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**RISK DISCLOSURES  
FOR FINANCIAL INSTRUMENTS**

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## RISK DISCLOSURES FOR FINANCIAL INSTRUMENTS

### 1. INTRODUCTION

- 1.1 Hextra Prime is a Securities Provider Licensee regulated and authorized by the Financial Services Authority in Saint Vincent & the Grenadines under the License Number: 25989 BC 2020 (hereinafter called the "Company").
- 1.2 The Company operates under the 2007 Securities Act ('Act'), 2008 Securities (Business Conduct) Regulations, 2008 Securities (Forms and Fees) Regulations, 2008 Securities (Prospectus) Regulations, 2008 Securities (Takeovers) Regulations, 2008 Securities (Takeovers) Regulations, 2008 Securities (Advertisements) Regulations ('Applicable Regulations' collectively).
- 1.3 You are given this notice because you consider dealing with the Company in the investment products provided by the Company (hereinafter referred to as "Securities"). Each product and service for investment has its own distinct risks. This notice can not and does not disclose or explain all the risks and other important aspects of these products, or how your personal circumstances relate to those risks. This notice is intended solely to explain, in general terms, the nature of the risks specific to trading in the securities offered by the Company and to assist you in making informed investment decisions.
- 1.4 In view of your needs, circumstances and financial situation, you should carefully consider whether trading in the investment products provided by the Company ('Securities') is appropriate for you prior to applying for an account. Before making a decision to enter into a CFD transaction / contract with us or to buy or sell an instrument available through a share trading account you may hold with the company, it is important that you fully understand the risks involved. You should seek professional advice if you have any doubts about the risks associated with your account. You should be conscious of the following in considering whether to engage in this form of trading.

### 2. RISK WARNINGS

- 2.1 The Company provides on a 'execution only basis' its services. It does not provide investment advice to you in relation to its services, securities or potential securities transactions and makes no investment recommendations of any kind. Sometimes, we provide market factual information or research recommendations, information on transaction procedures, and information on the potential risks involved and how to minimize those risks. Any decision to use our investment products or services is, however, made exclusively by you.
- 2.2 At any time or with any money invested in any security, the company does not and can not guarantee the initial capital of your portfolio or its value. You hereby unreservedly acknowledge and accept that the value of the securities supplied by the Company may fluctuate downwards or upwards, regardless of any information that may be offered by the Company, and it is even likely that the investment may be of no value.
- 2.3 You acknowledge that as a result of the purchase and/or sale of any security, you run a great risk of incurring losses and damages, as such transactions carried out through the company's dealing services may be of a speculative nature. In a short period of time, large losses may arise, equal to the total of your funds deposited with the company. Unless you are willing to take the risk of completely losing all the funds you have invested, you should not enter into a transaction / contract with the company.
- 2.4 A derivative security is a "non-deliverable" transaction that allows changes in currency rates, changes in commodity prices, equity indices or shares (called the "underlying instrument") to make a profit.
- 2.5 You are exclusively responsible for closely monitoring all of your open positions. In particular, it is your sole responsibility to track your positions at all times and you should ensure that you have the capacity to access your trading account(s) at all times during the period that you have open positions on CFDs or hold any securities in a share trading account.

- 2.6 For example, as a result of reduced demand, some securities may not immediately become liquid and you may not be in a position to sell them or easily obtain information on the value of these securities or the extent of the associated risks.
- 2.7 If you trade in a market other than the base currency of your country of residence, the value, price and performance of the security you have traded in will be affected by any currency exchange fluctuations (therefore, your profits and losses will be affected).
- 2.8 Information on a security's previous performance does not guarantee its future performance. The use of historical data is not a binding or secure forecast of the corresponding future performance of the securities referred to in that information. Contracts with us that you enter into are legally enforceable by both parties.

