

RISK DISCLOSURE

1. Introduction

Alvexo is a brand name of HSN Capital Group Limited (hereinafter “the Company”), supervised and regulated by the Financial Services Authority of Seychelles (hereinafter “the FSA, located at HIS Building, Office 5, Providence, Mahe, Seychelles).

2. Scope

The Risk Disclosure Policy (hereinafter, “the Policy”), aims to provide information to the Client regarding any possible risk that might arise when trading Contracts for Difference (hereinafter ‘CFDs’). The nature of the Policy is transparent and non-misleading and it solely aims to outline in simple terms any possible risks that might emerge when trading CFDs, as well as to assist the Client in making investment decisions within a secure and informed regime. Nevertheless, it should also be noted that this Policy cannot and does not disclose all aspects associated with all risk elements involved, when entering into a transaction using the pre-mentioned financial instrument.

In the case where the Client wishes to be provided with a more extensive explanation regarding the operational services offered by the company, more information can be found in the below documents:

- (a) Terms and Conditions of Business / Client Agreement
- (b) Order Execution Policy
- (c) Summary of Conflicts of Interest Policy
- (d) Client Categorisation Policy
- (e) Privacy Policy

All clients and prospective clients should read and understand the content of this Policy prior commencing trading with the Company. Regarding the risk, all clients should make sure that prior entering a specific transaction of a financial instrument, they fully comprehend the complexity of the product, the risk exposure involved as well as the contractual legal relationship with the Company. It should also be noted that trading leveraged products involves a high risk and might result in losing more than the invested capital, therefore and is not suitable for all investors.

3. Nature of the Product:

3.1. The trading services offered by the Company utilize the Financial Instruments known as CFDs, which are integrated in the group of derivative financial instruments (derivatives). More specifically, derivatives are contracts between two or more parties which price is determined upon the performance of various underlying entities including currencies, commodities, stocks and indices.

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- 3.2. CFDs are therefore agreements for the exchange of a certain entity's difference in value within the timeframe of the trade, enabling the Client the replication of various economic effects participating this way in any potential returns, without necessitating the ownership of the equity. On this note, it should be clear to all clients that they have no entitlement to any physical delivery of the equity traded in CFDs as derivative Securities are of "non-deliverable" nature.
- 3.3. Finally, it should also be noted that all orders of the company's clients regarding the financial instruments offered by the Company, are solely executed by the company being the exclusive counterparty/principal. Hence, should the Client decide to activate a position in a Market with the Company, then the position can only be deactivated through the Company solely.

4. Charges and Additional Obligations:

- 4.1. The provision of services by the Company to the Client results to the introduction of some commission fees and charges. These instances are thoroughly described in the Company's website and the Client is strongly advised to obtain further details of all fees prior commencing trading with the Company.
- 4.2. The prices associated to the company's trading platform(s) are determined upon the relevant prices of the underlying instruments provided by the Company, which are accordingly determined upon an algorithm developed by the Company. It should also be noted that the estimated prices of CFDs offered by the Company comprise a spread which is determined from both a mark-up, in some cases and the spreads determined by the liquidity provider. The Company acts as a liquidity provider when executing trades on behalf the Client, which might in some cases profit from any potential losses or damages of him.
- 4.3. For all kinds of CFDs, the quoted by the Company commission price does not include any financing/overnight fees that might be comprised. In particular cases where financing/commission fees are involved the value is being charged separately to the Client's account(s). Additionally, the price indicted to open a position in specific financial instruments can be either increased or decreased according to the fluctuating nature of the daily financing fee known as 'swap' which varies throughout the duration of the trade and is directly related on prevalent market interest rates.
- 4.4. The Client should also acknowledge the fact that charges might not always be expressed as a monetary term but instead have the form of percentage of contract value or be expressed as a dealing spread. In these cases, the client should acknowledge that charges and fees might vary at any time and it is the Clients sole obligation to follow and be updated regarding any changes introduced, through the company's website.
- 4.5. Additionally, the incident of a specific trade in any form of financial instrument becoming subject to any kind of duty of legal affairs, including tax, legislation charges or taxes in personal circumstances should not be excluded by the Client. At this point, it should be noted that the Company does not

offer any tax or legal advice to the Client who is solely responsible for all kind of duties that might arise from his trading activity.

