traderxlab

RISK DISCLOSURE AND WARNINGS NOTICE

Important Notice: this document cannot and does not disclose, contain or explain all the risks and other significant aspects involved when dealing in the Financial Instruments and Investment Services offered by the Company. This document was designed to explain in general terms the nature of the risks involved when trading in such Financial Instruments on a fair and non-misleading basis. Therefore, if the Client chooses to enter into a business relationship with the Company, is important that (s)he fully understands the risks involved before commencing trading and have adequate financial resources to bear such risks. If the Client does not understand the risks involved, (s)he should not trade at all.

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1. Introduction

1. Camaroz Group LTD (**hereafter "the Company")** is a company incorporated under the laws of Saint Vincent and the Grenadines that owns and operates the brand **"TraderXlab"** and the domain www.TraderXlab.com.

2. This Rik Disclosure and Warning Notice (hereafter **"the Notice"** or **"this document"**) is provided to you (our Client or prospective Client) in order to provide you with information regarding the risks associated with derivative financial instruments such as Forex/CFDs.

3. This Notice shall include a general description which explains the nature of the specific financial instruments concerned as well as the risks particular to that specific type of financial instruments in sufficient details to enable the Client or prospective Client to take investment decisions on an informed basis. All Clients and/or prospective Clients should read carefully the risk disclosure and warnings notice contained in this document, before applying to the Company for a trading account and before they begin to trade with the Company.

4. This document forms an integral part of the Client Agreement/Terms and Conditions between the Client and the Company.

2. Acknowledgment and Acceptance

2.1. In consideration of the Company agreeing to enter into a business relationship with the Client or prospective Client and offer any kind of financial instruments and/or investment services, the Client hereby acknowledges, understands and agrees with the risks and warnings included in this document and warrants that he/she is willing and able, financially or otherwise, to undertake the risk of incurring losses and damages when trading in the financial instruments offered by the Company.

3. Trading on Margin and Leverage

1. TraderXlab provides leverage for customers to trade on margin, up to a maximum leverage of 1-1000. For example, a trading contract on leverage of 1-1000 will only require 0.14% of the contract's value as an initial margin. Small movements in the underlying instrument's price will result in large potential gains or losses for the customer.

2. Trading on margin enables customers to achieve high potential profits but also increases the risk of high potential losses. All customers are warned that as a general rule, higher leverage increases the risk of high losses. Trading on margin carries very high risks and TraderXlab strongly advises all customers to carefully consider the proper level of leverage for their trading style, objectives, and risk appetite and to seek independent advice where necessary.

3. The maximum leverage of each account type has been indicated on the Company's website, however please note that the margin requirements for any trading instrument offered by TraderXlab, are floating as a general rule. Any mention of a specific margin requirement is of indicative nature and it shows the usual margin requirement value under normal market conditions. TraderXlab explicitly warns all of its traders that depending on the market conditions, it can increase or decrease margin requirements without prior notice.

4. <u>Risk Warning</u>

The Client ensures that (s)he understands that trading in the financial instruments offered by the Company is highly speculative and is categorized as high-risk investments due to their derivative nature and no guaranteed return. Therefore, the Client or prospective Client must ensure that (s)he understands the risks involved for each one of the financial instruments offered by the Company, considering his/her level of knowledge and experience. The Client should not risk more capital than (s)he is prepared to lose. Consequently, before applying for a trading account, the Client should carefully consider whether investing in a specific financial instrument is suitable for him/her in light of his/her personal circumstances and financial resources. If the Client does not understand the risks involved, then (s)he should seek independent advice and consultation from an independent financial advisor or should not trade at all.

7. <u>Communication between the Client and the Company</u>

7.1. The Company bears no responsibility and the Client shall accept the risk of any damage or that arise as a result of delayed or non-received communication sent by the Company to the Client.

7.2. The Client acknowledges that unencrypted information transmitted by e-mail is not protected from any unauthorized access. The Company bears not responsibility for any damage or loss that arises as a result of unencrypted information sent to the Client by the Company that has been accessed through unauthorized means.

