



RISK DISCLOSURE

This is not a marketing material, but an informative policy about the risks associated when Clients are dealing with financial products in compliance with Markets in Financial Instruments Directive II (MiFID II) and the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017)

JANUARY 3, 2018

Updated on

RISK DISCLOSURE

PriorFX Ltd (hereafter the “Company”) is an Investment Firm authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “CySEC”) under the License No. CIF221/13. The business name PriorFX, and the domain name <https://priorfx.com/> are owned by the Company incorporated and registered under the laws of the Republic of Cyprus under the certificate registration number HE321360. The head office of the Company is located at 196 Arch. Makarios III Ave., Ariel Corner, 3030 Limassol, Cyprus.

Following the implementation of the Markets in Financial Instruments Directive II (MiFID II) 2014/65/EU as well as the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), the Company provides this notice with information about the risks associated when Clients are dealing with financial products. This notice cannot and does not disclose or explain all the risks and other significant aspects involved in trading CFDs or other financial derivative products.

The Client knows that transactions in the Financial Instruments as are described in the “Terms and Conditions” involve a high degree of risk and are not suitable for many members of the public. Such transactions should be entered into only by persons who have read, understood and familiarized themselves with the style of exercise, the nature and extent of rights and obligations and the associated risks.

This notice does not purport to disclose or discuss all the risks and other significant aspects of any transaction, so the Client undertakes and warrants to consult with his/her own legal, tax and financial advisers prior to entering into any particular transaction.

The Company does not and cannot guarantee the initial capital of the Client’s portfolio or its value at any time or any money invested in any financial instrument.

The Client unreservedly acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of any Investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

The Client unreservedly acknowledges and accepts that he/she runs a significant risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts and declares that he/she is willing to undertake this risk.

The Client should not engage in any investment directly or indirectly in Financial Instruments unless he/she knows and understands the risks involved for each one of the Financial Instruments.

The Client acknowledges and warrants that he/she is aware of the risks, which may be involved in any investment directly or indirectly in Financial Instruments. He/she fully understands:

The extent of the economic risk to which he/she is exposed as a result of such transactions (and have determined that such risk is suitable for him/her in light of his/her specific experience in relation to the transaction and his/her financial objectives, circumstances and (resources); the nature and fundamentals of the transaction and the market underlying such transactions; the legal terms and conditions for such transactions.

The Client also acknowledges and warrants that he/she fully understands the terms and conditions of the transactions to be undertaken, including, without limitation:

The terms as to price, term, expiration date, restrictions and of the terms material to the transaction; any terms describing risk factors, such as volatility, liquidity, and so on; and the circumstances under which he/she may become obliged to make or take delivery of a leveraged transaction.

The Client acknowledges that the high degree of leverage can work against him/her as well as for him/her due to fluctuating market conditions. Trading in such financial instruments can lead to large losses as well as gains in response to a small market movement.

The Client acknowledges that he/she can only lose up to the total capital deposited and that he/she cannot incur any further liability to the Company.

The Client acknowledges and accepts that he/she may sustain substantial losses on a contract or trade if the market conditions move against his/her position. He/she also acknowledges that it is in his/her interest to fully understand the impact of market movements, in particular the extent of profit/loss he/she would be exposed to when there is an upward or downward movement in the relevant rates and the extent of loss if he/she has to liquidate a position if market conditions move against him/her.

The Client also understands that under certain market conditions he/she may find it difficult or impossible to liquidate a position, to assess a fair price or assess risk exposure. This can happen, for example, where the market for a transaction is illiquid or where there is a failure in electronic or telecommunications systems, or where there is the occurrence of an event commonly known as “force majeure”.

The Client knows that placing contingent orders, such as “stop-loss” orders, will not necessarily limit his/her losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions.

The Client also acknowledges that because the prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, there may be inefficiencies in transaction pricing.

The Client consequently accepts that the Company cannot and does not warrant that the prices provided to him/her any time be the best prices available to him/her. The Company follows a Best Execution Policy.

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

1. Information of the previous performance of a Financial Instruments 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. The Client must not purchase a derivative financial instrument unless he/she is willing to undertake the risks of losing entirely all the money which he/she has invested.
8. The Client acknowledges and accepts that there may be other risks which are not contained above.

