

It is important that you read and understand this risk warning notice before accepting it. Except where expressed otherwise, certain terms used in this risk warning notice have specific meanings as set out in Schedule 3 of the Terms of Business.

CMC Markets Singapore Pte. Ltd. (referred to below as “we”, “us” or “our”) is committed to treating you fairly. In this notice, we provide you with information to help you understand the nature and risks of your CFD Margin Trades Countdowns and our services. However, this notice does not explain all of the risks and other significant aspects involved in investing in our CFD Margin Trades and/or Countdowns. You should take sufficient time to read all the relevant information that we provide to you before entering into a CFD Margin Trade or Countdown.

Our Products can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions. When entering into CFD Margin Trades you can lose more than your investment and you may be required to make further payments. The higher the leverage involved in a CFD Margin Trade, the higher the risks involved. By comparison, your potential losses from Countdowns are limited to the amount of your Premium.

You should not enter into CFD Margin Trades and/or Countdowns with us unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

**1. CFD Margin Trades and/or Countdowns may not be appropriate for you.**

1.1 When we process your application to open an Account with us, we will conduct a Client Knowledge Assessment to determine whether you have sufficient knowledge and experience to understand the risks involved in investing in CFD Margin Trades and/or Countdowns based on the information you provide us. We will inform you if, as a result of our assessment, we consider that CFD Margin Trades and/or Countdowns may not be appropriate for you. However, our assessment does not relieve you of the need to carefully consider whether to invest in our Products. Any decision to invest is entirely at your own risk.

**2. We do not provide investment, tax, legal, regulatory or financial advice.**

2.1 We do not provide investment, tax, legal, regulatory or financial advice relating to investments or possible CFD Margin Trades and/or Countdowns. Any information we provide to you, including any information provided by our client management team, is purely factual and does not take into account your personal circumstances. Therefore, you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, financial, legal, regulatory, tax or similar matter before opening an Account with us or entering into any CFD Margin Trades and/or Countdowns.

**3. Our CFD Margin Trades and Countdowns are OTC products.**

3.1 When you enter into any CFD Margin Trade and/or Countdown with us, you will be entering into an off-exchange (sometimes known as an ‘over-the-counter’, or ‘OTC’) contract, which is non-transferable. This means you will enter into CFD Margin Trades and/or Countdowns directly with us, and also that those CFD Margin Trades (or ‘Positions’) can only be closed with us (your Countdowns will be automatically closed and settled by our Platform on expiry and cannot be closed by you). This involves greater risk than investing in a transferable financial instrument traded on a regulated market or trading venue such as a share or dealing in an exchange-traded derivative, because your ability to open CFD Margin Trades and/or Countdowns and/or close CFD Margin Trades is solely dependent on our Platform and/or our client management team being in a position to accept Orders from you and to execute them. In certain circumstances it may not be possible to open or close CFD Margin Trades and/or Countdowns with us (see paragraphs 12, 14, 16 and 21 below).

3.2 All of your CFD Margin Trades and/or Countdowns with us are settled in cash, and you do not have any rights to any underlying instrument (as applicable). You can only profit from our:

3.2.1 CFD Margin Trades through changes in our Prices; and

3.2.2 Countdowns where changes in our Settlement Prices mean your prediction is correct.

3.3 These are different from other transferable financial instruments traded on regulated markets or trading venues where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

**4. We act as a market maker.**

4.1 Our Prices take into account current exchange and market data from various sources. This means that our Prices may not be identical to prices for similar financial instruments or the relevant underlying instrument quoted on an exchange or other regulated market or other trading venues.

**5. You may lose more than any deposit when you enter into CFD Margin Trades with us.**

5.1 When you enter into CFD Margin Trades with us, you risk losing more than the amount that you deposited with us and you may be required to make further payments. **Although our Platform has features that are designed to help limit your risk of loss, none of these other than the Shield Mode and Guaranteed Stop Loss Orders are guaranteed and you should not rely on them.**

5.2 The amount of loss for an individual CFD Margin Trade will be the amount that you owe us when that CFD Margin Trade is closed. CFD Margin Trades involve leverage (also known as ‘gearing’ or ‘margining’), which means that the effects of small movements in Price are multiplied and may have large impacts on the value of

your Positions, both in respect of profits made and losses incurred and the higher the leverage rate, the higher the risk involved. In addition, the nature of leverage means that your losses may exceed the amount of any deposit that you hold with us when entering into a CFD Margin Trade.

- 5.3 It is therefore important that you monitor your CFD Margin Trades closely and the rate of leverage utilised. A small movement in Price may have a large impact on your CFD Margin Trades and Account and may result in immediate Account Close-Out.
- 5.4 There are costs associated with trading with us. Depending on the CFD Margin Trades you enter into, and how long you hold them for, we may require you to pay commission and/or holding costs. If you keep CFD Margin Trades open for an extended time, the aggregate holding costs may exceed the amount of any profits or increase your loss.
- 5.5 If we have agreed to provide you with the sales trader service and have waived or permitted a negative Margin on your Account, this does not restrict your losses or financial liability. You are still liable to pay all losses which are due and payable to us.

