

Plus500CY Ltd.



Plus500

World's Trading Machine

Risk Disclosure Notice



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CFD's can put your capital at risk if used in a speculative manner. CFD's are categorized as high risk by some regulatory authorities as there is no protection of capital, no guaranteed return and customers can lose the amount invested. With the Plus500 Trading Platform it is not possible to lose more than the amount invested and customers cannot be left in debt to Plus500. Trading CFD's is not suitable for all investors; make sure you fully understand the risks involved.

1. THIS RISK DISCLOSURE NOTICE FORMS PART OF THE CLIENT AGREEMENTS AS DEFINED IN THE USER AGREEMENT

- 1.1. You are considering dealing using the Plus500CY Ltd. ("Plus500", "we", "our", "us", "the Company") trading platform in Contracts for Difference ('CFDs'). CFDs are high risk investments, which are not suitable for many investors.
- 1.2. This notice provides you with information about the risks associated with CFDs, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in doubt you should seek professional advice.
- 1.3. It is important that you fully understand the risks involved before deciding to enter into a trading relationship with us. If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

2. MAGNIFIED LOSSES

- 2.1. The nature of margin trading markets means that both profits and losses can be magnified and, unless you place a Close at Loss or a Limit Order, you could incur very large losses if your position moves against you. However you cannot lose more than the balance on your Trading Account.

3. CHARGES AND TAXES

- 3.1. The Provision of Services by Plus500 to the Client is subject to fees, available on the Company's website. Before the Client begins to trade, he should obtain details of all fees, commissions, charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the charges.
- 3.2. Plus500's charges are subject to changes according to the terms of the Client Agreement.



- 3.3. There is a risk that the Client's trades in any Financial Instruments may be or become subject to tax and/or any other duty for example, due to changes in legislation or Client's personal circumstances. The Company does not offer tax advice.
- 3.4. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.
- 3.5. It is noted that taxes are subject to changes without a prior notice.

4. INVESTOR COMPENSATION FUND

- 4.1. The Company participates in the Investor Compensation Fund for clients of Investment Firms regulated in the Republic of Cyprus. Certain clients will be entitled to compensation under the Investor Compensation Fund where the Company is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible. Compensation shall not exceed twenty thousand Euro (EUR 20.000) for each entitled Client. For more details please refer to the "Investor Compensation Fund" found on our website.

5. CFDS ARE NOT SUITED FOR LONG TERM INVESTMENT

- 5.1. CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

6. NO RIGHTS TO THE UNDERLYING INSTRUMENT

- 6.1. CFDs do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.
- 6.2. You are trading with CFDs, which means that you enter into a contract with us for the Difference between the value of an Instrument as specified on the Trading Platform at the time of opening a Transaction, and the value of such Instrument at the time of closing the Transaction. You are not entitled to ownership of the underlying asset of such a contract e.g. the actual Shares or the Rights offered in a Rights Issue event or the Shares offered in an Options contract.

7. ONLY INVEST MONEY YOU CAN AFFORD TO LOSE

- 7.1. Do not invest in CFDs with money you cannot afford to lose. An investment in CFDs carries a high degree of risk to the investor and, due to fluctuations in value, the investor may not get back the amount he has invested.

8. APPROPRIATENESS

- 8.1. Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.



- 8.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

9. POTENTIAL RISKS

- 9.1. You cannot lose more than your Trading Account balance.
- 9.2. Before you open a CFD trade with us we require you to lodge money with us as Initial Margin and, in order to keep a Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the amounts will be indicated on the Trading Platform. This means that you will be trading using 'leverage' or 'gearing' and this can work for or against you; a small price movement in your favour can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.
- 9.3. We will further require you to ensure that the amount in your Trading Account exceeds the Maintenance Margin in order to keep a Transaction open. Therefore, if our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you do not do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.
- 9.4. You should also be aware that under our User Agreement we are entitled, at our sole discretion, to make a Margin Call. Under the User Agreement, you are required to satisfy any Margin Calls immediately, by any applicable means in the time prescribed by us. If you do not do this, we will be entitled to close one, or more, or all of your trades.
- 9.5. Unless you have taken steps to place an absolute limit on your losses (for example, by placing a Close at Loss or Close at Profit order on your account) it is possible for adverse market movements to result in the loss of the entire balance of your Trading Account. We offer a range of risk management tools to help you to manage this risk.
- 9.6. In the event of extremely low liquidity due to pending expiry or the "Strike Price" for an Option CFD becomes no longer relevant or we stop receiving Bid/Ask prices on a chosen Strike price of an Option, we may, in our sole discretion, roll your open positions and/or pending orders in some instruments to the next, more liquid contract, or set an earlier expiry date for those instruments and settle all open positions at the current rate on the market at the moment of the expiry.

10. NOT SUITABLE AS INCOME

- 10.1. The inherent concept of CFDs means they are not suitable for an investor seeking an income from his investments as the income from such investments may fluctuate in value in money terms. For an investment in an OTC product, which is not a readily realisable investment, it may be difficult to sell or realise the investment and obtain reliable information about its value or the extent of the risks to which it is exposed.



- 10.2. It is understood that the Client has no rights or obligations in respect of the Underlying Assets relating to the CFDs he is trading. There is no delivery of the underlying asset.

