HITOMORROW SECURITIES LTD

CLIENT DOCUMENTATION

Risk Disclosure and Warnings Notice

Hitomorrow Securities Ltd (previously T.C.R. International Ltd)
Cyprus Investment Firm · CIF licence no. 237/14 · Reg. No. HE 326383
Version 1.0 · September 2026 · Approved by the Board of Directors

The value of an investment can both increase and decrease, and investors may lose all of the capital they invest. Where a financial instrument is leveraged or involves a contingent liability, losses may exceed the amount invested. Past performance is not a reliable indicator of future results.

Part A — Risks associated with all financial instruments

1. Introduction

1.1 This Risk Disclosure and Warnings Notice (the “Notice”) is provided to you, our client and prospective client, in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (the “Law”), which is applicable to Hitomorrow Securities Ltd (previously T.C.R. International Ltd) (the “Company”, “we”).

1.2 All clients and prospective clients should read carefully the risk disclosures and warnings contained in this Notice before applying to the Company for an account and before they begin to accept any services from the Company. 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 the financial instruments to which the Company’s services relate. This Notice is designed to explain, in general terms and on a fair and non-misleading basis, the nature of the risks involved when dealing in financial instruments.

1.3 The Company is authorised to provide the investment services of reception and transmission of orders, execution of orders on behalf of clients, and dealing on own account. The Company does not provide the investment services of portfolio management or investment advice, and does not provide services in relation to financial contracts for differences. Nothing in this Notice, and no information provided by the Company, constitutes investment advice or a personal recommendation.

2. Charges and taxes

2.1 The provision of services by the Company to the client may be subject to fees. Before the client begins to trade or to accept any services from the Company, the client should obtain details of all fees, commissions and charges for which the client may be liable. It is the client's responsibility to check for any changes in those charges.

2.2 If any charges are not expressed in monetary terms, but for example as a percentage or a formula, the client should ensure that it understands what those charges are likely to amount to.

2.3 The Company may change its costs and associated charges at any time. Such changes will be communicated to the client by the client's preferred method of contact.

2.4 There is a risk that the client's transactions in any financial instrument may be, or become, subject to tax or any other duty, for example because of changes in legislation or in the client's personal circumstances. The Company does not warrant that no tax or stamp duty will be payable. The Company does not offer tax advice, and recommends that the client seek advice from a competent tax professional if the client has any questions.

2.5 The client is responsible for any taxes or other duties which may accrue in respect of its transactions.

2.6 Taxes are subject to change without notice.

2.7 If required by applicable law, the Company shall deduct at source from any payments due to the client such amounts as are required by the tax authorities to be deducted in accordance with applicable law.

2.8 Other costs, including taxes, relating to transactions may arise for which the client is liable and which are neither paid through the Company nor imposed by the Company. Although it is the client's sole responsibility to account for tax due, and without derogating from that, the client agrees that the Company may deduct tax as may be required by applicable law in respect of the client's activity. The client is aware that the Company has a right of set-off against any amounts in the client's account in respect of such tax deductions.

2.9 The Company arranges execution in accordance with its Best Interest and Order Execution Policy, which is available on the Company's website at hi2morrowsecurities.com. Prices available to the Company may differ from prices reported elsewhere. The actual execution price of an order may differ from the price last known at the moment prior to placing the order, in accordance with the Best Interest and Order Execution Policy and the client agreement.

3. Third party risks

3.1 The Company will promptly place any client money it receives into one or more segregated accounts, designated as clients' accounts, with reliable financial institutions, within or outside Cyprus or the EEA, such as a credit institution or a bank in a third country. Although the Company shall exercise due skill, care and diligence in the selection of the financial institution in accordance with applicable regulations, there are circumstances beyond the control of the Company, and the Company does not accept any liability or responsibility for losses to the client resulting from the insolvency, or any other analogous proceedings or failure, of the financial institution where client money is held.

