



NewForex
New vision of Forex trading

Risk Disclosure

Version: October 2014

1. General Provisions

1.1. The present Notification of Risk disclosure (hereinafter the Notification) is an integral part of the Public Documents Package according to which NewForex Group represented by FinPark Ltd., its own official Departments, tributary offices and affiliated partners (hereinafter — NewForex Group) renders any kind of services to the Customers (including an authorised access to software, an opportunity to pay via electronic payment systems (EPS), an opportunity to conduct transactions with (trading) accounts, information support, etc). Choosing NewForex Group services, the Customer accepts all the terms and conditions of all public documents included in Public Documents Package of NewForex Group.

The Present Notification and the Client Agreement are legally equal and should be considered as the public offer addressed to general public (both individual and juridical people). The acceptance of this offer as well as the fact of entering of the present Notification into full force and effect is a complete and full (two-step) registration on the corporate site of NewForex Group of an individual or a juridical person representing this or that company. From this point the person should be regarded as the Acceptor and it obviously means that the Acceptor (the Customer) and the Offerer (NewForex Group) take in full all the rights and obligations described in the Public Documents Package of NewForex Group.

Main risks described in the Present Notification should be considered as probabilistic. If it is not indicated clearly and explicitly, then the realization of this or that event (that can cause a risk) should be considered as different from zero but other than one of a kind. In other words, it should be understood that the Customer might not experience any of the described below risks during some limited period of time, however, a risk occurrence should not be treated as an outstanding event.

Being aware of possible risks due to the Present Notification the Customer makes a decision on a stand-alone basis whether the described risk level is acceptable and admissible. If the Customer decides that the risk exceeds a personal admissible level or if the Customer does not agree that this or that term of the Present Notification is regarded as a risk the appearance of which can not be prevented by NewForex Group, the Customer should refuse from using NewForex Group service.

1.2. The main aim of this Notification is to inform the Customer about the risks accompanying transactions of any character at financial markets of different types as well as about the opportunity of possible financial or any other kind of losses (including expenditures, direct financial losses or non-profits (insufficient receipt) of the expected profit). On the ground of the present Notification the Customer can evaluate his/her risk level, which accompanies the professional activity at financial markets, as well as personal ability to carry risks and to line up trade tactics in the most optimal way. It is understood that the Customer evaluates at his/her own convenience the size of the damage to a financial state (well-being) that can take place in case of one of the risk-related situations described in the Present Notification as well as the part in the structure of his/her own (overall) capital that might be allowed to be referred to the notion of "Risk capital". The Customer has the right to use other sources of information (including that which has free access) to evaluate risk accompanying the professional activity at financial markets.

The Present Notification covers the Customers who act as Traders (single-handedly conducting (investment, speculative or other) transactions at the financial markets) or as Investors (or as any other role connected with professional activity at financial markets) who transfer funds to this or that system connected with the distribution of shares among its members (this refers to systems implying direct or indirect copying or doubling of trading operations on accounts of some group of people connected to this system, as well as systems of fully or partially automated trading, distribution of shares systems, etc). Provided that such details as the type of financial markets, the content of investment portfolio, applied trading (investment, speculative) tactics (strategy), trading account type (deposit), the amount of funds used to conduct operations, etc. are irrelevant.

1.3. The term "Risk" is treated in the Present Notification as a probability of an undesired event (or circumstances) that can cause expenditures (or additional, that is unforeseen expenses), damage (of any nature or size) or direct financial losses as well as insufficient receipt or non-delivery of the expected profit. Pointing out the probabilistic nature of risk-related events (circumstances) NewForex Group means that some probability different from zero while using NewForex Group service is possible.

At the same time, it means that it is impossible to give absolute guarantee that such situation will not take place although NewForex makes everything possible on its part to provide the Customers with the most convenient and flawless operation at the financial markets.

1.4. The risk classification displayed in the present Notification should not be considered as complete. One of the reasons why it is impossible to give a complete classification is that in the future such risk classes can appear that do not exist at the moment of completion of this Notification. However, NewForex Group is obliged to inform the Customers about the appearance of such classes of risk in proper time, but it can not guarantee that the Company will be able to make appropriate corrections in the present Notification up to the moment when at least one of the Customers faces a risk situation of a new type. It is impossible to enumerate all risks to the fullest extent because there is a great variety of situations, events, circumstances that can be treated as a reason of risk. It should be understood that NewForex can not provide an expert evaluation of risks individually for every Customer that can be caused by hardware or software as well as by the service of third parties (not being part of NewForex), for example, telephone service, energy supply, etc. The Customer should take into account such factors as his/her health conditions, visual acuity, fatigue at this or that moment, the level of professional knowledge and/or experience, etc. Only the Customer can know about such kind of factors, and NewForex Group is not obliged and, moreover, it refuses to be responsible for risk situations which were caused by one or several factors of such kind.

