

London **FX**



www.londonfx.com

General Risk Disclosure

LondonFX is a brand owned and operated by K-DNA Financial Services LTD (hereinafter called the “Company” or “KDNA Financial Services LTD”), a company regulated by the Cyprus Securities and Exchange Commission license 273/15, incorporated and registered under the laws of the Republic of Cyprus, registration No. 335683, registered office at 56 Griva Digeni, Anna tower, Limassol, 3063, Cyprus.

This risk disclosure is provided to you (our Client and prospective Client) in compliance to the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 144(I) /2007, as subsequently amended from time to time which is applicable to LondonFX and K-DNA Financial Services Ltd.

All Clients and prospective Clients should read carefully the following risk disclosure before applying to the Company for a Client Account and before they begin to trade with the Company. However, it is noted that this document cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Forex and Contract for Differences (hereinafter “CFDs”). This Risk Disclosure was designed to explain in general terms the nature of the risks involved when dealing in Forex and CFDs on a fair and non-misleading basis.

This Risk Disclosure forms part of the Client’s agreement with the Company and therefore by entering into an agreement with the Company you also agree to the terms of this Risk Disclosure, as set out in this document.

Risk Warning

You fully understand and agree that the company cannot guarantee the initial capital that have been invested in financial instruments or the value of your portfolio. In addition, regardless of any information that has been offered to you by the company, the value of any investment in financial instruments may fluctuate downwards or upwards and there always possibility that the entire investment will not carry any value.

You are fully aware that trading Forex and CFDs including but not limited to Commodities CFDs and Indices CFDs, carries a high level of risk and more specifically the possibility of losing all of your invested funds. Therefore trading in Forex and CFDs may not be suitable for you. In addition, as a client you should not invest money that you cannot afford to lose. Prior to trading, you are responsible to acknowledge and understand the risk associated with Forex and CFDs and in the event you do not understand them you should seek advice from a professional and independent financial advisor.

You acknowledge and accept that Forex and CFDs are an agreement between a ‘buyer’ and a ‘seller’ to exchange the difference between the current price of an underlying asset (currencies, commodities, indices, shares etc.) and its price when the contract is closed.

When the contract is closed you will receive or pay the difference between the closing value and the opening value of the Forex or CFD depending on its underlying asset(s). If the difference is positive, the Company pays you. If the difference is negative, you must pay the Company.

Forex and CFDs might seem similar to mainstream investments such as shares but they are different as you never actually buy or own or acquire any rights to the underlying asset of the CFD and Forex.

Forex, CFDs and other financial derivatives are complex products and are not suitable for all investors. Before trading Forex and CFDs you should ensure that you fully understand the risks and costs involved. You should have extensive experience of trading in volatile markets as well as sufficient time to manage your investment in an active basis. If necessary, seek independent advice.

Although Forex and CFDs can be utilized for the management of investment risk, some of these products are unsuitable and not appropriate for many clients as they carry a high degree of risk.

You acknowledge and accept the following:

- Information of the previous performance of a Financial Instrument does not necessarily guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instrument to which the said information refers.
- Some Financial Instruments may not become immediately liquid as a result, for example, of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rate may have a negative effect on its value, price and performance.
- A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- A Derivative Financial Instrument (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make profit on changes in the underlying asset (currency rates, commodity, stock market indices or share prices) though you do not own the underlying asset.
- The value of the derivative financial instrument may be directly affected by the price of the security or any other underlying asset which is the object of the transaction.
- The Client must not purchase a derivative financial instrument unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commission and other expenses incurred.
- The value of the Financial Instrument (including a Forex currency pair, CFDs, or any other derivative product) may decrease and the client may receive less money than originally

- invested or the value of the Financial Instruments may present high fluctuations.
- The Client acknowledges and accepts that irrespective of what type of order he places with the Company under certain circumstances including but not limited the ones mentioned on our Order Execution Policy found in LondonFX Website may not be possible to be executed at all and any stop loss orders or orders with similar effect might not be able to reduce the Client losses and even though the Client placed a stop loss or a similar type of order he/she still run the risk of losing his entire investment.
 - The Client acknowledges and accepts that there may be other risks which are not contained above.