3.2 The financial institution referred to in paragraph 3.1 may be within or outside Cyprus or the EEA. The legal and regulatory regime applying to any such financial institution outside Cyprus or the EEA will be different from that of Cyprus. In the event of the insolvency or other equivalent failure of that person, the client's money may be treated differently from the treatment which would apply if the money were held in a segregated account in Cyprus.

3.3 The financial institution to which the Company passes client money may hold it in an omnibus account. In the event of the insolvency or other analogous proceedings in relation to that financial institution, the Company may have only an unsecured claim against the financial institution on behalf of the client, and the client will be exposed to the risk that the money received by the Company from the financial institution is insufficient to satisfy the client's claims.

3.4 The Company receives and then transmits and executes client orders with third-party brokers and financial institutions. This is explained in the Best Interest and Order Execution Policy, available at hi2morrowsecurities.com. In the event of a lack of liquidity at the third party following a successful order for the client, the Company may not be in a position to settle the transaction for the client.

4. Insolvency

4.1 The Company's insolvency or default may lead to the client's open positions being closed out without the client's consent, and as a result the client may suffer losses.

5. Investor Compensation Fund

5.1 The Company participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. Claims of covered clients against the Company may be compensated by the Investor Compensation Fund where the Company is unable to meet its obligations due to its financial circumstances. Compensation shall not exceed twenty thousand euro (EUR 20,000) for each entitled client. For further details, please refer to the Investor Compensation Fund Policy available on the Company's website at hi2morrowsecurities.com.

6. Technical risks

6.1 The client, and not the Company, shall be responsible for the risk of financial losses caused by the failure, malfunction, interruption, disconnection or malicious targeting of information, communication, electricity, electronic or other systems, which are not the result of gross negligence or wilful default of the Company.

6.2 If the client undertakes transactions through an electronic system, the client will be exposed to risks associated with that system, including the failure of hardware, software, servers, communication lines and the internet. The result of any such failure may be that an order is either not executed according to the client's instructions or not executed at all. The Company does not accept any liability in the case of such a failure, unless it is due to the Company's gross negligence or wilful default. The Company strives on a best-efforts basis to provide the client with a secure and smooth experience. However, the client acknowledges the risk that, should third parties launch a coordinated attack against the Company's systems, there may be a disruption of services that may result in client losses. The Company does not accept liability resulting from such attacks to the extent that the Company has taken all reasonable measures on a best-efforts basis to prevent them.

6.3 The client acknowledges that unencrypted information transmitted by email is not protected from unauthorised access.

6.4 At times of excessive deal flow, the client may experience difficulty in connecting by telephone or through the Company's systems, especially in fast markets, for example when key macroeconomic indicators or news are released.

6.5 The client acknowledges that the internet may be subject to events which may affect the client's access to the Company's website and systems, including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures and hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its reasonable control, or for any other losses, costs, liabilities or expenses, including without limitation loss of profit, which may result from the client's inability to access the Company's website or systems, or from delay or failure in sending orders or transactions, unless due to the Company's gross negligence or wilful default.

6.6 In connection with the use of computer equipment and data and voice communication networks, the client bears, among others, the following risks, in respect of which the Company has no liability for any resulting loss:

a. power cut affecting equipment on the side of the client, the provider, or the communication operator, including voice communication, that serves the client;
b. physical damage to, or destruction of, the communication channels used to link the client and the provider, communication operator, or the trading or information server;
c. outage, or unacceptably low quality, of communication via the channels used by the client, the provider, or the communication operator, including voice communication;
d. incorrect settings of the client's terminal;
e. untimely update of the client's terminal;
f. when carrying out transactions by telephone, whether landline or mobile, the risk of problems in reaching an employee of the Company due to communication quality issues and communication channel loads;
g. the use of communication channels, hardware and software generates the risk of non-receipt of a message, including a text message, by the client from the Company;
h. communication by telephone may be impeded by overload of the connection;
i. malfunction or non-operability of any trading platform, including the client's terminal.

6.7 The client may suffer financial losses caused by the materialisation of the above risks. The Company accepts no responsibility or liability in the case of such a risk materialising, and the client shall be responsible for all related losses it may suffer, to the extent that these are not due to the Company's gross negligence or wilful default.

