

## Schedule E · High-Risk Investment Notice

### 1 Scope

- 1.1 This Schedule E High-Risk Investment Notice (“Notice”) supplements and amends the main body of the Terms as expressly provided below. In the event of any conflict or inconsistency between the main body of the Terms and this Notice, the provisions of this Notice shall prevail. The Client acknowledges and agrees that, by executing the Welcome Letter, the Client will be bound by the provisions of this Notice.

### 2 Definitions and Interpretations

- 2.1 Words or phrases defined in the main body of the Terms shall be assigned the same meaning in this Notice unless otherwise defined.
- 2.2 In this Notice, the following words and phrases shall, unless the context otherwise requires, have the following meanings and may be used in the singular or plural as appropriate:

“You” shall mean the Client; and

“We”, “us”, “our” shall mean the Firm.

### 3 General Information

- 3.1 This Notice is provided to you in compliance with the Securities Commission of The Bahamas rules, and it is a requirement that you acknowledge it, understand it and agree to it before you open an account with us.
- 3.2 This Notice does not disclose all the risks and other significant aspects that may exist when trading in the financial markets, and before opening an account with us, we will make an assessment of whether the services are appropriate for you, and notify you where we do not deem the services appropriate for you; however, it is your responsibility to ensure that you fully understand the nature of the transactions you are entering into and the extent of your exposure to risk before opening an account with us.
- 3.3 Before entering into any transaction with us, you should furthermore be satisfied that the contract is suitable for you in the light of your circumstances and financial position. In the event you have any doubts in respect of the risks or appropriateness of any investment, please seek professional advice from an independent financial advisor.
- 3.4 Should you decide to open an account with us, it is important that you remain aware of the risks involved with the services provided hereunder; that you have adequate financial resources to bear such risks; and that you monitor your open positions carefully at all times. The value of the investments can increase and fall, and any income from them is not guaranteed. When trading margined transactions it is possible to lose more than your initial investment with us and your entire account balance. You should only trade with funds that you can afford to lose. It must also be noted that past performance is not a guide to future performance.

### 4 Execution Only

- 4.1 Our services enable you to trade in financial products in the relevant markets via the internet and trading platform on an execution-only basis. We will therefore not provide you with any form of investment and/ or tax advice, or advice you on the merits of a particular transaction. Any decisions on investments are purely your own decision. In the provision of the services, we are not required to assess the suitability for you of the services provided or offered to you.
- 4.2 Please therefore ensure you carefully read and understand the risks involved in any trading decision you make. If you have any doubt whether an investment is suitable for you, you should obtain independent expert advice.

### 5 Contingent Liability Transactions

- 5.1 Contingent liability transactions, such as contract for differences (CFDs), rolling spot forex and other financial products traded on margin will require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 5.2 If you trade in CFDs, futures or other products traded on margin you may sustain a total loss of the margin you deposit to establish or maintain an open position. In the event the market moves against you, you may be called upon to pay substantial additional funds or margin at short

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notice to maintain the open position with us. If you fail to do so within the time required, your open position may be liquidated at a loss and you will be liable for any resulting deficit.

- 5.3 Even if a transaction is not margined, it may still carry an obligation to make further payments, and in certain circumstances over and above any amount paid when you executed the transaction.
- 5.4 CFD transactions will be carried out for you whenever possible on or under the rules of a recognised or designated investment exchange. However, contingent liability transactions entered into by you, that are not traded on or under the rules of a recognised or designated investment exchange (such as rolling spot forex transactions, may expose you to substantially greater risks).
- 5.5 Before you commence trading, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific monetary terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

### 6 Rolling Spot Forex

- 6.1 Transactions in rolling spot forex contracts carry a high degree of risk, and may not be suitable for all investors. The “gearing” or “leverage” often obtainable in rolling spot forex trading means that a relatively small market movement can lead to a proportionately much larger movement in the value of your liability. Before deciding to trade rolling spot forex contracts you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. Margined currency trading is one of the riskiest forms of investment available in the financial markets and is only suitable for experienced individuals and institutions. Given the possibility of losing an entire investment, speculation in the precious metals or foreign exchange market should only be conducted with risk capital funds that if lost will not significantly affect your personal or institution’s financial wellbeing.

### 7 Contracts for Difference

- 7.1 By transacting in CFDs, you are subject to a higher level of risks than the risks associated with transactions in traditional shares. You may not get back the amount initially invested and may be required to make additional payments by way of margin payments on a frequent basis. Investors in CFDs may be subject to unlimited losses.
- 7.2 You should not deal in CFDs unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position. Although CFDs can be utilised for the management of investment risk, it may not be suitable for some investors.

### 8 Spread Bets

- 8.1 When you engage in spread betting you are placing a bet in relation to movements of prices set by us. Our prices relate to prices of the underlying. Our Order Execution Policy gives further details in relation to our prices. We can change our prices at any time, in particular having regard to changes in the underlying to which our prices relate.
- 8.2 Whether you make a profit or a loss depends on how our price has moved between when you opened your bet and when you closed your bet. Our terms and conditions clarify how you make a profit or a loss.
- 8.3 Your spread bets with us will be subject to our Terms. It is in your own best interests to read and understand them before you engage in spread betting with us.
- 8.4 Spread betting carries a high degree of risk. The “gearing” or “leverage” available in spread betting (i.e. the funds we require at the outset compared to the size of bet you can place) means that a small deposit (or Margin) can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the size of any loss or profit; this can work against you as well as for you.

