” This means that there is no opportunity to review the order after clicking “Buy/Sell” and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. You should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with the Company. You acknowledge that by using the Company’s Online Trading System, you agree to the one-click system and accept the risk of this immediate transmission/execution feature.

Telephone Orders and Immediate Execution: Market Orders executed over the telephone through the Company’s dealing desk are completed when the Company’s telephone operator processes and confirms you placing an order. Upon such confirmation of the telephone operator, you have bought or sold and cannot cancel the Market Order. By placing Market Orders through the Company’s dealing desk, you acknowledge and agree to such immediate execution and accept the risk of this immediate execution feature.

No Guarantees of Profit: There are no guarantees of profit nor of avoiding losses when trading. You may not receive no such guarantees from the Company or from any of its affiliates or representatives. You are fully aware of the risks inherent in trading in financial instruments, especially CFDs, and you are financially able to bear such risks and withstand any losses incurred.

Customer May Not Be Able To Close Open Positions: Due to market conditions which may cause any unusual and rapid market price fluctuations, or other circumstances, the Company may be unable to close out Customer’s position at the price specified by Customer and the risk controls imposed by the Company might not work and Customer agrees that the Company will bear no liability for a failure to do so.

Quoting Errors: Should a quoting error occur (including responses to Customer requests), 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. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by the Company in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market represents prices different from the prices the Company has posted on its screen, the Company will attempt, on a best efforts’ basis, to execute transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer statements. This may or may not adversely affect the Customer’s realized and unrealized gains and losses.

Risks associated with CFDs on Cryptocurrencies

The CFDs on Cryptocurrency services are not suitable for all traders. The CFDs on Cryptocurrency services are highly complex and as such Customers must always make sure that are fully aware and understand the specific characteristics and risks regarding the said CFDs on Cryptocurrency services and have extensive knowledge and/or expertise of the CFDs on Cryptocurrency services and of the underlying assets of the financial instruments offered by the CFDs on Cryptocurrency services.

Trading on financial instruments offered by the CFDs on Cryptocurrency services carries a high risk of losing all your invested capital in your trading account and/or in a specific trade.

Trading prices of the financial instruments and underlying assets offered by the CFDs on Cryptocurrency services carry high volatility and thereby can widely fluctuate or become temporarily or permanently unavailable, therefore Customers should trade carefully and only with funds that they can afford to lose.

The nature of Cryptocurrencies may lead to an increased risk of fraud or cyber-attack and may mean that

technological difficulties experienced by the Company may prevent the access to or use of the CFDs on Cryptocurrency services.

The financial instruments offered by the CFDs on Cryptocurrency services have specific distinct risks from financial instruments offered by the Company with underlying assets, currencies or commodities. Unlike most currencies, which are backed by governments or other legal entities, or by commodities such as gold or silver, Cryptocurrencies are backed by technology and trust. There is no central bank that can take corrective measure to protect the value of Cryptocurrencies in a crisis or issue more currency.

CFDs on virtual currencies are complex and high-risk products and as such, you could lose your entire invested capital.

CFDs on virtual currencies can widely fluctuate and may result in significant loss over a short period of time. You should not trade in CFDs on virtual currencies in case you do not have the necessary knowledge and expertise in these products or if you cannot bear the loss of the entire invested amount.

By accepting this Risk Disclosure Statement, you acknowledge and confirm that you understand the characteristics of CFDs on Virtual currencies, as presented in the Key Investor Information Document [here](#) as well as the aforesaid described risks related with CFDs on Virtual currencies.

Technical Risks

The Company is not responsible for financial losses arising from failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems, which are not the result of gross negligence or willful default of the Company.

You assume the risks arising from:

- a) failures in your equipment, software, and connection;
- b) errors in your settings;
- c) failure to update your relevant software version in a timely manner;
- d) your failure to follow the instructions for using the software.

The Company is not responsible for errors that occur in the operation of your software/hardware and will not compensate losses resulting from errors in its operation.

You must understand that any third-party attacks against the Company's systems which result in disruption of services or loss of funds, are not the responsibility of the Company and any liability for resulting losses will not be compensated by the Company.

The Company ensures to take all reasonable measures to deflect such attacks and provide you with a secure and smooth trading experience.

You must understand that when concluding transactions over the phone, you may encounter difficulty getting through to an operator, especially during peak times. It should be noted that at such times, the Company may not be able to accept orders over the phone.

