

DISCLAIMER: THIS DOCUMENT IS A CONVENIENCE TRANSLATION. ONLY THE GERMAN VERSION IS LEGALLY BINDING.

It is important that you read and understand this DPS Risk Warning Notice before accepting it. All capitalised terms not separately defined in this DPS Risk Warning Notice refers to the definitions contained in Schedule 2 of our DPS Terms of Business.

CMC Markets Germany GmbH (referred to below as "we", "us" or "our") is committed to treating you fairly. In this DPS Risk Warning Notice, we provide you with information to help you understand the nature and risks of a DPS, Notional Positions within your DPS, and our services. However, this notice does not explain all of the risks and other significant aspects involved in investing in our DPS by opening Notional Positions. You should take sufficient time to read all the relevant information that we provide to you before opening Notional Positions.

Our Products can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions. When entering Notional Positions within your DPS you can lose your entire Invested Capital upon a Realisation Event. The higher the leverage involved in a Notional Position, the higher the risks involved.

You should not open Notional Positions unless you fully understand the risks involved. If you are in any doubt or have any questions or any problems understanding anything, you should seek independent professional advice or refrain from trading with us.

Please scroll down the entire text to ensure that you read all of the risk warnings.

1. Our Products may not be appropriate for you.

1.1 We are under a regulatory duty to assess whether our Products and services are appropriate for you. When we process your application to open an Account with us, we will conduct an assessment as to whether you have sufficient knowledge and experience to understand the risks involved in investing in any of our Products based on the information you provide us. We will inform you if, as a result of our assessment, we consider that any of our Products 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, our Products or your possible Orders. 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 trades in any Orders.

2.2 The German tax regulations that apply to the DPS are complex and must be checked based on an investor's personal circumstances. In Germany, sec. 20 para. 6 sent. 5 German Income Tax Act (*Einkommensteuergesetz*, "EStG") recently introduced new loss offsetting restrictions for German private individuals, which have a significant impact on the tax consequences of investments in derivatives for German private individuals. In this regard, trading the DPS could be classified differently than trading CFDs, however, investors are strongly encouraged to seek their own tax advice.

2.3 Investors must bear in mind that the DPS is a new product for private individuals and that CMC does not provide any tax advice to clients. CMC Markets assumes no responsibility or liability for any particular tax treatment of the DPS for German private individuals. The information contained herein do not constitute tax advice or services and cannot replace individual advice from German tax advisors or tax lawyers. Investors are strongly advised to consult their own tax advisor and obtain their own tax advice with regard to the tax treatment of the DPS and the applicability of the new German loss offsetting restrictions in accordance with sec. 20 para. 6 sent. 5 EStG in connection with the DPS.

3. Our Products are OTC products.

3.1 When you enter into trades in any of our Products, 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 trades in any of our Products directly with us, and also that those trades can only be closed with us. This involves greater risk than investing in a transferable financial instrument traded on a Trading Venue such as a share or dealing in an exchange-traded derivative, because your ability to place Orders with us 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 trades in our Products (see paragraphs 7, 9 and 11).

3.2 In addition, all of your trades in any of our Products are settled in cash, and you do not have any rights to any underlying instrument.

- 3.3 You can only profit from a DPS through changes in our Prices of your open Notional Positions within a DPS. This is different from other transferable financial instruments traded on 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 Trading Venues.

5. You may lose your entire Invested Capital when you open Notional Positions within your DPS.

- 5.1 When you open Notional Positions within your DPS, you risk losing your entire Invested Capital upon a Realisation Event. Although our Platform has features that are designed to help limit your risk of loss, none of these other than Guaranteed Stop Loss Orders are guaranteed and you should not rely on them.
- 5.2 The Realised Loss will be the amount that you owe us upon a Portfolio Swap Rollover triggered by a Realisation Event. Even over a short space of time this amount may be as large as the Invested Capital. Notional Positions involve leverage (also known as 'gearing' or 'marginng'), which means that the effects of small movements in Price are multiplied and may have large impacts on the value of your Notional Positions, both in respect of Unrealised Profit or Loss incurred and the higher the leverage rate, the higher the risk involved. In addition, the nature of leverage means that when opening a Notional Position you may lose your entire Invested Capital upon a Realisation Event.
- 5.3 It is therefore important that you monitor your Notional Positions closely and the rate of leverage utilised. A small movement in Price may have a large impact on your Notional Positions and Account and may result in immediate Account Close-Out.
- 5.4 There are costs associated with trading with us. Depending on the Notional Positions you open, and how long you hold them for, we may require you to pay Commission and/or Holding Costs. If you keep Notional Positions open for an extended time, the aggregate Holding Costs may exceed the amount of any profits or increase your loss. Only trade with money you can afford to lose.
- 5.5 Notional Positions do not constitute separate payment claims, even if such Notional Positions allow for Unrealised Profit or Pending Profit. Unrealised Profit and Pending Profit from individual Notional Positions are always subject to Unrealised Loss and Pending Loss from other Notional Positions, if any. Consequently, Notional Positions may not separately be realised but only by way of a Portfolio Swap Rollover upon a Realisation Event with respect to the entire DPS.