7.3. The Company bears no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

7.4. The Client is fully responsible for any non-received or unread internal messages sent to the Customer via the internal systems or trading platform(s). The Company cannot be held liable for those messages that the Customer fails to receive, open or understand due to the failure of the email system and/or communication channel or corruption of the intended message.

8. Insolvency

The Company's insolvency or default, may lead to positions being liquidated or closed out without the Client's consent.

9. Third Party Risks

9.1. The Company may transfer money received from the Client to a third party (e.g. an intermediate broker, a bank, a market, a settlement agent, a clearing house, an OTC counterparty located outside Cyprus or to the Liquidity Provider/Market Maker) to hold or control in order to facilitate the Client's transactions or to effect a Transaction through or with that party or to satisfy the Client's obligation to provide collateral (e.g. initial margin requirement) in respect of a Transaction. The Company has no responsibility for the insolvency, acts or omissions of any such third party to whom it will transfer money received from the Client.

9.2. The third party to whom the Company will transfer money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money. In the event of the insolvency or withdrawal or winding-up proceedings or any other analogous proceedings against the third party, may lead to the Client's positions being liquidated or closed against his/her wishes and/or the Client's orders may not be executed. In addition, the Company may only have an unsecured claim against the third party on behalf of the Client, and the Client understands that (s)he will be exposed to the risk that the money received by the Company from the third party is insufficient to satisfy the Client's claim(s). The Company does not accept any liability or responsibility for any resulting losses.

9.3. The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.

9.4. A Third Party (i.e. Bank or Broker) through whom the Company deals with could have interests' contrary to the Client's Interests.

10. Third-Party Authorization

1. All customers are explicitly warned that in all cases when they authorize a third-party to trade on their behalf, advise them, or provide any other financial, investment, or otherwise services related to their account, it shall be the sole responsibility of the authorizing customers themselves to assess the suitability of the third-party and the quality of its services. TraderXlab shall not be responsible in any way to evaluate or monitor the third-party, control its actions on behalf of the authorizing customer, or report on its performance.

2. TraderXlab does not recommend for or against the authorization of any third-party. Such a decision is the responsibility exclusively of the authorizing customer. Furthermore, the authorizing customer shall be solely responsible for the control of the authorized third-party and the effects of its services and actions to the customer's Trading Accounts with TraderXlab. TraderXlab advises all customers with professional advice when trying to assess the suitability of a third-party to provide any financial or investment services.

11. Charges and Taxes

9.1. The Provision of investment and/or ancillary services by the Company to the Client is subject to commissions and/or fees, available on the Company's website(s). Before the Client begins to trade, (s)he should obtain details of all fees, commissions and other charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the said charges. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that (s)he understands what such charges are likely to amount to. The Company may change its charges at any time.

9.2. Prices quoted to the Client by the Company will include a spread, mark-up, or mark-down when compared to prices that the Company may receive or expect to receive if it were to cover transactions with the Client by a trade in the interbank market or with another counterparty. The Client is advised that the total impact of spreads may be significant in relation to the size of the margin (s)he deposits and may make it more difficult for the Client to achieve a profit. The Client should carefully consider the effect of spreads, mark-ups, or markdowns on his/her ability to profit from trading.

9.3. The value of open positions in some of the financial instrument offered 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 Forex/CFD. Conversely, the price of short positions in Forex/CFDs 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 the fees applied are available on the Company's website(s).

9.4. The Client should take reasonable care to maintain sufficient available funds to avoid a negative account equity due to position size and overnight financing fees, especially when trading Forex/CFDs on cash indices and Forex/CFDs on shares where financing fees are being applied to reflect corporate actions.

9.5. There is a risk that the Client's trades in any Financial Instruments may be or become subject to tax and/or any other stamp duty for example, because of changes in legislation or the Client's personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his/her trades. It is noted that taxes are subject to change without notice.