1.5. Funds placed in the commercial deposit for conducting trading (investment, speculative) operations at financial markets should be considered as the Risk Capital. The Customer calculates on his own what part of his (aggregate) capital will be considered as the Risk Capital. While trading at financial markets its partial or full loss can not be eliminated as well as it is impossible to guarantee that the Customer will get any profit.

1.6. Information, analytical support, news or other materials presented on the corporate site of NewForex and its Affiliated partners or transmitted via news lines, distribution of news, RSS-feeds and other mechanisms are neither direct nor indirect instructions, nor a single guidance or reason that affects the decision-making process. The usage of these materials in any way should not be considered as the reason of appearance of any damage (including losses and/or additional losses, nonprofits (insufficient receipt) of the expected profit or direct losses). All above enumerated information materials should also not be regarded as recommendations, suggestions or instructions to realize this or that action by the Customer. The Customer interprets all the materials, makes trading (investment) decisions (either relying on materials presented by NewForex or not), takes actions. It is considered as an individual will of the Customer acting taking into account all risks that accompany the professional activity of the member of financial markets. Without any doubts any other informational materials that the Customer can receive from third parties (which are not members of NewForex Group) should be evaluated from the point of view of their reliability, actuality and completeness as well as whether it is possible or impossible to use these materials as a reason to make decisions by the Customer only.

1.7. Concerning hardware and software the Customer should take into account the following factors. The Customer is fully responsible for hardware and software that he/she chooses and for all consequences of this choice. Concerning software and hardware that NewForex Group uses the Company declares that it is impossible to provide perfect trouble-free work during a limitless period of time. Software and hardware designers as well as NewForex Group do not guarantee that the means that are used to provide service by NewForex Group and are provided to the Customer to liaise with NewForex Group are able to work trouble free in any case.

1.8. While providing a service NewForex Group uses the services of third parties (including software and hardware, informative materials, etc). NewForex Group has the right to choose a contracting party to interact in any way, but the Company is obliged to inform the Customer what services and products are the production of third parties and what exactly are these companies and/or organizations. According to general rules NewForex Group does not give additional guarantees except those that Contracting parties have and those that are apparent from contracts and agreements including license agreements between NewForex Group and these third parties regarding what can be guaranteed to the Customer. In particular, (under no form and under no circumstances) NewForex Group does not act as an express or implied adpromissor of those (risk) situations that are connected with the product or service of the Contracting part if the Contracting party itself refuses from any guarantees.

2. Risk Classification

2.1. The section of the present Agreement gives a general idea about types of risks that occur while working at financial markets. The classification presented in this section should not be considered as complete due to the reasons described in 1.4.

2.2. Risks that accompany work at financial markets are classified according to the following features:

- the origin;
- risk factors;
- economic consequences for the Customer;
- the extent to which the member of financial markets (including the Customer and NewForex Group) are connected to the risk origin.

2.3. According to the origin risks are subdivided into:

- systematic risks are risks connected with operation of the system (or one of the subsystems) as a whole. By a system we mean any system including a state system, a financial system, a banking system, a trading system (platform) or any other systems (subsystems or structures) that are integrated parts of financial markets or a part of which financial markets are.
- non-systematic (individual) risks are the risks of a particular member of financial markets as follows: an investor, a trader, a creditor, a broker (broker company), trustees (of the managing company), a trading platform, banks, public bodies which have regulatory powers.

