



**RISK DISCLOSURE
FOR FINANCIAL INSTRUMENTS**

Trading Point of Financial Instruments Ltd operating under the trading name XM.com is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Nicosia under number: HE 251334, and regulated by the Cyprus Securities & Exchange Commission ("CySEC") under license number 120/10 (hereinafter called the "Company").

The Company is operating under Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as the same may be in force from time to time and modified or amended from time to time (the "Markets in Financial Instruments Directive (2004/39/EC)" or "MiFID").

This notice is provided to you in accordance with the Markets in Financial Instrument Directive (MiFID) of the European Union because you are considering dealing with the Company in the financial instrument provided by the Company ("Financial Instruments").

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments and was designed to explain in general terms the nature of the risks particular to dealing in the Financial Instruments provided by the Company and to help the Client to take investment decisions on an informed basis. This notice should be read together with the General Risk Disclosure.

In order to comply with the Markets in Financial Instrument Directive (MiFID) of the European Union, the Company will classify the prospective client as Retail Client, Professional Client or Eligible counterparty when considering the application for opening an account, based on the information provided to the Company.

Prior to applying for an account the Client should consider carefully whether trading in derivative Financial Instruments is suitable for him in the light of his circumstances and financial resources. Trading in derivative financial instruments entails the use of "gearing" or "leverage". In considering whether to engage in this form of trading, the Client should be aware of the following:

Risks associated with transactions in derivative Financial Instruments

The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Financial Instruments provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

Trading in Financial Instruments and other leveraged products may involve a significant level of risk and is not suitable for all investors. Before undertaking any such transactions you should ensure that you fully understand the risks involved and you should seek independent advice if necessary. The Client should not engage in any dealings in Financial Instruments, directly or indirectly, unless you know and understand all of the risks involved.

The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in Financial Instruments and accepts and declares that he is willing to undertake this risk.

The high degree of “gearing” or “leverage” is a particular feature of derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client’s trade.

The Financial Instruments available for trading with the Company are ‘*non-deliverable spot transactions*’ giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client’s favor, the client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients’ entire deposit but also any additional commissions and other expenses incurred.

Volatility of price and limitation on the available market

The Financial Instruments provided by the Company are derivative securities, where their price is derived from the price of the underlying reference instruments in which the Financial Instruments refer to. Derivative securities / markets can be highly volatile. The prices of derivative Financial Instruments and the Underlying Reference Instruments and Indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it can be impossible to execute any type of Clients order at declared price. Therefore Stop Loss order cannot guarantee the limit of loss.

The prices of derivative Financial Instruments will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

Transactions in derivative Financial Instruments provided by the Company are not undertaken on a recognized exchange, rather they are undertaken through the Company’s Trading Platform and, accordingly, they may expose the Client to greater risks than regulated exchange transactions. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company. The Client is obliged to close an open position of any given Financial Instrument during the opening hours of the Company’s Trading Platform.

Other additional obligation

Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable and which may be found on the Company's Website. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

The value of open positions in the Financial Instruments provided by the Company is subject to financing fees. The price of long positions in Financial Instruments is reduced by a daily financing fee throughout the life of the contract. Conversely, the price of short positions in Financial Instruments is increased by a daily financing fee throughout its life. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website.

The Client should take the risk that his trades in Financial Instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.

Margin requirements

Clients are required to deposit a Margin with the Company in order to open a position. The Margin requirement will depend on the underlying instrument of the derivative Financial Instrument, level of leverage chosen and the value of position to be established. The Company will not notify the Client for any Margin Call to sustain a loss making position. The Company has the discretionary right to start closing positions when Margin Level decreases to about 50%, and automatically close all positions at market prices if Margin Level drops below 20%. The Company guarantees that there will be no negative balance in the account when trading Financial Instruments provided by the Company.

The Company reserves the right to review and/or amend its Risk Disclosure statements, at its sole discretion, whenever it deems fit or appropriate.

Our Risk Disclosure statements are not part of our Terms and Conditions of Business and are not intended to be contractually binding or impose or seek to impose any obligations on us which we would not otherwise have, but for the Cyprus Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007).

Should you have a question about the Risk Disclosures set forth herein please direct your questions to our Compliance Department: compliance@xm.com.