



Client Service Agreement

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TABLE OF ACRONYMS

AOF	Account Opening Form
BEP	Best Execution Policy
CFD	Contract for Difference
CO	Contract Option
CSR	Customer Service Representative
EOD	Event of Default
FIFO	First In – First Out
FIU	Financial Intelligence Unit
FSA	Financial Services Authority
IB	Introducing Broker
NFE	Net Free Equity
OTC	Over the Counter
POA	Power Of Attorney
SPA	Special Power of Attorney
TP	Trading Platform
VAT	Value Added Tax

TABLE OF DEFINITIONS AND INTERPRETATIONS

In this Customer Services Agreement the following terms shall, unless the context otherwise pledges, have the following meanings and may be used in the singular or plural as appropriate:

"Account" shall mean a transaction account of the Customer at **AXON MARKETS LTD**;

"Account Statement" shall mean a periodic statement of the transactions credited or debited to an Account;

"Account Summary" shall mean a statement of the customers' securities portfolio, open positions, margin requirements, deposits, etc., at a specific point in time;

"Agent" shall mean a natural person or legal person undertaking a transaction on behalf of another natural person or legal person but in his/its own name;

"Agreement" shall mean **AXON MARKETS LTD** 's Customer Services Agreement;

"Authorized Person" shall mean a person authorized by the customer to give instructions to **AXON MARKETS LTD**;

"Best Execution Policy" shall mean **AXON MARKETS LTD** 's prevailing policy available at the website of the broker and the Trading Platform regarding best execution when executing customer orders;

"Business Day" shall mean any day on which we are open for business;

"CFD Contract" or "CFD" shall mean a contract which is a contract for difference by reference to fluctuations in the price of the relevant security or index;

"Commercial Use" shall mean any use of the Trading Platform by customers which are legal persons;

"Commissions, Charges & Margin Schedule" shall mean the schedule of commissions, charges, margin, interest and other rates which at any time may be applicable to the services as determined by **AXON MARKETS LTD** on a current basis. The Commissions, Charges & Margin Schedule is available on **AXON MARKETS LTD** 's website and may be supplied to the customer on demand;

"Company" shall mean **AXON MARKETS LTD** with registered tradename – **Axon Markets** (hereinafter referred to the "Company") which is formed and registered in the Republic of Seychelles under the Companies Act 1972 with registration number 8427200-1;

"Conflict of Interest Policy" shall mean **AXON MARKETS LTD** 's prevailing policy regarding conflicts of interest which is available at the website;

"Contract" shall mean any contract, whether oral or written, for the purchase or sale of any commodity, security, currency or other securities or property, including any derivatives such as an option, a future, a CFD or other transaction relating thereto, entered into by **AXON MARKETS LTD** with the Customer;

"Contract Option" shall mean a contract between **AXON MARKETS LTD** and a customer the terms of which correspond in all respects to the terms of an option, which is quoted, listed or ordinarily purchased or sold on and cleared through a regulated market place or another market;

"Counterparties" shall mean banks and/or brokers through whom **AXON MARKETS LTD** may cover its Contracts with Customers or with whom **AXON MARKETS LTD** otherwise deals in relation to Customers' transactions;

"Court" means the Supreme Court of the Republic of Seychelles;

"Customer" shall mean the natural person or legal entity being a customer of **AXON MARKETS LTD**;

"Customer Classification" shall mean **AXON MARKETS LTD** 's overall, product, or transaction specific classification of customers;

"Durable Medium" means any securities which enables the Customer to store information in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

"Events of Default" shall have the meaning given to this term in Clause 19.0;

"First in – First Out" refers to the fact that in case one or more Contracts with the same characteristics shall be closed, **AXON MARKETS LTD** will as a point of departure close the older Contract first;

"Inside Information" shall mean non-published information which is likely to have a noticeable effect on the pricing of a Contract if it was made public;

"Introducing Broker" shall mean a financial institution or advisor which is remunerated by **AXON MARKETS LTD** and/or customers for referral of customers to **AXON MARKETS LTD** and/or for provision of advice to such Customers and/or execution of such Customers' transactions towards **AXON MARKETS LTD**;

"Legal Persons" shall mean any entities, other than natural persons, that can establish a permanent customer relationship with a financial institution or otherwise own property. This

can include companies, bodies corporate, foundations, partnerships, or associations and other relevantly similar entities that have legal personality. This can include non-profit organizations that can take a variety of forms which vary between jurisdictions, such as foundations, associations or cooperative societies.

"Margin Trade" shall mean a Contract opened and maintained based on a margin deposit as opposed to a Contract based on a purchase price;

"Market Maker" shall mean a professional participant in the financial markets who continuously offers purchase and sale prices for securities in order to buy and sell respectively in the event of interested Customers. Should **AXON MARKETS LTD** be a Market Maker it would in relation to a transaction be the customer's immediate counterpart;

"Market Rules" shall mean the rules, regulations, customs and practices from time to time of any exchange, clearing house or other organizations or market involved in, or otherwise relevant to, the conclusion, execution, terms or settlement of a transaction or Contract and any exercise by any such exchange, clearing house or other organization or market of any power or authority conferred on it;

"Natural person" shall mean (i) his or her spouse; (ii) his or her child, parent, brother, sister, stepchild or stepparent and any spouse of any such person; (iii) another person who has entered into an agreement or arrangement with that natural person, relating to the acquisition, holding or disposal of, or the exercising of voting rights in respect of, shares in the concern of **AXON MARKETS LTD**; (iv) a legal person the board of directors of which acts in accordance with his or her directions or instructions; (v) a trust administered by him or her;

"Net Free Equity" is a basis of calculation of interest which is calculated in accordance with the definition specified in **AXON MARKETS LTD** 's Commissions, Charges & Margin Schedule;

"Over The Counter" shall mean any Contract concerning a commodity, security, currency or other securities or property, including any option, future, or CFD which is not traded on a regulated stock or commodity exchange but "over the counter";

"Private use" shall mean any use of the Trading Platform by Customers that are physical persons;

"Principal" shall mean the individual person or the legal entity which is a party to a transaction;

"**AXON MARKETS LTD**" shall mean Company;

"Security" shall mean any securities or other assets deposited with **AXON MARKETS LTD** by the Customer;

"Services" shall mean the services to be provided by **AXON MARKETS LTD** subject to the Agreement;

"Settlement/Trade Confirmation" shall mean a notification from **AXON MARKETS LTD** to the Customer confirming the Customer's entry into a Contract;

"Sufficient activity" shall mean two trades per month

"Trading Platform" shall mean any online trading platform made available by **AXON MARKETS LTD** under the Agreement;

Words importing one gender include all other genders and words importing the singular include the plural and vice versa.

DISCLAIMER

- If there is any conflict between this Agreement and relevant Market Rules, the Market Rules shall prevail.
- In this Agreement any reference to an individual person shall include body's corporate, unincorporated associations, partnerships and individuals.
- Headings and notes in this Agreement for reference only and shall not affect the contents and interpretation of the Agreement.
- In this Agreement references to any law, statute or regulation or enactment shall include references to any statutory modification or re-enactment thereof or to any regulation or order made under such law, statute or enactment (*or under such a modification or re-enactment*).

1. RISK ACKNOWLEDGEMENT

1.1 The customer acknowledges, recognizes and understands that trading and investments in leveraged as well as non-leveraged Contracts is:

- i. highly speculative;
- ii. may involve an extreme degree of risk; and
- iii. Is appropriate only for persons who, if they trade on margin, can assume risk of loss in excess of their margin deposit.

1.2 The customer acknowledges, recognizes and understands that:

- i. because of the low margin normally required in Margin Trades, price changes in the underlying asset may result in significant losses, which losses may substantially exceed the customer's investment and margin deposit;
- ii. when the customer directs the Company to enter into any transaction, any profit or loss arising as a result of a fluctuation in the value of the asset or the underlying asset will be entirely for the customer's account and risk;
- iii. the customer warrants that the customer is willing and able, financially and otherwise, to assume the risk of trading in speculative investments;
- iv. the customer agrees not to hold the Company responsible for losses incurred as a consequence of the Company carrying the customer's account and following its recommendations or suggestions or those of its employees, associates or representatives, unless the Company has exercised gross negligence in connection herewith;

- v. the customer is aware of the fact that unless it is otherwise specifically agreed, the Company shall not conduct any continuous monitoring of the transactions already entered into by the customer neither individually nor manually. Hence, the Company cannot be held responsible for the transactions developing differently from what the customer might have pre-supposed and/or to the disadvantage of the customer;
- vi. the customer accepts that guarantees of profit or freedom from loss are impossible in investment trading; and
- vii. the customer accepts that the customer has received no such guarantees or similar representations from the Company, from an IB, or representatives hereof or any other entity with whom the customer is conducting the Company account.

2. SERVICES

2.1 Subject to the customer fulfilling its obligations under this Agreement, the Company may enter into transactions with the customer in the following investments and securities:

- i. CFDs on Currency Pairs
- ii. CFDs on Indices
- iii. CFDs on Metals
- iv. CFDs on Stocks
- v. CFDs on Commodities

Based on the client's classification (retail or institutional) the client will be awarded regulatory protection, with the retail client to be afforded the most.

2.2 The Services provided by the Company may involve:

- i. Margined transactions; or
- ii. Transactions in securities which are; traded on exchanges which are not recognized or designated investment exchanges; and/or not traded on any stock or investment exchange; and/or not immediately and readily realizable.