### 3. VOLATILITY OF PRICE AND LIMITATION ON THE AVAILABLE MARKET

- 3.1 The derivative securities are some of the securities provided by the Company, where their price is derived from the price of the underlying reference securities to which the securities refer. Placing orders for 'Stop Loss' serves to limit your losses. Derivative markets can, however, be highly volatile and, under certain market conditions, the value of derivative securities and their underlying instruments may fluctuate rapidly. Under such circumstances, the execution of a 'Stop Loss' Order may be worse than its specified price (i.e. preset by the client) and the losses realized may be greater than expected. It may also be difficult or impossible to execute any type of order; therefore, 'Stop Loss' order cannot guarantee the limit of loss.
- 3.2 The price movements of the underlying markets can be unpredictable and volatile. This will have a direct impact on your profits and losses; knowing the volatility of an underlying market will therefore assist you in assessing whether you should place any 'stop orders.
- 3.3 Among other things, your attention is specifically drawn to currencies that are rarely traded, that it can not be certain that a price will be quoted at all times, or that it may be difficult to make transactions at a price that may be quoted due to the absence of a counter-party.
- 3.4 Among other factors / events, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events, and market sentiment will influence the prices of securities.
- 3.5 'Gapping' is a sudden shift from one level to another in the price of an underlying market and can occur when the underlying market is either open or even closed due to different factors / events (e.g. the release of major news announcements, economic events, etc.). When such factors / events occur and the underlying market is closed, the re-opening price of the underlying market (and, consequently, our derived price) may differ from the closing price, without the possibility of selling the instrument(s) prior to the opening of the market.
- 3.6 In a very brief period of time, market conditions can change significantly. As such, in the event that the customer wishes to sell or conclude a contract, the customer may not be able to do so under the same conditions as when the instrument was purchased or opened. It may be hard or impossible to liquidate a position under certain trading conditions. This may occur, for example, at times of rapid price movement, if the price increases or falls during a single trading session to such an extent that it is suspended or limited under the rules of the relevant exchange trade.
- 3.7 Derivative securities transactions are not carried out on a recognized and regulated exchange (i.e. through the Trading Platform of the Company) and may, as such, expose the Client to higher risks than regulated exchange transactions.

#### 4. MARGIN REQUIREMENTS

- 4.1 In order to open a position on a CFD, clients are required to deposit a margin with the company. The requirement for the margin will depend on the derivative securities' underlying instrument, the level of leverage selected and the value of the position to be determined. For any margin call to maintain a loss-making position, the company will not notify the client. When the margin level decreases to around 50 percent, the company has the discretionary right to begin closing positions and automatically close all positions at market prices if the margin level drops to or falls below 20 percent. The Company guarantees that there will be no negative balance in a client's account when trading in Securities provided by the Company.
- 4.2 The use of "gearing" or "leverage" involves investing in derivative securities. You should be aware that the high degree of "gearing" or "leverage" is a specific feature of derivative securities when considering whether to engage in this form of investment. This is attributable to the marginalization system applicable to such transactions, which generally involves a relatively modest deposit or margin in terms of the total value of the contract, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the transaction of the client. If the underlying market movement is in your favor, you may achieve a good profit, but an equally small adverse market movement may quickly result in the loss of your entire deposit. You must not purchase derivative Securities unless you are willing to undertake the risks of losing all the money which you have invested.
- 4.3 If the equity in your trading account is insufficient to keep current positions open, you will be required to deposit additional funds or reduce exposure (i.e. margin call) at short notice. The liquidation of positions at a loss (i.e., Stop-Out) may result in failure to do so within the time required. The customer is always liable for any losses caused as a result.

