RISK DISCLOSURE

1. Introduction

FF SIMPLE AND SMART TRADES INVESTMENT SERVICES LTD (hereinafter referred “the Company” or “us” or “we”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (the “CySEC”) with license number 080/07. This notice is provided to you in agreement with the Markets in Financial Instrument Directive (MiFID II) of the European Union.

With the implementation of the second Markets in Financial Instrument Directive (MiFID II) and in conformity with the Investment Services and Activities and Regulated Markets Law of 2017, the Company is required to disclose the risk associated with the investment services it provides.

The Company is authorized to provide the following investment services:

- Portfolio Management
- Investment Advice

And the following ancillary services:

- Safekeeping and administration of financial instruments, including custodianship and related services
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
- Foreign exchange services where these are connected to the provision of investment services

To enter into an agreement with the Company the Client agrees and acknowledges the following:

2. Risk Warning

The Company offers investment services of Portfolio Management and Investment Advice and related ancillary services hence its clients are exposed to a range of possibilities of investing in Contracts of Differences (‘CFDs’), securities, shares, and bonds. The Client should not enter in this kind of business relationship unless he or she is fully aware of their nature, risk involved and the extent of the exposure to these risks.

This Risk Disclosure is intended as a guide for you, explaining the basics and giving a general overview of financial instruments, the opportunities they offer and, at the same time, identify the risks involved.

If you require more detailed information, we will be pleased to assist you. This warning cannot and does not disclose or explain all the risks and other significant aspects involved in dealing in all Financial Instrument and investment services.

Please note that CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. The vast majority of retail investor accounts lose money when trading CFDs. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.
Contracts of Difference (hereinafter referred as “CFDs”) are leveraged products and fall under the financial instrument class of “derivatives” and they carry a high level of risk, which means that a small adverse market movement may expose the client to lose the entire invested capital.

In other words, there is the possibility that you (the “Client” or the “Customer”) could sustain a loss in excess of your deposited funds even if a stop loss is used and therefore, you should not speculate with capital that you cannot afford to lose while being aware of trading risks. Please note that, if you are a retail client, you cannot lose more than the balance on your Trading Account, i.e. you cannot be left in debt to the Company.

The Company’s website provides general information that does not take into account your objectives, financial situation or needs. The content of the website must not be interpreted as personal advice. Please ensure that you fully understand the risks involved and seek independent advice if necessary. The Client should completely acknowledge and accept that he/ she runs a great risk of incurring losses and damages as a result of the purchase and/ or sale of any Financial Instrument and accepts and confirms that he is prepared to take on this risk.

If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear the risks involved and that you monitor your positions carefully. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even likely that the investment may become of no value.

3.  **Risk Classification of Securities, Shares, Bonds, and Nature of CFDs**

The classification of risks is based on general as well as special (product-specific) risks. The general risks inherent in investments in the aforementioned financial instruments to be taken into account are explained below.

As mentioned earlier, CFDs are derivative products traded off-exchange (Over-the-Counter - OTC); CFDs are agreements to exchange the difference in value of a particular instrument or currency between opening time of the agreement and closing time. CFDs, through the investment services offered by the Company, allow the Client to replicate the economic effect of trading in particular currencies or other instruments without requiring actual ownership of those assets.

You are not entitled to the physical delivery of the underlying instrument of the CFDs you are trading and have no rights in the underlying instrument. CFDs fluctuate in value during the day; the price movements of CFDs are determined by a number of factors including but not limited to availability of market information.

The following highlights part of the risk factors for following risks involved:

1.  Currency Risk
2.  Transfer Risk
3.  Country Risk
4. Liquidity Risk
5. Credit Risk
6. Interest Rate Risk
7. Exchange Risk
8. Risk of Total Loss
9. Buying Securities on Credit
10. Market Risk
11. Volatility Risk
12. Counterparty Risk

The above list of risks is non-exhaustive.