Appropriateness

The Company requires the client to pass through an appropriateness test during the application process and warns the client, if on the basis of information provided, the trading on Forex, CFDs, or any other derivate product is not appropriate based on the client's profile, please note that you are allowed to trade even without passing the appropriateness test or if you fail to provide us with sufficient information in order to conduct the appropriateness test.

Off-Exchange Transactions

When the client trades Forex, CFDs, or any other financial derivative product with the Company, the client will be entering into an off-exchange (OTC) derivative transaction, by placing their orders through the Company's trading platform. OTC transactions may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. The client needs to open and close a position with the Company's Execution Venue that is not transferable to any other person. In this case, the client may be exposed to the risk of the Company's or Execution Venue default.

Underlying Market Volatility

Forex, CFDs, and other financial derivative products are instruments that allow the client to trade on price movements in underlying markets/instruments. Even though the Company offers its own prices (as obtained by its Liquidity Provider) at which the client trades Forex, CFDs, or any other financial derivate product, the Company's prices are derived based on the underlying instruments/markets.

It is important for the client to understand that the fluctuation of the underlying instrument will affect the client's profitability. The client should also be aware of "gapping" where such events can result in a significant profit or loss on the client's account. "Gapping" can occur when the underlying instrument/market is open and when it is closed.

Cost and Charges

All relevant costs and charges will be provided by the Company or set out on LondonFX website. Clients should be aware of such costs and charges that may influence the account profitability of the client.

Swap Values and Charges

If a client holds any positions overnight then an applicable swap charge will apply. The swap values are clearly stated on the trading platform accepted by the Client during the account registration process as they are described in the Company's terms and conditions.

The swap rate is mainly dependent on the level of interest rates as well as the Company's fee for having an open position overnight. The Company has the discretion to change the level of the swap rate on each Financial Instrument at any given time and the Client acknowledges that he can be informed by checking current swap rates in the trading platform. The Client further acknowledges that he is responsible for reviewing the contracts specifications located on LondonFX trading platform for being updated on the level of swap value prior to placing any order with the Company

Taxes

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 the 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 before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable. 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.

In order to comply with the Markets in Financial Instruments Directive (MiFID) of the European Union, the Company must 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.

Trading Is Considered Risky And Speculative. Clients are ultimately responsible for all of the losses

suffered in their account. As a consequence, Clients should be prepared to lose all funds which they deposited. Clients are also responsible for losses that exceed their profits and deposits. Clients should never fund their trading activities with retirement savings, loans, mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required for current income or present or future medical expenses.

Competition and Sophistication. Trading requires in-depth knowledge of the financial markets, trading techniques and strategies. In attempting to profit from Trading, Traders compete with Professional traders, market-makers, etc. and therefore, a high level of investment and trading experience is necessary. No guarantees are offered or represented by the Company regarding the returns that can be expected from Trading.

Knowledge of Our Trading Software. Traders must be knowledgeable in the use and functionality of the Trading software provided by the Company or by any third-party provider, in order to correctly interpret account information and to be able to place orders correctly. Clients are responsible for all orders placed in their account, regardless of their understanding of the system functionality. If a trader does not have complete understanding of the way the system operates, he should not trade before obtaining the required knowledge.

Overnight Positions are Risky. Holding positions overnight on financial instruments, may result in considerable losses. Prices of the next day can be significantly different from the previous day's prices. Also, trading in financial instruments can unexpectedly be halted during trading hours for a variety of reasons and prices can vary dramatically at the re-opening of trading with no interim capabilities of trading during such time periods. Such price changes may significantly change the result of stop-loss orders and as a result such orders might not always be able to protect you and you are still having a significant risk of losing your entire invested capital

Electronic Trading Requires Some Degree of Sophistication. Persons who are relatively new to electronic trading are urged to strictly limit both the number of trades they do and the size of their trades to reduce the risk of losses during the learning process.