12. <u>Prices are set and provided by the Company and may be different from the prices reported elsewhere</u>

It is noted that the Company's prices in relation to the financial instruments to be used in trading are set and provided by the Company itself and may be different from prices reported elsewhere. The Company's trading prices/rates are the ones at which the Company is willing to sell Forex/CFDs to its Clients at the point of sale. As such, they may not directly correspond to real-time market levels at the point in time at which the sale of Forex/CFD occurs.

13. <u>Abnormal Market Conditions</u>

The Client acknowledges that under Abnormal Market Conditions the period during which the Orders are executed may be extended or it may be impossible for Orders to be executed at declared prices or may not be executed at all.

14. <u>Foreign Currency</u>

It is noted that when a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, it has additional risks associated with currency fluctuations. Thus, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client.

15. <u>Force Majeure Events</u>

In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfill its obligations under the Client Agreement or delay in performing its obligations. As a result, the Client may suffer financial loss. The Company will not be liable or have any responsibility for any type of loss or damage arising, directly or indirectly, due to a Force Majeure event.

16. <u>Risks particularly associated with transactions in Derivative Financial Instruments such as Forex/CFDs.</u>

15.1. Forex and CFDs are complex and leveraged financial instruments. Accordingly, these financial instruments are not suitable for all members of the general public but only for those investors who:

(a) understand and are willing to assume the economic, legal and other risks involved;
(b) taking into account their personal financial circumstances, financial resources, life style and obligations are financially able and prepared to assume the loss of their entire investment;
(c) have the knowledge to understand Forex/CFDs trading, the Underlying assets and Markets.

15.2. Forex/CFDs are financial instruments which derive their value from the prices of the underlying assets/markets in which they refer to (for example currency, equity indices, stocks, metals, indices futures, forwards etc.). It is important therefore that the Client understands the risks associated with trading in the relevant underlying asset/market because fluctuations in the price of the underlying asset/market will affect the profitability of his/her trade.

15.3. *“Contracts for Difference (CFDs)”:* a CFD is an agreement to buy or sell a contract which reflects the performance for example of precious metals, futures or shares. The profit or loss is determined by the difference between the price the CFD is bought at and the price is sold at and vice versa. CFDs are traded on a margin. The CFDs available for trading with the Company are non-deliverable spot transactions giving an opportunity to make profit on changes in the Underlying Asset. Transactions in CFDs may also have a contingent liability and the Client should be aware of the implications of this as set out below under “Contingent Liability Investment Transactions”.

15.4. Information of the previous performance of a Financial Instrument does not guarantee its current and/or further performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.

15.5. The Company operates on a “negative balance protection” basis which means that the Client cannot lose more than his/her overall investment. The maximum loss that may be incurred by any Client is the amount of funds paid by him/her to the Company including rolling fees for day trade deals.

15.6. *Leverage and Gearing*

15.6.1. CFD trading enables the client to trade the markets by paying only a small fraction of the total trade value. This is known as “leverage” or “gearing” which is a particular feature of derivative financial instruments, and stems from the margining system applicable to such trades, according to which, the amount of initial margin may be comparatively small or modest in relation to the overall contract value.

15.6.2. Hence a relatively small market movement can have a disproportionately larger impact on the Client’s trade and/or deposited funds. This may work for or against the Client. If the underlying market movement is in the Client’s favor, the

Client may achieve a good profit, but an equally adverse market movement can not only result in the loss of the Client's entire capital, but also expose the Client to a large additional loss. Hence if the market moves against the Client's position and/or margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain his/her position. Failing to comply with a request for a deposit of additional funds, may result in closure of his/her position(s) by the Company on his behalf and (s)he will be liable for any resulting loss or deficit.

15.6.3. Because of the effect of "leverage" or "gearing" and the speed at which profits or losses can be incurred it is important that the Client monitors his/her positions closely.

