INSTANT TRADING EU LTD

Risk Disclosure Statement

04/08/2022

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1. INTRODUCTION

INSTANT TRADING EU LTD (the '**Company**') is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE 266937. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission ('**CySEC'**), with a licence No. 266/15, and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended from time to time (the '**Law**').

As in accordance with the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II") and the provisions of the Law, the Company is required to provide information to its clients ("**Clients", "you"**) about general investment risks and risks associated with different categories of financial instruments offered by the Company.

2. GENERAL

Every type of financial instrument has its own characteristics and entails different risks depending on the nature of each investment. A general description of the nature and the risks of financial instruments is summarized below. However, this document does **NOT** disclose all the associated risks or other important aspects of the financial instruments and it should **NOT** be considered as investment advice or recommendation for the provision of any service or investment in any financial instrument.

The Client should **NOT** carry out any transaction in these or in any other financial instruments unless he is fully aware of their nature, the risks involved and the extent of his exposure in these risks. In case of uncertainty as to the meaning of any of the warnings described below, the Client must seek independent legal or financial advice before taking any investment decision.

The Client should also be aware that:

- the value of any investment in financial instruments may fluctuate downwards or upwards, and the investment may diminish to the extent of becoming worthless;
- previous returns do not constitute an indication of a possible future return;
- trading in financial instruments may entail tax and/or any other duty;
- placing contingent orders, such as "stop-loss" orders, will not necessarily limit losses to the invested amounts, as markets may fluctuate more than expected; and
- changes in the exchange rates, may negatively affect the value, price and/or performance of the Financial Instruments traded in a currency other than the Client's base currency.

3. GENERAL RISK WARNING

Contracts for difference (**'CFDs'**) are complex financial products, most of which have no set maturity date. Therefore, a CFD position matures on the date you choose to close an existing open position. CFDs, which are leveraged products, incur a high level of risk and can result in the loss of all of your invested capital. As a result, CFDs may not be appropriate for all individuals. You should not risk more than you are prepared to lose. Before deciding to trade, you should ensure that you understand the risks involved and take into account your level of experience. You should seek independent advice, if necessary.

4. GENERAL RELATED RISKS

Market risk: is the risk that the value of a portfolio will decrease due to the change in value of the market factors such as stock prices, interest rates, exchange rates and commodity prices. In case of a negative fluctuation in prices, investors in financial instruments run the risk of losing part or all of their invested capital.

Systemic risk: is the risk of collapse of the entire market or the entire financial system. It refers to the risks imposed by interdependencies in a system or market, where the failure of a single entity or cluster of entities can cause a cascading negative effect, which could potentially bring down the entire system or market.

Credit risk: is the risk of a borrower's failure to repay a loan or otherwise meet a contractual obligation (i.e. failure to pay interest to bondholders). Credit risk is closely tied to the potential return of an investment, the most notable being that the yields on bonds correlate strongly to their perceived credit risk.

Settlement risk: is the risk that a counterparty does not deliver a security or its value in cash per agreement when the security was traded after the other counterparty or counterparties have already delivered security or cash value per the trade agreement. This risk is limited where the investment involves financial instruments traded in regulated markets because of the regulation of such markets. This risk increases in case the investment involves financial instruments traded outside regulated markets or where their settlement takes place in different time zones or different clearing systems.

Liquidity risk: 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. Liquidity risk becomes particularly important to investors who are about to hold or currently hold an asset, since it affects their ability to trade.

Operational risk: is the risk of business operations failing due to human error. Operational risk will change from industry to industry and is an important consideration to make when looking at potential investment decisions. Industries with lower human interaction are likely to have lower operational risk.

Foreign exchange risk: is the risk of an investment's value being affected by changes in exchange rates.

Country risk: is the risk that an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.

Interest rate risk: is the risk that an investment's value may change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.

5. SERVICES RELATED RISKS

5.1 CFD Description

A CFD is an agreement to either buy or sell a contract that reflects the performance of an underlying instrument including inter alia, foreign exchange, precious metals, futures and shares. A CFD is a non-deliverable spot transaction where the profit or loss is determined by the difference between the price a CFD is bought at and the price it is sold at and vice versa.

CFDs allow the Company to provide to Clients with all the benefits and risks of owning a security without actually owning it. A full list of the CFDs on offer by the Company is available on its website https://www.instaforex.eu/specifications

5.2 CFD Related Risks

Instruments with high volatility:
The Client must consider that there is a high risk of losses as well as profits, as some instruments trade within wide intraday ranges with volatile price movements. The prices of instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions which are beyond the control of the Company or the Client. Market conditions may render it impossible for a Client's order to be executed at the declared price, leading to losses.

The prices of instruments are influenced by, amongst other things, the implementation of political, governmental, agricultural, commercial, financial and trade programs and policies and national and international socioeconomic events and the prevailing psychological characteristics of the relevant market place. Therefore a "stop loss" instruction/order cannot guarantee the limit of the Client's loss.

The Client accepts that significant loss may lead to partial or total loss of the value of his/her investment. This is due to the margining system that applies to such trades where an adverse market movement can quickly lead to the loss of the Client's entire deposit, but which could also lead to a substantial additional loss.

