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**OXIS Trades LTD**

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**RISK DISCLOSURES AND IMPORTANT FACTORS**

This notice is provided to you in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2007, Law 144(I)/2007.

## **Risk Disclosure Notice**

Notice RISK WARNING: Contracts for Difference ('CFDs') are complex financial products, which have no set maturity date. Therefore, a CFD position matures on the date a client chooses to close an existing open position. CFDs, which are leveraged products, incur a high level of risk and as a result it is possible the loss to exceed the client's invested capital and as a result, client classified as non-retail may be required to make further payments. As a result, CFDs may not be suitable for all individuals. The client should not risk more than he/ she is prepared to lose. Before deciding to trade, the client shall ensure that he/ she understands the risks involved and take into account his/ her level of experience. The client may seek independent advice, if necessary.

### **1. General Risk Warning**

- 1.1. All prospective Clients should read carefully the following risk warnings contained in this document before deciding to apply for a Client Account with the Company.
- 1.2. It is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments (including derivative financial instruments such as CFDs). The notice was designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis.
- 1.3. The Client should not engage, directly or indirectly, in any investment in Financial Instruments unless he knows and understands their nature and the extent of exposure to risk involved for each one of these Financial Instruments; and he declares that he is willing to undertake this risk.
- 1.4. Trading in CFDs is not suitable for all investors. The Client runs a great risk of incurring losses and damages as a result. The damages may include loss of all his invested capital and also any additional commissions and other expenses. Client should never trade with money he can't afford to lose.
- 1.5. The Company will not provide the Client with any investment advice relating to investments or possible transactions in investments or in Financial Instruments or make investment recommendations of any kind. So, prior to applying for a Trading Account with the Company, or placing an Order, the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources.

- 1.6. If the Client does not understand the risks involved he should seek advice and consultation from an independent professional advisor. If the Client still does not understand the risks involved in trading in any Financial Instruments, he should not trade at all.
- 1.7. The Client should acknowledge that he runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accept that he is willing to undertake this risk.

## **2. Technical Risks**

- 2.1. The Client shall be responsible for any financial losses caused by the failure of information, communication, electronic, internet, telephone, public electricity network and other systems. The result of any system failure may be that his Order is either not executed according to his instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.
- 2.2. While trading, the Client and not the Company shall be responsible for the financial losses caused by (but not limited to):
- Client's or Company's hardware or software failure, malfunction or misuse;
  - Poor Internet connection either on the side of the Client or the Company or both, or interruptions or transmission blackouts or public electricity network failures or internet connection failures or hacker attacks, or overload of connection;
  - The wrong settings in the Client Terminal;
  - Delayed Client Terminal updates;
  - The Client disregarding the applicable rules on the Client Terminal;
  - Delays or other errors caused during the transmission of Orders and/or messages via computer or other communication devices;
  - information received via computer or via other communication devices is inaccurate;
  - failure of transmission of information, communication, electronic and other systems.
- 2.3. The Client acknowledges that at times of excessive deal flow the Client may have some difficulties to be connected over the telephone with a Dealer or with the Company Online Trading System, especially in a Fast Market (for example, when key macroeconomic indicators are released).

### **3. Abnormal Market Conditions**

- 3.1. The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or executed at all.

### **4. Trading Platform**

- 4.1. Orders may be executed one at a time while being in the queue. Multiple Orders from the same Client Account in the same time may not be executed and/or not necessarily executed at the same price.
- 4.2. The Client acknowledges that the only reliable source of Quotes Flow information is that of the real/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.
- 4.3. Orders may be altered or removed only in certain cases.
- 4.4. In case the Client has not received the result of the execution of the previously sent Instruction but decides to repeat the Instruction, the Client shall accept the risk of making two Transactions instead of one.
- 4.5. The Client acknowledges that if the Pending Order has already been executed but the Client sends the 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.

### **5. Communication**

- 5.1. The Client shall accept the risk of any financial losses caused by the fact that he has received with delay or has not received at all any notice from the Company.
- 5.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access of third parties.
- 5.3. The Company has no responsibility if authorized 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, any other electronic means, fax or post.
- 5.4. The Client is wholly responsible for keeping the privacy of all the information send by the Company and accepts the risk of any financial losses caused by the unauthorised access of the third party to the Client's Account.

5.5. 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 as they could be deleted by the system after some time.