4. **General Investment Risks notes**

4.1. **Currency Risk**: In the case of investments in foreign currency, the return and performance of the investment are strongly influenced by the exchange rate development of the foreign currency relative to your base currency. This means that exchange rate fluctuations may increase or decrease the return and value of such investments.

4.2. **Transfer Risk**: Transactions involving a foreign business partner (e.g. a foreign debtor) carry the additional risk that political or exchange control measures in a given country may complicate or prevent the realization of the investment. In addition, problems may occur in connection with the settlement of an order. In the case of foreign currency transactions, such measures may obstruct the free convertibility of the currency.

4.3. **Country Risk**: The country risk represents the credit risk of a given country. If the country concerned poses a risk in political or economic terms, all counterparties resident in that country may be affected.

4.4. **Liquidity Risk**: Tradability (liquidity) refers to the possibility of selling a security or closing out a position at the market price at any given time. The opposite of a liquid market is a narrow market. The market in a particular security is said to be narrow if an average sell order (measured by the usual trading volume) causes perceptible price fluctuations and if the order cannot be settled at all or only at a substantially lower price. Some of the underlying assets/financial instruments may not become immediately liquid as a result of reduced demand for the underlying asset, and the Client may not be able to obtain the information on the value of these or the extent of the associated risks.

4.5. **Credit Risk**: Credit risk refers to the possibility of the counterparty’s default, i.e. the inability of one party to a transaction to meet its obligations such as dividend payments, interest payments, repayment of principal when due, or to meet such obligations for full value. It is also known as repayment risk or issuer risk.

4.6. **Interest Rate Risk**: The risk that losses will be incurred as a result of future movements in the market interest level is termed interest rate risk.

4.7. **Exchange Risk**: This term means the risk of adverse movements in the value of individual investments. In the case of transactions implying a future obligation (foreign currency forwards,
futures, selling options etc) it may therefore be necessary to provide collateral security (margin) or to increase its amount, which means tying up liquidity.

4.8. **Risk of Total Loss**: This term refers to the risk that an investment may become completely worthless.

4.9. **Buying Securities on Credit**: The purchase of securities on credit implies an increased risk. The credit raised must be repaid no matter whether the investment has been profitable or not. Furthermore, the credit costs reduce the return.

4.10. **Market Risk**: Market risk is the possibility of a client experiencing losses due to factors that affect the overall performance of the financial markets in which the client is involved. In times of high volatility or market/economic uncertainty, values may fluctuate significantly. Such fluctuations are even more significant in case of leveraged positions and may adversely affect your positions. You should carefully consider whether trading in leveraged products, such as CFDs, is appropriate for you.

The ‘Stop Loss’ orders to limit potential losses, and ‘Take Profit’ to collect profits to protect against market movements are commonly used but these limits do not guarantee against loss because under certain market conditions, i.e. extreme fluctuations of the asset’s price, it may be impossible to respect the order limits as further explained in paragraph 4.11 below.

The Client acknowledges and accept that a Financial Instrument on foreign markets may involve risks unlike the usual risks of the markets in the Client’s country of residence. In some circumstances, these risks may be larger. The outlook of profit or loss from transactions on foreign markets is also influenced by exchange rate fluctuations.

4.11. **Volatility Risk**: Some derivative financial instruments such as CFDs trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses as well as profits. The price of derivative financial instruments is derived from the price of the underlying asset in which the derivative financial instruments refer to. Derivative financial instruments and related underlying markets can be highly volatile. The prices of derivative financial instruments and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company.

Under certain market conditions, it may be impossible for an order to be executed at the declared prices, leading to losses. Due to market conditions, which may cause any unusual and rapid market price fluctuations, or other circumstances, it may not be possible to close the positions at the price specified and the risk controls imposed might not work.

The prices of derivative financial instruments and the underlying asset will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events, and the prevailing psychological characteristics of the relevant market place.
4.12. **Client Money and Counterparty Risk.** Any money that we hold on your behalf are kept in one or more segregated accounts with an institution within the or outside the European Economic Area, separated from the Company’s money. It is noted that the legal and regulatory regime applying to any financial institution outside Cyprus or the EEA will be different to that of Cyprus.

