

It is important that you read and understand this risk warning notice before accepting it. Except where expressed otherwise, certain terms used in this Prime FX Risk Warning Notice have specific meanings as set out in Schedule 2 of the Prime FX 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 trading with us. 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 before entering into a Trade.

Trades can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions. When entering into Trades you can lose more than your investments and you may be required to make further payments. 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. Appropriateness of Trades.

- 1.1 In line with the Securities and Futures Act 2001 we may assume that Accredited Investors, Institutional Investors and Expert Investors have the necessary experience and knowledge in order to understand the risks involved in relation to the investment services or transactions, or types of transaction or product for a specific class of investor. However, you should always carefully consider whether to invest in Trades and acquaint yourself sufficiently with them to understand the risks involved. 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 is not tailored to your 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 a Prime FX 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 (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 can only be closed with us. 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 Trades and close Trades is solely dependent on the Prime FX System 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 with 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 only profit from our Trades through changes in the Prices displayed in our Prime FX System. These are different from other transferable financial instruments traded on regulated markets or trading venues where you can profit from real market fluctuations.

4. We act as a market maker.

- 4.1 Prices shown to you are based upon prices available to CMC Markets from our liquidity providers and incorporate our own mark-ups or other charges in addition to the price or spread at which CMC Markets may trade with its liquidity providers. 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.
- 4.2 When you enter into Trades with us, you risk losing more than the amount (if any) that you deposited with us and you may be required to make further payments. You should not rely on Stop Loss Orders and Take Profit Orders, which are not guaranteed as they are subject to slippage.
- 4.3 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 ‘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 deposit that you hold with us when entering into a Trade.
- 4.4 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 Prime FX Account and may initiate Account Close-Out, whether manually or through an automated process.

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.

5. Your Trades are at risk of being closed out manually (and automatically in some circumstances).

- 5.1 The closure of your Trades and/or Positions by our client management team is intended to prevent you incurring further losses and we may close all Trades and/or Positions on your Prime FX 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 client management team will attempt to notify you when your Account Revaluation Amount reaches a specific level, although you should not rely on the Prime FX System and/or our client management team giving you this warning. To prevent Account Close-Out, you should keep an Amount in your Prime FX 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 Prime FX Account (which appeared to be sufficient) can very quickly become insufficient, due to rapidly changing market conditions.
- 5.2 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 Prime FX Account may be significantly lower by the time we are able to contact you (e.g. due to market movements).

6. Market circumstances may impact your Trades.

- 6.1 Our Prices, and the information provided by our client management team, are dependent on the availability of prices and liquidity from the liquidity providers we use. 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.
- 6.2 Financial markets may fluctuate rapidly and this will impact Prices. Any movements in Prices displayed will have a direct and real time effect on your Trades and Prime FX 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 the Prime FX System and/or our client management 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.
- 6.3 There may be changes made by the liquidity providers with whom we hedge our price risk relating to Trades, including changes (that have or purport to have retrospective effect) to prices or cancellations of contracts we may have with them, which would each constitute a Circumstance Outside Our Control. We have certain rights and may take certain actions (including Reserved Actions) in respect of Circumstances Outside Our Control, including for example the right to cancel or reprice any Trade, where to do so would be fair and reasonable in the circumstances.

7. The Price of a Trade may be different from the Price you see displayed and/or the Price provided by our client management team when you place an Order.

- 7.1 We attempt to generate Prices on a continuous basis and to have the currently applicable Prices shown on the Trading Platform as quickly as possible. However, fluctuations in financial markets and/or technical conditions, may lead to a change in the applicable Price between the time a Market Order is placed and the time it is executed by the liquidity providers. This corresponding difference may either be to your advantage or disadvantage. If such changes occur, the Market Order is generally executed at the Price applicable when the corresponding Trade is executed. You can eliminate the risk of this by attaching the relevant Condition to a Market Order.

8. Technical risks and other circumstances may affect your Trades sent.

- 8.1 There is a risk that other circumstances may prevent us from executing Orders, or prevent you from accessing the Prime FX System and/or our client management team, such as system errors or outages. Such circumstances may pose a significant risk to the execution of your Orders.

9. Different Products pose different risks.

- 9.1 Each Product poses specific risks which can differ widely, for instance with regard to the range and speed of fluctuations in Prices or with respect to liquidity. Therefore, you should ensure that you understand the specific risks of a Product before you open a Trade on that Product.

10. Profit and Loss displayed on the Trading Platform.

- 10.1 There may at times be differences between information available through the Back Office Platform and information available through the Trading Platform. This is primarily because currency conversions are carried out on closed Trades on the Back Office Platform but not on the Trading Platform. Components of the Cash Available displayed on the Trading Platform are subject to real time currency revaluations and are therefore subject to change. In the event of a difference, between the Cash Available on the Trading Platform and the Available Equity on the Back Office Platform, the information available through the Back Office Platform shall be conclusive. However, when determining whether sufficient funds are available to allow you to enter Trades, the information available through the Trading Platform will prevail. At 17:00 EST every Business Day a reconciliation will take place to bring the Cash Available displayed on the Trading

Platform in line with the Available Equity displayed on the Back Office Platform. This may have an impact on your Account Revaluation Amount and on any eventual profits that you make or losses that you incur.

10.2 Current, up-to-date Margin requirements and Holding Costs will be displayed at all times on the Back Office Platform.

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

11.1 You should not rely on being able to redeem borrowed funds with any profits from Trades.

12. Past performance is not indicative of future performance.

12.1 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.

13. We cannot guarantee protection of your money.

13.1 Full details on how we will treat your money are provided in our Prime FX Terms of Business and you should ensure that you have read the Prime FX Terms of Business carefully before opening a Prime FX Account with us or entering into any Trade.

14. Tax treatment may vary.

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

15. Access to the client management team.

15.1 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 Our Control, 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.