2.3 Orders may be placed as market orders to buy or sell as soon as possible at the price obtainable in the market, or on selected products as limit and stop orders to trade when the price reaches a pre-defined level. Limit orders to buy and stop orders to sell must be placed below the current market price, and limit orders to sell and stop orders to buy must be placed above the current market price. If the bid price for sell orders or ask price for buy orders is reached, the order will be filled as soon as possible at the price obtainable in the market.

Limit and stop orders are executed consistent with "**AXON MARKETS LTD** 's BEP" and are not guaranteed executable at the specified price or amount, unless explicitly stated by the Company for the specific order.

2.4 In relation to any transaction or Contract, the Company will affect such transaction or Contract as Principal unless it is specifically agreed that the Company shall act as Agent for the customer.

2.5 The Customer shall, unless otherwise agreed in writing, relative to the Company enter into Contracts as Principal.

2.6 If the customer acts as Agent, regardless of whether the customer identifies the Principal to the Company, the Company shall not be obliged to accept the said Principal as a customer, and consequently the Company shall be entitled to consider the customer as Principal in relation to the Contract.

2.7 When the customer enters into a CO with the Company, the Company will act as counterparty to the customer. The Company will enter into a contract with a Counterparty which is identical in all respects to the contract between the Company and the customer. The Counterparty will in turn enter into a contract on the relevant exchange (*unless Market Rules requires the Counterparty to act as the Company's Agent in which case the Company will enter into a contract on the exchange*). The customer is contracting with the Company and has no right of recourse against the Company's Counterparties or any right over contracts between the Company and its Counterparties.

2.8 The Company shall not provide any advice, information or recommendations to the customer of the Company as it shall not be responsible for the profitability of such advice, information or recommendation as further stipulated in Clause 19, and the customer acknowledges, recognizes and understands that:

- i. All transactions in exchange-traded investments and many Contracts will be affected subject to, and in accordance with, Market Rules;
- ii. Market Rules usually contain far-reaching powers in an emergency or otherwise undesirable situation;
- iii. If any exchange or clearing house takes any action which affects a transaction or Contract, directly or indirectly, including any CO, then the Company is entitled to take any action relevant to the situation and reasonable to the parties in the interests of the customer and/or the Company;
- iv. The Company shall not be liable for any loss as further stipulated in Clause 3.3.1 and 19.3 and suffered by the customer as a result of the acts or omissions of any exchange or clearing house or any action reasonably taken by the Company as a

result of such acts or omissions unless the Company has exercised gross negligence in connection hereby;

- v. Where any transaction is affected by the Company as Agent for the customer, delivery or payment (*as appropriate*) by the other party to the transaction shall be at the customer's entire risk;
- vi. The Company's obligation to deliver investments to the Customer or to account to the Customer or any other person on the Customer's behalf for the proceeds of sale of investments shall be conditional upon receipt by the Company of deliverable documents or sale proceeds (*as appropriate*) from the other party or parties to the transaction;
- vii. The company may in whole or in part, on a permanent or temporary basis withdraw any account facility provided by the company to the customer. Situations where the Company may take such action include situations where:
 - o the Company considers that there are abnormal trading conditions; or
 - o the Company is unable to calculate prices in the relevant Contract due to the unavailability of the relevant market information.

2.9 The Company shall inform the customer of the withdrawal and the reasons for it, where possible, before the withdrawal and if this is not possible immediately thereafter, unless giving such information would compromise objectively justified security reasons.

2.9.1 The Company reserves a right to raise commission on withdrawal up to 5% in case there is no sufficient trading activity between last deposits and withdraw request which the customers will be given prior notice of.

The percentage of commission to be applied in case there is no sufficient trading activity between last deposits and withdraw request will be determined based on number of months with no sufficient trading activity as follows:

Activity	Percentage
1 month to 3 months	2%
3 months to 6 months	3%
More than 6 months	5%

2.9.2 The Company shall not provide any advice to the Customer on any tax issues related to any Services. The Customer is advised to obtain individual independent counsel from its financial advisor, auditor or legal counsel with respect to tax implications of the respective Services.

2.9.3 Notwithstanding any other provision of this Agreement, in providing its Services, the Company shall be entitled to take any action considered necessary and reasonable to ensure compliance with the Market Rules and all other applicable laws and regulatory decisions. In the event that the Company considers it appropriate to take any actions against any of its customers, it will ensure that Customers are duly notified prior to any actions being taken.

3. DEALINGS BETWEEN THE COMPANY AND THE CUSTOMER

3.1 The customer may provide the Company with oral or written instructions (*which shall include instructions provided via the internet or by e-mail as described below*). The Company shall acknowledge the reception of the instructions orally or in writing, as appropriate.

3.2 The Customer shall inform the Company in writing of the persons the customer has granted a POA to instruct the Company on behalf of the Customer. For practical reasons, the Company can only undertake to register one POA for the Customer. If the Customer at any time wishes to revoke such a POA, to change the extent of the POA, or grant POA to a different person this shall also be informed to the Company in writing. The Company is in accordance with general rules regarding POAs entitled to receive instructions from any person authorized by the Customer as well as persons who appear authorized.

3.3 In addition to the terms listed on the Company's website and the terms stated in Section 5 regarding the TP, the following terms apply to Contracts executed on the internet:

3.3.1 The Company shall not undertake the risk towards Customers for any loss, expense, cost or liability suffered or incurred by the Customer due to failure of the system, transmission failure or delays or similar technical errors unless the Company has exercised gross negligence in connection herewith, notwithstanding Clause 4.9;

3.3.2 The Company may offer real-time tradable prices to the Customer. Due to delayed transmission between the Customer and the Company the price offered by the Company may have changed before an order from the Customer is received by the Company. If automatic order execution is offered to the Customer, the Company shall be entitled to change the price on which the Customer's order is executed to the market value at the time at which the order from the Customer was received;

3.3.3 Prices offered by the Company regarding the sale, purchase or exercise of COs reflect the price of the relevant exchange traded product. Due to delays from the

Customer's execution of an order or instruction regarding a CO to the execution of the relevant exchange traded product on the exchange, the price as listed on the TP is subject to change, in order for the CO to reflect the price of the relevant exchange traded product at the time of its execution or exercise (as applicable);

3.3.4 The TP may be available in several versions, which may be differentiated in various aspects including, but not limited to the level of security applied, products and services available etc. The Company shall not be liable to the Customer for any loss, expense, cost or liability suffered or incurred by the Customer due to the Customer using a version different from the Company's standard version with all available updates installed;

3.3.5 The Customer shall be responsible for all orders, and for the accuracy of all information, sent via the internet using the Customer's name, password or any other personal identification means implemented to identify the Customer;

3.3.6 The Customer is obliged to keep passwords secret and ensure that third parties do not obtain access to the Customer's trading facilities;

3.3.7 If the TP is used for Commercial Use the Customer is liable to the Company for Contracts executed by use of the Customer's password even if such use might be wrongful;

3.3.8 Regardless of the fact that the TP might confirm that a Contract is executed immediately when the Customer transmits instructions via the TP, it is the Settlement/Trade Confirmation forwarded by the Company or made available to the Customer on the TP which solely constitutes the Company's confirmation of execution.

3.4 Any instruction sent via the TP or by e-mail by the Customer shall only be deemed to have been received and shall only then constitute a valid instruction and/or binding Contract between the Company and the Customer when such instruction has been recorded as executed by the Company and confirmed by the Company to the Customer through the Settlement/Trade Confirmation and/or Account Statement, and the mere transmission of an instruction by the Customer shall not constitute a binding Contract between the Company and the Customer.

3.5 The Customer shall promptly give any instructions to the Company, which the Company may require. If the Customer does not give such instructions promptly, the Company may, at its reasonable discretion, take such steps at the Customer's cost, as the Company considers necessary or desirable for its own protection or the protection of the Customer. This provision is similarly applicable in situations when the Company is unable to obtain contact with the Customer.

3.6 If the Customer does not provide the Company with notice of its intention to exercise an option, a CO or another Contract which requires an instruction from the Customer at the time stipulated by the Company, the Company may treat the option or Contract as abandoned by the Customer. If the Customer wishes to exercise an option, CO or another Contract, the Customer must provide the Company with notice thereof in reasonable time (and within applicable cut-off times) for the Company to exercise the corresponding right under any contract equivalent to the CO that the Company has entered into with any Counterparty. COs (put and call) that close one tick or more in the money on the last trading day will automatically be exercised, regardless of whether the Customer has purchased or sold the CO. The Customer cannot instruct the Company not to exercise COs that are in the money at expiry and cannot at any time instruct the Company to exercise COs that are out of the money.

3.7 The Company applies a random method of assignment among its Customers' COs when the Company is notified by its Counterparties that one or more short option positions have been assigned. **AXON MARKETS LTD** 's allocation method randomly selects short COs among all the Company's Customers' positions, including COs opened immediately prior to the assignment. All short COs are liable for assignment at any time. If a short CO is assigned, the Customer is obliged, within the applicable time of delivery, to deliver the relevant amount of cash or assets in the case of a call CO and the relevant amount of cash in the case of a put CO, to effect settlement.

3.8 The Company may (but shall not in any circumstances be obliged to) require confirmation in such form as the Company may reasonably request if an instruction is to close an Account or remit money due to the Customer or if it appears to the Company that such confirmation is necessary or desirable.

3.9 Pursuant to general rules regarding POA the Customer is accountable to the Company for losses which the Company may suffer as a result of instructions from a person who has explicitly or tacit POA to give the Company instructions on behalf of the Customer.