#### 5. SPECIFIC RISK WARNINGS – SHARES

- 5.1 High-risk financial instruments are not considered to be physical shares admitted to trading on a regulated market.
- 5.2 Shares, referred to as 'equities', represent a portion of the share capital of a company. The degree of ownership of the client in a company depends on the number of shares he holds in relation to the total number of shares issued.
- 5.3 All of the offered shares are listed on exchanges, which means that our company does not set prices. We will only act on any instructions received from you to buy or sell on your behalf, with our duty to take sufficient steps as set out in our Order Execution Policy to ensure the best execution results.
- 5.4 As long as this is deemed to be in line with our Order Execution Policy, the Company may execute the Client's order outside of a regulated market (i.e. exchange). We'll arrange for custody of the instruments as part of our service. For the benefit of the Client, all investments purchased for the Client or transferred to us by the Client into its Share Trading Account will be purchased on behalf of and/or held by the nominee company chosen by us. The Client may not have voting rights which he would have had if he held the investment in his own name, as investments will be held on behalf of a nominee company.
- 5.5 In line with market conditions, the value of investments purchased through the client's share trading account may decrease as well as increase, and the client may end up with less than he / she originally invested. Some shares may present a higher risk than others, such as unlisted shares, shares in smaller companies and penny shares, and may prove difficult to liquidate in the short term. If the customer is in a position to sell these types of shares shortly after purchasing them, he may find that the price of the sale is far lower than the price at which he purchased them. Also, Shares in companies incorporated in emerging markets may be harder to buy and sell than Shares in companies in more developed markets and former companies may also not be adequately regulated.
- 5.6 Instructions for dealing with us from the Client form an undertaking that may only be subsequently withdrawn by the Client with our prior consent (such consent will not be unreasonably withheld) at any time prior to the execution of the deal order. All instruments offered through our Share Trading Account are listed on the exchange, so we do not set prices. We will act on any instruction that the

Client provide us to buy or sell an instrument on his behalf in accordance with our obligation to provide best execution results as set out in our Order Execution Policy, to act reasonably and in accordance with the Terms and Conditions of Business/Client Agreement which governs our business relationship.

- 5.7 The performance of a transaction by us (or a third party with whom we deal on your behalf) is 'guaranteed' by the exchange or clearing house on many exchanges, and we may have the benefit of our clearing member's certain legal protections. However, it is unlikely that you (i.e. the client) will be covered by this warranty or legal protections in most circumstances and may not protect you if we or another party were to default on obligations owed to you.

## 6. OTHER ADDITIONAL OBLIGATIONS

- 6.1 You should obtain details of all commissions and other charges for which you are liable and which can be found on the company's website before you start trading. If any fees are not expressed in terms of money (but, for example, as a dealing spread), you should obtain a clear written explanation from the Company to determine what such fees are likely to mean in specific terms of money, including appropriate examples. You acknowledge and understand that commissions and other charges may change at any time and that by visiting the Company's website, it is your sole responsibility to remain up to date.
- 6.2 You should also obtain details about the financial instrument you want to trade in, such as the margin requirements, position and/or volume limits, swaps, etc, before you start trading. This information is available on the website of the company. You acknowledge and understand that the said information may change at any time and that by visiting the Company's website, it is your sole responsibility to stay up to date.
- 6.3 Financing fees (or swaps) are applicable to the value of open positions in derivative securities provided by the Company. Swaps are deducted (i.e. charged) from or added (i.e. credited) to the account of the client for derivative securities held overnight throughout the life of the agreement. Please visit the company's website at <https://www.hextraprime.com> for more information on swap rates and the respective calculations.
- 6.4 To ensure that you comply with applicable laws and regulations, you are liable for any taxes and/or any other duties or legal matters (i.e. regulatory filings and payments). The Company does not guarantee that there will be no tax and/or any other stamp duty payable. There is no regulatory, tax or legal advice provided by the company and, as such, you may wish to seek independent advice.
- 6.5 Although electronic communication is often a reliable way of interacting with customers, no electronic communication is always available or completely reliable. The customer should be aware that electronic communications may fail, may be postponed, may not be secure and/or may not reach the intended destination.
- 6.6 A bank or broker through which the company deals or the company itself may act in the same market as the customer, as the involvement of its own account may be contrary to the interests of the customer in this way.
- 6.7 Online trading, no matter how convenient or efficient, does not necessarily reduce currency trading-related risks.
- 6.8 In accordance with the Act and Applicable Regulations, the Company is required to hold Client Money in an account that is separated from the cash of the Company, but this may not afford full protection.
- 6.9 A change in laws or regulations made by the government or a regulatory body may increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment.
- 6.10 Without your consent, the insolvency or default of the Company, a bank, broker or any other relevant counter-party used by the Company to effect transactions may lead to the closing of your positions.



The Company reserves the right, at its sole discretion, to review and/or amend its Risk Disclosure notices whenever it deems fit or appropriate. Our Risk Disclosure Notices are not part of our Terms and Conditions of Business and are not intended to be contractually binding or to impose or seek to impose on us, but for the Act and Applicable Regulations, any obligations which we would not otherwise have.