Leverage (or gearing):

Unlike traditional trading, margin trading enables the Client to trade the markets by paying only a small fraction of the total trade value. It should be noted that leverage means that a relatively small market movement may lead to a proportionately much larger movement in the value of the Client's position.

The Company will monitor the leverage applied to Client's positions and reserves the right to decrease the leverage depending on the Client's trade volume.

Over-the-counter ('OTC') transactions:

When trading CFDs, forex and precious metals, the Client is effectively entering into an OTC transaction; where the parties directly negotiate between each other rather than through a regulated exchange market.

OTC transactions may involve greater risk compared to transactions occurring on regulated exchange markets. Due to the absence of a central counterparty, the parties bear certain credit risk, risk of default or may face situations where it is impossible to liquidate positions or to assess the value of a position.

Trading suspension:

When trading conditions are such that it may be difficult or impossible to liquidate a position, such as when the relevant exchange trading is suspended or restricted, placing a "stop loss" will not necessarily limit one's losses to the intended amounts, as the execution of the "stop loss" order at the stipulated price may be impossible. Furthermore the execution of a "stop loss" order may be worse than its stipulated price and the realised losses may be larger than expected.

Margin account and requirements:

Margined transactions require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The level of the margin requirement will depend on the underlying asset of the instrument and can be fixed or calculated from the current price of the underlying instrument. Specific instrument margin requirements can be found on the Company website.

The Client needs to ensure that he/she has sufficient margin on his/her trading account at all times in order to maintain an open position. It is the Client's obligation to monitor any open positions in order to avoid positions being closed by the Company due to unavailability of funds. The Company is not responsible for notifying the Client in any such instances.

The Company is not obliged to make margin calls for the Client and is not liable to the Client for any failure by the Company to contact or attempt to contact the Client.

The Company is entitled to change margin requirements by giving to the Client five (5) calendar days written notice. However, in the case of a Force Majeure Event, the Company is entitled to change margin requirements without prior written notice.

Contingent liability investment transactions:

Due to the nature of margined transactions, as explained above, the Client may sustain a total loss of the funds that were deposited to open and maintain a position. Failure on the Client's part to meet a margin call, i.e. pay additional funds to maintain a position, will result in the liquidation of the position.

Transactions not margined, may still carry an obligation to make further payments over and above any amount paid when entering the contract.

Taxation, commission and other charges:

The Client must be aware of commissions and other charges before embarking to trade. Charges may be expressed in monetary or percentage terms. It is therefore the responsibility of the Client to understand the basis upon which such charges are made.

Legislation and changes thereto, or a change in the Client's personal circumstances may result in dealing in financial instruments taxable and subject to other duties.

The Client should seek independent advice on his/her tax and/or other duty liability, as he/she is responsible for any such liabilities.

Swap values:

If a Client holds any positions overnight then an applicable swap charge will apply. The swap values are clearly stated on the Company's website at InstaForex https://www.instaforex.eu/specifications and accepted by the Client during the account registration process as they are described in the Company's agreement.

The swap rate is mainly dependent on the level of interest rates as well as the Company's fee for having an open position overnight. The Company has the discretion to change the level of the swap rate on each CFD at any given time and the Client acknowledges that he will be informed by the Company's websites. The Client further acknowledges that he is responsible for reviewing the CFDs specifications located on the Company's websites for being updated on the level of swap value prior to placing any order with the Company.

Risk-reducing orders or strategies:

The Company makes available certain orders (e.g. "stop-loss" orders, where permitted under local law, or "stop-limit" orders), which are intended to limit losses to certain amounts. Such orders may not be adequate given that market conditions make it impossible to execute such orders, e.g. due to illiquidity in the market. We aim to deal with such orders fairly and promptly but the time taken to fill the order and level at which the order is filled depends upon the underlying market. In fast-moving markets a price for the level of your order might not be available, or the market might move quickly and significantly away from the stop level before we fill it. Strategies using combinations of positions, such as "spread" and "straddle"' positions may be as risky as taking simple "long" or "short" positions. Therefore, “stop limit” and “stop loss” orders cannot guarantee the limit of loss.

5.3 Operational Related Risks

Technical risks:
The Client and not the Company shall be responsible for the risks of financial losses caused by 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.

If the Client undertakes transactions on an electronic system, he will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his order is either not executed according to Client’s instructions, or it is not executed at all. The Company does not accept any liability in the case of such a failure.

The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

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

The Client acknowledges that the internet may be subject to events which may affect his access to the Company’s websites 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 failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its reasonable 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.

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:

- power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client;
- 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;

- outage (unacceptably low quality) of communication via the channels used by the Client, or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;
- wrong or inconsistent with requirements settings of the Client terminal;
- untimely update of the Client terminal;
- when carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialing, when trying to reach an employee of the Company due to communication quality issues and communication channel loads;
- 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;
- trading over the phone might be impeded by overload of connection;
- malfunction or non-operability of the trading platform, which also includes the Client terminal.

The Client may suffer financial losses caused by the materialization of the above risks, the Company accepts no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses he may suffer.