## **6. Force Majeure Events**

6.1. In case of a Force Majeure Event the Client accepts the risk of financial losses.

## **7. Third Party Risk**

7.1. The Company may pass money received from the Client to a third party (e.g. an intermediate broker, a bank, a market, a settlement agent, a clearing house or OTC counterparty located outside FSA or the EU) to hold or control, in order to effect a Transaction through or with that person, or to satisfy the Client's obligation to provide collateral (e.g. third margin requirement) in respect of a Transaction. The Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.

7.2. The legal and regulatory regime applying to any such third party person will be different from that of FSA, and in the event of the insolvency or any other equivalent failure of that person, the Client's money may be treated differently from the treatment which would apply if the money was held in a Segregated Account in FSA. The Company will not be liable for the solvency, acts or omissions of any third party referred to in this clause.

7.3. The third party to whom the Company will pass money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money. In the event of the insolvency or any other analogous proceedings in relation to that third party, the Company may only have an unsecured claim against the third party on behalf of the Client, and the Client will be exposed to the risk that the money received by the Company from the third party is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.

7.4. The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.

7.5. A Bank or Broker through whom the Company deals with could have interests contrary to the Client's interests.

## **8. Risk Warning for Derivative Financial Instruments such as Contracts for Difference**

### **8.1. General**

8.1.1. This notice cannot disclose all the risks and other significant aspects of derivative financial instruments such as futures, options, and Contracts for Differences (CFDs). The Client should not deal in these products unless he understands their nature and the extent of his exposure to risk and that he may lose entirely all of his money also any additional commissions and other expenses incurred.

- 8.1.2. The Client should also be satisfied that the product is suitable for him in the light of his circumstances and financial position.
- 8.1.3. Although Derivative Financial Instruments can be used for the management of investment risk, some of these products are unsuitable for many investors. Different Derivative Financial Instruments involve different levels of exposure to risk and in deciding whether to trade in Derivative Financial Instruments the Client should be aware of the following:

## 8.2. Effect of Leverage

- 8.2.1. Under Margin Trading conditions even small market movements may have great impact on the Client's Account. It is important to note that Client Accounts trade under the effect of Leverage. The Client must consider that if the market moves against the Client, the Client may sustain a total loss greater than the funds deposited and as a result the Client classified as non-retail might be required to make further payments. The Client is responsible for all the risks, financial resources the Client uses and for the chosen trading strategy.
- 8.2.2. It is highly recommended that the Client maintains a Margin Level (percentage Equity to Necessary Margin ratio which is calculated as  $\text{Equity} / \text{Necessary Margin} * 100\%$ ) of not lower than 1,000%. It is also recommended to place Stop Loss to limit potential losses, and Take Profit to collect profits, when it is not possible for the Client to manage the Client's Open Positions. However, it is noted that placing a Stop Loss Order can not guarantee the limit of loss.
- 8.2.3. The Client shall be responsible for all financial losses caused by the opening of the position using temporary excess Free Margin on the Client Account gained as a result of a profitable position (cancelled by the Company afterwards) opened at an Error Quote (Spike) or at a Quote received as a result of a Manifest Error.

## 8.3. High volatile instruments

- 8.3.1. Some Instruments 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 instruments refer to (for example currency pair, stock, metals, indices etc.). Derivative Financial Instruments and related 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 a Client's Order to be executed at declared price leading to losses. 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. Therefore, Stop Loss Order can not guarantee the limit of loss.

- 8.3.2. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of Derivative Financial Instruments may fluctuate downwards or upwards and it is even probable that the Derivative Financial Instruments may become of no value. This is owed to the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit, but may also expose the Client to a large additional loss.

#### 8.4. Liquidity

- 8.4.1. Some of the underlying assets may not become immediately liquid as a result of reduced demand for the said 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.

#### 8.5. Futures

- 8.5.1. 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 the position with cash. They 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 movement can lead to a proportionately much larger movement in the value of the Client's investment, and this can work against the Client as well as for the Client. Futures transactions have a contingent liability, and the Client should be aware of the implications of this, in particular the margining requirements, which are set out below.