#### **6. You may lose your Premium on any Countdown.**

- 6.1 You may lose the entire Premium placed on a Countdown if your prediction on that Countdown is incorrect. Please refer to paragraph 6 of Schedule 2 of the Terms of Business for details about the potential profit or loss for any individual Countdown.

#### **7. Short tenure Countdowns may carry additional risks.**

- 7.1 Different Countdown timeframes feature vastly different characteristics. Short tenure Countdowns, ranging from 30 seconds to an hour, may be more susceptible to erratic and random market movements.

#### **8. Your CFD Margin Trades and/or Countdowns and Positions are at risk of being closed automatically.**

- 8.1 The automatic closure of your CFD Margin Trades and/or Positions by our Platform and/or our client management team (if we have agreed to provide you with the sales trader service) is intended to prevent you incurring further losses and we may close all CFD Margin Trades and/or Positions on your Account, not just CFD Margin Trades that are making a loss. However, we do not guarantee such closure and you must not rely on it. It is your responsibility to monitor your Positions and your Account Revaluation Amount closely. Our Platform and/or our client management team will attempt to notify you when your Account Revaluation Amount reaches a specific level, although you should not rely on our Platform and/or our client management team giving you this warning. To prevent Account Close-Out, you should keep an amount in your Account that allows sufficient headroom to keep your Positions open in case of sudden changes to the required Margin amount resulting from Price movements. It is important to note that an amount deposited into your Account (which appeared to be sufficient) can very quickly become insufficient, due to rapidly changing market conditions.
- 8.2 Where we have agreed to provide you with the sales trader service, if an Account Close-Out is triggered outside of Singapore office hours the relevant Account Close-Out procedure may be delayed. The balance on your Account may be significantly lower by the time we are able to contact you e.g. due to market movements.
- 8.3 Countdowns will not be closed as part of the process detailed in paragraph 8.1.

#### **9. Your Countdown cannot be closed by you.**

- 9.1 Once a Countdown has been entered into, it cannot be closed by you. All Countdowns will be closed and settled by our Platform automatically on expiration of the Countdown.

#### **10. Your Countdown may not be regulated by the MAS.**

- 10.1 Whether a particular Countdown is regulated by the MAS will depend on the related underlying asset. CMC Markets is not regulated by the MAS in respect of dealing in a Countdown which is based on an underlying commodity which is not subject to regulation under the Securities and Futures Act ("Unregulated Product"). Should you trade an Unregulated Product you will not be liable to benefit from any MAS investor protections in relation to that Unregulated Product.

#### **11. Market circumstances may impact your CFD Margin Trades and/or Countdowns.**

- 11.1 Our Platform, and the information provided by our client management team, is dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather market data and similar information. As a result, market circumstances may impact on your ability to place an Order for a CFD Margin Trade or close a CFD Margin Trade with us, and we may be unable to execute your Orders for CFD Margin Trades where we cannot enter into a corresponding transaction to hedge our own risk. Additionally, when we enter into a corresponding transaction, to hedge our risk, this influences the Prices we quote on our Platform and/or through our client management team.
- 11.2 Market circumstances may similarly impact on your ability to place an Order for a Countdown and may also impact our ability to settle a Countdown on expiry. If an event occurs that prevents our Platform from determining the Price applicable for a Countdown, Countdown could be cancelled or declared void.
- 11.3 Financial markets may fluctuate rapidly and this will impact our Prices. Any movements in our Prices will have a direct and real time effect on your CFD Margin Trades Countdowns and Account. One form of price volatility

that can happen regularly is 'gapping', where there is a sudden shift in price from one level to another caused (for example) by unexpected economic events or upon the market opening. In periods of price volatility there may not always be an opportunity for you to place an Order for a CFD Margin Trade between two Prices, or for our Platform and/or our client management team (if we have agreed to provide you with the sales trader service) to execute a Pending Order for a CFD Margin Trade at a Price between those two Prices. Price volatility of this kind can result in your Order being executed at the next available Price and you incurring significant losses if the Price is less favourable on an affected CFD Margin Trade.

**12. The Price of a CFD Margin Trade and/or Countdown may be different from the Price you see on our Platform and/or the Price provided by our client management team when you place an Order.**

- 12.1 As a result of fluctuations in financial markets and/or technical considerations, there is a risk that the Price and/or Settlement Price (as applicable) which you see through your device and/or which is provided by our client management team when you place an Order will not be identical to the Price at which the CFD Margin Trade or Countdown is executed at or settled against and that the corresponding difference puts you at a disadvantage. We attempt to generate Prices and Settlement Prices on a continuous basis and to have the currently applicable Prices and Settlement Prices shown on our Platform as quickly as possible. However, technical conditions may lead to a change in the applicable Price and/or Settlement Price between the time an Order is placed and the time it is received by us or executed by our Platform. If such changes occur, the Order is generally executed at the Price applicable when it is executed by our Platform.
- 12.2 Such movements in the Prices may either be to your disadvantage or have a favourable impact. You can limit the effect of such movements in Prices by using a boundary (on Orders where this is available) or by applying certain limits to your Order.