3.10 The Company reserves the right in its absolute discretion to cancel, unwind, close out, repair, reinstate or take other action it may deem necessary with respect to open or closed trades of Customer or instructions from the Customer where the trades executed or instructions submitted would be in violation of, but not limited to, the Agreement, securities markets legislation, usual market practices, legislation on money laundering or insider trading or if the Customer is using or has otherwise engaged proprietary or third party malicious and manipulative software or plugins or general trading style that in the Company's, its eligible counterparties' or liquidity providers' view, has the actual, suspected or potential nature of breaching the Agreement or the applicable laws or the Company believes that to execute its absolute discretion with the regards to the above matters is necessary to protect its own interests, or the interests of its Customers.

3.11 In general, the Company shall act according to instructions as soon as practically possible and shall, as far as trading instructions are concerned, act consistent with the broker's BEP. However, if after instructions are received, the Company believes that it is not reasonably practicable to act upon such instructions within a reasonable time, the Company may defer acting upon those instructions until it is, in the Company's reasonable opinion, practicable to do so or as soon as possible notify the Customer that the Company is refusing to act upon such instructions.

3.12 It is possible that errors may occur in the prices of transactions quoted by the Company. In such circumstances, without prejudice to any rights it may have, the Company shall not be bound by any Contract which purports to have been made (*whether or not confirmed by the Company*) at a price which:

- i. the Company is able to substantiate to the Customer was manifestly incorrect at the time of the transaction; or
- ii. Was, or ought to have reasonably been known by the Customer to be incorrect at the time of the transaction. In which case the Company reserves the right to either:
 - cancel the trade all together; or
 - correct the erroneous price at which the trade was done to either the price at which the Company hedged the trade or alternatively to the historic correct market price.

3.13 Trading strategies aimed at exploiting errors in prices and/or concluding trades at off-market prices (*commonly known as "sniping"*) are not accepted by the Company. Provided that the Company can document that there on the time of the conclusion of the trade were errors in prices, commissions, or in the TP, and provided the Company can render probable that the Customer, based on its trading strategy or other provable behavior, deliberate and/or systematically has exploited or attempted to exploit such an error, the Company is entitled to take one or more of the following countermeasures:

- i. adjust the price spreads available to the Customer;
- ii. restrict the Customer's access to streaming, instantly tradable quotes, including providing manual quotation only;
- iii. retrieve from the Customer's account any historic trading profits that the Company can document have been gained through such abuse of liquidity at any time during the customer relationship; and/or iv terminate the customer relationship immediately by giving written notice.

3.14 If the Customer is more than one person (*E.g., joint accountholders*):

-
- i. the liabilities of each such person shall be direct, joint and several;
 - ii. the Company may act upon instructions received from anyone person who is, or appears to the Company to be, such a person, whether or not such person is an Authorized Person;
 - iii. any notice or other communication provided by the Company to one such person shall be deemed to have been provided to all such persons; and
 - iv. The rights of the Company under Clause 18 shall apply if an event described in Clause 18 shall be deemed to have occurred in respect of any one of such persons.

3.15 The Customer agrees that the Company may record all telephone conversations, internet conversations (*chat*), and meetings between the Customer and the Company and use such recordings, or transcripts from such recordings, as evidence towards any party (*including, but not limited to, any regulatory authority and/or court of law*) to whom the Company at its reasonable discretion sees it to be desirable or necessary to disclose such information in any dispute or anticipated dispute between the Company and the Customer. The Company will always ensure the systems are in good order at all times by having maintenance works at certain intervals. However, in case of accidental mechanical breakdowns of the Company's recording systems, technical reasons may prevent the Company from recording a conversation, and recordings or transcripts made by the Company will be destroyed in accordance with the Company's normal practice. Consequently, in that case, the Customer should not rely on such recordings to be available.

3.16 When the Customer instructs the Company to enter into a position opposite to one or more of the Customer's open positions, the Company will close out the opposite position in accordance with the FIFO principles unless the position has related orders or otherwise agreed.

3.17 The Customer acknowledges that the Company has the right to, but not the obligation to close directly opposite positions. This applies not only when the positions are held on the on the same account, but also when they are held on separate accounts.

3.18 If the Customer operates several Accounts (*or sub-accounts*) and opposite positions are opened on different Accounts (*or sub-accounts*), the Company shall not close out such positions. The Customer is specifically made aware that unless closed manually, all such positions may be rolled over on a continuous basis and thereby consequently all incur a cost for such roll-over.

4. SPECIAL NOTE ON THE USE OF THE TRADING PLATFORM

4.1 The technical requirements to which the Customer's IT equipment, operating system, Internet connection etc. shall conform are described on the Company's website.

4.2 The Customer shall enter his user ID and password when logging on to the TP. The Customer should memorize the password. The Customer is obligated to notify the Company without undue delay on becoming aware of unauthorized use of the TP, or if the Customer suspects that the password has been misappropriated by a third party, the Customer shall contact the Company immediately to block his TP. The Customer can then order a new password. The Customer is for a period of 18 months after notification entitled to request the Company to provide the Customer with the means to prove that he made such notification.

4.3 The Customer can block his TP at any time by contacting the Company. Blocking the TP prevents other persons from accessing it. Open orders and positions placed on the platform before the blocking will not be affected by the blocking unless the Customer specifically requests so, and the Customer is responsible for deciding about his positions.

4.4 The right to use the TP is personal, and the Customer shall not allow other persons to use his user ID and/or his password. If the Customer wants to allow a third party to trade on the Customer's account, the Customer shall issue a separate POA to the relevant third party. The POA shall be written on one of the Company's POA forms. The issue of the POA shall be approved by the Company.

4.5 From the TP the Customer can print reports on trading activities and his/her account balances.

4.6 Where the Customer has placed an order which he subsequently regrets, the Customer may request that the order be cancelled up until the time of execution. The Customer is aware that the Company is under no obligation to cancel the order. A request for cancellation or an order can be made via the TP or by calling the Company Sales Trading. Requests concerning cancellation of orders generated when the margin is exceeded can only be made to the Company Sales Trading. An order shall not be considered to be cancelled until the Customer has received a written confirmation from the Company.

4.7 The Customer shall not be liable for unlawful use of the TP occurring after the Customer has informed the Company.

4.8 Where the TP is used for Private Use, the Company shall be liable for direct losses resulting from defectively executed orders, unless defectively executed order is due to conditions for which the Customer is liable. The Company shall not be liable for any indirect losses.

4.9 The Company shall not be liable for losses in cases of abnormal and

unforeseeable circumstances beyond the control of the Company pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary.

4.10 If the TP is used for Commercial use the Company shall not be liable for any indirect losses and/or losses resulting from:

- i Operational failures preventing the use of the TP;
- ii Interruptions preventing the Customer from accessing the TP;
- iii Use of the Internet as a means of communication and transport;
- iv Damage caused by matters relating to the Customer's own computer systems.

4.11 The Company shall not be responsible for losses resulting from the Customer's installation and use of the computer programs used on the TP, unless such liability follows from indispensable rules of law. Where the TP is used for Commercial Use, the Customer shall be responsible for ensuring that the TP is adequately insured against direct and indirect losses which may result from the installation and use of the computer programs in the Customer's computer system. Furthermore, the Customer shall be obliged to make backup copies of data which, should such data be lost, might result in losses for the Customer.

4.12 The Company reserves the right to archive or disable the Customer Account that is inactive (*no trading and/or deposit/withdrawal activity*) for at least ninety (90) calendar days and has a balance of equal or less than ten (10) euros or equivalent in other currencies. The Customer Account may be restored from archive only to generate a report/statement and not for trading or depositing. Restored Customer Account is again put back to archive once the report/statement is generated. The Customer may always open a new trading account and is allowed to transfer any archived balance to the new account. The Company shall inform the Customer prior to or after activation/disabling of their account(s).

5. MARGINS, SECURITY, PAYMENTS AND DELIVERY

5.1 The Customer shall pay to the Company on demand:

- i. Such sums of money by way of deposits, or as initial or variation margin as the Company may require. In the case of a Contract effected by the Company on an exchange, such margin shall be not less than the amount or percentage stipulated by the relevant exchange plus any additional margin that the Company at its reasonable discretion may require;

- ii. such sums of money as may from time to time be due to the Company under a Contract and such sums as may be required in or towards clearance of any debit balance on any Account;
- iii. such sums of money as the Company may from time to time require as security for the Customer's obligations to the Company; and
- iv. Any amount to maintain a positive cash balance on any and all Account(s).

5.2 When dealing with COs the Company will enter into a contract with its Counterparties which is identical in all respects to the CO between the Company and the Customer and the Company may under such Counterparty contract be required to deliver additional margin from time to time. The Company may without notice change the margin requirement towards the Customer to reflect changes in applicable margin requirements for the Company from time to time under any Counterparty contract.

5.3 If the Customer makes any payment which is subject to any price fluctuations, withholding or deduction, the Customer shall pay to the Company such additional amount to ensure that the amount actually received by the Company will equal the full amount the Company would have received had no price fluctuations, withholding or deduction been made.

5.4 Payments into the Customer's account is deposited by the Company on the condition of the Company receiving the amount in question. This shall apply irrespective of whether it has been explicitly stated in receipts or other notices of or requests for payment.