7. Electronic trading systems

7.1 The client is warned that, when transacting through an electronic trading system, the client assumes the risk of financial loss which may be a consequence of, among other things:

a. failure of the client's devices or software, or poor quality of connection;
b. failure, malfunction or misuse of the Company's or the client's hardware or software;
c. improper operation of the client's equipment;
d. incorrect settings of the client's terminal;
e. delayed updates of the client's terminal.

7.2 The connection between the client's terminal and the server may be disrupted at some point, and some quotes may not reach the client's terminal.

7.3 The client acknowledges that, when the client closes an order placing or deletion window, or a position opening or closing window, an instruction which has already been sent to the server shall not be cancelled.

7.4 Orders may be executed one at a time while in the queue. Multiple orders from the same account at the same time may not be executed.

7.5 The client acknowledges that, once the client has submitted an order, it shall not automatically be cancelled.

7.6 Where the client has not received the result of a previously sent order and decides to repeat that order, the client shall accept the risk of making two transactions instead of one.

8. Force majeure events

8.1 In the case of a force majeure event, the Company may not be in a position to arrange for the execution of client orders or to fulfil its obligations under the client agreement. As a result, the client may suffer financial loss.

8.2 In accordance with the client agreement, the Company will not be liable, or have any responsibility, for any type of loss or damage arising out of any failure, interruption or delay in performing its obligations under the client agreement where such failure, interruption or delay is due to a force majeure event.

9. Communication between the client and the Company

9.1 The client shall accept the risk of any financial loss caused by the fact that the client has received with delay, or has not received at all, any notice from the Company.

9.2 The client acknowledges that unencrypted information transmitted by email is not protected from unauthorised access.

9.3 The Company has no responsibility if unauthorised third persons obtain access to information, including electronic addresses, electronic communications, personal data and access data, when such information is transmitted between the Company and the client, or when using the internet or other network communication facilities, the telephone, or any other electronic means.

10. Abnormal market conditions

10.1 The client acknowledges that, under abnormal market conditions, the period during which orders are executed may be extended, or it may be impossible for orders to be executed at declared prices, or they may not be executed at all.

10.2 Abnormal market conditions include, but are not limited to, times of rapid price fluctuation, rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted, or a lack of liquidity. These conditions may also occur at the opening of trading sessions.

11. Foreign currency

11.1 Where a financial instrument is traded in a currency other than the currency of the client’s country of residence or of the client’s account, any change in exchange rates may have a negative effect on the value, price and performance of that instrument, and may lead to losses for the client.

12. Conflicts of interest

12.1 When the Company deals with the client, the Company, an associate, a relevant person or some other person connected with the Company may have an interest, relationship or arrangement that is material in relation to the transaction or order concerned, or that conflicts with the client's interest.

12.2 The following are among the circumstances which constitute, or may give rise to, a conflict of interest entailing a material risk of damage to the interests of one or more clients as a result of providing investment services:

a. the Company may receive or pay inducements to or from third parties in connection with the referral of new clients or with clients' trading;
b. the Company deals on own account in financial instruments in which it also receives, transmits or executes client orders, and its own position or trading interest may conflict with the interest of a client.

12.3 For further information about conflicts of interest and the procedures and controls that the Company follows to manage identified conflicts of interest, please refer to the Company's Conflicts of Interest Policy, available at hi2morrowsecurities.com.

13. Appropriateness

13.1 The Company requires the client to complete an appropriateness assessment during the application process, and warns the client where a financial instrument or service is not appropriate for that client on the basis of the information provided. Any decision whether or not to open an account, and whether or not the client understands the risks, lies with the client.

Part B — Risks associated with derivative financial instruments

14. Information on risks associated with derivative financial instruments

Transactions in derivative financial instruments can put the client's capital at risk, especially where they are used in a speculative manner. Such instruments are not suitable for all investors.

Investment decisions made by clients are subject to various market, currency, economic, political and business risks, and will not necessarily be profitable.