The Client should take the risk that his/her trades in Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his/her personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client is personally liable for any taxes and/or any other duty which may accrue in respect of his/her trades.

In order to comply with applicable law, the Company will classify the prospective client as Retail Client, Professional Client or Eligible Counterparty when considering the application for opening an account, based on the information provided to the Company.

Prior to applying for an account, the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him/her in the light of his circumstances and financial resources. Investing in some Financial Instruments entails the use of "leverage". Leverage means the use of various Financial Instruments or borrowed capital, such as margin, to increase the potential return of an investment. In considering whether to engage in this form of investment, the

Client should be aware of the following:

1. The Client may be called upon to deposit substantial additional margin, at short notice, to maintain his/her investment. If the Client does not provide such additional funds within the time required, his/her investment position may be closed at a loss and he/she will be liable for any resulting deficit. With regards to transactions in derivative financial instruments, the Company shall provide through its Trading Platform(s) a Margin Call when the margin is less than 50% and is entitled, upon its discretion, to start closing positions when margin is less than 15% (Stop-out Level). The sole responsibility for observance of both the Margin Call and the Stop-out Call lies upon the Client and can be utilized through the Market Watch section of the Trading Platform(s).
2. Such transactions may not be undertaken on a recognized or designated investment exchange and, accordingly, they may expose the Client to greater risks than exchange transactions. The terms and conditions and trading rules may be established solely by the counterparty. The Client may only be able to close an open position of any given contract during the opening hours of the exchange. The Client may also have to close any position with the counterparty with whom it was originally entered into. In regard to transactions in Financial Instruments with the Company, the Company is using an Electronic Trading Platform(s) for transactions in Financial Instruments which does not fall into the definition of a recognized exchange as this is not a multilateral trading facility and the Company is always the counterparty in every Client transaction.
3. The Company may not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which the Client has enquired, as to transaction procedures, potential risks involved and how those risks may be minimized.

RISKS OF ONLINE TRADING

The Client's access to the Company's Electronic Trading Platform(s), or any portion thereof, may be restricted, intermittent or unavailable during periods of peak demands, extreme market volatility, systems upgrades or other reasons. The Company makes no express or implied representations or warranties to the Client regarding the availability, usability, condition or operation thereof. The Company does not warrant that access to or use of any of the Electronic Trading Platform(s) will be uninterrupted or error free or that the Electronic Trading Platform(s) will meet any particular requirements or criteria of processing, performance or quality.

Under no circumstances, including negligence, shall the Company or anyone else involved in creating, producing, delivering or managing any part of the Electronic Trading Platform(s) be

liable for any direct, indirect, incidental, special or consequential damages that result from the use of or inability to use any part of the Electronic Trading Platform(s), or out of any breach of any warranty, including, without limitation, those for business interruption or loss of profits.

The Client expressly agrees that the Client's use of the Electronic Trading Platform(s) is of the Client's sole risk. The Client assumes full responsibility and risk of loss resulting from use of, or materials or data obtained through the Electronic Trading Platform(s). Neither the Company, nor any of the Company's directors, officers, employees, agents, contractors, affiliates, third party vendors, facilities, information providers, licensors, exchanges, clearing organizations or other suppliers providing data, information, or services, warrant:

- a. that the Electronic Trading Platform(s) will be uninterrupted or error free at most of the times; nor does the Company make any warranty as to the results that may be obtained from the use of the Electronic Trading Platform(s) or as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service, or transaction provided through the Electronic Trading Platform(s); or
- b. that the Client's systems will be unaffected or undamaged by any malicious software; or
- c. that any data will not be intercepted by any third party.

In the event that Client's access to the Electronic Trading Platform(s) or any portion thereof is restricted or unavailable, the Client agrees to use other means to place the orders or access information, such as calling the Company and/or the Company representative.

By placing an order through the Electronic Trading Platform(s), the Client acknowledges that orders may not be reviewed by a registered representative prior to execution. The Client agrees that the Company is not liable to the Client for any losses, lost opportunities or increased commissions that may result from the Client's inability to use the Electronic Trading Platform(s) to place orders or access information.

The Client will be informed in more detail of the risks involved based on the categorization assigned to him/her by the Company and the investment services and financial instruments selected.