5.5 With the prior written agreement of the Company on each occasion, the Customer may deposit Security with the Company or provide the Company with a guarantee or indemnity from a person and in a form acceptable to the Company instead of cash for the purpose of complying with its obligations. The Customer is made specifically aware that the Company at its reasonable discretion may determine the value by which Security shall be registered and consequently contribute to the Company's demand towards the Customer and the Company may continuously change such value of Security without prior notice to the Customer.

5.6 The Customer is made aware that securities held or deposited on the Customer's account with the Company the Customer cannot put up as collateral or guarantee for any of the Customer's obligations towards a third party.

5.7 Any Security will be held by eligible custodian, appointed by the Company, and the eligible custodian shall be responsible for claiming and receiving all interest payments, income and other rights accruing to the Customer.

5.8 The Company is with the Customer's specific consent entitled to:

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- i. pass on any money or Security received from the Customer in order to satisfy the Company's obligations to any third party;
 - ii. charge, pledge or grant any security arrangement over Security in order to satisfy the Company's obligations to any third party in which case the Security may or may not be registered in the Customer's name;
 - iii. lend Security to any third party in which case the Security may or may not be registered in the Customer's name; and iv Return to the Customer other Security than the original Security.

5.9 The Company shall not be obliged to account to the Customer for any income received by the Company as a result of carrying out any of the activities described in this Clause.

5.10 The Customer shall be obliged to promptly deliver any money or property deliverable by it under a Contract in accordance with the terms of that Contract and with any instructions given by the Company for the purpose of enabling the Company to perform its obligations under any corresponding Contract entered into between the Company and a third party.

5.11 If the Customer fails to provide any margin, deposit or other sum due under this Agreement in respect of any transaction the Company may close any open position without prior notice thereof to payment of any amounts due to the Company. This is further regulated in [Clause 6.2](#) and [Clause 17](#).

5.12 If the Customer fails to make any payment when it falls due, the Customer shall pay interest (*from the due date and until payment takes place*) on the outstanding amount at the rate stated in the Commissions, Charges & Margin Schedule section on our website.

5.13 The Customer is advised that the Company shall have the right, in addition to any other rights it may have under this Agreement, to limit the size of the Customer's open positions (*net or gross*) and to refuse orders to establish new positions. The Company will inform the Customer as soon as possible regarding such refused orders and the reason for the refusals. Situations where the Company may exercise such right include, but are not limited to, where:

- i. The Company has reason to believe that the Customer may be in possession of Inside Information;
- ii. The Company considers that there are abnormal trading conditions (e.g., abnormal trading conditions could be when the securities markets may have crashed. In such case, the Company shall have the right to limit the size of the customers' open positions and to refuse orders to establish new positions in order to protect the client against unnecessary losses);
- iii. the value of the Customer's Security (as determined by the Company in accordance with Clause 5.4) falls below the minimum margin requirement as defined in the

Company's Commissions, Charges & Margin Schedule; or iv The Customer has a negative cash-balance on any Account.

5.14 Settlement of COs shall correspond to the settlement of the relevant exchange traded option in accordance with the market rules and terms and conditions applicable to the relevant exchange traded option. For COs on cash settled options, final settlement requires payment of the cash difference between the value of the underlying option and the strike price. For COs regarding physically settled options, the COs will settle into the respective contract, stock or other security. COs regarding options on futures will settle into a future acquired at the strike price. The Company will only allow the Customer to trade COs on Contracts with physical delivery if the CO expires before the underlying Contract. The Company will require Customers to close any Contract with physical delivery of commodities before they can be exercised (i.e., the Company does not support physical delivery of commodities).

5.15 The payment processing services and software services for www.axonmarkets.com are facilitated by HDZ Capital Ltd, a corporation in Cyprus with registration number HE422545.

6. MARGIN TRADES

6.1 On the date of the opening of a Margin Trade between the Company and the Customer, the Company may require the Customer to have margin on the Account at least equivalent to the Company's initial margin requirement.

6.2 The Company's margin requirement shall apply throughout the term of the Margin Trade. It is the Customer's responsibility continuously to ensure that sufficient margin is available on the Account at any time. If practicably possible the Company shall notify the Customer if the margin requirements are not met. If, at any time during the term of a Margin Trade, the margin available on the Account is not sufficient to cover the Company's margin requirement, the Customer is obliged to reduce the amount of open Margin Trades or transfer adequate funds to the Company. Even if the Customer takes steps to reduce the size of open Margin Trades or to transfer sufficient funds to the Company, the Company may close one, several or all of the Customer's Margin Trades or part of a Margin Trade and/or liquidate or sell securities or other property at the Customer's account at its sole discretion without assuming any responsibility towards the Customer for such action.

6.3 If the Company due to insufficient margin; Clause 6.2, may close one, several or all of the Customer's Margin Trades, the Customer shall expect, unless otherwise agreed and confirmed by the Company that all of the Customer's open Margin Trades will be closed.

6.4 If the Customer has opened more than one Account, the Company is entitled to transfer money or Security from one Account to another, even if such transfer will necessitate the closing of Margin Trades or other trades on the Account from which the transfer takes place.

6.5 The Company's general margin requirements for different types of Margin Trades are displayed on the Company's web site. However, the Company reserves the right to determine specific margin requirements for individual Margin Trades. The specific margin trade requirements, shall be determined, during the sudden market fluctuations where the company changes the margins to protect the client from high risks, these changes shall be communicated immediately.

6.6 The Customer is specifically made aware that the margin requirements are subject to change without notice. When a Margin Trade has been opened, the Company is not allowed to close the Margin Trade at its discretion but only at the Customer's instruction or according to the Company's rights under this Agreement. However, will increase the margin requirements if the Company considers that its risk on a Margin Trade has increased as compared to the risk on the date of the opening.

7. ACCOUNTS

7.1 The Company will make available to the Customer a Settlement/Trade Confirmation in respect of any transaction or Contract entered into by the Company with or for the Customer and in respect of any open position closed by the Company for the Customer. Settlement/Trade Confirmations will normally be available instantly following the execution of the transaction.

7.2 An Account Summary and Account Statement are available to the Customer through the TP. The Account Summary will normally be updated periodically during the Company's opening hours. The Account Statement will normally be updated every Business Day with information for the previous Business Day. By accepting this Agreement, the Customer agrees not to receive any Account Statements or Account Summaries in printed form from the Company other than upon specific request.

7.3 Any notice or other communication to be provided by the Company under the Terms, including Account Statements and Settlement/Trade Confirmations, may be sent by the Company at its option to the Customer in electronic form by e-mail or by display on the Customer's account summary on the TP. The Customer is obliged to provide the Company with an e-mail address for this purpose. An e-mail message is considered received by the Customer when sent from the Company. The Company is not responsible for any delay, alteration, re-direction or any other modification the message may undergo after transmission from the Company. A message on the Customer's account on the TP is considered received by the Customer when the Company has placed the message on the TP. It is the responsibility of the Customer to ensure that the Customer's software and

hardware setup does not stand in the way of the Customer receiving e-mails or get access to the TP from the Company.

7.4 The Customer is obliged to verify the contents of each document, including documents sent in electronic form from the Company. Such documents shall, in the absence of manifest error, be deemed conclusive unless the Customer notifies the Company in writing to the contrary immediately after having received such document. In the event that the Customer believes to have entered into a transaction or Contract, which should have produced a Settlement/Trade Confirmations or otherwise a posting on the Customer's account, but the Customer has not received such confirmation, the Customer must inform the Company immediately when the Customer ought to have received such confirmation. In the absence of such information the transaction or Contract may at the Company's reasonable discretion be deemed non-existent.

8. COMMISSIONS, CHARGES, AND OTHER COSTS

8.1 The Customer shall be obliged to pay to the Company the Commissions and Charges set out in the relevant section of the website that can be accessed by the Customer at any given time.

8.2 The Company may vary such Commissions and Charges without notice when the change is to the Customer's advantage, or the grounds for changes are due to external circumstances beyond the Company's control. Such circumstances are:

- i. Changes in the relationship with the Company's counterparties, which affect the Company cost structures; and/or
- ii. Changes in commissions and charges from exchanges, clearing houses, information providers or other third-party providers that are passed on to the Customer by the Company.

8.3 The Company may vary such commissions and charges, with one (1) months' notice if:

- i. market conditions, including competitive behavior, call for changes to the Company conditions;
- ii. The Company for commercial reasons wishes to change its general cost and pricing structure; and/or
- iii. Significant particulars of the Customer, based on which individual conditions were provided, have changed.

8.4 In addition to such commissions and charges, the Customer shall be obliged to pay all applicable VAT and other taxes, storage and delivery charges, exchange and clearing house

fees and all other fees incurred by the Company in connection with any Contract and/or in connection with maintaining the Customer relationship.

8.5 Furthermore, the Company shall be entitled to demand that the following expenses are paid separately by the Customer:

- i. all extraordinary disbursements resulting from the customer relationship e.g., telephone, telefax, courier, and postal expenses in case the Customer requests hardcopy Settlement/Trade Confirmations, Account Statements etc. which the Company could have delivered in electronic form;
- ii. any expenses of the Company, caused by non-performance by the Customer, including a fee determined by the Company in relation to forwarding of reminders, legal assistance etc.;
- iii. any expenses of the Company in connection with replies to inquiries by public authorities, including a fee determined by the Company in relation to forwarding of transcripts and enclosures and for the preparation of copies;
- iv. administration fees in connection with security deposits, and any expenses of the Company in relation to a pledge, if provided, including any insurance premium payments; and
- v. Any expenses of the Company in connection with auditor's comments/reports if such is requested by the Customer.

