



AXECAP
LIMITED

AXECAP LIMITED

(Company Register Number: 175,153)

Registered in Belize under license number 175,153.

RISK DISCLOSURE STATEMENT

ADDITIONAL RISK DISCLOSURE STATEMENT

It is your responsibility to carefully read all the account documents and risk disclosure statements of AXECAP LIMITED. You acknowledge that trading futures, options and/or foreign exchange involves a high risk of loss. Since leverage is involved, these losses can be quite substantial and occur quite quickly, possibly exceeding the funds you have deposited in your account or have allocated as risk capital. You should disregard any suggestions from any source whatsoever that the foregoing risks can be limited, minimized or eliminated.

You agree to immediately report any statements to the contrary made to you by AXECAP LIMITED personnel, Introducing Brokers or Trading Advisors who may be directing the trading activity in your account. The trading of currencies or derivatives like options on currencies involves an extremely high degree of risk of loss and is unsuitable for many individuals. Some researchers have shown that more than eighty percent of investors who trade in options eventually lose money. There is a possibility to lose part or all of the money you deposit in the currency trading account. If any of the criteria above describes your situation, or if you have pursued only conservative forms of investment in the past, we advise you to study the risks of loss involved in currency trading thoroughly before you consider it an appropriate investment for you or you may consider it is completely inappropriate and decide to never trade.

Therefore, you should carefully analyse your personal circumstances to determine if foreign exchange trading is suitable for you. If you have decided to trade foreign exchange, please be advised that many industry advisors believe that you should not place more than 20% of your net worth at risk. If at any time your losses exceed 20% of your net worth, you should cease trading immediately. AXECAP LIMITED is not responsible to monitor your deposit(s), losses or net worth. AXECAP LIMITED has no right to refuse your account if your decision to trade is made with full understanding of the risk of loss. Therefore, we require that you to sign and return the enclosed copy of this Supplemental Risk Disclosure letter to us in order to indicate that you are fully aware of the substantial risk of loss in trading and accept full responsibility for your decision to trade in the foreign exchange markets.

I understand that aggressive trading, and especially day trading, is an extremely high-risk strategy. I understand that such trading generates substantial commission charges to my account. I understand that due to such active trading, the commission charges relative to the

funds deposited in my account may exceed what is considered normal or prudent in currency trading. I understand that such commission charges will increase my risk of loss and can account for all or part of my trading losses.

I acknowledge these additional risks and agree to such an aggressive or day trading strategy. I further acknowledge that I am in control of, and responsible for, all trades executed in my account, and I agree to review my account and any open market positions daily and report any discrepancy immediately.

1 This statement does not disclose all the risks and other significant aspects of trading in derivative products such as contracts for differences (“CFD”), futures, options and leveraged foreign exchange. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. Trading in CFDs, futures, options and leveraged foreign exchange may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

(a) CFDs, Futures and Leveraged Foreign Exchange Trading

(i) Effect of ‘Leverage’ or ‘Gearing’

Transactions in CFDs, futures and leveraged foreign exchange carry a high degree of risk. The amount of initial margin is small relative to the value of the CFD, futures contract or leveraged foreign exchange transaction so that the transaction is highly ‘leveraged’ or ‘geared’.

A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

(ii) Risk-Reducing Orders or Strategies

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. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

(b) Options

(i) Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of options (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options would have to increase for your position to become profitable, taking into account the premium paid and all transaction costs.

The purchaser of options may offset its position by trading in the market or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract or leveraged foreign exchange transaction, the purchaser will have to acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on CFDs, Futures and Leveraged Foreign Exchange Trading above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium paid plus transaction costs. If you are contemplating purchasing deep-out-of-the- money options, you should be aware that, ordinarily, the chance of such options becoming profitable is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the amount of premium received. The seller will be liable to deposit additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract or a leveraged foreign exchange transaction, the seller will

acquire a futures or leveraged foreign exchange position, as the case may be, with associated liabilities for margin (see the section on CFDs, Futures and Leveraged Foreign Exchange Trading above). If the option is 'covered' by the seller holding a corresponding position in the underlying futures contract, leveraged foreign exchange transaction or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, limiting the liability of the purchaser to margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

(c) Additional Risks Common to CFDs, Futures, Options and Leveraged Foreign Exchange Trading

(i) Terms and Conditions of Contracts

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific CFDs, futures contract, option or leveraged foreign exchange transaction which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a CFD, futures contract or a leveraged foreign exchange transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(ii) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

(iii) Deposited Cash and Property

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

(d) Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

(e) Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(f) Currency Risks

The profit or loss in transactions in foreign currency-denominated CFDs, futures and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

(g) Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based

component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

(h) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

(i) Off-Exchange Transactions

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.

Note:

“Margin” means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a futures contract or in a leveraged foreign exchange transaction to ensure performance of the terms of the futures contract or leveraged foreign exchange transaction.

2 You should also be aware of the following risk warning:

(a) Nature of margined trades

In certain circumstances your losses on a Trade may be unlimited. For instance, if you open a

position with us by selling the contract in question (a practice known as “shorting a market”) and the price rises, you will make a loss on that Trade and it is impossible to know the limit of your potential losses until you close the Trade or your Open Positions are closed when your Margin Level reaches the Margin Close Out Level. You must ensure that you understand the potential consequences of a particular Product or Trade and be prepared to accept that degree of risk.

(b) Volatility

As mentioned above whether you make a profit or a loss will depend on the prices we set and fluctuations in the price of the Underlying Instrument to which your Trade relates. Neither you nor we will have any control over price movements in the Underlying Instrument. Price movements in the Underlying Instrument can be volatile and unpredictable.

A feature of volatile markets is “Gapping”, the situation where there is a significant change to Our Price between consecutive quotes. Gapping may occur in fast and falling markets or if price sensitive information is released prior to Market opening. The price at which we execute your Orders may be adversely affected if Gapping occurs in the relevant Market. Guaranteed Stop Loss Orders will always be executed at your specified Order price, but all other types of Orders will be executed when Our Price meets or exceeds your specified Order price. If Gapping occurs, the price at which your Order is executed may significantly exceed your specified Order price.

(c) Liquidity

A decrease in liquidity (a term which describes the availability of buyers and sellers who are prepared to deal in an Underlying Market) may adversely impact Our Price and our ability to quote and trade in a Market. If there is a significant reduction or a temporary or permanent cessation in liquidity in an Underlying Instrument, such events may be deemed an Event Outside of Our Control or Market Disruption Event (as applicable) under the General Terms and we may increase Our Price, suspend trading or take any other action we consider reasonable in the circumstances. As a result you may not be able to place Trades or to close Open Positions in any affected Market.

Acknowledgement of receipt of the risk disclosure statement

This acknowledges that I/we have received a copy of the RISK DISCLOSURE STATEMENT and understand its contents.

RISK DISCLOSURE STATEMENT

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