

Milanobroker

Risk Disclosure Notice

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1. THIS RISK DISCLOSURE NOTICE FORMS PART OF THE CLIENT AGREEMENT AS DEFINED IN

THE USER AGREEMENT

1.1. You are considering dealing using the Milanobroker AS ("Milanobroker", "we", "our", "us", "the

Company") trading platform in Contracts for Difference ('CFDs'). CFDs are high risk investments, which are not suitable for many investors.

1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.

1.3.

It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. 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 such risks and that you monitor your positions carefully.

2. MAGNIFIED LOSSES

2.1. The nature of margin trading markets means that both profits and losses can be magnified and you could incur very large losses if your position moves against you. To avoid incurring large losses, where possible, you should use the risk management tools offered by Milanobroker. Please note you cannot lose more than the balance on your Trading Account.

3. CFDS ARE NOT SUITED FOR LONG TERM INVESTMENT

3.1.

CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

4. NO RIGHTS TO THE UNDERLYING INSTRUMENT

4.1.

CFDs do not provide any right to the underlying instruments, or in the case of Equity CFDs, to voting rights.

4.2.

You are trading with CFDs, which means that you enter into a contract with us for the Difference between the value of an Instrument as specified on the Trading Platform at the time of opening a Transaction, and the value of such Instrument at the time of closing the Transaction. You are not entitled to ownership of the underlying asset of such a contract e.g. the actual Shares or the Rights offered in a Rights Issue event or the Shares offered in an Options contract. There is no delivery of the underlying asset.

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5. ONLY INVEST MONEY YOU CAN AFFORD TO LOSE

5.1. Do not invest in CFDs with money you cannot afford to lose. An investment in CFDs carries a high degree of risk to the investor and, due to fluctuations in value, the investor may not get back the amount he has invested.

6. APPROPRIATENESS

6.1.

Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.

6.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

7. POTENTIAL RISKS

7.1.

You cannot lose more than the balance of your Trading Account.

7.2.

Before you open a CFD trade you must have enough funds on your account to cover the Initial Margin and, in order to keep the Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the amounts will be indicated on the Trading Platform. Trading using 'leverage' can work for or against you in equal measures; a small price movement in your favour can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

Trading CFDs on leverage means you can secure a significantly larger exposure to an underlying asset for a relatively small initial margin. However, the use of leverage magnifies the size of your trade, which means your potential gain and your potential loss are equally magnified.

You should, therefore, closely monitor all of your open positions to manage the risk of large losses.

Each instrument has a fixed leverage which is specified in the instrument's details. An important consideration is whether or not, you wish to dedicate all of your deposit to meet your margin requirements. By dedicating all your deposit in this manner, you will be less able to deal with market volatility than if you only dedicate some of your deposit.

7.3.

You must ensure that the amount in your Trading Account exceeds the Maintenance Margin in order to keep a Transaction open, otherwise, if our price moves against you, you may need to deposit additional funds, at short notice, to maintain your open position(s). If you fail to do this, we will be entitled to close or partially close one or more or all of your trades and you will be responsible for any losses that may be incurred.

7.4.

You should also be aware that under our User Agreement we are entitled, at our sole discretion, to make a Margin Call which you are required to satisfy immediately. If you do

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not satisfy the Margin Call in a timely manner, we will be entitled to close or partially close one, or more, or all of your trades.

7.5. Unless you have taken steps to place an absolute limit on your losses by setting a Guaranteed Stop it is possible for adverse market movements to result in the loss of the entire balance of your Trading Account. Guaranteed Stops are not offered on all instruments, but there are other risk management tools available, e.g. by placing "Close at Loss" or "Close at Profit" orders on your account, that will help mitigate your losses. However, please note "Close at Loss" and "Close at Profit" are not guaranteed if the rate changes by more than a single pip.