We shall not be liable for any default of any counterparty, bank, custodian or other entity which holds money on your behalf or with or through whom transactions are conducted. The Company will not be liable for loss suffered by you in connection to your funds held by us, unless such loss directly arises from our gross negligence, wilful default or fraud.

5. **Investment Risks related to Bonds**

**Bonds:** bonds are securities that oblige the issuer (= debtor) to pay to the holder (= creditor/ buyer) interest on the capital invested and to repay the nominal amount according to the bond terms.

**Return:** the bond yield is composed of the interest paid on the capital and any difference between the purchase price and the price achievable upon sale/ redemption of the bond. Consequently, the return can be determined in advance only if the bond is held until redemption. To provide an indication/ comparison, an annual yield based on the assumption of bullet repayment is calculated in line with international standards. If the yield of a bond is significantly above the general yield level of bonds with comparable maturities, there must exist good reasons – one of them may be an increased credit risk. The price achievable upon sale of a bond prior to redemption (market price) is not known in advance. This means that the yield may be higher or lower than initially calculated. In addition, transaction charges must be taken into account when calculating the overall return.

**Credit Risk:** there always is the risk of the counterparty’s default, e.g. in the case of the debtor’s insolvency. The credit standing of the debtor must therefore be considered in an investment decision. Credit ratings (assessment of the creditworthiness of a debtor) issued by independent rating agencies provide some guidance in this respect. The highest creditworthiness is “AAA”. The lower the rating (e.g. “B” or “C”) is, the higher is the repayment risk, but also the higher will be the yield (risk premium).

**Exchange Risk:** if a bond is kept until maturity, the investor will receive the redemption price as stated in the bond terms. Please bear in mind the risk of a call, i.e. the issuer retires the bond before maturity (this is only possible if a relevant provision is specified in the bond terms). If a bond is sold prior to maturity, the investor will receive the current market price, which is regulated by supply and demand. For instance, the price of fixed rate securities will fall if the interest rate on bonds with comparable maturities rises. Conversely, bonds will gain in value if the interest rate on bonds with comparable maturities falls. The market price of a bond may also be affected if the issuer’s creditworthiness changes.

**Liquidity Risk:** the tradability of bonds depends on several factors, e.g. issuing volume, residual life, bond market rules and market conditions. Certain bonds may be difficult or impossible to sell and must be held until maturity.

6. **Investment Risks related to Shares**

**Shares:** Shares (stocks, equities) are securities evidencing an ownership interest held in an enterprise
The most important rights of shareholders are the participation in the company’s profits and the right to vote in the shareholders’ meeting.

**Return**: The yield on investments in shares is composed of dividend payments as well as price gains or losses and cannot be predicted with certainty. The dividend is the amount of a company’s earnings distributed to shareholders. The amount of the dividend is decided by the shareholders’ meeting and is expressed either as an absolute amount per share or as a percentage of the nominal value of the share. The return achieved on the dividend in relation to the share price is called dividend yield. Usually, this is considerably lower than the dividend quoted as a percentage of the nominal value. The greater part of the return on investments in shares is usually achieved from their performance/price trend (see exchange risk).

**Exchange Risk**: Most stocks are traded on a public exchange. As a rule, prices are established on the basis of supply and demand daily. Investment in stocks may involve considerable losses. In general, the price of a stock depends on the business trend of the respective company as well as the general business environment and political conditions. Besides, irrational factors (investor sentiment, public opinion) may also influence the share price trend and thus the return. Statistics show that, in the past, investments in stocks provided higher overall returns in the medium and long term than investments in most other securities categories.

**Credit Risk**: Shareholders hold an ownership interest in a company. This means that their investments may be rendered worthless, especially if the company becomes insolvent.

**Liquidity Risk**: Tradable may be limited in the case of shares with a narrow market (especially stocks quoted on the so-called “third market”).

