RISK DISCLOSURE POLICY

VERSION 1:
LAST UPDATED 26/04/2023

MUGAN MARKETS

Risk Disclosure Policy

This risk disclosure and warning notice, which is included as an appendix to the services agreement ("Agreement"), is being provided to you (our Client and prospective Client) in accordance with the Financial Advisory and Intermediary Services Act 37 of 2002, as amended from time to time ("the Law"), which applies to Jura Investments (PTY) Ltd ("the Company" or "We" or "Us"). All Clients and prospective Clients are strongly advised to carefully read the risk disclosures and warnings contained in this document before applying to the Company for a trading account and commencing trading with the Company. It should be noted, however, that this document cannot and does not disclose or explain all the risks and other significant aspects associated with dealing in Financial Instruments. In accordance with the Law, this notice is intended to provide a general and non-misleading explanation of the nature of the risks involved in dealing with Financial Instruments.

GENERAL RISK WARNINGS

The Client should refrain from engaging in any direct or indirect investments in Financial Instruments unless they have a clear understanding of the risks associated with each specific Financial Instrument. The Company will not provide investment advice or recommendations of any kind regarding investments or transactions in Financial Instruments. Before entering into the services agreement (the "Agreement") with the Company or placing any orders, the Client should carefully consider whether investing in a particular Financial Instrument is suitable for their individual circumstances and financial resources. If the Client lacks understanding of the risks involved, they should seek independent financial advice and consultation. If the Client still does not comprehend the risks associated with trading in Financial Instruments, they should refrain from trading altogether. The Client should acknowledge that there is a significant risk of incurring partial or total losses of their initial capital as a result of buying and/or selling any Financial Instrument, and should be willing to accept and undertake such risks.

GENERAL RISK

The Client should be aware of the following general risks:

(a) The Company does not guarantee the outcome of any investments in Financial Instruments and cannot guarantee the safety of the Client's capital deposited in the trading account for trading purposes.

(b) The Client should acknowledge that the value of any investment in Financial Instruments may fluctuate and could potentially become worthless, regardless of any information provided by the Company.

(c) Past performance of a Financial Instrument does not guarantee its current or future performance. Historical data should not be relied upon as a binding or accurate forecast of the future performance of the Financial Instruments to which the information refers.

(d) The Client should be aware that transactions in Financial Instruments conducted through the Company may involve speculation and could result in significant losses, potentially within a short period of time.

(e) Some Financial Instruments may not be immediately liquid, meaning the Client may not be able to easily sell them or obtain reliable information on their value or associated risks due to reduced demand, for example.

(f) Derivative Financial Instruments, such as options, futures, forwards, swaps, and Contracts for Difference, may involve non-deliverable spot transactions that offer opportunities for profit based on changes in currency rates, commodity prices, stock market indices, or share prices of the underlying instruments. The value of the Derivative Financial Instrument is directly impacted by the price of the relevant underlying instrument.

(g) Before commencing trading, the Client should obtain details of all legal documents, commissions, and other charges for which they will be liable, as available on the Company's website or in the Client's area. The Client acknowledges and understands that commissions and other charges may change at any time, and it is their sole responsibility to stay updated by regularly visiting the Company's website.

(h) Prior to trading, the Client should also obtain details about the specific financial instrument they wish to trade from the Company's website. The Client acknowledges and understands that commissions and other charges may change at any time, and it is their sole responsibility to stay updated by regularly visiting the Company's website.

2. RISKS PARTICULARLY ASSOCIATED WITH TRANSACTIONS IN CFDs

(a) The Client should be aware that when purchasing Derivative Financial Instruments such as options, futures, forwards, swaps, and Contracts for Difference (CFDs), there are risks involved, including the potential loss of invested funds, as well as additional commissions and expenses.

(b) It is important for Clients who are interested in investing in CFDs to carefully read and understand the risks associated with them. However, it should be noted that this document may not disclose or explain all the risks and significant aspects of dealing in CFDs, and that CFD trading may not be appropriate for everyone.

