SWIFT TRADER

RISK DISCLOSURE

Risk Disclosure

1. Introduction

Swift Trader (Labuan) Ltd (hereinafter called "We", or the "Company") is authorised by Labuan Financial Services Authority with licence number ______ with registered office at 1-32A, First Floor, Paragon, Jalan Tun Mustapha 87008, Labuan F.T. Malaysia.

This Notice contains information about Margined Contract (MFX) or any other financial derivative product including some of the risks associated with trading with those Financial Instruments and should be read together with the Terms of Business. It is not intended to mention or explain all risks and other important aspects involved in dealing with Forex or any other financial derivative product nor does it disclose all risks, and it does not replace your own understanding and experience of the above-mentioned products. It explains, in general terms, the nature of the risks associated with trading in Forex or any other financial derivative product in order to assist you in understanding the nature and risks of this specific type of Financial Instrument being offered and, consequently, to be in a position to take investment decisions on an informed basis.

However, we would like to warn you that this notice does not disclose all of the risks and other significant aspects of trading in Forex or any other financial derivative product. In light of the risks, you should undertake such transactions only if you understand the nature of the financial instruments into which you are entering and the extent of your exposure to risk. Trading in high risk financial instruments like Forex or any other financial derivative product may not be suitable for everyone and you should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. If you are in any doubt as to the suitability of any investment you should seek independent professional expert advice.

Please note that the value of your investments may rise or fall depending on market conditions and that you may not always recoup your initial investment. In addition, past performance should not be seen as an indication of future performance.

Trading leveraged products such as FX and Margined Contacts may not be suitable for all investors as they carry a high degree of risk to your capital. Please ensure that you fully understand the risks involved, taking into account your investments objectives and level of experience before trading, and if necessary, seek independent advice.

2. Description of Margined Contract (MFX)

A Margined Contract is an agreement to exchange the difference between the opening and closing value of a contract at its close. Rather than buying or selling the underlying instrument on which your contract is based, you simply place a trade with a provider. The price of your Margined Contract will then replicate the price of the underlying instrument (without actually owning the underlying product) giving you a profit (or a loss) as the price of the underlying moves, so that the amount of any profit or loss made on a Margined Contract will be equal to the difference between the price of the underlying instrument when the Margined Contract is opened and the price of the underlying instrument when the Margined Contract is closed, multiplied by the number of underlying instruments to which the Margined Contract relates.

The types of Margined Contract include, but are not limited to Foreign Exchange Contract and Bullion Contract.

Margined Contract are a way of trading on the upward or downward price movements of traditional financial markets without buying or selling the underlying asset directly. The potential losses associated with the price movements can exceed the total value of the initial margin (and any additional margin funds) the Client has deposited with the Company, and the Client may be obliged to close his positions at the worst possible time.

When trading Margined Contract, the Client will be charged an interest rate which mirrors the financing rate of actually borrowing the funds to invest.

This means that if the Client purchases a Margined Contract, the Client will be required to pay financing costs (SWAP) for the period during which the Client holds the position. However, the Client will not pay any financing costs if he opens and closes a position on the same day. This means that if the Client holds a long position for a certain period of time, the financing costs might become substantial. As a seller of Margined Contracts, the Client will not receive any interest. Details of financing fees applied are available on the Company's website and/or provided to the client during the account opening process.

a. Example of trading in Margined Contacts

To open a Margined Contract position, you need to deposit only a fraction of the full value of your trade, if you wish to purchase 150,000 units of EURUSD at price 1.16650 with margin requirement 1% (which is equal to 1:100 leverage) for that instrument. This requires you to place a margin of: 150,000 units / leverage (100) = EUR 1,500 (Base Currency of traded pair – EURUSD).

It should be noted that the Company shall monitor the leverage applied to Client's positions, at all times. The Company reserves the right to decrease the leverage depending on the Client's trade volume.

b. How Margined Contract Differ from Underlying Securities

Shares of common stock represent a fractional ownership interest in the issuer of that security. Ownership of securities confers various rights that are not present with positions in Margined Contacts. For example, persons owning a share of common stock may be entitled to vote in matters affecting various corporate actions. They also may be entitled to receive dividends and corporate disclosure, such as annual and quarterly reports.

The purchaser of a Margined Contract, by contrast, has only a contract for future settlement. The purchaser of the Margined Contact is not entitled to exercise any voting rights over the underlying security and is not entitled to any dividends that may be paid by the issuer.

Moreover, the purchaser of a Margined Contact does not receive the corporate disclosures that are received by shareholders of the underlying security.

Owning the underlying security does not require an investor to meet any margin requirements in contrast with Margined Contacts leveraged trading.

3. Risks & Warnings associated with transactions in Forex, Margined Contacts or any other derivative product

- Forex, Margined Contacts or any other financial derivative product are highly speculative and are suitable only for those Customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of margin or deposits.
- The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of Forex, Margined Contacts or any other financial derivative product may fluctuate downwards or upwards and it is even probable that the investment may become of no value. As with any high-risk financial product, you should not risk any funds that you cannot afford to lose, such as your retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet your living expenses.
- The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in Forex, Margined Contacts or any other financial derivative product and accepts and declares that he is willing to undertake this risk.
- The Client should take the risk that his trades in Forex, Margined Contacts or any other financial derivative product may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.
- The high degree of “gearing” or “leverage” is a particular feature of Forex, Margined Contacts or any other financial derivative product meaning a relatively small movement in the underlying market can have a disproportionately effect on the Client’s trade.

