

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 2 of the Terms of Business.

CMC Markets Middle East Limited (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 Trades and our services. However, this notice does not explain all of the risks and other significant aspects involved in investing in our Trades. You should take sufficient time to read all the relevant information that we provide to you and consider whether our Products are suitable for you, including whether you can afford to risk any Invested Capital, before entering into a Trade.

Our Products can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions and can result in losses that exceed your initial deposit. Certain Products, such as Trades on cryptocurrencies, are more volatile than others and may be even more susceptible to sharp and sudden movements in Price. Where we have categorised you as a Professional Client, when investing in Trades it is possible to lose more than your Invested Capital and you may be required to make further payments. In certain circumstances, you may be exposed to legal and court action where we seek to recover amounts owed to us by you (i.e. in the event you experience trading losses which you do not repay). The higher the leverage involved in a Trade, the higher the risks involved.

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

1. Trades 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 Trades based on the information you provide us. We will inform you if, as a result of our assessment, we consider that Trades 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 Trades. 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.

3. Our Trades are OTC products.

- 3.1 When you enter into any Trade 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 Trades directly with us, and also that those Trades (or ‘Positions’) 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 open and/or close 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 Trades (see paragraphs 7, 9, 5 and 20 below). Furthermore, whilst our services are regulated by the DFSA, the method through which you access these services, namely the Platform, is not explicitly regulated by a financial services regulator and therefore your use of the Platform is governed only by the Client Agreement between us.
- 3.2 In addition, all of your Trades with us are settled in cash, and you do not have any rights to any underlying instrument (as applicable).
- 3.3 You can profit from our Trades only through changes in our Prices. These are 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 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. Professional Clients may lose more than any deposit when you enter into Trades with us

- 5.1 Where we have categorised you as a Professional Client, when investing in Trades it is possible to lose more than your Invested Capital 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 Guaranteed Stop Loss Orders are guaranteed and you should not rely on them.
- 5.2 The amount of loss for an individual Trade will be the amount that you owe us when that Trade is closed. Trades 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 Positions, both in respect of profits made and losses incurred and the higher the leverage rate, the higher the risk involved. If you are a Professional Client, the nature of leverage means that your losses may exceed the amount of any deposit (if any) that you hold with us when entering into a Trade.

- 5.3 It is therefore important that you monitor your Trades closely and the rate of leverage utilised. A small movement in Price may have a large impact on your Trades and Account and may result in immediate Account Close-Out.
- 5.4 There are costs associated with trading with us. Depending on the 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 Trades 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 If you are a Professional Client and 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. Your Trades and Positions are at risk of being closed automatically.

- 6.1 The automatic closure of your 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 Trades and/or Positions on your Account, not just 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.
- 6.2 If you are a Professional Client and we have agreed to provide you with the sales trader service, if an Account Close-Out is triggered outside of Dubai 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.

7. Market circumstances may impact your Trades.

- 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 a Trade or close a Trade with us, and we may be unable to execute your Orders for 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.
- 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 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 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 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 Trade.

8. The Price of a Trade 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 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 Trade 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 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.

- 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 Trades 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 Positions. Therefore, you should ensure that you understand the specific risks of a Product before you open a Trade on 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 (if available).

- 11.1 Cryptocurrencies, which are generally unregulated in themselves, are high-risk, speculative investments. This which will impact any cryptocurrency Trades that you enter with us.
- 11.2 The value of cryptocurrencies, and therefore the value of Trades linked to them, is extremely volatile. They are vulnerable to sharp changes in price due to unexpected events or changes in market sentiment. 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 Trades based on other Products.
- 11.3 You should only invest in cryptocurrency Trades if you consider that you have the knowledge and experience of, and fully understand the risks associated with, both CFDs and cryptocurrencies.

12. Foreign markets add further risks.

- 12.1 Foreign markets will involve different risks from Dubai markets and in some cases those risks will be greater than those typically associated with Dubai markets. These risks can impair our ability to generate Prices. The potential for profit or loss from 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 Trade.
- 12.2 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.

13. Conflicts of Interest

- 13.1 CMC Markets recognises that its activities can create conflicts and has comprehensive policies and procedures in place to identify, prevent and manage conflicts of interest, whether actual, apparent or potential in respect of our obligations to clients.
- 13.2 The following are two examples of potential conflicts of interest (please note this is not an exhaustive list and other conflicts of interest may exist):
- 13.2.1 CMC Markets is the counterparty to your Trades. Therefore, when you place a sell Trade, CMC Markets will be the buyer, and when you place a buy Trade, CMC Markets will be the seller. If you lose money on a Trade, CMC Markets may make money on the same Trade in addition to fees and commissions it may charge you.
- 13.2.2 The Prices offered by us to you may not be the best prices available and may differ from Prices offered to other clients of CMC Markets.
- 13.3 You should read the Summary Conflicts of Interest Policy (available on the website) for further information regarding conflicts of interest. If you do not agree to the conflicts detailed in paragraph 13.2 above or the Summary Conflicts of Interest Policy, you should not proceed with your application to open an Account with us. By opening an Account with us you confirm that you understand and accept the above stated conflicts of interest.

14. You should not finance your Trades with us on credit.

- 14.1 You must not rely on being able to redeem borrowed funds with any profits from Trades, with us.

15. Past performance is not indicative of future performance.

- 15.1 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.

16. We cannot guarantee protection of your money.

- 16.1 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 Trade.

17. Tax treatment may vary.

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

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.

19. Access to the sales trader service.

- 19.1 If you are a Professional Client and 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.