8.6 The fees will be charged either as a fixed amount corresponding to payments effected, or as a percentage or hourly rate corresponding to the service performed. The methods of calculation can be combined. The Company reserves the right to introduce new fees given a one (1) month notice prior to introduction and these changes will be communicated to FSA as well.

8.7 The Company may share commissions and charges with its associates, IBs or other third parties or receive remuneration from them in respect of Contracts entered into by the Company. Details of any such remuneration or sharing arrangement will not be set out on the relevant Settlement/Trade Confirmations. The Company (*or any associate*) may benefit from commission, mark-up, mark-down or any other remuneration where it acts for the Counterparty to a Contract.

8.8 The Company will upon reasonable request and to the extent possible disclose to the Customer the amount of commission, mark-up, mark-down or any other remuneration paid by the Company to any IB or other third party.

8.9 Unless specified otherwise in this Agreement, all amounts due to the Company (*or Agents used by the Company under this Agreement*) shall, at the Company's option:

- i. be deducted from any funds held by the Company for the Customer; or
- ii. Be paid by the Customer in accordance with the provisions of the relevant difference account, Settlement/Trade Confirmation or other advice.

8.10 In respect of any transactions to be affected OTC, the Company shall be entitled to quote prices at which it is prepared to trade with the Customer. Save where the Company exercises any rights it may have under this Agreement to close a Contract, it is the Customer's responsibility to decide whether or not it wishes to enter into a Contract at such prices.

8.11 Furthermore, the Customer acknowledges, recognizes and accepts that the procedures described in Clause 8.0 and Clause 11.0 may result in additional indirect costs for the Customer.

9. INTEREST AND CURRENCY CONVERSIONS

9.1 Subject to the Clause below and save as otherwise agreed in writing, the Company shall not be liable to:

- i. pay interest to the Customer on any credit balance in any Account or on any other sum held by the Company; or
- ii. account to the Customer for any interest received by the Company on such sums or in- connection with any Contract.

9.2 The Customer is entitled to interest on the basis of the Customer's positive NFE in accordance with the terms in the Company's Commissions, Charges & Margin Schedule.

9.3 The Customer is obliged to pay interest on the basis of the Customer's negative NFE in accordance with the terms in the Company's Commissions, Charges & Margin Schedule.

9.4 The Company may vary such interest rates and/or thresholds for interest calculation without notice when changes are to the Customer's advantage, or the grounds for changes are due to external circumstances beyond the Company's control. Such circumstances are:

- i. Changes in the monetary or credit policies domestic or abroad that affect the general interest level in a way that is of importance to the Company;
- ii. Other changes in the general interest level, including in the money and bond markets, that is of importance to the Company;

- iii. Changes in the relationship with the Company's Counterparties, which affect the Company's cost structures.

9.5 The Company may vary such interest rates where the TP is used for Commercial use with one month's notice, and where the TP is used for Private use with two months' notice if:

- i. market conditions, including competitive behavior, call for a change to the Company conditions;
- ii. the Company wishes to change its general commission, fee and pricing structure for commercial reasons; and/or
- iii. Changes to significant particulars of the Customer, based on which individual conditions were provided, occurs.

The Customer is deemed to have accepted such changes if he does not, before the proposed date of their entry into force, notify the Company that he does not accept them.

9.6 The Company is entitled, but shall not in any circumstances be obliged, to convert:

- i. any realized gains, losses, option premiums, commissions, interest charges and brokerage fees which arise in a currency other than the Customer's base currency (i.e., the currency in which the Customer's Account is denominated) to the Customer's base currency;
- ii. any cash currency deposit to another cash currency deposit for the purpose of purchasing an asset denominated in a currency other than the Customer's base currency;
- iii. any monies held by the Company for the Customer into such other currency as the Company considers necessary or desirable to cover the Customer's obligations and liabilities in that currency.

9.7 Whenever the Company conducts currency conversions, the Company will do so at such reasonable rate of exchange as the Company selects. The Company shall be entitled to add a mark-up to the exchange rates. The prevailing mark-up is defined in the Commissions, Charges & Margin Schedule.

10. PLEDGE AGREEMENT

10.1 Any and all Security transferred to the Company by the Customer or held by the Company or by the Company's Counterparties on behalf of the Customer is pledged as a security for any liability that the Customer may have or get towards the Company. Without

limitation such Security shall comprise the credit balances on Accounts, the securities registered as belonging to the Customer on the Company the Company's books, and the value of the Customer's open positions with the Company.

10.2 If the Customer fails to fulfill any obligation under this Agreement, the Company is entitled to sell any pledged Security immediately without any notice or court action. Such sale shall take place by the means that the Company in its reasonable discretion determines and at the price that the Company in its reasonable discretion determines to be the best obtainable.

11. NETTING AGREEMENT

11.1 If on any date the same amounts are payable under this Agreement by each party to the other in the same currency, then, each party's obligations to make payment of any such amount will be automatically satisfied by netting. If the amounts are not in the same currency, the amounts are converted by the Company in accordance with the principles referred to in Clause 9.0.

11.2 If the aggregate amount that is payable by one party exceeds the aggregate amount that is payable by the other party, then the party by whom the larger aggregate amount is payable shall pay the excess to the other party and the obligations to make payment of each party will be satisfied and discharged.

11.3 If the Customer, at any time during the Customer relationship, has a negative cash-balance in any Account, the Company is entitled but not obligated to net between the Customer's Accounts. The Customer shall bear all the charges and any other costs associated with such netting in accordance with the Commissions, Charges & Margin Schedule.

11.4 If the Customer relationship is terminated according to Clause 24.0, the claims that the parties have against each other shall be finally discharged by means of netting (*closed*). The value of open Contracts shall be determined according to the principles set forth below and the final amount to be paid by one of the parties shall be the difference between the payment obligations of the parties.

11.5 Rates based on which the Contracts shall be closed shall be market rates applicable on the day on which the Company decides to close the Contracts.

11.6 The Company may at its reasonable discretion determine the rates by obtaining an offer from a Market Maker in the asset in question or by applying rates from electronic financial information systems.

11.7 When determining the value of the Contracts to be netted, the Company shall apply its usual spreads and include all costs and other charges.

11.8 This netting agreement shall be binding towards the estate and creditors of the parties to the customer relationship.

12. MARKET MAKING

12.1 When the Company executes orders as Agent for the Customer on a recognized stock or futures exchange, the Company will not be a party to such a trade as such orders will be executed in the trading system of the relevant exchange at the best price and the most favorable conditions available at the time of the order or according to the Customer's specific instructions, e.g., in a situation where the Customer has chosen to limit the order. The Company will not include any additional spread in the price of the execution achieved for the Customer but will be remunerated according to the Commissions, Charges & Margin Schedule.

12.2 The Customer is specifically made aware that in certain markets, including the foreign exchange markets, OTC foreign exchange options and CFD Contracts, the Company may act as a Market Maker.

12.3 When acting as a Market Maker, the Company will under normal market circumstances quote the Customer bid and ask prices.

12.4 In order for the Company to quote prices with the swiftness normally associated with speculative trading, the Company may have to rely on available price or availability information that may later prove to be faulty due to specific market circumstances, for instance, but not limited to, lack of liquidity in or suspension of an asset or errors in feeds from information providers or quotes from Counterparties. If so and if the Company has acted in good faith when providing the price to the Customer, the Company may cancel the trade with the Customer but shall do so within reasonable time and shall provide the Customer with a full explanation for the reason for such cancellation.

12.5 Following execution of any position with a Customer, the Company may at the Company's reasonable discretion subsequently offset each such customer position with another customer position, or a position with one of the Company's Counterparties or retain a proprietary position in the market with the intention to obtain trading profits from such positions. Such decisions and actions may therefore result in the Company off- setting customer positions at prices different (*sometimes significantly different*) from prices quoted to customers, resulting in trading profits or losses for the Company. This in turn can raise the possibility of the Customer incurring what may be seen as an implied cost (i.e., the difference between the price at which the Customer traded with the Company and the price at which the Company subsequently traded with Counterparties and/or other customers) due to any profits realized by the Company as a result of the Market Making function. However, the Market Making function may involve significant costs to the Company if the market moves against the Company as compared to the price at which the Company traded with the Customer.

12.6 The Customer accepts that the Company in such markets where the Company acts as Market Maker, may hold positions that are contrary to positions of the Customer, resulting in potential conflicts of interest between the Company and the Customer, cf. Clause 15.

12.7 In markets, where the Company acts as a Market Maker, the Customer accepts that the Company has no obligation to quote prices to customers at all times in any given market, nor to quote such prices to customers with a specific maximum spread.

12.8 In markets, where the Company acts as a Market Maker, the Company may or may not charge commissions. However, irrespective of whether or not the Company charges any commissions, the Customer accepts that the Company will seek to make additional profits out of its performance as a Market Maker and the size of any such profits may be considerable if and when compared with the Customer's margin deposit.

12.9 The Customer acknowledges, recognizes and accepts that the price quoted to the Customer includes a spread when compared with the price to which the Company may have covered or expected to be able to cover the Contract in a trade with another customer or a Counterparty. Furthermore, the Customer acknowledges, recognizes and accepts that said spread constitutes remuneration to the Company and that such spread not necessarily can be calculated for all Contracts and that such spread will not be specified at the Settlement/Trade Confirmation or otherwise revealed to the Customer.