Regulatory and legal risk:
A change in laws and regulations may materially impact a financial instrument and investments in a sector or market. A change in laws or regulations made by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

Trading platform:
The Client is warned that when trading in an electronic trading platform he assumes risk of financial loss which may be a consequence of amongst other things:

- failure of Client's devices, software and poor quality of connection;
- the Company's or Client's hardware or software failure, malfunction or misuse;
- improper work of Client's equipment;
- wrong setting of Client's terminal;
- delayed updates of Client's terminal.

The Client acknowledges that only one instruction is allowed to be in the queue at one time. Once the Client has sent an instruction, a new instruction can be given to the Company.

The Client acknowledges that the only reliable source of quotes flow information is that of the live server's quotes base. quotes base in the Client terminal is not a reliable source of quotes flow information because the connection between the Client terminal and the server may be disrupted at some point and some of the quotes simply may not reach the Client terminal.
The Client acknowledges that when the Client closes the order placing/ deleting window or the position opening/closing window, an instruction, which has been sent to the server, shall not be cancelled.

Orders may be executed one at a time while being in the queue. Multiple orders from the same trading account in the same time may not be executed.

The Client acknowledges that when the Client closes the order, it shall not be cancelled.

In case the Client has not received as a result of Force Majeure Events the execution of the previously sent order but decides to repeat the order, the Client shall accept the risk of making two transactions instead of one.

The Client acknowledges that if a pending order in a CFD has already been executed , but the Client sends an instruction to modify its level, the only instruction, which will be executed, is the instruction to modify “stop loss” and/or “take profit” levels on the position opened when the pending order triggered.

Communication between the Client and the Company:

The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice from the Company.

The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

The Company has no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means, which are not the result of gross negligence or willful default of the Company.

The Client is fully responsible for the risks in respect of undelivered Company online trading system internal mail messages sent to the Client by the Company.

6. FORCE MAJEURE EVENTS

Force majeure events (“**Force Majeure Events**”) refers to extraordinary event or circumstance beyond the control of the party or parties, such as a war, strike, riot, crime, or an event described by the legal term act of God (hurricane, flood, earthquake, volcanic eruption, etc.).

In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client orders or fulfill its obligations under the Client agreement with the Client found on the Company’s website https://www.instaforex.eu/downloads/legal_documentation_eu/terms_and_conditions.pdf.

As a result the Client may suffer financial loss.

According to the Client agreement, the Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the Client agreement where such failure, interruption or delay is due to a Force Majeure Event.

7. RISKS RELATED TO INITIAL PUBLIC OFFERING (IPO)

7.1. Risk factors specific to the issuer/guarantor

Risks related to the issuer's financial situation

The Company (issuer) might dispose of its investments at an unfavorable moment to satisfy its financial needs. Investors should consider if the Issuer is diversified enough so that the value of each security may have a significant effect on its financial situation.

Risks related to the issuer's business activities and industry

Investors should consider when the Company (issuer) was incorporated and what its investment history and virtue policy are. Investors should keep in mind that the Company (issuer) might be dissolved or terminated.

Legal and regulatory risk

The value of the Issuer’s assets may be affected by unpredictable changes in the legal infrastructure, international political developments, government policies, any kind of restrictions that might affect investors, changes in taxation, currency fluctuations, etc.

Internal control risk

Investors should pay attention to whether the Company has established sound and reliable reporting and auditing mechanisms, which cover the standards for a relevant market.

Environmental, social and governance risks

General economic conditions as well as price movements in the markets in which the Company may invest may be influenced by government trade and fiscal policies, national and international political and economic events, and changes in interest rates.

7.2. Risk factors specific to the securities

Risks related to the nature of the securities

The price of shares can go up and down and investors may not receive the amounts they originally invested. Investors should be able to bear a potential risk of loss.

Risks related to the underlying assets

Ordinary shares and similar equity securities generally represent the most junior position in an issuer's capital structure and as such generally entitle holders to an interest in assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of ordinary shares generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer. Warrants and stock purchase rights are the securities permitting but not obligating their holders to subscribe for other equity securities, and they do not represent any rights in the assets of the issuer. As a result, warrants and stock purchase rights may be considered more speculative than other types of equity investments.

A relatively small price movement may result in a profit or loss which can be high in proportion to the amount of funds actually placed as margin. In some circumstances, markets can lack liquidity, which makes it difficult to acquire or dispose of contracts at the prices quoted on the various exchanges or at normal bid/offer spreads quoted off-exchange.

Risks related to the offer to the public and/or admission of the securities to trading on a regulated market

Investors will only be able to realize their investment in the Company by redeeming their Participating shares (which can only be effected on the relevant Redemption date) or by transferring to another person, and both methods of realization of investor's investments are subject to certain restrictions under certain circumstances. An investment in the Company should therefore be viewed as less liquid when compared to exchange traded equities and subject to risk.

Participating Shares are not being registered to permit a public offering under the securities laws of any jurisdiction. The Shareholders are normally able to dispose of their Participating Shares by means of redemption on the relevant redemption date and price.

For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists.

Potential investors are advised to obtain independent financial, legal and tax advice before making an investment.

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