

Risk Disclosure Statement

The purpose of the Risk Disclosure Statement is to provide the Client appropriate guidance on the nature and risks of the specific types of financial instruments offered by **Innovation Fxpro** (the Company).

The Client acknowledges, understands and agrees with the risks, disclosed below.

Statement

1. Trading is very speculative and risky. 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 the loss of all of your invested capital. Trading in CFDs is highly speculative and therefore is suitable only for those Clients who:

- a. Understand and are willing to assume the economic, legal and other risks involved;
- b. Are financially able to assume the risk of losses up to their invested capital;
- c. Understand and are knowledgeable about CFDs and the underlying assets.

The Client represents, warrants and agrees that he/she understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFD's. Before deciding to trade, a client should ensure that he understands the risks involved and take into account his level of experience, and if necessary seek independent advice. The Client is responsible for all the losses suffered in his account. Consequently, the Client should be prepared to lose all the invested capital.

2. When trading CFD you need to take into the consideration the following main risks:

- a. CFD's are leveraged products; therefore, they carry a higher level of risk to your capital compared to other financial products and may result in the loss of all of your invested capital. However, it should be noted that the Company operates on a 'negative balance protection' basis, this means that you cannot lose more than your initial investment;
- b. The value of CFD may increase or decrease depending on market conditions, and the potential for profit should be balanced alongside the significant losses that may be generated over a very short period of time when trading CFD;

c. CFD trading, unlike traditional trading, enables you to trade the markets by paying only a small fraction of the total trade value. However, this entails that a relatively small market movement may lead to a proportionately much larger movement in the value of your position;

d. The Client needs to make sure that he has sufficient margin in his trading account, at all times, in order to maintain an open position. In addition, the Client needs to continuously monitor any open positions in order to avoid positions being closed due to the unavailability of funds; it should be noted that the Company is not responsible for notifying you for any such instances.

3. 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 valuation of the Client's positions in accordance with its Trading Policies and Procedures. As such, they may not directly correspond to real time market levels at the point in time at which the sale of options occurs.

4. Orders and Immediate Execution. Market orders executed over the phone through the Company's Dealing Room and are completed when the Company's analyst says "deal" or "done" following the Client's placing of an order. Upon such confirmation of the manager, the Client has bought or sold and cannot cancel the order. By placing orders through the Company's Dealing Room, the Client agrees to such immediate execution and accepts the risk of this immediate execution feature.

5. The Company is not an adviser or a fiduciary to a customer. Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and do not consider any of the Client's personal circumstances or investment objectives, nor is it an offer to trade, or the solicitation of an offer to trade. Each decision taken by the Client to trade with the Company and each decision as to whether a transaction is appropriate for the Client is an independent decision made by the Client. The Company is not acting as an advisor. 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 attorneys' fees, incurred in connection with the Client following the Company's generic trading recommendations and taking or not taking any action based upon any generic recommendation or information provided by the Company.

6. Recommendations are not guaranteed. The generic market recommendations provided by the Company are based solely on the judgment of its personnel and should be considered as such. The Client acknowledges that it enters into any transactions relying on his/her own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the Company and/or its affiliates. The generic market recommendations of the Company are based upon information believed to be reliable, but the Company cannot and does not guarantee the accuracy or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading.

7. No guarantees of profit. There are no guarantees of profit nor of avoiding losses when trading. The Client has received no such guarantees from the Company or from any of its representatives. The Client is aware of the risks inherent in trading and is financially able to bear such risks and withstand any losses incurred.

8. Risks

a. Technical Risks - Internet Trading. When the Client trades online (via the internet), the Company shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction or failure of any transmission, communication system, computer facility or trading software, whether belonging to the Company, the Client, any exchange or any settlement or clearing system.

b. Market Conditions. The Client acknowledges that under abnormal market conditions the Company may be unable to execute the Client's instructions and therefore the period during which the Instructions and Requests are executed may be extended.

c. Communication.

- The Company bears no responsibility for any loss that arises as a result of delayed or unreceived communication sent to the Client by the Company.

- The Company bears no responsibility for any loss that arises as a result of encrypted information sent to the Client by the Company, that has been accessed via unauthorised means.

- The Company bears no responsibility for any unreceived or unread internal messages sent to the Client through the trading platform(s); in case a message is

not received or read within 3 (three) calendar days, the message gets automatically deleted.

- The Client is solely responsible for the privacy of any information contained within the communication received by the Company.

- The Company has no responsibility regarding any loss as a result of authorized/unauthorised access to all information between the Company and the Client by third parties.

d. Taxes. The Client shall make sure that investing in CFDs is not subject to tax and/or any other duty in the Client's jurisdiction. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

9. Costs, Swap Value and Other Considerations. Prior to investing in CFDs the Client needs to be aware of any costs involved, such as spread(s), commission(s) and swap(s). For the purposes of this Statement, a swap means the interest added or deducted for holding a position open overnight. The swap for a position opened on Wednesday and held open overnight is three times that of other days; the reason for this is that the value date of a trade held open overnight on a Wednesday would normally be Saturday, but since banks are closed, the value date is Monday and the client incurs an extra 2 (two) days of interest. From Friday to Monday swap is charged once.

10. Expiry System Errors. In case the expiry system fails for any reason, it will auto detect un-expired options and expire them in accordance to the rates stored historically in the archive. If any position did not expire on time, the system will issue a notification to Risk Manager, detailing all position information, in order to be resolved manually.

In case of any difficulties, please contact our customer support.