- If the market moves against the client's position, the client may be called upon to deposit substantial additional margin (funds), at short notice, to maintain his position. If the client fails to comply with a request for additional funds within the time prescribed, his position may be closed at a loss and he will be liable for any resulting deficit. You will be deemed to have received a notice requiring the payment of such funds, even if you are not at home or do not receive the messages we leave for you, if the notices are delivered to your nominated contact points.
- A loss (which may or may not result in a margin call) may require the Client to immediately provide additional funds to the Company to maintain the open positions. The Company may also change its rates of initial margin and/or notional trading requirements at any time, which may result in a change to the margin the Client is required to maintain.
- When trading Forex, Margined Contacts or any other financial derivative product the Client will be charged an interest rate which mirrors the financing rate of actually borrowing the funds to invest. This means that if the Client purchases a Forex, Margined Contacts or any other financial derivative product, the Client will be required to pay financing costs (SWAP) for the period during which the Client holds the position. However, the Client will not pay any financing costs if he opens and closes Forex, Margined Contacts or any other financial derivative product position on the same day. This means that if the Client holds a long position for a certain period of time, the financing costs might become substantial. As a seller of Forex, Margined Contacts or any other financial derivative product, the Client will not receive any interest. Details of financing fees applied are available on the Company's website and/or provided to the client during the account opening process.
- Forex, Margined Contacts or any other financial derivative product are not suitable for 'buy and forget' trading or long-term positions. Each day the client maintains the position it costs money (if you are long), so there is a time when Forex, Margined Contacts or any other financial derivative product become too expensive.
- Transactions in Forex, Margined Contacts or any other financial derivative product are not undertaken on a recognized stock exchange or on a Multilateral Trading facility (MTF), rather they are undertaken through the Company's Trading Platform and, accordingly, they may expose the client

to greater risks than regulated stock exchange transactions. The Trading Platform does not fall into the definition of a recognized stock exchange or of a Multilateral Trading facility (MTF) because the Company is always the counterparty in every client transaction. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company. The Client is obliged to close an open position of any given Forex, Margined Contacts or any other financial derivative product during the opening hours of the Company's Trading Platform. The Client also has to close any position with the same counterparty with whom it was originally entered into, thus the Company.

- The Company may be required to hold client's money in an account that is segregated from other clients and the Company's money in compliance with current regulations, but this may not afford complete protection. The Company aims to hold your money only in EEA regulated financial institutions which employ and have Client Money rules similar to ours and which are supervised by regulatory authorities of equivalent status to ours. In the unlikely event that we may hold Client Money outside the EEA, the legal and regulatory regime applying to any such financial institution will be different from that of the EEA and in the event of the insolvency or any other analogous proceedings in relation to that financial institution, your money may be treated differently from the treatment which would apply if the money was held with a financial institution in an account in the EEA.
- The third party to whom we pass money may hold it in an omnibus account and it may not be possible to separate it from our money, or the third party's money depending on the third party's regulatory provisions. In the event of an insolvency or any other analogous proceedings in relation to that regulated third party, we may only have an unsecured claim against the regulated third party on behalf of you and our other Clients, and you may be exposed to the risk that the money received by us from the regulated third party is insufficient to satisfy the claims of you and all other Clients with claims in respect of the relevant account. The Company accepts no responsibility for any funds not deposited directly into the Company's bank accounts, for losses (directly or as a result of) due to delays and/or failures to deposit/remit funds through affiliated and/ or third parties.

- You have no rights or obligations in respect of the underlying instruments relating to your Forex, Margined Contacts or any other financial derivative product.
- Where the Forex, Margined Contacts or any other financial derivative product is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.
- Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell, or the solicitation of an offer to buy or sell. Each decision, by the Client, to enter into a Forex,
- Margined Contacts or any other financial derivative product transaction with the Company and each decision as to whether a transaction is appropriate or proper for the Client is an independent decision by Client. The Company is not acting as an advisor. Client agrees that the Company has no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Client following Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.
- There are no guarantees of profit nor of avoiding losses when trading Forex, Margined Contacts or any other financial derivative product. Client has received no such guarantees from the Company or from any of its representatives. Client is aware of the risks inherent in trading Forex, Margined Contacts or any other financial derivative product and is financially able to bear such risks and withstand any losses incurred.
- In case of any quoting error occur (including responses to Client requests, typing errors, etc), the Company is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant account.
- The Company requires the Client to pass through an appropriateness/suitability test during the application process and warns the Client, if on the basis of information provided, the trading on Forex, Margined Contacts or any other financial derivative product is not appropriate based on the Client's profile.