7. **Errors in quoting**

Should a quoting error occur (including responses to Customer requests), the Company is not liable for any resulting errors in account balances. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by the Company in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In such event the Company shall act in the best interest of the client.

8. **High Leverage and Low Margin Risk can lead to quick losses**

The high degree of “gearing” or “leverage” is a particular feature of both CFDs and FX Contracts. Trading risks are magnified by leverage. The effect of leverage makes investing in CFDs riskier than investing in the underlying asset. This stems from the margining system applicable to CFDs which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous.

A small price movement in your favor can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the balance of your
account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of the investment.

The level of leverage will be on discretion of the Portfolio Manager based on the risk and economic profile of each client and will not in any case exceed the maximum leverage levels as per the Directive DI87-09 for the restriction on the Marketing, Distribution or Sale of CFDs which implemented the Cyprus National Product Intervention Measures (“CyNPIMs”).

Leverage limits for retail clients as per the CyNPIMs:

<table>
<thead>
<tr>
<th>Underlying asset</th>
<th>Initial Margin Protection</th>
<th>Leverage Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major currency pairs</td>
<td>3.33%</td>
<td>30:1</td>
</tr>
<tr>
<td>Non-major currency pairs,</td>
<td>5%</td>
<td>20:1</td>
</tr>
<tr>
<td>gold and major indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities other than gold and non-major equity indices</td>
<td>10%</td>
<td>10:1</td>
</tr>
<tr>
<td>Individual equities and other reference values</td>
<td>20%</td>
<td>5:1</td>
</tr>
<tr>
<td>Cryptocurrencies</td>
<td>50%</td>
<td>2:1</td>
</tr>
</tbody>
</table>

The Company along with the portfolio manager, rely on the trading investment strategy that is suitable for the client.

9. **Margin Requirements – Contingent Liability Transactions**
Customer must maintain the minimum margin requirement on their open positions at all times. It is Customer's responsibility to monitor his/ her account balance. Customer may receive a margin call to deposit additional cash if the margin in the account concerned is too low.

10. **Spread**
The difference between the bid price and the ask price is called “Spread”. The Spreads are set by the Liquidity Provider (Market Makers) that we cooperate with and any changes will be immediately communicated to you. For more information in relation to the Spread, leverage, cost, and fees related to the financial products please visit the website of the Liquidity Provider.

11. **Cash settlement**
Customer understands that CFD and FX Contracts can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment. You have no rights or obligations in respect of the underlying instruments or assets relating to your CFDs trading.

12. **Rights to Underlying Assets**
The Customer has no rights or obligations in respect of the underlying instruments or assets relating to your CFDs or FX Contracts. The Customer understands that CFDs can have different underlying assets, such as
13. **Foreign Exchange and Currency Risk**

Investing in FX Contracts and CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD or FX Contract is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency. Any changes in the exchange rates may have a negative effect on the financial instrument’s value, price and performance, and may lead to losses for the Client.

14. **Conflict of Interest**

The Company always aim to identify and prevent or manage the conflicts of interest arising in relation to their various business lines under a comprehensive conflicts of interest policy. As required by Article 23(2) of Directive 2014/65/EU, the disclosure of conflicts of interest by the Company should not exempt it from the obligation to maintain and operate the effective organisational and administrative arrangements required under Article 16(3) of Directive 2014/65/EU.

The Company shall not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe the requirements on conflicts of interest or inducements under the Law. Some of these related entities may also act as a market maker for some instruments. This may entail additional risk of conflicts of interest. For transparency, the client is hereby made aware of this and accepts this risk when conducting business with the Company. For more information on (potential) conflicts of interest and the mitigation measures taken by the Company, kindly refer to the Company’s Conflicts of Interest policy in our website www.smart-trades.net

15. **Suitability Risk Assessment**

Upon the opening of your account, the Company carries out an assessment of suitability so as to examine on whether the Company’s services are suitable for the client by assessing his/her knowledge and experience, as well as the persons’ financial situation, including his/her ability to bear losses, and his/her investment objectives and risk tolerance. The assessment does not relieve the client of the need to carefully consider whether to trade or not CFDs. If we warn the client that trading these instruments may not be suitable for him/her, then him/her should refrain from trading CFDs until he/she gains sufficient knowledge and experience and/or financial situation, including ability to bear losses.

