

PRIME FX CFD LTD
GENERAL RISK DISCLOSURE STATEMENT
JANUARY 2023

1. Introduction

Prime FX CFD Ltd, (hereafter “Prime” or “the Company”). The Company is incorporated in the St Lucia with Company Registration No. 2023 – 00443. The company’s registered address is 1st Floor, The Sotheby Building, Rodney Village, Rodney Bay, St Lucia.

2. Risk Warnings

The Client should not engage in any investment in CFD or Crypto instruments unless they know and fully understand the risks involved in trading CFD and Crypto products offered by the Company. The Client should consider carefully whether investing in CFDs and/or Cryptos is suitable for them in the light of their personal circumstances and financial resources. If the Client does not understand the risks involved in trading CFDs and/or Cryptos, they should not trade at all.

3. General Risks and Acknowledgements

In consideration of the Company agreeing to engage into CFD or Crypto trading with the Client, the Client acknowledges, understands, agrees and accepts the risks including but not limited:

- (a) The Company does not and cannot guarantee that funds deposited in the Client’s Account for trading will not be lost as a result of the Client’s transactions.
- (b) The Client acknowledges that, regardless of any information which may be offered by the Company, the value of any investment in CFD or Crypto instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.
- (c) The Client acknowledges they run a great risk of incurring losses and damages as a result of the purchase and/or sale of any CFD or Crypto instrument and accepts that they are willing to undertake this risk.
- (d) Information of the previous performance of a CFD or Crypto instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a safe forecast as to the corresponding future performance of the CFD or Crypto instruments to which the said information refers.
- (e) The Client is hereby advised that the transactions undertaken through the dealing services of the Company may be of speculative nature. Large losses may occur in a short period of time and may be equal to the total value of funds deposited with the Company.
- (f) Some CFD or Crypto instruments may not become immediately liquid, for example, as a result of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these CFD or Crypto Instruments or the extent of the associated risks.
- (g) When a CFD or Crypto 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.
- (h) A CFD or Crypto 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.
- (i) A derivative CFD instrument (i.e. option, future, forward, swap) may be a non-delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or shares, called the underlying instrument.
- (j) The value of the derivative CFD instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.
- (k) The Client should not place a CFD or Crypto trade unless they are willing to undertake the risks of losing entirely all the money they have invested and also any additional commissions and other expenses incurred.
- (l) Under certain market conditions (for example but not limited to the following situations: force majeure event, technical failure, communications network failure, poor or no liquidity, market news or announcements etc.) it may be difficult or impossible to execute an order.
- (m) Placing “Stop-Loss” Orders serves to limit your losses. Under certain market conditions the execution of a “Stop-Loss” Order may be worse than its stipulated price and the realised losses can be larger than expected.
- (n) Should the equity of the Client be insufficient to hold any open positions, the Client may be called to deposit additional funds at short notice or reduce exposure. Failure to do so within the required time may result in the liquidation of positions at a loss and the Client will be liable for any resulting deficit.
- (o) The Client’s attention is expressly drawn to CFD currencies traded so irregularly or infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.
- (p) Trading on-line, does not reduce risks associated with CFD or Crypto trading.
- (q) Before the Client begins to trade, they can request details of all commissions and other charges for which the Client will be liable. If any changes are not expressed in money terms (but for example a dealing spread), the Client should ask for a written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.
- (r) The Company will not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind.
- (s) There may be situations, movements and/or conditions occurring at the weekend, at the beginning of the week or intra-day after the release of the significant macroeconomic figures, economic or political news that make currency markets to open with price levels that substantially differ from previous prices. In this case, there

exists a significant risk that orders issued to protect open positions and open new positions may be executed at prices significantly different from those designated.

4. Third Party Risks

4.1 The Company will hold your money in an account that is segregated from other Clients and the Company's money but this may not afford complete protection.

4.2 The Company may pass money received from the Client to a third party (e.g. a bank) to hold or control in order to effect a transaction through or with that person or to satisfy the Client's obligation to provide collateral (e.g. initial margin requirement in respect of a transaction). The Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.

4.3 The third party to whom the Company will pass money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money. In the event of the insolvency or any other analogous proceedings in relation to that third party, the Company may only have an unsecured claim against the third party on behalf of the Client, and the client will be exposed to the risk that the money received by the Company from the third party is insufficient to satisfy the claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.

4.4 The insolvency of the Company or of a Bank or Broker used by the Company to effect its transactions may lead to the Client's positions being closed against their wishes.

5. Cash Settlements

CFD trading can only be settled in cash.

6. Conflicts of Interests

The Company is the counterparty to all transactions entered into under the Client Agreement and, as such, the Company's interests may be in conflict with yours. For further details please read our Conflicts of Interest Policy which is available on the Company's website.

7. Prices are set by the Company and may be different from prices reported elsewhere

The Company will provide the prices to be used in trading and the valuation of Client's positions in accordance with its Trading Policies and Procedures. The trading rates assigned to the assets are the ones at which the Company is willing to sell CFDs to its customers at the point of sale. As such, they may not directly correspond to real time market levels at the point in time at which the sale of CFDs occurs.