**13. Technical risks and other circumstances may affect your CFD Margin Trades and/or Countdowns.**

- 13.1 There is a risk that other circumstances may prevent us from executing Orders, or prevent you from accessing our Platform and/or our client management team, such as system errors or outages. Such circumstances may mean that you are not able to access our Platform and/or our client management team, which may pose a significant risk to the execution of your Orders.

**14. Different Products pose different risks.**

- 14.1 We offer numerous Products, which are derived from very different underlying instruments. Each of these Products poses specific risks which can differ widely from other Products, for instance with regard to the range and speed of fluctuations in Prices or with respect to liquidity. This includes cryptocurrencies, which due to their unique characteristics, are high-risk products and are more volatile than others, explained in more detail in the following paragraph. Therefore, you should ensure that you understand the specific risks of a Product before you open a CFD Margin Trade and/or Countdown on that Product.
- 14.2 Cryptocurrencies, which are generally unregulated in themselves, are high-risk, speculative investments, which will impact any cryptocurrency CFD Margin Trades that you enter with us. The value of cryptocurrencies, and therefore the value of CFD Margin Trades linked to them, is extremely volatile. They are vulnerable to sharp and sudden changes in price due to unexpected events or changes in market sentiment. CFD Margin Trades are leveraged products. Therefore the combination of increased volatility and leverage has the potential to significantly increase your losses if the market moves against you, relative to CFD Margin Trades based on other products. Furthermore, there are general risks in trading cryptocurrencies. Cryptocurrencies are unregulated in Singapore and you may not be entitled to certain regulatory safeguards. There are also cybersecurity risks, given cryptocurrencies are virtual currencies. Accordingly, you should only invest in cryptocurrency CFD Margin Trades if you consider that you have the knowledge and experience of, and fully understand the risks associated with, both CFDs and cryptocurrencies.
- 14.3 Where a Product is based on multiple underlying instruments (known as a 'basket product'), the risk involved in that basket product will be dependent on its constituents, and similarities in a basket product's constituents can make the basket product riskier. If you choose to use a basket product then you should make sure that you understand the risks involved in: (a) all the different constituents, (b) the overall combination of constituents and (c) how the constituents are given their respective weightings. Do also note that constituents which make up a basket may change from time to time.

**15. Foreign markets add further risks.**

- 15.1 Foreign markets will involve different risks from Singapore markets and in some cases those risks will be greater than those typically associated with Singapore markets. These risks can impair our ability to generate Prices. The potential for profit or loss from CFD Margin Trades relating to foreign markets will also be affected by fluctuations in foreign exchange rates and you should consider how such fluctuations may affect you before entering into a CFD Margin Trade.
- 15.2 In particular, where the relevant Product Currency is different to the relevant Account Currency, any Margin requirement, holding costs, realised and unrealised losses or profits will be converted to the Account Currency at the Currency Conversion Rate. Depending on the Currency Conversion Rate and currency fluctuations, this

may have an impact on your Account Revaluation Amount and on any eventual profits that you make or losses that you incur.

- 16. You should not finance your CFD Margin Trades and/or Countdowns with us on credit.**
- 16.1 You should not rely on being able to redeem borrowed funds with any profits from CFD Margin Trades and/or Countdowns with us.
- 17. Past performance is not indicative of future performance.**
- 17.1 You should bear in mind that any past performance, simulation or prediction is not indicative of future performance. Therefore, you cannot and must not make any assumptions as to future performance based on any past performance, simulation or prediction.
- 18. We cannot guarantee protection of your money.**
- 18.1 Subject to applicable law and regulation, money that we hold on your behalf will be held in a segregated client money bank account separate from our own money, although this may not provide complete protection (for example, if the bank that we use becomes insolvent). Full details on how we will treat your money are provided in our Terms of Business and you should ensure that you have read the Terms of Business carefully before opening an Account with us or entering into any CFD Margin Trade or Countdown.
- 19. Tax treatment may vary.**
- 19.1 The tax treatment of your trading activities depends on your individual circumstances, and may be subject to change in future.
- 20. Access to our Platform via mobile applications.**
- 20.1 The functions that enable you to access our Platform via mobile applications are not identical to the functions available to you when accessing our Platform via a desktop computer. This may limit the information that you are able to see at any particular time and adversely affect your ability to take quick and reliable actions on our Platform and to limit the related risks.
- 21. Access to the sales trader service.**
- 21.1 If we have expressly agreed to provide you with the sales trader service, we will do our best to make the client management team available when required by you. However, during periods of high demand and due to other circumstances outside of our control (see paragraph 11 above) we cannot promise that you will always be able to access a member of the client management team. This may prevent you from taking quick actions and increases the risk associated with Products.