7.6. With CFDs customers can buy ("go long") and close the position later by selling. Alternatively customers can sell ("go short") and close the position later by buying (the mere action of closing the position functions as the action of buying/selling). Selling at a higher/lower price than the purchase price yields a gain/loss accordingly. If the market goes against you and you do not have the necessary risk management tools in place your position could result in significant losses.

8. NOT SUITABLE AS INCOME

8.1.

The inherent concept of CFDs means they are not suitable for an investor seeking an income from their investments, as the income from such investments may fluctuate in value in money terms. For an investment in an OTC product, which is not a readily realisable investment, it may be difficult to sell or realise the investment and obtain reliable information about its value or the extent of the risks to which it is exposed.

9. FLUCTUATIONS IN THE MARKET

9.1.

9.2.

It is important that you comprehend the risks associated with trading in CFDs, as fluctuations in the price of the underlying market will have an effect on the profitability of the trade. For example: the value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange.

Slippage occurs when the market moves suddenly in any direction, and is the difference between the expected price of a trade, and the price at which the trade was actually executed. The price is then said to have 'slipped' when the market has 'gapped' from one level to another. This applies in the event of either advantageous or disadvantageous price movements and can result in either losses (negative slippage) or gains (positive slippage).

9.3. Market-on-Open Orders (as defined in the User Agreement) shall be executed at the first quoted rate available on the Trading Platform once the underlying market reopens. You should be aware that there is no guarantee as to what the opening rate will be, nor that the execution rate will match the rate anticipated at the time the order was placed. Factors such as market volatility, limited liquidity, wide bid-ask spreads, price gaps due to overnight news or economic events, and corporate announcements can cause significant fluctuations in the opening rate. These conditions may result in slippage or execution at rates materially less favorable than expected.

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9.4.

Trading CFDs is only appropriate for those customers who fully understand the risks and have previous trading experience. If unsure, it is advisable to seek independent advice.

10. DERIVATIVES

10.1. Positions opened with us are not traded on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our User Agreement and with our Order Execution Policy. Certain CFD Indices offered by the Company are not traded in an exchange but they are created and priced by a third party index service provider. Each CFD trade that you open through our Trading Platform results in you entering into a contract with us; these contracts can only be closed with us and are not transferrable to any other person.

11. NEED TO MONITOR POSITIONS

11.1. Because of the effect of leverage and the speed at which profits or losses can be incurred, it is important that you monitor your positions closely. It is your responsibility to monitor your trades at all times.

11.2. Markets are subject to many influences which may result in rapid price fluctuations. Because of market volatility, there is no CFD transaction available via our trading platform that can be considered "risk free". Given the potential levels of volatility in markets, it is recommended that you closely monitor your transactions at all times. For example: the value of investments denominated in foreign currencies will be impacted by both changes

in the rates of exchange and market movement.

12. OPERATIONAL RISKS

12.1. Operational risks with Milanobroker on your computer are inherent in every CFD transaction. For

example, disruptions in Milanobroker's operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. Milanobroker does not accept or bear any liability whatsoever in relation to the operational processes of Milanobroker, except to the extent that it is caused by the fraud, negligence or dishonesty by Milanobroker.

12.2.

In connection with the use of computer equipment and data, the Client bears the following risks amongst other risks, in which cases the Company has no liability of any resulting loss:

a) Power cut of the equipment on the side of the Client or the provider, or communication

operator (including voice communication) that serves the Client;

b) Physical damage (or destruction) of the communication channels used to link the Client

and provider (communication operator);

c) Outage (unacceptably low quality) of communication via the channels used by the

Client, or the Company or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;

d) Wrong or inconsistent with requirements settings of the Client Terminal;

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e) Untimely update of the Client Terminal;

f) The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Client from the Company;

g) Malfunction or non-operability of the Platform, which also includes the Client Terminal.

12.3. The Client is warned that when trading in an electronic platform he assumes risk of

financial loss which may be a consequence of amongst other things:

a) Failure of Client's devices, software and poor quality of connection;

b) Milanobroker or Client's hardware or software failure, malfunction or misuse;

c) Improper work of Client's equipment;

d) Wrong setting of Client's Terminal;

e) Delayed updates of Client's Terminal.