8. Rights to underlying assets

You have no rights or obligations in respect of the underlying assets relating to your CFD trading.

9. Trading Platform Risks

9.1 Clients, who undertake transactions on an electronic trading system, will be exposed to risks associated with the system including the failure of hardware and software (Internet/Servers). The result of any system failure may be that an order is not executed according to the instructions provided for it or it is not executed at all. The Company does not accept any liability in the case of such failure. The use of wireless connections or dial-up connections, or any other form of unstable connection at the client's end, may result in poor or interrupted connectivity or lack of signal strength causing delays in the transmission of data between the client and the Company, when using the Company's Electronic Trading Platform. Such delays or disturbances may result in the client sending out of date "Market Orders". In these circumstances, the Company will update the price and execute the order at the best available "market price".

9.2 The Client acknowledges that only one instruction is allowed to be in the "queue" at one time.

9.3 The Client acknowledges that when an Order is closed or being executed, it may not be cancelled or modified.

9.4 The Client may lose all amounts deposited with the Company as margin. The placing of certain orders available on the Trading Platform (e.g. "stop-loss" or "limit" orders) that are intended to limit losses to certain amounts may not always be effective because market conditions or technological limitations may make it impossible to execute such orders.

10. Technical Risks

10.1 The Company shall not be responsible for the risks of financial losses caused directly or indirectly by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.

10.2 The Company has no responsibility if authorised third persons have access to information, including electronic addresses, electronic communication and personal data when the above are transmitted between the Company and any other party, using the internet or other network communication facilities, telephone, or any other electronic means.

10.3 At times of excessive deal flow the Client may have some difficulties to be connected over the phone or the Company's trading platform(s)/system(s), especially in the fast market (for example, when key macroeconomic indicators are released).

10.4 The Client acknowledges that the internet may be subject to events which may affect their access to the Company's website and/or the Company's trading platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failure or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's Website and/or Trading System or delay or failure in sending orders or Transactions.

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

- (a) Failure of Client's devices, software and poor quality of connection
- (b) The Company's or Client's hardware or software failure, malfunction or misuse
- (c) Improper work of Client's equipment
- (d) Wrong setting of Client's Terminal
- (e) Delayed updates of Client's Terminal

10.6 In connection with the use of computer equipment and data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability of any resulting loss:

- (a) Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client.
- (b) Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client.
- (c) Outage (unacceptably low quality) of communication via the channels used by the Client, of the channels used by the provider, or communication operator (including voice communication) that are used by the Client.
- (d) Wrong or inconsistent with requirement settings of the Client Terminal.
- (e) Untimely update of the Client Terminal.
- (f) When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialling, when trying to reach an employee of the broker service department of the Company due to communication quality issues and communication channel loads.
- (g) The use of communication channels, hardware and software, generate the risk of non- reception of a message (including text messages) by the Client from the Company.
- (h) Trading over the phone might be impeded by overload connection.
- (i) Malfunction or non-operability of the trading system (platform), which also includes the Client Terminal.
- (j) Outage (unacceptably low quality) of communication via the channels used by the Company, in particular physical damage (destruction) of the communication channels by third parties.

11. Risks particularly associated with transactions in CFD instruments (CFDs)

11.1 Investing in some CFD or Crypto instruments entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, the Client should be aware that the high degree of "gearing" or "leverage" is a particular feature of derivative CFD 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 market 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 Client's entire deposit, but also expose the Client to a large additional loss. In regard to transactions in derivative CFD instruments, a derivative CFD instrument is a non-deliverable spot transaction giving an opportunity to make profit or loss on changes in currency rates, commodity, stock market indices

or share prices called the underlying instrument. The Client must not purchase CFD's or Crypto's unless they are willing to undertake the risks of losing all the money they invested and also any additional commissions and other expenses incurred.

11.2 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 Execution Venue. The Client may also have to close any position with the same counterparty with whom it was originally entered into. Regarding transactions in CFD or Crypto instruments with the Company, the Company is using a Trading Platform for transactions in CFD and Crypto instruments which does not fall into the definition of a recognised exchange or a Multilateral Trading Facility.

12. The Company is not an advisor to the Client

Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice nor is it an offer to trade, or the solicitation of an offer to trade in any CFDs or Cryptos. Each decision made by the Client to trade in CFDs or Cryptos with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision made by the Client. The Company does not act as an advisor to the Client. The Client agrees that the Company has no fiduciary duty to the Client and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including legal fees, incurred in connection with the Client following any of the Company's generic trading recommendations.

13. No guarantee of profit

There are no guarantees of profit or avoidance of losses when trading in CFDs. The Client has not and will not receive any such guarantees from the Company or from any of its representatives. The Client must become aware of the risks inherent in trading in CFDs and is financially able to take such risks and withstand any losses incurred.

Important Notice: This document and the Risk Disclaimer for CFD and Crypto Instruments does not disclose, contain or explain all of the risks and other significant aspects involved in dealing in all CFD and Crypto Instruments and Investment Services. This document was designed to explain in general terms the nature of the risks involved when dealing in CFD and Crypto Instruments on a fair and non-misleading basis in accordance with the Law.