2.4. According to factors risks are divided into:

- Economic risks are those that are connected with unfavourable situations of the macroeconomic nature that can

have a negative effect on the trading results (investments) at the financial markets. In their turn the following can be highlighted from economic risks:

- Price risks are risks of losses as a result of unfavourable price changes of this or that financial asset, including exchange rates (for example, investments in gold can be unprofitable due to the decline of the current asset price);
- Interest risks are risks of losses as a result of unfavourable (negative) changes of interest rate (for example, an interest rate for funds that are not involved in trading can be decreased);
- Inflation risks are risks of losses due to the erosion of purchasing power of the deposit currency (especially, if there is a low yield of investments, there is a possibility that the inflation rate can exceed it);
- Risks of liquidity are those that are connected with the fact that no financial instrument has absolute liquidity. The level of Forex market liquidity is very high, but it is not endless. It means that at some moment there might be difficulties with purchase or sell of this or that asset (more specifically it is connected with uncontrolled growth of demand for some asset that causes discontinuous price movements);
- Marginal risks are risks connected with the increase (multiplication) of economic effect due to the leverage that was applied (credit leveraging in margin trading). If the trader uses the leverage (marginal trading), there can be a situation when a comparatively small change in financial asset price can lead to significant losses;
- Risks of volatility are risks of fluctuations (including significant or larger than it was expected) caused by financial instruments within the chosen period of investing;
- Industry risks (it concerns mainly contracts for difference (CFD) of stock value, but it should be understood that industry risks can cover other financial assets) are risks related to the situation in a particular industry which can lead to a significant decrease of dividends or stock value, asset price or its liquidity;
- Risks related to repatriation of funds. Repatriation of funds of foreign investors is conducted according to the current legislation. However, it does not guarantee that some restrictions or prohibitions connected with it will not appear in the future or that its implementation will not be changed. Losses of investors who will be covered by these restrictions or prohibitions might become a result of these circumstances;
- Legal (legislative) risks are risks related to changes in legislation, in particular connected with the appearance of new and/or changes of legislative acts in the tax, economic, financial and other spheres. Legal risks include the possibility of costs, additional costs, damage, losses or non-profits (insufficient receipt of profit) due to the lack of regulations that control the activity at financial market or in some sector in this or that country (region);
- Socio-political risks are risks of radical changes of a political, social and/or economic situation. As well as risks related to the social tension or instability in this or that country including countries where structural subdivisions of NewForex are situated or countries the citizen of which is the Customer. This type of risks includes situations related to strikes, revolutions (including military), the beginning of warfighting and warfighting (military) activities, etc.
- Criminal risks are risks related to unlawful acts of third parties, including illegal acts in the sphere of information technologies. They are unauthorized access to computer systems and private information, distributed denial-of-service (DDoS) attacks, illegal blocking of NewForex Group activity or this or that structural subdivision of NewForex Group (including hostage-taking, hostile takeover, etc.). By criminal risks we also mean any situations of criminal nature which are not aimed at NewForex Group or the Customer but which can disturb its operating at the financial market in a direct or indirect way. For example, in the course of hostilities although NewForex Group is not an object of these actions, physical destruction, sealing off the buildings, where structural subdivisions of NewForex Group are, hostage taking, restrictions of liberty or illegal detention of workers, etc. are quite possible;
- Operational risks (technical, technological, human resources risk) are risks of direct or indirect losses due to the malfunctioning of information, software, hardware, electric, electronic, communication (including data-link systems or voice systems) and other systems or due to errors occurring because of the imperfection of the market infrastructure including trading technologies, management of the financial assets, accounting and control measures or due to the staff actions (or omissions) of a member of financial markets or third parties (companies);
- Information security risks are risks related to full or partial inaccuracy, invalidation or out-of-dateness of information support. The company trusts its sources of information but it does not exclude the possibility of risks related to the human factor (errors in interpretation, error in translation, syntactical errors) or malfunctioning (impossibility or difficulty to provide the information support). It is impossible to exclude false or corrupted information in the information channel due to the actions of trespassers. The possibility of changing conveyed earlier information which leads to the necessity to reevaluate circumstances (the situation at the financial market) connected with this change can not be eliminated;

- Natural risks (or risks related to the environment) are risks occurring beyond a person's will (earthquakes, floods, hurricanes, typhoons, strokes of lightning, etc.). This kind of risks are traditionally classified as force majeure. Provided that in the present Notification the term "force majeure" is treated in a broader sense, not only events (circumstances) connected with the environment. All events (circumstances) of irresistible force should be referred to as force majeure;
- Technology-related risks are risks created by the economic (technological, technogenic) activity of people (including emergencies, fires etc.).

2.5. According to economic consequences for the Customers risks are subdivided into:

- risk of loss of income is a possibility of an event that causes a full or a partial loss of income received from operations before (investment, income);
- risk of costs or extra (unforeseen) costs is a risk related to the some circumstances that might lead to extra costs, commissions, deductions, etc.;
- risks of invested funds loss is a possible situation(s) which can cause a partial or a full loss of investments (namely the initial Risk capital);
- risk of profit loss is a possible situation(s) which can cause the lack of investment profit;

risk of expected profit loss is a risk of a possible situation bringing about unexpected income deficiency of investments.