12.4. The Client may suffer financial losses caused by the materialisation of the above risks, Milanobroker accepting no responsibility or liability in the case of such a risk materialising and the Client shall be responsible for all related losses he may suffer.

13. CURRENCY RISK

13.1. Customers should be aware that CFDs denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

14. CLIENT MONEY & COUNTERPARTY RISK

14.1. All funds and currencies belonging to you ("Client Money") shall be held by us in a designated client money bank account; and are subject to a right of set-off for all liabilities that you owe to us. Designated client money is segregated from the assets of the Company and is deemed client money for the purposes of the Estonian Securities Market Act. We may place your funds in our designated Client Money account in a different currency to your base currency. Such Client Money will be at least equal in value to your base currency and will be in compliance with Estonian regulatory requirements. No interest is due or will be paid in respect of Client Money.

14.2. Given that you are dealing with Milanobroker as the counterparty to every transaction, you will have an exposure to us in relation to each of your transactions and are reliant on our ability to meet our obligations to you under the terms of each transaction. This risk is sometimes described as 'counterparty risk'.

14.3. The Company participates in the Guarantee Fund Investor Protection Sectoral Fund for clients of Investment Firms regulated in the Republic of Estonia. Certain clients will be entitled to compensation under the Investor Protection Sectoral Fund where the Company is unable, due to its financial circumstances and when no realistic prospect of improvement

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in the above circumstances in the near future seems possible. Compensation shall not

exceed twenty thousand Euro (EUR 20.000) for each entitled Client. For more details please refer to the “Investor Compensation Fund” found on our website.

15. TRADING CRYPTOCURRENCY CFDs RISK

15.1. Cryptocurrency CFDs are complex, extremely risky and usually highly speculative. Trading in Cryptocurrency CFDs involves a high risk of loss of funds over a short period of time due to high market volatility, execution issues and industry-specific disruptive events, including, but not limited to, discontinuation, regulatory bans and other malicious actors within cryptocurrency ecosystems.

15.2. The pricing of Cryptocurrency CFDs is derived from specific cryptocurrency exchanges, which means that the market depth is limited to what is available in the order books of such exchanges. These markets are relatively new and thus might be volatile and limited in terms of liquidity. The pricing engines of cryptocurrency exchanges may experience delays and/or interruptions which can be caused by numerous potential issues.

15.3. Cryptocurrency CFD trading is not appropriate for all investors and therefore, any person wishing to trade in Cryptocurrency CFDs should have detailed and updated knowledge and expertise in these specific products. Customers should always be fully aware and understand the specific characteristics and risks related to these products as laid down in this section.

16. COMMUNICATION BETWEEN THE CLIENT AND THE COMPANY

16.1. The Client shall accept the risk of any financial losses caused by the fact that the Client

has received with delay or has not received at all any notice from the Company.

16.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorised access.

16.3. The Company has no responsibility if unauthorised 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, or any other electronic means.

17. EXTENDED-HOURS TRADING RISKS

17.1. Generally, during the Extended Hours Trading (as defined in the User Agreement) there is less trading volume in comparison to standard Trading Hours. Consequently trading conducted during Extended Hours Trading may include:

a) Lower liquidity: Typically fewer participants prefer to trade during Extended Hours Trading, which can result in less trading volume and wider bid-ask spreads.

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b) Higher volatility: Lower liquidity can result in rapid and significant price fluctuations. Also, issuer news announcements and/or important financial information that may affect a stock price are usually announced during off-market hours, which combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a stock during Extended Hours Trading.

c) Wider spreads: The spread is the difference between the "Bid" (Buy) and "Ask/Offer"

(Sell) price of an Instrument. Wider spreads may apply during Extended Hours Trading due to reduced market liquidity and potential increased volatility of the relevant instruments.

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