The client acknowledges and, without any reservation, accepts that, notwithstanding any general information which may have been given by the Company, the value of any investment in financial instruments may fluctuate either upwards or downwards. The client acknowledges and, without any reservation, accepts the existence of a substantial risk of incurring losses and damages as a result of buying or selling any financial instrument, and acknowledges its willingness to take that risk.

Set out below is an outline of the major risks and other significant aspects of derivative financial instruments.

i. Volatility

Some financial instruments trade within wide intraday ranges with volatile price movements. The client must therefore carefully consider that there is a high risk of losses. The price of a derivative financial instrument is derived from the price of the underlying asset to which it relates. Derivative financial instruments and the related underlying markets can be highly volatile. The prices of derivative financial instruments and of underlying assets 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 order to be executed at declared prices, leading to losses. The prices of financial instruments and underlying assets are influenced by, among other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programmes and policies, national and international political and economic events, and the prevailing psychological characteristics of the relevant marketplace.

ii. Liquidity

Liquidity risk refers to the capacity to readily monetise assets without suffering a significant discount in their prices. The client accepts and acknowledges that the underlying instruments of some derivative products may be inherently illiquid, or may face persistent liquidity strains due to adverse market conditions. Illiquid underlying assets may exhibit high levels of volatility in their prices and consequently a higher degree of risk. This typically leads to larger gaps between bid and ask prices for an underlying instrument than would otherwise prevail under liquid market conditions, and those larger gaps may be reflected in the prices of the derivative product.

iii. Off-exchange transactions in derivative financial instruments

Some derivative financial instruments are traded off-exchange, that is, over the counter. 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 a position arising from an off-exchange transaction, or to assess the exposure to risk. Prices need not be quoted and, even where they are, they will be established by dealers in those instruments, and it may consequently be difficult to establish what a fair price is.

iv. No clearing house protection

Transactions in some financial instruments are not subject to exchange or clearing house requirements or obligations, and accordingly do not benefit from the protections that central clearing provides.

v. Suspensions of trading

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 order will not necessarily limit the client's losses to the intended amount, 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 at a price worse than the stipulated price, and the realised losses can be larger than expected.

vi. Slippage

Slippage is the difference between the expected price of a transaction and the price at which the transaction is actually executed. Slippage often occurs during periods of higher volatility, for example due to news events, making an order at a specific price impossible to execute, and also when large orders are executed where there may not be sufficient interest at the desired price level to maintain the expected price of the trade.

vii. Leverage and gearing

In order to use leverage, the client is required to maintain a margin. Margin is usually a relatively modest proportion of the overall contract value. This means that the client will be trading using leverage, or gearing, and that a relatively small market movement can lead to a proportionately much larger movement in the value of the client's position. This can work either against the client or for the client.

At all times during which the client has open positions, the client must maintain sufficient equity, taking into account all running profits and losses, to meet margin requirements. If the market moves against the client's position, or margin requirements are increased, the client may be called upon to deposit additional funds at short notice in order to maintain the position. Failure to comply with a request for a deposit of additional funds may result in the closure of the client's positions by the Company on the client's behalf, and the client will be liable for any resulting loss or deficit.

It is important that the client monitors its positions closely, because the effect of leverage and gearing accelerates the occurrence of profits and losses. It is the client's responsibility to monitor its trades, and while the client has open trades it should always be in a position to do so.

viii. Margin

The client acknowledges and accepts that, regardless of any information which may be provided by the Company, the value of derivative financial instruments may fluctuate downwards as well as upwards, and it is possible that an investment may become of no value. This is due 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 significant effect on the client's position.