6. Your Notional Positions are at risk of being closed automatically.

- 6.1 The automatic closure of your Notional Positions within your DPS by our Platform is intended to prevent you from incurring further decreases of the value within your DPS. We may close all Notional Positions within your DPS, not just Notional Positions that incur a decrease of value. However, we do not guarantee such closure and you must not rely on it. It is your responsibility to monitor your Notional Positions and your Account Revaluation Amount closely. Our Platform will attempt to notify you when your Account Revaluation Amount reaches a specific level, although you should not rely on our Platform giving you this warning. To prevent Account Close-Out, you should keep an amount in your Account that allows sufficient headroom to keep your Notional 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.

7. Market circumstances may impact your trades in any of our Products.

- 7.1 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 opening or closing your Notional Positions, and we may be unable to execute your Orders with respect to your Notional Positions 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.
- 7.2 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 trades in any of our Products 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 with respect to a Notional Position between two Prices, or for our Platform to execute a Pending Order with respect to a Notional Position 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 a significant decrease of the value of the Notional Position within your DPS if the Price is less favourable on such affected Notional Position.

8. The Price of our Products 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.

- 8.1 As a result of fluctuations in financial markets and/or technical considerations, there is a risk that the Price 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 Product is executed at or settled against and that the corresponding difference puts you at a disadvantage. We attempt to generate Prices on a continuous basis and to have the currently applicable Prices shown on our Platform as quickly as possible. However, technical conditions may lead to a change in the applicable 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.
- 8.2 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.

9. Technical risks and other circumstances may affect your trades in any of our Products.

- 9.1 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.

10. Different Products pose different risks.

- 10.1 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. Certain Products, such as Notional Positions on cryptocurrencies, are more volatile than others and may be even more susceptible to sharp and sudden movements in Price, which could affect the value of your Notional Positions. Therefore, you should ensure that you understand the specific risks of a Product before you open a trade in that Product.
- 10.2 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.

11. Cryptocurrencies.

- 11.1 Cryptocurrencies, which are generally unregulated in themselves, are high-risk, speculative investments, which will impact any cryptocurrency Notional Positions that you open with us.
- 11.2 The value of cryptocurrencies, and therefore the value of Notional Positions linked to them, is extremely volatile. They are vulnerable to sharp changes in price due to unexpected events or changes in market sentiment. Notional Positions are leveraged products. Therefore, the combination of increased volatility and leverage has the potential to significantly decrease the value of the Notional Positions within your DPS if the market moves against you, relative to Notional Positions based on other Products.
- 11.3 You should only invest in cryptocurrency Notional Positions if you consider that you have the knowledge and experience of, and fully understand the risks associated with, both Notional Positions within your DPS and cryptocurrencies.

12. Foreign markets add further risks.

- 12.1 Foreign markets will involve different risks from German markets and in some cases those risks will be greater than those typically associated with German markets. These risks can impair our ability to generate Prices. The potential for increases or decreases of the value of Notional Positions within the DPS 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 an individual Notional Position.
- 12.2 In particular, where the relevant Product Currency is different to the relevant Account Currency, any Margin requirement, Holding Costs, Unrealised Profit or Loss 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 potential increases or decreases of the value of the Notional Positions within your DPS.

13. You should not finance your trades in any of our Products on credit.

- 13.1 You must not rely on being able to redeem borrowed funds with any profits from any trades in our Products.

14. Past performance is not indicative of future performance.

- 14.1 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.

15. We cannot guarantee protection of your money.

- 15.1 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).
- 15.2 Full details on how we will treat your money are provided in our DPS Terms of Business and you should ensure that you have read the DPS Terms of Business carefully before opening an Account with us or entering into any trade in any of our Products.

16. Tax treatment may vary.

- 16.1 The tax treatment of your trading activities depends on your individual circumstances, and may be subject to change in future.

17. Payout of Realised Profits

- 17.1 In accordance with clause 5.2 of the DPS Terms of Business, any Realised Profits will become withdrawable by you two (2) clear Business Days after the Realisation Event.

18. Access to our Platform via mobile applications.

- 18.1 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.