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- 8.5 Spread bets are subject to payment of Margin. If the market moves against you, you may be called upon to pay substantial additional Margin at short notice to maintain your Open Positions. If you fail to do so within the time required, your Open Positions may be closed at a loss and you will be responsible for the all losses.
- 8.6 Your losses may be unlimited. You may lose all amounts you deposit with us (or Margin).
- 8.7 You have to pay us all losses you sustain as well as all other amounts payable under our terms and conditions such as interest and costs. If you decide to engage in spread betting, you must accept this degree of risk.
- 8.8 No credit is extended to you. Neither a variation margin credit allocation nor an initial margin credit allocation constitute a credit facility and neither of them will limit your losses or liability. The amount you are prepared to risk should include any variation margin credit allocation and any initial margin credit allocation.
- 8.9 Spread bets can only be settled incash.
- 8.10 As mentioned above, our prices relate to prices of the underlying; however, you do not acquire the underlying nor any rights or delivery obligations in relation to it.
- 8.11 Spread bets are not traded on or under the rules of a recognised or designated investment exchange. Consequently, engaging in spread betting may expose you to substantially greater risks than investments which are so traded.
- 8.12 Spread bets are legally enforceable. This means that, for example, we can take legal action to recover money you owe us.
- 8.13 The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts may be affected by fluctuations in foreign exchange rates.
- 9 CFDs settled in cash**
- 9.1 Investing in a CFD carries the same risks as investing in a future, option or other derivative product. Transactions in CFDs may also have a contingent liability (as elaborated on above) and you should be aware of the implications of this.
- 10 Volatile Markets and Closed Markets**
- 10.1 Various situations, developments or events may arise over a weekend when the markets for the underlying instruments are closed for trading. These events may cause the CFD markets to open at a significantly different price from when the CFD markets were closed. There is a substantial risk that stop orders left to protect open positions held over the periods when the CFD markets are closed, will be executed at levels significantly worse than their specified price.
- 10.2 Under certain trading conditions it may be difficult or impossible to liquidate an open position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that trading in the underlying market is suspended or restricted.
- 11 Non-Guaranteed Stops**
- 11.1 Placing non-guaranteed stop order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order if the underlying market moves straight through the stipulated price.
- 12 Equities**
- 12.1 Transactions in equities will expose you to the volatility of the various stock exchange markets in which the shares, stocks, bonds, debentures, notes, debts and other Securities are traded. In particular, the value of equities may experience downward movements and may under some circumstances even become valueless. Hence, there is an inherent risk that losses rather than profits may be incurred as a result of investing in equities. Owing to the volatility of the stock exchange markets, you may be exposed to risks of bad delivery of the equities purchased.

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### 13 Futures

13.1 Transactions in futures involve the obligation to make, or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle your open position with cash. Futures carry a high degree of risk. The “gearing” or “leverage” often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margin requirements.

### 14 Options

14.1 There are many different types of options with different characteristics subject to different conditions:

- > Buying options
- > Writing options
- > Traditional options

### 15 Buying Options

15.1 Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under “futures” above.

### 16 Writing Options

16.1 If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your open position and a loss may be sustained well in excess of any premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. In the event you already own the underlying asset which you have contracted to sell (known as “covered call options”) the risk is reduced. In the event you do not own the underlying asset (known as “uncovered call options”) the risk can be unlimited. Only experienced individuals should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

### 17 Traditional Options

17.1 A particular type of option called a “traditional option” is written by certain London Stock Exchange firms under special exchange rules. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage the exposure to risk.

17.2 Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position. You must also release that the limited risk in buying future and/ or options means you could lose the entire option investment should the option expire worthless.

### 18 Weekend Risk

18.1 Various situations, developments or events may arise over a weekend (Friday 21.55 GMT – Sunday 22.01 GMT (Friday 20.55 GMT – Sunday 21.01 GMT during the summer period)) when the currency markets generally close for trading, that may cause the currency markets to open at a significantly different price from where they closed on Friday afternoon. Our customers will not be able to use the trading platform to place or change orders over the weekend and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held over the weekend will be executed at levels significantly worse than their specified price.

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### 19 Liquidity Risk

19.1 Trading in the OTC market carries a high degree of liquidity risk. You acknowledge that liquidity risk resulting from decreased liquidity is usually due to unanticipated changes in economic and/ or political conditions. You acknowledge that liquidity risk can affect the general market in that all participants experience the same lack of buyers and/ or sellers. It can also be due to changes in liquidity available to us from our inter-bank liquidity providers. When liquidity decreases, you can expect, at the minimum, to have wider bid/ask spreads as the supply for available bid/ask prices outstrip demand. Decreases in liquidity can also result in a "fast market" conditions where the price moves sharply higher or lower or in a volatile up/down pattern without trading in an ordinary step-like fashion. It is therefore important to note that our prices, bid/ask spreads and liquidity will reflect the prevailing inter-bank market liquidity.