15.7. *Risk-reducing Orders or Strategies*

The placing of certain Orders (e.g. "stop-loss" orders or "stop-limit" Orders), which are intended to limit losses to certain amounts, may not be adequate given that markets conditions make it impossible to execute such Orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as "spread" and "straddle"' positions may be as risky as taking simple "long" or "short" positions. Therefore, Stop Limit and Stop Loss Orders cannot guarantee the limit of loss. Trailing Stop and Expert Advisor cannot guarantee the limit of loss.

15.8. *Volatility*

15.8.1. Some derivative financial instruments and the related Underlying Markets can be highly volatile or unpredictable. The prices of derivative financial instruments and the underlying asset 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 or abnormal market conditions it may be difficult or impossible to execute a Client Order at declared prices leading to losses. This may occur for example at the following cases:

(a) During market opening;
(b) During news times;
(c) During volatile markets where prices may move significantly up or down and away from the declared price;
(d) Where there is a rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted;
(e) if there is insufficient liquidity for the execution of the specific volume at the declared price.

15.8.2. The prices of derivative financial instruments and the underlying assets are influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial, trade programs and policies, national and international socioeconomic & political events and the prevailing psychological characteristics of the relevant market place. Therefore, Stop Loss orders cannot guarantee the limit of losses.

15.9. *Margin*

15.9.1. Before the Client opens a Forex/CFD trade with the Company (s)he is required to deposit funds as initial margin. Please note that the initial margin requirements differ per financial instruments. Moreover, in order to keep a transaction/position open the Client must ensure that the balance of the trading account exceeds the maintenance margin.

15.9.2. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of any investment in financial instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value. This is owed to the margining system applicable to such trades. A small price movement in the Client's favor may result in high return on the initial margin placed for a trade, but equally a small price movement against the Client may result in loss of the entire initial margin as well as require the provision of substantial additional margin, at short notice, to maintain an open position/trade. If the Client does not do this, the Company will be entitled to close one or more of his/her trades and the Client will be responsible for any losses incurred.

15.9.3. The Company has the discretionary right (a) to start closing positions when 'Margin Level' decreases to about 30% of the required 'Margin Level' for any particular Financial Instrument, and (b) to close automatically all positions at market prices, if 'Margin Level' drops to or below 20% of the required 'Margin Level' for any particular Financial Instrument.

15.10. *Liquidity*

Some of the financial instruments may not become immediately liquid as a result of reduced demand for the Underlying Asset and the Client may not be able to sell them or easily obtain the information on the value of these financial instruments or the extent of the associated risks.

15.11. *Off-exchange transactions in Derivative Financial Instruments*

15.11.1. When trading in Forex/CFDs, the Client is effectively entering into an OTC ("over the counter") transaction, whereby the parties directly negotiate between each other rather than through a regulated exchange market. Hence transactions in derivative financial instruments are not undertaken on a recognized exchange. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. Consequently, it may be impossible to liquidate an existing position, or to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

15.11.2. The Company is using an Online Trading Platform for transactions in financial instruments which do not fall under the definition of a recognized exchange or a Multilateral Trading Facility ("MTF") and so do not have the same protection.

15.12. *Contingent Liability Investment Transactions*

15.12.1. Some financial instruments have a contingent liability and the Client should be aware of the implications of this, in particular the margining requirements of the Company. Contingent liability investment transactions require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The Margin requirement will depend on the underlying asset of the Financial Instrument, the chosen level of leverage and the value of the position. Margin requirements can be fixed or calculated from current price of the underlying instrument and it can be found on the website of the Company.

15.12.2. If the Client trades in futures or Contracts for Differences, he may sustain a total loss of the funds he has deposited to open and maintain a position. If the market moves against the Client, he may be called upon to pay substantial additional funds at short notice to maintain the position. If the Client fails to do so within the time required, his position may be liquidated at a loss and he will be responsible for the resulting deficit.

15.12.3. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the Client entered the contract.