You acknowledge that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

You may suffer financial losses caused by the materialization of the above-mentioned risks, and you understand that you shall be responsible for all related losses that you may suffer, assuming that these are not owed to the Company's gross negligence or willful default.

Abnormal Market Risk

You agree that if market conditions become abnormal the amount of time required to process your orders and/or instructions may increase. Additionally, you agree that orders may not be executed at declared prices and there is a chance that they may not be executed at all.

Abnormal market conditions include but are not limited to: times of rapid price movements, rises or falls in the same trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is lack of liquidity, or this may occur at the opening of trading sessions.

Risks Associated with The Laws of Certain Jurisdictions

You also assume responsibility for trading and non-trading operations performed within countries where they are restricted or prohibited by law. Laws regarding financial trading and contracts may be different throughout the world.

The ability to access our website or any related website found from a link on our website does not mean that our services or any related activities are legal under the laws of your country of residence. These services should not be used by anyone in any jurisdiction in which these services are not authorized or unlawful. All users are required and responsible to check trading regulations related directly or indirectly to the Financial Instruments offered by the Company in their respective countries before registering at our trading platform. The Company provides its services based on its authorisation by the regulatory body. For more information click [here](#).

Risks Associated with The Trading Platform

All of your instructions are sent to us in the queue at one time and executed in order. Therefore, you cannot send a second order until your previous order has been executed. If a second order is received before the first is processed, the second order will be rejected. You assume responsibility for any unplanned trading operation that may be executed if you re-submit an order before being notified of the results of the first order.

You must understand that closing the order window or position window does not cancel a submitted order.

You acknowledge that only the quotes received from our server are authoritative. If there is a problem in the connection between your client terminal and our server, you can retrieve undelivered quote data from the client terminal's quote database.

Communication Risks

You must be aware of the risk that information sent via unencrypted email may be accessed by unauthorized parties.

We are not responsible for financial losses arising from delayed or failed receipt of the Company's message.

You are responsible for the security of the credentials for your personal area and trading accounts as well as the confidential information that the Company addresses to you. The Company is not responsible for financial losses arising from your disclosure of this information to third parties.

Force Majeure Events

The Company is not responsible for financial losses arising from force majeure events. These events are extreme and irresistible circumstances that are independent of the will and actions of the agreement participants, that cannot be foreseen, prevented, or eliminated, including but not limited to natural disasters, fires, man-made accidents and disasters, emergencies at utility works and on utility lines, DDOS attacks, riots, military actions, terrorist attacks, uprisings, civil unrest, strikes, and the regulatory acts of state- and local government authorities.

Third Party Risks

It is understood that the Company will promptly place all funds received from clients into one or more segregated account(s) (denoted as 'clients' accounts') with reliable credit institutions, within Cyprus or EEA, such as a regulated credit institution or a bank. It should be noted that, whilst the Company shall exercise due skill, care and diligence (in accordance with applicable laws) when selecting the financial institution in which your funds will be placed, the Company is unable to accept liability and responsibility for circumstances beyond our control and as such do not accept any liability or responsibility for any resulting losses to you as a result of the insolvency or any other comparable proceedings or failure of the financial institution where your money will be held.

The financial institution where segregated clients' funds will be kept may be within Cyprus or within the EEA. It should be noted that the applicable legislation applied to such financial institutions outside of Cyprus (but within EEA) may be different from the applicable legislation in Cyprus. In the event of insolvency, your funds may be treated differently from any treatment applicable to funds held in segregated accounts in Cyprus.

The financial institution, to which we will pass your money, may hold it in an omnibus account. Hence, in the event of the insolvency or any other comparable proceedings in relation to that financial institution, we may only have an unsecured claim against the financial institution on your behalf, and you will be exposed to the risk that the money received by us from the financial institution is insufficient to satisfy your claims.

Investor Compensation Fund

The Company participates and is a member of the Investor Compensation Fund which covers the retail

clients of Investment Firms which are regulated in the Republic of Cyprus. Claims of covered clients (as defined under the Investor Compensation Fund Policy of the Company available [here](#)) against the Company **may** be compensated by the Investor Compensation Fund where the Company is not capable of fulfilling its financial obligations. Compensation shall not exceed twenty thousand Euros (€20.000) for each directly entitled client. For more information please refer to [Investor Compensation Fund](#).

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 71 % of retail investor accounts lose money when trading CFDs with this provider. You should consider if you understand how CFDs work and if you can afford the great risk of losing your money.