APPROVED
by the order of
the director of
FTM Brokers OOO
of April 14, 2018

Notification about the risks connected with the conclusion, execution, and termination of obligations under the Agreement on making operations with non-deliverable OTC financial instruments

The purpose of the present Notification is to provide the Client with information about the risks connected with the conclusion, execution, and termination of obligations under the Agreement on making operations with non-deliverable OTC financial instruments (hereinafter referred to as the Agreement) and possible financial losses arising from these risks.

The execution of transactions under this Agreement provides great opportunities and allows clients to get high profit, but at the same time, these operations are associated with possible risks of loss. The risk of loss of funds by the Client as a result of transactions under this Agreement may result in significant amount. The client should comprehensively consider the acceptability of such transactions in terms of his financial resources.

THEREOF the Client confirms of being aware of the following risks and of the possibility of losses in connection with these risks:

1. System risk is a risk, connected with changes in the financial market as a whole due to political, economic, and financial events in the world.

2. Price risk refers to quotes of basic assets, being associated with financial non-deliverable OTC financial instruments, in favour of which transactions are performed, which are affected with strong changes as a result of political, economic, financial events in the world, as well as as a result of changes in market conditions.

3. Currency risk is related to the situation in the financial market, which can change very quickly, and in case of such changes there is a risk of losses due to changes in foreign exchange rates and as a result loss of all or a part of the funds invested in foreign currency.

4. Risk of performing transactions on terms of securing positions relates to transactions with non-deliverable OTC financial instruments involving transactions with margin deposit and it may lead to loss of the expected income, as well as a part or all of the Client's funds that provide guarantee for the fulfilment of obligations to the Forex company.

The funds that are the guarantee of the fulfilment of the Client's obligations when making transactions with non-deliverable OTC financial instruments (margin), and their disposal, meaning the possibility of the Client to perform related transactions, may be limited. The amount of margin deposit may be changed in the way written in the Agreement and in the Rules for Transactions with Non-Deliverable OTC Financial Instruments (hereinafter referred to as the Transaction Rules), and as a result, the Client may be limited in the ability to manage his funds to a greater extent than before the conclusion of the Agreement.

Adverse price change may cause the necessity to add additional funds in order to make deposit relevant in accordance with the requirements of the Transaction Rules, and this must be done in a short term, which may not be enough for the Client.

If the Client isn't able to to pay the indicated amount in full or to keep to the prescribed terms, the Forex company has the right to forcefully close all positions of the Client without additional Client's confirmation and to calculate the financial result for all operations of the Client.

Forced closing of a position is aimed to manage risks. The Client may have significant losses, despite the fact that after that the change in the price of financial instrument may take a direction favorable for the Client, and the Client would receive income if his position had not been closed.

5. Operational risk. Operational risks include:

– risk of malfunctioning (failure) of the Client's software and hardware;

– the risk of performing operations on behalf of the Client as a result of a third party receiving randomly or as a result of his deliberate actions unauthorized access to the possibility of transactions on behalf of the Client;

– the risk of the Client performing operations that do not correspond to his intentions, for reasons related to the insufficient working experience of this Client with the software and hardware of the Forex company and / or performing random actions, as well as as a result of external events.

6. Liquidity risk relating to a situation when the sale / purchase of a financial instrument within each individual transaction will be difficult at a certain point in time.

If the Client's investment system foresees the possibility of the need to close a position on the corresponding open position as part of one transaction with non-deliverable OTC financial instruments (or performance of another transaction — opening of another position that reduces the risk of this transaction), the Client should pay attention to the liquidity of the relevant financial instruments, since closing positions can lead to significant additional losses due to low liquidity.

The illiquidity of a financial instrument can lead to an increase in the difference between the purchase and sale prices at a certain time period (spread). A large spread makes it difficult to execute the Client's orders to close a position submitted in order to limit a negative result for a previously opened position when reaching a certain price ("Stop Loss"). In order to avoid losses, the Client must independently control the situation on the market and depending on it perform operations.

7. The risk of using the informative and trading platform related to the conduction of trading operations using the informative and trading platform which is associated with the following risks:

- technical system risks (equipment malfunctions, software malfunctions, problems with communication channels (Internet connection, etc.), power supply, other technical reasons), as a result of which the execution of the order may not be possible at a certain time period or order may not be issued to the Trading Terminal, the order may not be executed (in whole or partly) or executed not in accordance with the instructions of the Client;

– the risk of unauthorized access of third parties to the Trading Terminal (performing actions using the Client's login and / or password by a person who does not have the permission), which is fully on the Client behalf and can not be claimed to the Forex company in terms of compensation for the related losses;

- the risk of performing a large number of unprofitable operations when choosing a wrong strategy, including when the functionality of the Trading Terminal, and / or methods of connecting to the Trading Terminal, and / or software used by the Client independently, allow the Client to submit orders at his will in automatic mode;

- the risk of an error and / or time delay when displaying any data (information) in the Trading Terminal (also taking into account the application of the access method to it);

- the risk of accidental errors in the submission of orders (the submission of orders by the Client which don't comply with his actual intentions), including due to insufficient knowledge of the operation procedure of the Trading Terminal and / or insufficient practical skills;

- possible restrictions in the use of the assets by the Client within the Trading Terminal in full and / or the submission of orders of a certain type.

8. When performing operations, the fulfilment of obligations for which depends on the rate of the basic asset, the Client must take into account the risk of a possible adverse change in the rate of the basic asset in relation to the currency in which settlements on completed transactions are made (including the possible change in the amount of margin deposit changes in the rate of an asset), as a result of which the Client may suffer significant losses with a relatively small change in the rate of the basic asset.

9. There is a risk of non-fulfilment / improper fulfilment by the Forex company of obligations under the Agreement, transactions (Client risk), as well as the risk of the Forex company becoming insolvent (bankruptcy risk). When performing transactions, the Client must take into account the possibility of the indicated risks and be aware of the possible consequences, such as: failure to receive / receive incomplete execution of operations; application (in case of bankruptcy of the Forex company) of the established procedures for declaring a debtor bankrupt and the order of repayment of creditors' claims.

10. Applications aimed to limiting losses will not necessarily limit the loss of the Client to the expected level, since in the current market situation it may be impossible to execute such application at an agreed price.

The present Notification does not disclose all risks associated with the conclusion, execution, and termination of obligations under the Agreement on the performance of transactions with non-deliverable OTC financial instruments.

The Client is hereby also notified that the Forex company does not guarantee that the Client will receive income from transactions under the Agreement. The Client undertakes to independently make decisions on the conclusion of the Agreement, transactions with non-deliverable OTC financial instruments, as well as to independently determine the investment strategy.

Considering all the mentioned above, the Forex company recommends to carefully consider whether the risks arising from the execution of the relevant transactions under the Agreement are acceptable to the Client, taking into account the investment objectives and financial capabilities of the Client. This Risk Disclosure is not intended to force the Client to refuse to carry out such operations, but it is intended to help the Client to evaluate the risks and responsibly consider the issue of choosing an investment strategy and the terms of the contract with the Forex company.