5. General Risk associated with Complex Financial Instruments:

Forex and CFDs trading involves high risk and might result in losing more than the deposited capital. Therefore, is solely suitable for a specific type of investors who fulfill the below characteristics:

- (a) The Client understands and unreservedly comprehends that trading financial instruments induces a high risk of speculative nature that might result in suffering losses greater than the invested capital and nonetheless remains willing in undertaking the risk involved.
- (b) The company cannot and does not guarantee the initial investment of the client or its instant value at any time. The client hereby understands and unreservedly acknowledges that any financial information that might be offered by the company regarding the value of Supported Financial Instruments might result to an upwards or downwards fluctuation running the risk of the investment becoming of no value.
- (c) The Client understands that the Company provides services on an “Execution – only basis” and shall not and will not offer any investment advice related to its services, Securities and potential transactions, nor propose any investment recommendations to any extend. In the case where the Client fails or lacks to understand the risk elements involved, seeking financial advice from an independent advisor would be of his best interest.
- (d) Monitoring the Client’s account is responsibility of the Client solely. Potential profits and losses can be incurred rapidly due to the volatile nature of the Markets and Supported Financial Instruments. Therefore, in the case where the client is active in the Markets, it is highly recommended to be able to access his account at any given time of the trade(s) life(s). The Client is encouraged to do so online 24 hours a day, 7 days a week.
- (e) The Client understands and unreservedly comprehends that any information regarding past performance of Supported Financial Instruments does not guarantee any future performance. Utilizing historical data for any form of analysis does not establish any degree of safety regarding the future performance of Supported Financial Instruments to which the given performance corresponds / is related.

6. Foreign Exchange and Other Related Risks:

- (a) The Company offers financial instruments which might be denominated and settled in currencies other than the base currency of the Client’s account. The Client should acknowledge any possible

- (b) risks and impacts involved in any currency conversion. Currency exchange rates often result in fluctuations that might be of damage for the Client.
- (c) Additionally, the Client's capacity when trading the Services offered by the Company might be significantly impacted due to potential charges in both legal and taxation environment.

7. Technical Risk:

- (a) Any possible risks or financial damages induced due to failure, disconnection, interruption, malfunction or any malicious actions of information, electricity and communication lines are considered to be under the Client's responsibilities solely and the Company remains uninvolved in such cases.
- (b) During periods of excessive deal flow, some difficulties might be raised resulting to the Client not being able to successfully connect to the company's services including the trading platform(s).
- (c) In the cases where the Client undertakes any transactions with the support of an electronic system, some risk elements associated with the system operation might emerge. Such risks might occur due to various reason including failure of software, hardware, internet connection, communication lines and servers. These cases might therefore result to the non-execution of the Client's order/instruction and consequently possible damages might occur. It should be noted that the Company does not accept any form of liability associated with such failures and losses.
- (d) The client acknowledges all risks and events that might arise due to various failures of the internet and may affect his access to the Company's Services and Platform(s). Such failures include hardware and software failure, public electricity network failure, interruptions or transmission blackouts may cause the Clients inability to access the company's trading services inducing in some cases a delay order execution. Potential damages and losses that might occur through such events which are beyond the Company's responsibilities.
- (e) Finally, it should be noted that the Client may suffer financial damage or loss initiated by the emergence of the pre-mentioned events or others that might not be stated in the Risk Disclosure Warning. The Client should acknowledge that in these cases any losses or damages occurred are solely under the Client's responsibilities and the company consents no liability nor any responsibility.

8. Trading Platform and associated risks:

8.1. The client should be aware that any trading activities involving an electronic platform run the risk of financial damages and losses which might arise from various reasons including:

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- (a) Defective operation of the client's equipment
- (b) Incorrect settings of the Client's Terminal
- (c) Any possible failures regarding either the software or hardware of either the Client or the Company
- (d) Poor quality of internet connection that might prevent the client from accessing the platform or placing and executing instructions.

8.2. The Client should also acknowledge that the execution process of the Instructions is of "one at a time" and in the case where the Client places multiple Instructions, not all of them can be processed simultaneously.

8.3. The Client acknowledges that at any given time only an individual Instruction can be aligned in the queue. Once the client places an Instruction the "orders is locked" message appears preventing any other Instructions to be placed or executed in the meantime.