12.10 The Customer acknowledges, recognizes and accepts that the Company quotes variable spreads on options. The Customer is specifically made aware that variable option spreads are affected by actual market conditions, which are beyond the Company's control. The Company does not guarantee any maximum or minimum quotable option spreads.

12.11 Any commission costs, interest charges, costs associated to and included in the spreads quoted by the Company as a Market Maker in certain markets and other fees and charges will consequently influence the Customer's trading result and will have a negative effect on the Customer's trading performance compared to a situation if such commission costs, interest charges, costs associated to and included in the spreads did not apply.

12.12 Whilst dealing spreads and commissions are normally considered moderate seen in relation to the value of the assets traded, such costs may be considerable when compared with the Customer's margin deposit. As a consequence, thereof the Customer's margin deposit may be depleted by trading losses that the Customer may incur and by the directly visible dealing costs such as commissions, interest charges and brokerage fees as well as the said not visible costs for the Customer, caused by the Company's performance as a Market Maker.

12.13 If the Customer is an active trader and is undertaking numerous transactions, the total impact of as well visible as not visible costs may be significant. Consequently, the Customer

may have to obtain significant profits in the markets in order to cover the costs associated with trading activities with the Company. For very active Customers, such costs may over time exceed the value of the margin deposited. Normally, when trading margined derivatives, the lower the percentage of the applicable margin rate, the higher the proportion of the costs associated with executing a transaction.

12.14 The Customer is specifically made aware that in the area of market making in foreign exchange, OTC foreign exchange options, CFD Contracts and other OTC products, significant implied costs can arise as a consequence of the profits made by the Company performing in its capacity as a Market Maker.

12.15 The Company's performance as a Market Maker may negatively affect the Customer's Account with the Company and the said implied costs are neither directly visible nor directly quantifiable for the Customer at any time.

12.16 The Company is at no time obliged to disclose any details of its performance or income produced as a Market Maker or otherwise related to other commissions, charges and fees.

12.17 The Customer is specifically made aware that CFD Contracts may be OTC products quoted by the Company whilst operating as a Market Maker and not traded on a recognized stock exchange. As a result, the description above of the implied, not visible costs related to the Company's performance as a Market Maker may also apply to any CFD Contract.

13. AGGREGATION AND SPLIT

13.1 The Company is in accordance with the broker's BEP entitled to aggregate the Customer's orders with the broker's own orders, orders of any of the broker's associates and/or persons connected with the Company including employees and other customers. Furthermore, the Company may split the Customer's orders when executing these. The orders will only be aggregated or split if the Company reasonably believes it to be in the best interest of the Customer. On some occasion's aggregation and split of the Customer's order may result in the Customer obtaining a less favorable price than if the Customer's orders had been executed respectively separately or mutually. In case the Company shall split the Customer's orders when executing them, same shall be notified to the Customer prior any actions taken by the Company.

14. CONFLICTS OF INTEREST

14.1 The Company its associates or other persons or companies connected with the Company may have an interest, relationship or arrangement that is material in relation to any transaction or Contract effected, or advice provided by the Company, under this Agreement. By accepting this Agreement and the Company's Conflict of Interest Policy (*which distinctly describes the general character and/or background of any*

conflict of interest) the Customer agrees that the Company may transact such business without prior reference to any potential specific conflict of interest.

15. LITTLEBLACKDIAMONDLTD 'S COUNTERPARTIES

15.1 In order to give effect to the Customer's instructions, the Company may instruct a Counterparty selected at the Company's discretion and the Company shall do so where the transaction is to be subject to the rules of an exchange or market of which the Company a member is not.

15.2 The Company shall not be responsible for errors committed by such Counterparties unless it is proven that the Company has not acted with sufficient care when selecting the Counterparty.

16. INTRODUCING BROKERS

16.1 The Customer may have been referred to the Company by an IB. If so, the Company shall not be responsible for any agreement made between the Customer and the Customer's IB. The Customer acknowledges that any such IB will either be acting as an independent intermediary or an Agent for the Customer and that no such IB shall be authorized to make any representations concerning the Company or the Company's Services.

16.2 The Customer is specifically made aware that the Customer's agreement with its IB may result in additional costs as the Company may pay fees or commission to such person.

16.3 The Customer is also specifically made aware that the Customer's agreement with its IB may result in additional costs for the customer because the IB can deduct commissions and fees as well as price or interest/financing rate adjustments for any trade conducted on or allocated to the Customer's account either by the IB or the Customer.

16.4 If the IB undertakes any deductions from the Customer's Trading Account according to any agreement between the Customer and the IB, the Company has no responsibility as to the existence or validity of such an agreement.

16.5 The Company shall have no responsibility or liability to the Customer in following the instructions given by the IB. The Company is under no obligation to supervise or otherwise know or review the payment instructions or any other acts, including but not limited to the trading, of the IB.

16.6 The customer acknowledges and accepts that frequent transactions may result in a sum total of commissions, fees, price or interest/financing rate adjustments for trades conducted that may be substantial and not necessarily be offset by the net profits, if any, achieved from the relevant trades. The responsibility for correctly assessing whether the size of the total commissions, fees, price or interest/financing rate adjustments for trades

conducted paid from the Customer's account makes trading commercially viable, is the combined responsibility of the Customer and the IB. The Company only acts as the custodian and principal broker, and therefore is not responsible for the size of the commissions and fees as well as price or interest rate paid by the Customer.

16.7 Any commissions, fees, price or interest/financing rate adjustments for trades conducted may be shared between the IB, the Company and third parties according to the IB's written instructions and/or at the Company's discretion.

17. DEFAULT AND DEFAULT REMEDIES

17.1 The provisions contained in this Clause supplement any other rights that the Company or any of its associates have according to this Agreement, including but not limited to the Pledge Agreement referred to in Clause 10.0, and furthermore any other rights the Company has.

17.2 The Company reserves the right to retain, or make deductions from, any amounts which the Company owes to or is holding for the Customer if any amounts are due from the Customer to the Company or the Company's associates.

17.3 The Customer authorizes the Company, at the Company's discretion, at any time and with notice, to sell, apply, set-off and/or charge in any manner any or all of the Customer's property and/or the proceeds of any of the same of which the Company or any of its associates or Agents has custody or control, in order to discharge any or all of the Customer's obligations to the Company or to the Company's associates.

17.4 Each and any of the following events shall constitute an EOD in relation to all of a Customer's Contracts, Margin Trades, securities and other business with the Company (*regardless of whether the EOD only relates to part of the business with the Company*):

- i if the Customer fails to make any payment or fails to do any other act required under this Agreement or by the Company at its reasonable discretion;
- ii if the Customer fails to remit funds necessary to enable the Company to take delivery under any Contract on the first due date;
- iii if the Customer fails to provide assets for delivery, or take delivery of assets, under any Contract on the first due date;
- iv if the Customer dies or becomes of unsound mind;
- v if an application is made in respect of the Customer for any action pursuant to Bankruptcy Act or any equivalent act applicable to the Customer or, if a partnership,

in respect of one or more of the partners, or if a company, that a receiver, trustee, administrative receiver or similar officer is appointed;

- vi if a petition is presented for the winding-up or administration of the Customer;
- vii if an order is made or a resolution is passed for the winding-up or administration of the Customer (*other than for the purposes of amalgamation or reconstruction with the prior written approval of the Company*);
- viii if any distress, execution or other process is levied against any property of the Customer and is not removed, discharged or paid within seven days;
- ix if any security created by any mortgage or charge becomes enforceable against the Customer and the mortgagee or charge takes steps to enforce the security or charge;
- x if any indebtedness of the Customer or any of its subsidiaries becomes immediately due and payable, or capable of being declared so due and payable, prior to its stated maturity by reason of default of the Customer (*or any of its subsidiaries*) or the Customer (*or any of its subsidiaries*) fails to discharge any indebtedness on its due date;
- xi if the Customer fails to fully comply with obligations under this Agreement or any Contract, including refrains from complying with Margin requirements;
- xii if any of the representations or warranties given by the Customer are, or become, untrue;
- xiii if the Company or the Customer is requested to close a Contract (*or any part of a Contract*) by any regulatory agency or authority; or
- xiv If the Company reasonably considers it necessary for its own protection or the protection of its associates.

17.5 Upon the occurrence of an EOD, the Company shall at its discretion be entitled to:

- i Sell or charge in any way any or all of the Customer's collateral, assets and property which may from time to time be in the possession or control of the Company or any of its associates or Agents or call on any guarantee, without any notice or court order. Sale of Security, assets and property shall take place by means that the Company in its reasonable discretion determines and at the price that the Company in its reasonable discretion determines to be the best obtainable, provided that the Company shall provide a seven (7) day notice period before realizing Security of any Customer, unless immediate sale is necessary to avoid or limit a loss; buy or sell any

Security, investment or other property where this is, or is in the reasonable opinion of the Company likely to be, necessary in order for the Company to fulfill its obligations under any Contract and the Customer shall reimburse the Company for the full amount of the purchase price plus any associated costs and expenses;

- ii deliver any Security, investment or property to any third party, or otherwise take any action the Company considers to be desirable in order to close any Contract;
- iii require the Customer immediately to close and settle a Contract in such manner as the Company may in its reasonable discretion request;
- iv to enter into any foreign exchange transaction, at such market rates and times as the Company may determine, in order to meet obligations incurred under a Contract;
- v re-invoice all or part of any assets standing to the debit or credit of any Account *(including commuting the Company's or the Customer's obligation to deliver an asset into an obligation to pay an amount equal to the market value of the asset (determined by the Company at its reasonable discretion on the date re-invoicing takes place))*; and
- vi Close-out all Contracts and net all the Customer's and the Company's obligations towards each other as of the date fixed by the Company with effect to third parties.