If the underlying market movement is in the client's favour, the client may achieve a profit; but an equally small adverse market movement can not only quickly result in the loss of the client's entire deposit but also expose the client to a large additional loss.

ix. Contingent liability investment transactions

Contingent liabilities are potential obligations that may be assumed by the client depending on the outcome of an event beyond any person's control or expectation. For example, where, due to extreme volatility of the underlying instrument, the client has sustained losses that exceed its balance with the Company, that is, has generated a negative balance, the client may be called upon to pay an amount equal to those losses.

x. Risk-reducing orders or strategies

Certain orders, such as stop-loss orders where permitted under local law, or stop-limit orders, are intended to limit losses to certain amounts. Such orders may not be adequate, given that market conditions may make it impossible to execute them, for example due to illiquidity in the market. The Company aims to deal with such orders fairly and promptly, but the time taken to fill an order, and the level at which it is filled, depend upon the underlying market. In fast-moving markets, a price for the level of the order might not be available, or the market might move quickly and significantly away from the stop level before the order is filled.

Strategies using combinations of positions, such as spread and straddle positions, may be as risky as taking simple long or short positions. Stop-limit and stop-loss orders therefore cannot guarantee a limit on losses.

Part C — Risks associated with other financial instruments

15. Information on risks associated with other financial instruments

15.1 Shares and other types of equity instrument

A risk with an equity investment is that a company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, a company that is listed or traded on an exchange may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate relative to its competitors, leading to further reductions in the share price. Ultimately a company may become vulnerable to a takeover, or may fail.

Shares have exposure to all the major risk types. In addition, there is a risk of volatility or problems in the sector in which the company operates. If the company is private, that is, not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

15.2 Money-market instruments

A money-market instrument is a borrowing of cash for a period, generally no longer than six months but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend or advance it to the borrower. Unlike an overdraft, the borrower must specify the exact amount and the period for which it wishes to borrow. Like other debt instruments, money-market instruments may be exposed to the major risk types, in particular credit risk and interest rate risk.

15.3 Debt instruments, bonds and debentures

All debt instruments are potentially exposed to the major risk types, in particular credit risk and interest rate risk. Debt securities may be subject to the risk of the issuer's inability to meet principal or interest payments on the obligation, and may also be subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity and other economic factors. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities or lower coupons tend to be more sensitive to interest rate movements than those with shorter maturities or higher coupons.

15.4 Units in collective investment undertakings

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types. There are many different types of collective investment scheme. Generally, a collective investment scheme involves an arrangement that enables a number of investors to pool their assets and have them professionally managed by an independent manager. Investments may typically include government and corporate bonds and quoted equities but, depending on the type of scheme, may extend to derivatives, real estate or any other asset. There may be risks in the underlying assets held by the scheme, and investors are advised to check whether the scheme holds a number of different assets, thereby spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading an investor's investment more widely than would have been possible had the investor invested in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although such schemes are therefore seen as a way to spread risk, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or investment adviser of that scheme. Valuations are performed in accordance with the terms and conditions governing the scheme, and may be based upon unaudited financial records. Such valuations may be preliminary calculations of net asset values. A scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or investment adviser may vary certain quotations for such investments in order to reflect its judgement as to their fair value.

Valuations may therefore be subject to subsequent adjustment upward or downward. Uncertainty as to the valuation of scheme assets may have an adverse effect on the net asset value of the relevant scheme where judgements regarding valuations prove to be incorrect.

A collective investment scheme, and any scheme components in which it may invest, may use strategies such as short selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions, and may use concentrated portfolios, each of which could in certain circumstances magnify adverse market developments and losses. Such schemes may make investments in markets that are volatile or illiquid, and it may be difficult or costly for positions to be opened or liquidated. The performance of each scheme, and of any scheme component in which it invests, is dependent on the performance of the scheme managers in selecting components and on the management of the relevant component.

In addition, the opportunity to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme, and subject to long periods of advance notice, during which the price at which interests may be redeemed may fluctuate or move against the investor. There may be no secondary market in the scheme, and therefore an investment in such a scheme may be highly illiquid.

15.5 Futures, forwards and forward rate agreements

Transactions in futures or forwards 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 in cash. They carry a high degree of risk. The gearing or leverage often obtainable in futures and forwards 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 investment, and this can work against the investor as well as for the investor. Futures and forwards transactions have a contingent liability, and the investor should be aware of the implications of this, in particular margining requirements: on a daily basis, with all exchange-traded and most off-exchange futures and forwards, the investor will have to pay over in cash losses incurred on a daily basis, and if the investor fails to do so, the contract may be terminated.