15.13*. Suspensions of Trading*

15.13.1. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

15.13.2. Placing a “Stop-Loss” Order serves to limit the Client’s orders. However, under certain market conditions, the execution of a “Stop-Loss” Order may be not effective or may make it impossible to execute such an order at the stipulated price or may even be executed at a worse price, than its stipulated one, and the realized losses can be larger than expected.

15.14. *No Delivery or rights to the underlying assets/instruments*

It is understood that the Client has no rights or obligations in respect of the Underlying Assets or Instruments relating to the Forex/CFDs (s)he is trading. The Client is not entitled to ownership of the underlying assets or instruments and there is no delivery of the underlying asset or instrument.

15.15. *“Slippage”*

Slippage is difference between the expected price of a transaction in a Forex/CFD, and the price at which the transaction is actually executed at. Slippage often occurs during periods of higher volatility making an order at a specific price impossible to execute, when market orders are used, and also when large orders are executed when there may not be enough interest at the desired price level to maintain the expected price of trade.

15.16. *Expiry System Errors*

In case the expiry system fails for any reason and the Forex/CFD does not close at the available market price when the instructed price has been met, the system will issue a notification to the Risk Manager / Head of the Dealing Room, in order for the position to be resolved manually. The affected client will be placed in the same position had the Forex/CFD closed at the available market price when the instructed price has been met.

17. <u>Advice and Recommendations</u>

16.1. Where the Company provides general market recommendations, such recommendations do not constitute a personal recommendation or investment advice and have not considered any of the Client's personal circumstances or his/her investment objectives, nor is it an offer to trade, or the solicitation of an offer to trade, in any Forex/CFDs and/or other financial instruments offered by the Company. Hence each decision by Client to trade in Forex/CFDs and/or any other financial instruments with the Company and each decision as to whether a transaction is appropriate or proper for the Client, is an independent decision made by the Client. In asking the Company to enter into any Transaction, the Client represents that (s)he has been solely responsible for making his/her own independent appraisal and that (s)he has sufficient knowledge, market sophistication, professional advice and experience to make his/her own evaluation of the merits and risks of any Transaction.

16.2. The Company is not acting as an advisor or serving as a fiduciary to the Client. The Client acknowledges and agrees that the Company has no fiduciary duty to the Client and no liability in connection with and is not responsible for any liabilities, claims, damages, indemnifications, costs and/or expenses, including attorneys' fees and/or any legal proceedings, incurred in connection with the Client following the Company's general trading recommendations or by taking or not taking any action based upon any general recommendation or information provided by the Company.

16.3. Apart from general market recommendations, the Company may, from time to time and at its discretion, provide the Client with information, market commentary or other information via newsletters (which are posted on the Company's website(s) or distributed to its clients or potential clients with mass emails) or posted on the Company's trading platform(s) or otherwise. This is not a service. Where it does so:

(a) the Company will not be responsible for such information as they are solely based on the judgement of the Company's personnel and should be considered as such;
(b) the information provided are based upon sources believed to be reliable but the Company gives no representation, warranty or guarantee as to the

accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related Transaction;

(c) this information is provided solely to enable the Client to make his/her own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client. The Client acknowledges that it enters into any such transactions or trades relying on his/her own judgement;

(d) this information is general only and may or may not be consistent with the market positions or intentions of the Company and/or its affiliates;

(e) if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that he will not pass it on to any such person or category of persons;

(f) the Client accepts that prior to despatch, the Company may have acted upon it itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he will receive such information at the same time as other clients.

16.4. It is understood that market commentary, news, or other information provided or made available by the Company are subject to change and may be withdrawn at any time without notice.

18. No Guarantees of Profit

The Company provides no guarantees of profit or of avoiding losses when trading in derivative financial instruments. The Client acknowledges and accepts that (s)he has not received any such guarantees from the Company or from any of its representatives. The Client warrants that (s)he is aware of the risks inherent in such trading and is financially able to bear such risks and withstand any losses incurred.