17.6 The Customer authorizes the Company to take any or all of the steps described in this Clause without notice to the Customer and acknowledges that the Company shall not be responsible for any consequences of it taking any such steps, unless the Company has exercised gross negligence in connection herewith. The Customer shall execute the documents and take the action as the Company may request in order to protect the rights of the Company and its associates under this Agreement or under any agreement the Customer may have entered into with the Company's associates.

17.7 If the Company exercises its rights to sell any Security or property of the Customer under this Clause, it will affect such sale, without notice or liability to the Customer, on behalf of the Customer and apply the proceeds of sale in or towards discharge of any of the Customer's obligations to the Company or to the Company's associates.

17.8 Without prejudice to the Company's other rights under this Agreement or under prevailing law, the Company may, at any time and without notice, combine or consolidate any of the accounts maintained by the Customer with the Company or any of its associates and off-set any and all amounts owed to, or by, the Company or any of its associates in such manner as the Company at its reasonable discretion may determine.

18. CUSTOMER WARRANTIES & REPRESENTATIONS

18.1 The Customer warrants and represents that:

- i. it is not under any legal disability with respect to, and is not subject to any law or regulation which prevents its performance according to this Agreement or any Contract or transaction contemplated by this Agreement;
- ii. it has obtained all necessary consents and has the authority to operate according to this Agreement (*and if the Customer is not an individual person, that it is properly empowered and has obtained necessary corporate or other authority pursuant to its constitutional and organizational documents*);
- iii. investments or other assets supplied by the Customer for any purpose shall, subject to this Agreement, at all times be free from any charge, lien, pledge or encumbrance and shall be beneficially owned by the Customer;
- iv. it is in compliance with all laws to which it is subject including, without limitation, all tax laws and regulations, exchange control requirements and registration requirements; and
- v. the information provided by the Customer to the Company is complete, accurate and not misleading in any material respect.

18.2 The above warranties and representations shall be deemed to be repeated each time the Customer in the future for the duration of the customer relationship provides instructions to the Company.

19. INDEMNITY AND LIMITATIONS OF LIABILITY

19.1 The Customer is obliged to compensate the Company for all losses, taxes, expenses, costs and liabilities whatsoever (*present, future, contingent or otherwise and including reasonable legal fees*) which may be suffered or incurred by the Company as a result of or in connection with:

- i. the Customer's breach of this Agreement;
- ii. The Company entering into any transaction or Contract; or
- iii. The Company taking any of the steps which the Company is entitled to take in an EOD; unless and to the extent only that such losses, taxes, expenses, costs and liabilities are suffered or incurred as result of the Company's gross negligence or willful default.

19.2 This right to compensation shall survive any termination of the Customer relationship.

19.3 Without prejudice to Clause 4.0 the Company shall not be liable for:

- i. any loss (*including consequential and other indirect losses*), expense, cost or liability (*together referred to as "Loss"*) suffered or incurred by the Customer as a result of or in connection with the provision of the Services unless and to the extent that such Loss is suffered or incurred as a result of the Company's gross negligence or willful default;
- ii. any Loss due to actions taken by the Company according to its rights under this Agreement, or;
- iii. Any consequential or other indirect loss suffered or incurred by the Customer whether arising from the Company's negligence or otherwise.

19.4 Especially, the Customer acknowledges, recognizes and accepts that any market recommendation and any information communicated by the Company does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell a Contract and that such recommendation and information, although based upon information from sources believed by the Company to be reliable, may be based solely on a broker's opinion and that such information may be incomplete and may be unverified and unverifiable. The Company makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information or trading recommendation furnished to the Customer

20. CONFIDENTIALITY AND THE COMPANY'S DISCLOSURE OF INFORMATION

20.1 Neither party shall disclose any information relating to the business, investments, finances or other matters of a confidential nature of the other party of which it may in the course of its duties or obtain possession of, and each party shall use all reasonable endeavors to prevent any such disclosure. However, this shall not apply if a party is obliged hereto due to prevailing legislation, or to a legislative or supervising authority, or to another person who according to the law is entitled to demand disclosure, or in order to enable the party sufficiently to fulfill its obligations pursuant to this Agreement.

20.2 By accepting this Agreement, the Customer authorizes the Company to disclose such information relating to the Customer as may be required by any law, rule or regulatory authority, including any applicable Market Rules, without prior notice to the Customer. Furthermore, the Company may disclose requested and relevant information relating to the Customer to third parties in order to facilitate the transfer of funds by credit card initiated by Customer.

20.3 By accepting this Agreement the Customer permits the Company to transfer personal information about the Customer submitted to or collected by the Company with any legal entity within the Company. The Company may transfer such personal information for the purposes of complying with regulatory matters, providing and performing investment services, and other services which the Company offers, conducting marketing, and managing the customer relationship. Furthermore, the Company may share such personal information with a third-party agency working on behalf of the Company with the purpose of performing customer analysis for the use of the Company's sales and marketing and with any IB working on behalf of the Company for the purpose of completing the due diligence and approving of account applications. To ensure protection of the client's information, the Company will have PCI third parties to achieve high standards of data protection.

20.4 The Customer's personal information will be stored no longer than necessary to carry out the purposes listed in this Agreement. The Customer has the right to request correction, supplementation, deletion, or blocking of such personal information if inaccurate, incomplete, or irrelevant for the purposes of the processing or if processed in any other way that is unlawful. In certain circumstances, the Customer may also have the right to object for legitimate reasons to the processing of such personal data in accordance with the procedures set forth in the applicable data protection regulations and to seek other legal remedies available in connection with the processing of such personal information.

21. AMENDMENTS

21.1 The Company is entitled to amend this Agreement in favor of the Customer with prior notice. Changes which may not in the Customer's favor may take place at any time by giving a notice of minimum thirty (30) days where Customers are using the TP for Commercial use, and by giving a notice of two (2) months where Customers are using the TP for Private use. The FSA will be notified prior to amending the Client Services Agreement.

The Customer is deemed to have accepted such changes if he/she does not, before the proposed date of their entry into force, notify the Company that he/ she does not accept them.

21.2 When dealing with COs, if a market place on which the relevant exchange traded product is traded or if the Counterparty with whom the Company has entered into a contract which is identical in all respects to the CO the Company has entered into with the Customer, take any action which affects the exchange traded product or the contract the Company has entered into with its Counterparty, then the Company may take any such action with regard to the relevant COs which the Company in its reasonable discretion considers desirable or appropriate to correspond with such action taken by the market place or Counterparty or to mitigate any loss which is or may be incurred by it as a result of such action.

22. CUSTOMER'S ACCOUNT OPENING PROCEDURES

The Company is going to have the following customer account opening procedures in place:

22.1 CSR will request the prospective Customer to fill in its AOF.

22.2 If the prospective customer is a resident, the AOF must be supported by at least one original document: Passport, ID card or driving license.

22.3 Once the AOF has been completed, the prospective customer shall complete and sign the Client Service agreement either by electronically approving it or send a scanned document via email or post.

22.4 CSR ensures that KYC documentation is received from the customer.

22.5 A Checklist of minimum documentation listed on the account opening/onboarding form required for opening of trading accounts assists the completeness of documentation obtained. CSR should sign off account opening/onboarding form to indicate receipt of all required documentation.

22.6 If the required information & documents are not provided by the customer within one month, opening an account should be suspended. CSR shall request the customer to provide the documents and information required to successfully process the application.

22.7 Once all the relevant documentations provided by the Customer are verified by the CSR, they may forward the relevant documents to the Compliance for further verification.

22.8 On approval by the Head of Dealing and Operations, the CSR should input the relevant customer information details in The Company's Back Office system.

22.9 If acceptance of the prospective customer is rejected, the CSR shall inform the customer accordingly. The documents are retained and marked as "Cancelled". Details of the same shall be entered into the system stating the reasons of the rejection, so as to avoid possible re-entry.

Minimum Requirements for Customer Agreements

- i. Name and address of both the Customer and The Company;
- ii. Commissions chargeable to the Customer by The Company;
- iii. Official POA authorized by the customer in regards to execution of order; and
- iv. Risk disclosure statement.

23. CUSTOMER'S ACCOUNT CLOSING PROCEDURES

Request for closing of customer accounts shall be made in writing. The request for account closure should be reviewed and approved by the Head of Dealing and Operations or Compliance Officer.

Customers at any time during the business relationship and as applicable, may opt to cease their relationship with the Company or voluntarily decide to discontinue trading.

Accounts may also be closed by the Company due to history of defaults or violations committed by an investor adversely affecting the Company's operations and reputation. Once the trading account is closed in the Company records, the Customer Number that was previously opened in the data systems will remain active, until the Board of Directors wishes to purge the inactive accounts.

A. Trading Account Closure Procedures

- i A customer trading account can be closed either by the Company or upon the customer's request.
- ii In the case of voluntary closure of accounts, the customer should submit a written application to CSR.
- iii The Company may close the customer account, in the event that:
 - a. Customer has a recurring history of defaults; or
 - b. Customer is blacklisted under Anti- Money Laundering Act and Regulations.
- iv. CSR should ascertain and document in the internally prepared "Trading Account Closing Form" the reasons for closing the account.
- v. Based on CSR's assessment, if there is an opportunity to save the account from being closed, retention efforts should be documented in the "Trading Account Closing Form".