16. **Market Commentary**

When deemed appropriate, the Company may, issue or distribute third party material, which contains information including but not limited to the conditions of the financial markets, posted through the website and other media and/or received by you. The material should be considered as marketing communication only and does not contain, and should not be construed as containing, investment advice and/or an investment recommendation and/or, an offer of or solicitation for, any transactions in financial instruments; any decision to enter into a specific transaction shall be made by the Clients following an appropriateness assessment of their trading knowledge and experience. The Company shall not be responsible for any loss arising from any investment based on any recommendation, forecast or other information provided. Any opinions, news, research, analyses, prices, or other information contained on this website are provided as

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general market commentary, and do not constitute investment advice. The Company will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

The contents of any report provided should not be construed as an expressed or implied promise, as a guarantee or implication that Clients will profit from the strategies herein, or as a guarantee that losses in connection therewith can or will be limited. The Company does not provide investment, financial, legal, tax, regulatory or other advice relating to investments or trading CFDs. Any material or information or other features, which may be provided to you through our website, trading platforms, marketing or training events, is generic and shall not be treated as advice appropriate for you or based on a consideration of your personal situations. Each decision by Customer to enter into a CFD or FX Contract and each decision as to whether a transaction is appropriate or proper for Customer, is an independent decision made by the Customer.

Except when offering investment advice services, the Company is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that the Company has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses.

Information of the previous performance of a financial instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the financial instruments to which the said information refers.

17. No guarantees of Profits

There are no guarantees of profit nor of avoiding losses when trading CFDs and FX Contracts, Customer received no such guarantees from the Company or from any of its representatives. Customer is aware of the risks inherent in trading CFDs and FX Contracts and is financially able to bear such risks and withstand any losses incurred.

The Client accepts that a Derivative Financial Instrument (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the fundamental instrument.

18. Technical/ Internet Trading Risks

There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, the failure of hardware, software, and the Internet connection. Since the Company does not control signal power, its reception or routing via Internet, configuration of equipment or reliability of its connection, we cannot be liable for communication failures, distortions or delays when trading via the Internet. The Company employs backup systems and contingency plans to minimize the possibility of system failure, and provision of services via telephone is available.

19. Accuracy of Information

The content on this website is subject to change at any time without notice and is provided for the sole purpose of assisting traders to make independent investment decisions. The Company has taken reasonable
measures to ensure the accuracy of the information on the website. However, the Company does not guarantee the accuracy of the information and will not accept liability for any loss or damage that may arise directly or indirectly from the content or your inability to access the website, for any delay in or failure of the transmission or the receipt of any instruction or notifications sent through this website.

20. **Compensation**

However, where we are unable to meet our duties and obligations arising from your claim, you may benefit from the Investor Compensation Fund, (please refer to the Investor Compensation Fund Policy in the Legal section of our Website). The Company participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. Certain clients will be entitled to compensation under the Investor Compensation Fund where the Company is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible. Any compensation which may be provided to you by the Investor Compensation Fund shall not exceed twenty thousand Euros 20,000.

21. **Distribution**

This site is not intended for distribution, or any use by, any person in any country where such distribution or use would be contrary to local law or regulation. None of the services or investments referred to in this website is available to persons residing in any country where the provision of such services or investments would be contrary to local law or regulation. The Company will make best efforts to fill your trade at the price requested. Trading on-line, no matter how convenient or efficient could be, does not necessarily reduce risks associated with currency trading. All quotes and trades are subject to the terms and conditions of the Legal Information accessible through this website.

Finally, the Client acknowledges and accepts that there may be other risks which are not covered above.

(Version 2)