### 20 Electronic Trading

20.1 Trading through the trading platform as an electronic trading system may differ from trading in a conventional or open market. Customers that trade on an electronic trading system are exposed to risks associated with the system, including the failure of hardware and software and system down time, including without limitation the individual customer's systems and the communication infrastructure connecting the trading platform with the customers.

20.2 You understand that by choosing to conduct trading via our trading platform, you assume and accept certain risks as highlighted in our prevailing Terms and for which you agree that neither us nor our third party service providers shall be liable, including but not limited to the risk of: power outages, broken connections, network circuit obstruction or congestion, transmission failures, transmission delays, the risk of delayed communications during period of increased market volatility, delay and/ or rejection by a third party broker involved in your transaction and/ or other occurrences outside our direct control (collectively, "Technical Issues"). You hereby agree to indemnify and hold us harmless with respect to any and all losses you may sustain in connection with any and all of the Technical Issues. In no event will we be liable for your inability to engage in trading via our trading platform and we shall not be responsible for any losses or missed opportunities by you due to the delay or non-delivery of any order or instruction via the trading platform.

### 21 Risk Reducing Orders or Strategies

21.1 The placing of 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 may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions, may be as risky as taking simple "long" or "short" positions.

### 22 Electronic Communication

22.1 We offer you the opportunity to trade and communicate with us via electronic means, for example by our trading platform and email. Although electronic communication is often a reliable way to communicate, no electronic communication is entirely reliable or always available. In the event you choose to deal with us via electronic communication, you should be aware that electronic communications can fail, can be delayed, may not be secure and/ or may not reach the intended destination.

### 23 Foreign Markets

23.1 Foreign markets involve different risks than those in the United Kingdom markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will also be affected by fluctuations in the foreign exchange rates. Such enhanced risks include the risks of political or economic policy changes, which may substantially and permanently alter the conditions, and price of a foreign currency.

### 24 Collateral

24.1 If you deposit collateral as security with us, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited and may have to accept payment in cash or equivalent.

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### 25 Prices

25.1 The prices quoted on the trading platform are independent of prices of other institutions. Therefore prices reported by us are independent and can differ from prices displayed elsewhere or from other liquidity providers in the interbank market. Differences can result from, but are not limited to, changes in liquidity from interbank market makers, resulting in an unbalanced position or exposure, or differing expectations of price movements. We expect that in most cases the prices provided to you will be in line with the interbank market but we cannot represent, warrant or covenant, explicitly or implicitly, that this will always be the case. Consequently, we may exercise considerable discretion in setting margin requirements and collecting margin deposits.

### 26 Commissions

26.1 Before you commence trading, you should obtain details of all commissions and other charges for which you will be liable. In the event any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific monetary terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

### 27 Suspensions of Trading

27.1 Under certain trading conditions it may be difficult or impossible to liquidate an open position. This may occur, for example, at times of rapid price movement if the price rises or fall in one trading session to such an extent that without limitation under the rules of the relevant exchange, or third party liquidity provider, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, as market conditions may make it impossible to execute such an order at the stipulated price.

### 28 Liquidation of Open Positions

28.1 Positions may be liquidated or closed out without your consent in the event you fail to meet a margin call warning. Additionally, the insolvency, default or any market condition affecting any broker involved in your transaction may lead to positions being liquidated or closed out without your prior consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment incash.

### 29 Trading via a Fund Manager

29.1 We do not take any responsibility for third party fund managers, and you agree to hold us, our employees, agents, officers, directors and shareholders harmless from any losses sustained by you as a result of actions undertaken by such third party fund managers. Should you grant a third party fund manager discretionary trading authority, you grant such authority at your sole and full risk.

### 30 Insolvency

30.1 Any insolvency or default may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets, which you lodged as collateral and you may have to accept any available payment in cash. Additionally and unless you are a Retail client, you transfer full ownership and title to a portion or all of the money you deposit with us representing an amount necessary to secure your open positions or cover your actual or future contingent or prospective obligations (which will be calculated daily at our sole discretion based on your daily open positions and trading and which may be greater than the margin required to maintain your open positions, as market conditions may dictate). You will not have a proprietary claim over that portion or any of your money and that portion or any of your money will not be segregated, and you will rank only as a general creditor of ours with respect to any claim for the payment of such portion of the above described money you deposit which may therefore be irrecoverable in the event of any insolvency or default.

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**You should only engage in CFDs, Rolling Spot Forex, precious metals, Spread Bets if you are prepared to accept a high degree of risk, and in particular the risks outlined in this Notice. You must be prepared to sustain a loss in excess of your deposited funds with us as well as any losses, charges (such as interest) and any other amounts (such as costs) we incur in recovering any payment from you. Given the possibility of losing more than your entire investment, speculation in certain investments should only be conducted with risk capital funds that if lost will not significantly affect your personal or institution's financial well-being. Before deciding to trade the products offered by us, you should carefully consider your objectives, financial situation, needs and level of experience. You should be aware of all the risks associated with trading on margin.**

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