24. TERMINATION

24.1 The Customer relationship shall remain in force until terminated.

24.2 The Customer is entitled to terminate the Customer relationship immediately by giving written notice to the Company. The Company is entitled to terminate the Customer relationship with two months' notice where customers are using the TP for Private use and with one month's notice where customers are using the TP for Commercial use. The

Company will provide the notice to the Customer on a Durable Medium. Termination shall not affect any accrued rights and obligations.

24.3 On termination, the Company and the Customer undertake to complete all Contracts that are already entered into or under execution and this Agreement shall continue to bind both parties in relation to such transactions. The Company is entitled to deduct all amounts due to it before transferring any credit balances on any Account to the Customer and it is entitled to postpone such transferring until any and all Contracts between the Company and the Customer are closed. Furthermore, the Company is entitled to require the Customer to pay any charges incurred in transferring the Customer's investments.

25. COMPLAINTS AND DISPUTES

25.1 In case the Customer has raised a question or a problem with the account executive or another employee of the Company without receiving a satisfactory answer, the Customer is entitled to file a written complaint with the Compliance Department in the Company the Compliance Department hereafter investigates and answers the complaint.

25.2 Without prejudice to any of the Company's other rights under this Agreement, in case of a dispute between the Customer and the Company over a Margin Trade or alleged Margin Trade or any instruction relating to a Margin Trade, the Company is entitled at its reasonable discretion and without notice to close any such Margin Trade or alleged Margin Trade if the Company reasonably believes such action to be desirable for the purpose of limiting the maximum amount involved in the dispute. The Company shall not be responsible to the Customer in connection with any subsequent fluctuations in the level of the relevant Margin Trade. If the Company closes a Margin Trade under this Clause such action shall be without prejudice to the Company's right to contend that such Margin Trade had already been closed by the Company or was never opened by the Customer. The Company shall take reasonable steps to inform the Customer that the Company has taken such action as soon as practicable after doing so. Where the Company closes a Margin Trade or alleged Margin Trade in accordance with this Clause, the closing shall be without prejudice to the Customer's rights to open a new Margin Trade, provided that such Margin Trade is opened in accordance with this Agreement. When calculating margin or other funds required for such Margin Trade, the Company is entitled to do so on the basis that the Company's view of the disputed events or instructions is correct.

25.3 The Company has thirty (30) business days to respond to any formal complaints or disputes lodged. If you are unhappy with the final verdict of the compliance department, the case can be escalated to the FSA:

Financial Services Authority

Bois De Rose Avenue,

PO Box 991, Victoria

Mahé, Seychelles

Email address: complaints@fsaseychelles.sc Telephone Number: +248 4 380 800

26. MISCELLANEOUS

26.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected.

26.2 The Company shall not be liable to the Customer for any failure, hindrance or delay in performing its obligations under this Agreement where such failure, hindrance or delay arises directly or indirectly from circumstances beyond its reasonable control. Such force majeure events shall include without limitation any technical difficulties such as telecommunications failures or disruptions, non-availability of the Company's website e.g. due to maintenance downtime, declared or imminent war, revolt, civil unrest, catastrophes of nature, statutory provisions, measures taken by authorities, strikes, lock-outs, boycotts, or blockades, notwithstanding that the Company is a party to the conflict and including cases where only part of the Company's functions are affected by such events.

26.3 If the Customer's combined exposure in one or more margin trades reaches a level which - in case of an adverse market development - may lead to a significant deficit not covered by the Customer's deposits and/or margin with the Company, the Company may in its reasonable discretion:

- i. increase the margin requirements; and/or
- ii. Reduce the Customer's exposure by closing one or more or all of the customer's open positions.

26.4 Furthermore, the Company is entitled in its reasonable opinion to determine that an emergency or an exceptional market condition has occurred. Such conditions shall include, but are not limited to, the suspension or closure of any market or the abandonment or failure of any event to which the Company relates its quote or the occurrence of an excessive movement in the level of any Margin Trade and/or underlying market or the Company's reasonable anticipation of the occurrence of such a movement. In such cases the Company may increase its margin requirements, reduce the Customer's exposure, close any or all of the Customer's open Margin Trades and/or suspend trading.

26.5 The Customer may not assign its rights or delegate any of the Customer's obligations under this Agreement or according to any Contract to others whereas the Company may assign its rights or delegate its obligations to any regulated financial institution.

26.6 For various investments, securities and groups of Customers, the Company may provide additional business agreements. The Customer acknowledges, understands and accepts that:

- i. such business agreements made available to Customers shall constitute an addition to this Agreement; and
- ii. The Customer should not undertake any transaction unless the business terms applicable for such investment securities or group of Customers have been understood and accepted. Transactions undertaken by the Customer notwithstanding above, shall be deemed as had this sub-clause indeed been complied with.

26.7 The rights and remedies contained in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

26.8 No delay or omission on the part of the Company in exercising any right, power or remedy provided by law or under this Agreement, or partial or defective exercise thereof, shall:

- i. impair or prevent further or other exercise of such right, power or remedy; or
- ii. Operate as a waiver of such right, power or remedy.

26.9 No waiver of pleading a default of a clause in this Agreement shall (unless expressly agreed in writing by the waiving party) be construed as a waiver of a future breach of the same clause or as authorizing a continuation of the particular breach.

26.10 The client shall not commence any trading until all formal on-boarding procedures and complete and signed agreement by both parties in place

26.11 By accepting this Agreement on behalf of a corporation or other legal entity, the person signing represents and warrants that he is authorized to act on behalf of such corporation or legal entity and to bind the same to this Agreement and all obligations arising hereunder. If at a later stage it becomes apparent that the signatory was not duly authorized to bind the corporation or legal entity, the Company will have the right to seek restitution from this person. Furthermore, the signatory shall indemnify the Company against all liabilities, losses, damages, costs and expenses in relation to any claims or action brought against the Company as a result of the signatory holding out to be authorized to act and bind any such corporation or legal entity.

26.12 Customer shall be able to communicate with the Company in English or any other language as the Company may offer from time to time. The Company may communicate with the Customer in English or any other language agreed between the parties.

26.13 The Company or third parties may have provided the Customer with translations of this Agreement. The original English versions shall be the only legally binding versions for the Customer and the Company. In case of discrepancies between the English version and other translations in the Customer's possession, the original English version provided by the Company on the website shall prevail.

27. RISK DISCLOSURE STATEMENT FOR TRADES IN FOREIGN EXCHANGE AND DERIVATIVES

This brief statement, which constitutes an addition to this Agreement, does not disclose all of the risks and other significant aspects of trading foreign exchange and derivatives.

In consideration of the risks, you should enter into transactions with the mentioned products only if you understand the nature of the contracts and the contractual legal relationship into which you are entering and the extent of your exposure to risk. Transactions in foreign exchange and derivatives are not suitable for many members of the public. You should carefully consider whether transacting is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

I agree.

Customer's Signature

Name: _____

Position: _____

Date: _____

Company Representative

Name: _____

Position: _____

Date: _____

APPENDIX 1

FOREIGN EXCHANGE AND DERIVATIVES

1.1 Effect of "Leverage" or "Gearing"

Transactions in foreign exchange and derivatives carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign exchange or derivatives contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the Company to maintain your position. If the market moves against your position and/or margin requirements are increased, you may be called upon to deposit additional funds on short notice to maintain your position. Failing to comply with a request for a deposit of additional funds, may result in closure of your position(s) by the Company on your behalf and you will be liable for any resulting loss or deficit.

1.2 RISK-REDUCING ORDERS OR STRATEGIES

The placing of certain orders (*e.g.*, "stop-loss" orders, where permitted under local law, 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.

1. OPTIONS

1.1. Variable Degree of Risk

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (*i.e.*, put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the option to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (*see the section on Futures above*). If the purchased option is out-of-the-money when it expires, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs. If you are contemplating purchasing out-of-the- money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("*writing*" or "*granting*") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see *the section on Futures above*). If the option is "covered" by the seller holding a corresponding position in the underlying asset, in a future or in another option, the risk may be reduced. In case the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

2. ADDITIONAL RISKS COMMON TO FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS

2.1. Terms and Conditions of Contracts

You should ask the firm with which you deal about the terms and conditions of the Contracts entered into and information on associated obligations (*e.g., the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise*). Under certain circumstances the specifications of outstanding contracts (*including the exercise price of an option*) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

2.2. Suspension or Restriction of Trading and Pricing Relationships

Market condition (*e.g., illiquidity*) and/or the operation of the rules of certain markets (*e.g., the suspension of trading in any contract or contract month because of price limits or "circuit breakers"*) may increase the risk of loss by making it difficult or impossible to effect transactions or close/ offset positions. If you have sold options, this may increase the risk of loss.

Normal pricing relationships between the underlying asset and a derivative do not always exist. The absence of an underlying reference price may make it difficult to judge "fair" value.

2.3. Deposited Cash and Property

You should familiarize yourself with the protections accorded the Security you deposit by way of money or other assets in domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or other assets is governed by the legislation and local rules in the country at which location the counterparty acts.

2.4. Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit or loss.

2.5. Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation, which may offer different or diminished investor protection. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been affected.

2.6. Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts in another currency than your account currency will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to the account currency.

2.7. Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

2.8. Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfillment of the margin requirements.

2.9. Off-Exchange Transactions

In some jurisdictions firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterpart to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.