15.6 Swaps

A swap agreement is a derivative under which two counterparties exchange one stream of cash flows against another, calculated by reference to an underlying such as a securities index, bond, currency, interest rate or commodity, or a more intangible item.

A swap agreement may also be combined with an option. Such an option may be structured in two different ways. Swaptions are transactions that give the purchaser the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. Caps, floors and collars enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation in the value or level of an underlying.

A major risk of off-exchange derivatives, including swaps, is counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant financial instrument. For example, if a party, A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B becomes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have risen significantly, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents, using standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid, but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

15.7 General risk types

The price or value of an investment will depend on fluctuations in the financial markets which are outside anyone's control. Past performance is not an indicator of future performance.

The nature and extent of investment risks vary between countries and from investment to investment. These risks will vary with, among other things, the type of investment being made, including how the financial products have been created or their terms drafted; the needs and objectives of particular investors; the manner in which a particular investment is made, offered, sold or traded; the location or domicile of the issuer; the diversification or concentration in a portfolio, for example the amount invested in any one currency, security, country or issuer; the complexity of the transaction; and the use of leverage.

The risk types set out below could have an impact on each type of investment.

15.7.1 Liquidity

The liquidity of an instrument is directly affected by the supply of and demand for that instrument, and also indirectly by other factors, including market disruptions, for example a disruption on the relevant exchange, or infrastructure issues such as a lack of sophistication or a disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit losses to the intended amount, as market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract, or buy back or redeem the relevant product, and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in the investor receiving substantially less than was paid for the product or, in some cases, nothing at all.

15.7.2 Credit risk

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors or counterparties failing to fulfil their obligations, or by the deterioration of such parties' credit quality. Exposure to the credit risk of one or more reference entities is particularly relevant to any credit-linked product, such as credit-linked notes; the potential losses which may be sustained, and the frequency and likelihood of such losses occurring, when investing in credit-linked products may be substantially greater than when investing in an obligation of the reference entity itself.

15.7.3 Price risk

The price of investments goes up and down depending on market supply and demand, investor perception, and the prices of any underlying or allied investments, or indeed sector, political and economic factors. These can be entirely unpredictable.

15.7.4 Interest rate risk

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could also have a negative impact on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments: interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield on floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline; that is, investors may be able to reinvest the interest income paid to them only at the lower interest rates then prevailing.

Changes in market interest rates have a substantially stronger impact on the prices of zero-coupon bonds than on the prices of ordinary bonds, because the discounted issue prices are substantially below par. If market interest rates increase, zero-coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

15.7.5 Commodity risk

The prices of commodities may be volatile and may, for example, fluctuate substantially if natural disasters or catastrophes such as hurricanes, fires or earthquakes affect the supply or production of those commodities. The prices of commodities may also fluctuate substantially if conflict or war affects supply or production. If any interest or redemption amount payable in respect of a product is linked to the price of a commodity, any change in the price of that commodity may result in a reduction in the amount of interest or the redemption amount payable. The reduction in the amount payable on the redemption of an investment may result, in some cases, in the investor receiving a smaller sum on redemption than the amount originally invested.

15.7.6 Operational risk

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can affect all financial products. Business risk, especially the risk that a business is run incompetently or poorly, could also affect shareholders of, or investors in, that business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

16. No guarantee of profit

16.1 The Company provides no guarantee of profit, nor of the avoidance of losses, in connection with financial instruments. The Company cannot guarantee the future performance of the client’s account, promise any specific level of performance, or promise that the client’s investment decisions or strategies will be successful or profitable. The client has received no such guarantee from the Company or from any of its representatives. The client is aware of the risks inherent in dealing in financial instruments, and is financially able to bear such risks and to withstand any losses incurred. The client acknowledges and accepts that there may be additional risks beyond those mentioned above.