Volatility risk

Some Derivative Financial Instruments trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses as well as profits. The price of Derivative Financial Instruments is derived from the price of the Underlying Asset in which the Derivative Financial Instruments refer to. Derivative Financial Instruments and related Underlying Markets can be highly volatile. 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 market conditions it may be impossible for a Client's order to be executed at declared prices leading to losses. The prices of Derivative Financial Instruments and the Underlying Asset 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 market place.

Leverage risk

Before the client opens a trade on Forex and CFDs or any other financial derivative products, he is required to maintain a margin. Margin is usually a relatively modest proportion of the overall contract value. This means that the client will be trading using "leverage" or "gearing".

The "gearing" or "leverage" is often obtainable in trading Forex and CFDs and other financial derivative products. This means a relatively small market movement can lead to a proportionately much larger movement in the value of the client's position and this can work either against the client or for the client. The greater the leverage, the greater the risk

At all times during which the client opens trades, he must maintain enough equity, consider all running profits and losses, for meeting the margin requirements. If the prices move against the client then the client must deposit funds to avoid any margin calls otherwise the Company will be entitled to close one or more or all the clients' trades regardless of whether the client agrees with the Company's decision to close his trade(s)

Timing risk

If you do not have enough time to monitor your investment on a regular basis, you should not trade Forex, CFDs or other complex financial instruments. These products are not suitable to 'buy and hold' trading. They can require constant monitoring over a short period of time. Even maintaining your investment overnight exposes you to greater risk and additional costs. The volatility of the market together with the extra leverage on your investment can result in rapid changes to your overall investment position. Immediate action may be required to manage your risk exposure or to post additional margin.

Currency Risk

When trading Forex or CFDs contracts with underlying asset in a currency other than your base currency or your country currency such trading entails currency risk, any changes in the exchange rates may have a negative effect on the value, price and performance of your Investment.

One click

The meaning of it is immediate execution, you will have no opportunity to review the order after clicking “buy”, “sell”, “up”, “down”. The order will be a market order without the ability to be canceled or modified. You are strongly urged to try trading with a demo account before real trading. You agree to one click trading and accept the risk of this immediate execute feature.

Recommendations

Recommendations on LondonFX website or in our third-party partners or via email are not personal and are not investment advice. There is no guarantee for profit or for expected investment results due to those recommendations. The client knowledgeable and accept that he is using his own judgment for each transaction that he is making and not relying on any recommendation.

Recommendation include but not limited to: “Social trading” – copy trades of other clients, financial articles, market analysis, financial news and economic calendar.

Online trading

Client that using our services to trade is trading via internet, K-DNA Financial Services LTD is not responsible for any failure and not liable for any damage, cost or expenses caused directly or indirectly by malfunction and / or disruption and / or failure and / or transmission, computer and / or internet system and / or trading system.

This disclosure cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in all financial instruments and investment services. The Client may be informed in more detail for the risks involved based on the investment services and financial instruments selected. Important Notice: Trading Forex and CFDs including but not limited to Indices CFDs and Commodities CFDs, Share CFDs and Stock Index CFDs carries a high level of risk and may not be suitable for all investors. Leverage can work against you as well as for you and losses can exceed your invested capital. Before you decide to trade the financial products offered by the Company, you should carefully consider your objectives, financial situation, needs and level of experience. By trading, the investment value can both increase and decrease and you could sustain a total loss of your entire invested capital, therefore, you should not speculate with capital that you cannot afford to lose. You should be aware of the risks associated with trading in financial products. Trading financial products is suitable for those customers who fully understand the investment risk. The Company recommends you seek advice from a separate financial advisor.

Review date: April 2017