8.4. The Client acknowledges that live Server's Quotes Base signifies the only reliable source of Quote Flow, which implies that the Quotes Base included in the Client's Terminal is not a source of Quotes Flow information of the same reliability due to any potential disruptions that might arise at any point counteracting the Quotes from reaching the Client Terminal.

8.5. The Client acknowledges that once the Instruction is sent to the Server, by placing an alternative order or deleting the window of the position the Instruction shall not and cannot be cancelled by any means.

8.6. The Client acknowledges that in the case where a Pending order is being executed and he wishes to proceed with its modification, the only elements that will be modifiable are the Take Profit and Stop Loss levels related to the position opened by the particular Order.

8.7. The client should be aware that in the case where an Order is not executed and wishes to proceed with its replication, the risk of both Instructions being executed is induced.

9. Price Volatility and limitations of the Markets

9.1. The Securities offered by the Company to the Client are known as Derivative Securities, implying that the price of a specific security is directly related and derived from the price of the underlined Security of Reference. Aiming in a more effective risk management the Client is strongly advised to place 'Stop Loss' Orders. Nevertheless, the Client should be aware that due to the highly volatile nature of derivative markets which directly impact the price of the emphasized instruments, they might undergo rapid fluctuations under extreme market conditions. In the case when such an event occurs,

the stipulated by the Client “Stop Loss” Order might fail to be executed and instead a rehabilitated “Stop Loss” Order might be implemented resulting to more magnified losses than the ones calculated. The Client should also be aware of the fact that the execution of a “Stop Loss” Order might be impossible failing to guarantee limited losses.

9.2. The client should acknowledge that the price of Securities might be affected from various factors including governmental, commercial, agricultural and demand relationships as well as national and international geopolitical market sentiments and events. Thus fluctuations and movements of underlying markets might be unpredictable and highly volatile. The client should be well informed regarding the volatility of his underlined market of interest as to evaluate effectively the necessity of “Stop Loss” orders.

10. Effect of Leverage and Gearing:

10.1. The Client should acknowledge that trading Leveraged Products utilize “leverage” and “gearing”. These specific financial instruments are signified as some very speculative products with an increased degree of risk entailed. Leverage acts as a buying power, enabling the client to attain a greater degree of exposure in the market and results in the engagement of a relatively minor amount of the invested capital. At this point it should also be noted that potential profits or losses are determined according to the absolute exposure of the Client therefore, the profitable amount or lose might exceed the invested capital by a significant fraction.

10.2. “Grapping” can be denoted as an impulsive shift in the price of an Underlying market, resulting the induction of a significant gap between the two price levels, “closing price” and “opening price”. Such incident might force the closure of the underlined market ceasing any opportunity for the Client to sell the specific instruments and it can be triggered due to a numerous events including economic, geopolitical events and the release of a highly impacting announcement. It should also be noted that following the incident the opening price and consequently the derived by the Company price of the specific instrument might differ from the closing price.

10.3. Trading transactions in Derivative Financial Instruments and foreign exchange include high risk and the magnitude of the initial investment might be insignificant relative to the value of the derivative contract or the foreign exchange, implementing that the transactions are “geared” or “leveraged”.

10.4. Introducing “gearing” and “leverage” increases the impact of a relatively small market movement might result in a proportionally greater impact on the invested capital of the Client. Such buying power may either be of great benefit for the Client or of great loss. Consequently, the Client should be aware of the fact that for the maintenance of any open positions the initial margin, combined with any additional funds might be lost and in some cases the net loss might exceed the invested capital. Additionally, any potential movement against the Client might result in increasing Margin requirements. Consequently, for the avoidance of the closure of the Client’s position the Client might

be called upon by the Company to invest more funds. If any damages of such nature occur the Client is solely liable of the induced losses.

11. Off-exchange Transactions

- 11.1. The nature of the CFDs offered by the Company is of off-exchange transactions which induces a further degree of risk compared to on –exchange derivatives. The client should acknowledge that whilst the volatility of some off-exchange markets is significantly high, there are cases where liquidating a position might be impossible due to the fact that there is no exchange market on which to close out an Open position. It should be noted that in such cases both the Ask and Bid prices will be impossible to be quoted or will be determined by dealers implying that establishing a fair price might be of extreme difficulty.
- 11.2. Finally, regarding the system utilized for the execution of the CFD transactions, the Company adapts an Online Trading System that is not characterized nor recognized as Multilateral Trading Facility therefore the degree of protection might differ.