- The client is obligated to keep passwords secret and ensure that third parties do not obtain access to client's online account. The client will be liable for trades executed by means of his password even if such use may be wrongful.
- Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but for example as a dealing spread), it is the Client's responsibility to request and obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.
- All relevant cost and charges will be provided by the Company or set out in the Company's website. Clients should be aware of such costs and charges that may influence the account profitability of the Client.
- The Client declares and warrants that he/she has read, understood and accepts the following:
- Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instruments to which the said information refers.
- Some Financial Instruments may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance.
- A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- A derivative financial instrument (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an

opportunity to make profit on changes in currency rates, commodity or indices.

- The value of the derivative financial instrument may be directly affected by the price of the security or any other underlying asset which the object of the acquisition is.
- In the case of Margined Contacts with underlying asset a virtual currency, there might be sudden changes in prices of certain instruments which may result in significant loss over a short period of time. In addition, Margined Contacts on virtual currencies may be subject to large price fluctuations and in some instances, due to the early stages of their lifecycle, they may lose entire value.
- The Client must not purchase a derivative financial instrument unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commissions and other expenses incurred.
- In case of a Force Majeure Event the Customer shall accept the risk of financial losses/
- The Client acknowledges and accepts that there may be other risks which are not contained above.

3.1. Volatility of price and limitation on the available market

- The prices of Forex, Margined Contacts, or any other derivative product may fluctuate rapidly and over wide ranges, none of which can be controlled by the Client or the Company. It is important for the Client to understand that his profitability might be affected by these changes in conditions.
- Under specific market conditions (illiquidity, economic announcement, political events, at times of rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted, etc) it can be impossible to execute any type of Clients order at declared price. Under these conditions the prices of Forex, Margined Contacts, or any other derivative product may not maintain their customary or anticipated relationships to the prices of the underlying asset. Therefore, placing contingent orders, such as “stop-loss” or “stop-limit” orders, may not

necessarily limit your losses to the intended amounts, since market conditions, which can become extraordinarily volatile, may make it impossible to execute such orders. The Client should also be aware of gaps and windows into the price of an instrument that occur sometimes at the opening or closing of the market where the underlying instrument is traded, affecting Client's profitability.

- All Forex, Margined Contacts, or any other derivative product involves risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads, and "straddle" positions may be as risky as taking simple long or short positions. Trading in Forex, Margined Contacts, Forex or any other derivative product requires knowledge of all relevant markets and available types of orders.
- The prices of Forex, Margined Contacts, or any other derivative product will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.
- Engaging in trading Margined Contacts with underlying asset a virtual currency pair, and due to high volatile nature of these pairs, you might be exposed to higher risks than trading the assets themselves or trading other Margined Contacts with other underlying assets.

3.2. Margin call

- Clients are required to deposit a Margin with the Company in order to open a position. The Margin requirement will depend on the underlying instrument of the Forex, Margined Contacts or any other financial derivative product, the level of leverage chosen and the value of position to be established.
- The Company will not notify the Client for any Margin Call to sustain a loss making position. The Company has the discretionary right to start closing positions when Margin Level decreases to about 50%, and automatically close all positions at market prices if Margin Level drops below 20%. The Company guarantees that there will be no negative balance in the account when trading Financial Instruments provided by the Company.

3.3. Margin Calls when Positions are Hedged or Partially Hedged

- Clients are permitted to have both long and short Positions in the same instrument at the same time. However, Margin Requirements still apply.
- All open Contracts are revalued against the bid and offer respectively for the purpose of calculating Variation Margin. Due to the bid – offer spread Variation Margins will apply even though the net Position may be hedged.
- A widening of the spread during periods of low liquidity or high volatility may mean that Variation Margins are significant. Where Free Equity is relatively small this may result in triggering the Liquidation Level causing all open Contracts to be closed.
- Clients are reminded that all open Contracts are rolled independently and not on a net basis. This means that there is a net cost incurred when holding open offsetting open Contracts even when the net open Position may be nil.

Consequently, clients are advised to monitor Total Margin Requirements even when partially hedged

4. Communication Risks

- The Company bears no responsibility for any loss that arises as a result of delayed or unreceived communication sent to the Client by the Company.
- The Company bears no responsibility for any loss that arises as a result of unencrypted information sent to the Client by the Company that has been accessed via unauthorized means.
- The Company bears no responsibility for any unreceived or unread internal message sent to the Client through the trading platform(s). In case a message is not received or read within seven (7) calendar days the message gets automatically deleted.
- The Client is solely responsible for the privacy of any information contained within the communication received by the Company.
- The Client accepts that any loss that arises as a result of unauthorized access of a third party to the client's trading account is not the responsibility of the Company.

- Telephone conversations may be recorded, and you will accept such recordings as conclusive and binding evidence of the instructions.

5. General Investment Risks

The classification of risks is based on general as well as on product-specific risks. We mentioned above the product-specific risks for Forex, Margined Contacts or any other financial derivative product. The general risks of trading derivative products should also be taken into account.

6. General Notice

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Financial Instruments and was designed to explain in general terms the nature of the risks particular to dealing in the Financial Instruments provided by the Company and to help the Customer to take investment decisions on an informed basis.