#### 8.6. Options

- 8.6.1. Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against the Client, the Client can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if the Client buys a call option on a futures contract and the Client later exercises the option, the Client will acquire the future. This will expose the Client to the risks described under futures' and contingent liability investment transactions.
- 8.6.2. Writing options: If the Client writes an option, the risk involved is considerably greater than buying options. The Client may be liable for margin to maintain his position and a loss may be sustained well in excess of the premium received. By writing an option, the Client accepts a legal obligation to purchase or sell the

underlying asset if the option is exercised against the Client, however far the market price has moved away from the exercise price. If the Client already owns the underlying asset which he has contracted to sell (when the options will be known as covered call options) the risk is reduced. If the Client does not own the underlying asset (uncovered call options) the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

## 8.7. Contacts for Differences

- 8.7.1. The CFDs available for trading with the Company are non deliverable spot transactions giving an opportunity to make profit on changes in the Underlying Asset (cash indices, index futures, bond futures, commodity futures, spot crude oil, spot gold, spot silver, single stocks, currencies or any other asset according to the Company's discretion from time to time). If the Underlying Asset movement is in the Client's favor, the Client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred. So, the Client must not enter into CFDs unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commissions and other expenses incurred.
- 8.7.2. Investing in a Contract for Differences carries the same risks as investing in a future or an option and the Client should be aware of these as set out above. Transactions in Contracts for Differences may also have a contingent liability and the Client should be aware of the implications of this as set out below.

## 8.8. Off-exchange transactions in derivatives

- 8.8.1. CFDs offered by the Company are off-exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.
- 8.8.2. In regards to transactions in CFD's, the Company is using an Online Trading System for transactions in CFD's which does not fall into the definition of a recognized exchange as this is not a Multilateral Trading Facility and so do not have the same protection.



## 8.9. Foreign Markets

- 8.9.1. Foreign markets will involve different risks from the FSA markets. In some cases the risks will be greater. On request, the Company must provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which it will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

## 8.10. Contingent liability investment transactions

- 8.10.1. Contingent liability investment transactions, which are margined, require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The Margin requirement will depend on the underlying asset of the instrument. Margin requirements can be fixed or calculated from current price of the underlying instrument, it can be found on the website of the Company.
- 8.10.2. If the Client trades in futures, Contracts for Differences or sell options, he may sustain a total loss of the funds he has deposited to open and maintain a position. If the market moves against the Client, he may be called upon to pay substantial additional funds at short notice to maintain the position. If the Client fails to do so within the time required, his position may be liquidated at a loss and he will be responsible for the resulting deficit. It is noted that the Company will not have a duty to notify the Client for any Margin Call to sustain a loss-making position.
- 8.10.3. Even if a transaction is not margined, it may still carry an obligation for a non-retail client to make further payments in certain circumstances over and above any amount paid when the Client entered the contract.
- 8.10.4. Contingent liability investment transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose the Client to substantially greater risks.

## 8.11. Collateral

- 8.11.1. If the Client deposits collateral as security with the Company, 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 the collateral depending on whether the Client is trading on a recognised or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off-exchange. Deposited collateral may lose its identity as the Client's property once dealings on the Client's behalf are undertaken. Even if the Client's dealings should ultimately prove profitable, he may not get back the same assets which he deposited, and may have to accept payment in cash.

## 8.12. Suspensions of Trading

- 8.12.1. Under certain trading conditions it may be difficult or impossible to liquidate a 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 under the rules of the relevant exchange trading is suspended or restricted. Placing a Stop Loss will not necessarily limit the Client's losses to the intended amounts, because market conditions may make it impossible to execute such an Order at the stipulated price. In addition, under certain market conditions the execution of a Stop Loss Order may be worse than its stipulated price and the realized losses can be larger than expected.

## 8.13. Clearing House Protections

- 8.13.1. On many exchanges, the performance of a transaction by the Client is guaranteed by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Client and may not protect him if he or another party defaults on its obligations to the Client. On request, the Company must explain any protection provided to him under the clearing guarantee applicable to any on-exchange derivatives in which he is dealing. It is noted that there is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

## 8.14. Insolvency

- 8.14.1. The Company's insolvency or default, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Client may not get back the actual assets which he lodged as collateral and he may have to accept any available payments in cash.
- 8.14.2. Segregated Funds will be subject to the protections conferred by Applicable Regulations.

## 9. Commissions and Taxes

- 9.1. Before the Client begins to trade, he should make himself aware of all commissions and other charges for which he will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), he should ensure that he understands what such charges are likely to amount to.
- 9.2. There is a risk that the Client's trades in any Financial Instruments including Derivative Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

9.3. Company charges and Costs and taxes are subject to change without notice.

## **10. Foreign Currency**

10.1. When a financial instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client.