11. FLUCTUATIONS IN THE MARKET

- 11.1. It is important that you comprehend the risks associated with trading on a market as fluctuations in the price of the underlying market will have an effect on the profitability of the trade. For example: the value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange.
- 11.2. CFDs are therefore only suitable for those customers who fully understand the market risk and have previous trading experience. If unsure, it is advisable to seek independent advice.
- 11.3. Slippage is difference between the expected price of a Transaction in a CFD, and the price the Transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an Order at a specific price impossible to execute, when market orders are used, and also when large Orders are executed when there may not be enough interest at the desired price level to maintain the expected price of trade.

12. DERIVATIVES

- 12.1. Positions opened with us are not traded on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our user agreement and with our order execution policy. Each CFD trade that you open through our Trading Platform results in you entering into a contract with us; these contracts can only be closed with us and are not transferrable to any other person.

13. NEED TO MONITOR POSITIONS

- 13.1. Because of the effect of gearing and therefore the speed at which profits or losses can be incurred it is important that you monitor your positions closely. It is your responsibility to monitor your trades.

14. OPERATIONAL RISKS

- 14.1. Operational risks with Plus500 on your computer are inherent in every CFD transaction. For example, disruptions in Plus500's operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. Plus500 does not accept or bear any liability whatsoever in relation to the operational processes of Plus500, except to the extent that it is caused by the fraud, negligence or dishonesty by Plus500.
- 14.2. In connection with the use of computer equipment and data, the Client bears the following risks amongst other risks, in which cases the Company has no liability of any resulting loss:



- a) Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client;
- b) Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client;
- c) Outage (unacceptably low quality) of communication via the channels used by the Client, or the Company or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;
- d) Wrong or inconsistent with requirements settings of the Client Terminal;
- e) Untimely update of the Client Terminal;
- f) The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Client from the Company;
- g) Trading over the phone might be impeded by overload of connection.
- h) Malfunction or non-operability of the Platform, which also includes the Client Terminal.

14.3. The Client may suffer financial losses caused by the materialization of the above risks, Plus500 accepting no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all related losses he may suffer.

15. TRADING PLATFORM

15.1. The Client is warned that when trading in an electronic platform he assumes risk of financial loss which may be a consequence of amongst other things:

- a) Failure of Client's devices, software and poor quality of connection;
- b) Plus500 or Client's hardware or software failure, malfunction or misuse;
- c) Improper work of Client's equipment;
- d) Wrong setting of Client's Terminal;
- e) Delayed updates of Client's Terminal.

15.2. The Client acknowledges that the only reliable source of Quotes Flow information is that of the live Server's Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes simply may not reach the Client Terminal.



16. COMMUNICATION BETWEEN THE CLIENT AND THE COMPANY

- 16.1. The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice from the Company.
- 16.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorised access.
- 16.3. The Company has no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, or any other electronic means.

17. FORCE MAJEURE EVENTS

- 17.1. In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfill its obligations under the agreement with the Client. As a result the Client may suffer financial loss.
- 17.2. The Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the User Agreement where such failure, interruption or delay is due to a Force Majeure event.

18. ABNORMAL MARKET CONDITIONS

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

19. CURRENCY RISK

- 19.1. Customers should be aware that CFD's denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

20. NON ADVICE AND RECOMMENDATIONS

- 20.1. When placing Orders with the Company, the Company will not advise the Client about the merits of a particular Transaction or give him any form of investment advice and the Client acknowledges that the Services do not include the provision of investment advice in CFDs or the Underlying Markets The Client alone will enter into Transactions and take relevant decisions based on his own judgement. In asking the Company to enter into any Transaction, the Client represents that he has been solely responsible for making his own independent appraisal and investigation into the risks of the Transaction. He represents that he has sufficient knowledge, market sophistication, professional advice and experience to make his own evaluation of the merits and risks of any Transaction. The Company gives no warranty as to the suitability of the products



traded under this Agreement and assumes no fiduciary duty in its relations with the Client.

- 20.2. The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any Transaction. The Client should seek independent expert advice if he is in any doubt as to whether he may incur any tax liabilities. The Client is hereby warned that tax laws are subject to and may change from time to time.

21. NEWSLETTERS

21.1. The Company may, from time to time and at its discretion, provide the Client (or in newsletters which it may post on its Website or provide to subscribers via its Website or the Trading Platform or otherwise) with information, news, market commentary or other information but not as a service. Where it does so:

- a) the Company will not be responsible for such information
- b) the Company gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related Transaction;
- c) this information is provided solely to enable the Client to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;
- d) if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that he will not pass it on to any such person or category of persons;
- e) the Client accepts that prior to dispatch, the Company may have acted upon it itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he will receive such information at the same time as other clients;

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

22. NO GUARANTEES OF PROFIT

22.1. The Company provides no guarantees of profit nor of avoiding losses when trading. Customer has received no such guarantees from the Company or from any of its representatives. Customer is aware of the risks inherent in trading and is financially able to bear such risks and withstand any losses incurred.



Plus500CY Limited is authorised and regulated by the Cyprus Securities and Exchange Commission, CIF Licence No 250/14.



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