2.6. According to the extent to which the members of financial markets (the Customer or NewForex Group) are connected to the risk origin, risks are subdivided into:

- immediate risks are risks the origin of which is directly connected with the relationships between the members of financial markets;
- indirect risks are risks the origin of which is not directly connected with the member of financial markets but it causes the succession of events that leads to the damage (including direct financial losses).

3. Specific risk types accompanying marginal trading at the financial markets by using communication systems

3.1. The present section of the Notification is aimed at informing the Customer about specific risk types accompanying marginal trading at financial markets using telecommunication systems (including the Internet or other means of information transfer or voice system). The list of risks which is presented in this section should not be considered as a complete one. However, it can help the Customer to get a more or less detailed information about risks that accompany this particular activity at financial markets.

3.2. Taking into account the usage of leverage in marginal trading, there is a risk of rapid changes of balance and free deposit funds in both directions. In case of an unfavourable situation it can cause a rapid loss of the Customer's funds (full or partial) transmitted to NewForex Group for setting on the trading account, namely the part that was used as a marginal deposit for the positions opened by the Customer.

3.3. If the price movements at the financial markets are unfavourable for the Customer, the Customer might be required to deposit additional funds for margin maintenance (transaction security support) including significant sums and in the short period of time. It should be remembered that the financial department can not process operations immediately in all circumstances. Moreover, it takes some time for payment systems (banking, electronic, etc.) to transfer money and as a result there is a risk that the funds will not be delivered to the trading deposit of the Customer on time. Hence, an unfortunate combination of circumstances for the Customer can lead (if the margin level is insufficient) to the enforced position closing of the Customer or to the situation when the order does not work in the proper way, etc. even if the Customer has the necessary sum for margin maintenance but was not able to deposit the necessary sum on the trading account on time.

3.4. Under certain conditions at the spot market there might be problems with opening, closing or modification of positions, deals, orders. Inter alia rapid price changes can take place followed by the drawdown of the financial instrument liquidity. In this case the Customer can receive a new price (Requote), if the requested price is outdated (there is a new price at the market). In addition, there is a possibility of restrictions on the modification of pending orders of any type (including Stop Loss and Take Profit) or sometimes it is impossible to execute an order at the price set earlier.

3.5. Price gaps can be formed due to rapid market movements. As a result, the price of protective orders execution such as Stop Loss can be worse than the price set by the Customer. The price of the pending order opening (activation) can be either worse or better than the price set by the Customer.

3.6. Due to the usage of computers and data and voice information transmission networks the Customer bears the following risks:

- The absence of power supply on the Customer's side or on the side of providers, phone operators (including voice communication) the service of which the Customer uses;
- Physical damage (or destruction) of communication channels used between the Customer and the provider, the provider and the trading or information server of NewForex.
- The absence (or an unacceptably poor quality) of connection in channels used by the Customer or in channels used by providers or operators (including voice communication) the service of which is used by the Customer;
- Wrong (incomplete, inconsistent with requirements) settings of the Customer terminal;
- Late update of the Customer Terminal;
- While performing transactions via telephone (fixed or mobile) voice communication, the Customer can face the problem of getting through to the department member of NewForex broker service due to the problems of communication quality or traffic;
- The usage of communication channels, as well as software and hardware creates a risk of non-delivery (or delayed delivery) of some message (including texts) sent to the Customer from NewForex Group (or from the member of NewForex Group).

3.7. The Customer can bear risks connected with being on the territory where there are some restrictions or direct prohibitions on access to the specific type of information networks.

3.8. Due to the existence of abusers in the sphere of information technologies the Customer bears the following risks:

- The information transmitted through open communication channels (either encrypted or not) can be intercepted (and deciphered). There is a possibility of unauthorised access to the personal data, software and/or hardware both on the Customer's side or on NewForex Group side. Hacker attacks which can destroy or block the operation of trading systems (platforms) and other services of NewForex Group; hardware and software used by the Customer; communications services used by the Customer or NewForex Group;
- The Customer is fully responsible for risks related to data security policy, unauthorised access to the trading account or other data of the Customer (namely passwords used by the Customer: PIN-codes, telephone passwords, the trader's password, the investor's password and passwords to access other services of NewForex Group);
- Transferring the management of the trading account (deposit) to third parties, the Customer is fully responsible for the risks that occur as a result of actions or omissions of third parties;
- Giving the investor's password to some third party (juridical or physical), only the Customer carries a risk of publication of data, received using the specific password by the third party, on open access if this publication is treated by the Customer as damaging (unprofitable).

3.9. Due to the usage of information support provided by NewForex Group the Customer bears all the risks connected with possible inaccuracy, delays or distortions of information and its wrong interpretation.

3.10. The Customer is fully responsible for all the risks related to the impossibility of conducting operations at financial markets due to force majeure.

4. Amendments and additions

4.1. NewForex Group has the right to make amendments and additions in the present Notification. In case of an emergence of a legal (legislative) rule which requires to make appropriate amendments and additions, NewForex Group is obliged to meet all the requirements of this legal (legislative) rule.

4.2. Algorithm of making amendments and additions:

- If NewForex Group makes amendments and additions, it informs the Customer posting the corresponding announcement on the official website of NewForex Group or via inter-office mails.
- Posting the correspondent announcement on the official website of NewForex Group and emailing means that the Customer is informed about all amendments and additions and irrespective of whether the Customer has read the text of the announcement or ignored it. The Customer agrees that he/she is fully responsible for the decision of how often to check emails received from NewForex.

- The changed and/or supplemented document becomes valid upon the expiry of 5 full astronomical days (120 hours) from the moment when the announcement has been published on the site of the company but before this period it has fact-finding (non-regulatory) character. During the indicated period the Customer that has already registered and opened an account, has a possibility to decide at his/her own discretion within the Customer's full (sole) responsibility whether to continue using NewForex Group service or not. If he/she does not agree with the changes in the document, the Customer should get in touch with NewForex Group at once by any convenient way and declare the refusal from the further usage of NewForex Group service. If this refusal is not received from the Customer then once this period expires, it means that the Customer agrees with all the changes. In this case both the Customer and NewForex Group receive all rights and take all responsibilities that are conditioned by the new version of the document.
- All the changes and/or supplemented additions of the document cover immediately all the accounts registered after the moment of publication of the corresponding news on NewForex Group site (irrespective of whether the owner has other accounts registered before). It means that this document is compulsory and is in full force and effect to the accounts which were registered after the publication of the changed document.
- If the legislation introduces a norm that requires appropriate changes and/or additions in the present Notification, the legislative norm will be fulfilled immediately as soon as the normative act comes into legal force irrespective of the fact whether the required change and/or addition is made. The conditions that contradict the norm that has been introduced lose their force until the introduction of changes and/or additions in the declared document.

5. Final clauses

5.1. NewForex Group treats providing uninterrupted, reliable communication with Customers that corresponds to all requirements related to the processing of Customer orders set by Public Documents Package and providing additional service (including informational support) as a matter of honour. However, the situations beyond the control of NewForex when it is difficult or even impossible to execute orders are not excluded. Agreeing with the Present Notification, the Customer confirms that he/she has been informed about all the risks accompanying trading at the financial markets. Such risks include those which are enumerated in the present Notification as well as those connected with circumstances or events beyond the control of NewForex. Namely, such kind of risk should be considered as the possibility of profit loss by the Customer or insufficient profit or any damage of this or that character.

5.2. All the disputes should be settled according to the Public Documents Package of NewForex Group through negotiations or using the complaint procedure. If it is impossible to settle the argument in this way, then it should be regulated according to the current legislation.

5.3. All the above-mentioned conditions should not be treated as an attempt to force the Customer to withdraw from work at the financial markets (including using the brokerage service or other services provided by NewForex Group). However, NewForex Group recommends to evaluate and understand all the risks accompanying trading at the financial markets in order to compare with personal opportunities to carry these risks (it concerns financial possibilities, psychological and/or physiological peculiarities, for example, personal tolerance of psychoemotional stress) and religious beliefs.

6. Agreement with the conditions of the present document by the Customer

6.1. The Customer of NewForex Group that uses its services (including the service set by this particular document and services described in the full Public documents package of NewForex Group), software and hardware means including authorized access to software allowing to conduct professional activity according to the preferences of the Customer, is familiar with, understands and fully accepts Risks connected with the professional activity at financial markets.

6.2. The Customer agrees with all the conditions (points and sections) of all public documents package of NewForex Group considering them as an integrated and indivisible juridical basis of cooperation with NewForex Group during the whole period of service usage provided by NewForex Group. If the Customer does not agree, he/she assumes the obligation to cease using services of NewForex Group.