(c) If the Client does not fully understand the risks involved in trading CFDs, it is advised that they should refrain from trading altogether.

(d) The Client is cautioned about the risks associated with CFDs, which are derivative financial instruments whose prices are derived from underlying assets such as currency pairs, stocks, metals, indices, etc. These instruments and their underlying markets can be highly volatile, with prices fluctuating rapidly and over wide ranges due to unforeseeable events or changing market conditions beyond the control of the Client or the Company. There may be instances where a Client's order cannot be executed at the declared price, resulting in losses or no execution at all. CFD prices are influenced by various factors, including supply and demand relationships, governmental policies, economic events, and market psychology of the underlying market.

Some underlying instruments of CFDs may not have immediate liquidity due to reduced demand, and Clients may not have access to accurate information on their value or associated risks. Trading CFDs is speculative and involves a high level of risk, especially because it is conducted using margin, which covers only a small percentage of the value of the underlying asset being traded. As a result, even small price changes in the underlying assets/products of CFDs can lead to significant or total losses. It's important to understand that when trading with CFDs, the margin held at the Company serves as collateral for maintaining open positions, and it may be lost if the trades result in losses.

Trading in CFDs is suitable only for individuals who: (a) Understand and are willing to accept the economic, legal, and other risks associated with such transactions; and (b) Have the financial capability to withstand losses of their initial margin funds and any additional funds transferred to the Company to maintain their positions. When trading CFDs, you are placing trades based on prices set by the liquidity provider. The prices quoted to you by the Company, as received from its liquidity provider, will include spreads, mark-ups, or mark-downs compared to prices the Company may receive in the interbank market or with another counterparty. It's important to note that the total impact of spreads may be significant relative to the size of the margin you post, which could make it challenging for you to realize profits from your trading. Therefore, it's crucial to carefully consider the effect of spreads, mark-ups, or mark-downs on your ability to profit from trading CFDs.

CFD trading is characterized by the availability of "gearing" or "leverage," which refers to the funds required by the Company for you to provide when opening a position compared to the notional size of the trade you can enter into. This feature means that even with a small margin deposit, you can experience both large losses and gains. It's important to note that a relatively small movement in the underlying asset's price can result in a proportionately much larger movement in the size of your losses or profits, which can work against you as well as for you. It's possible to lose all the amounts you deposit with the Company as margin. Placing certain orders, such as "stop-loss" or "limit" orders, to limit losses to specific amounts may not always be effective due to market conditions or technological limitations that may prevent the execution of such orders. Additionally, for all orders, including guaranteed stop-loss orders, you may sustain the loss that your order is intended to limit in a short period of time. In some cases, the execution of a stop-loss order may be worse than its stipulated price, resulting in larger than expected losses. You are responsible for paying to the Company all losses you sustain, as well as all other amounts payable under the terms and conditions for CFDs trading. If you decide to engage in CFDs, you must accept the degree of risk associated with it and be prepared to manage potential losses accordingly.

CFD transactions involve a contingent liability, and it's important for the Client to understand the implications of this, particularly with regard to the margining requirements of the liquidity provider. Clients are required to deposit funds in their trading account in order to open a position, and the margin requirement will depend on the underlying instrument of the CFDs. Margin requirements can be fixed or calculated based on the current price of the underlying instrument, as per the Agreement. It's the responsibility of the Client to monitor their account and be aware of their margin requirements. They may need to deposit additional funds to maintain their positions or reduce exposure. If the margin capital in the account is insufficient to hold current positions open, the Client may be asked to deposit additional funds at short notice or reduce their exposure. Failure to do so within the time required in the margin call may result in the liquidation of positions at a loss, and the Client will be liable for any resulting deficit. It's important for the Client to be aware of the margin requirements and to closely monitor their account to avoid potential liquidation of positions and associated losses. Clients should fully understand the margining requirements and be prepared to meet them in a timely manner to effectively manage their positions and associated risks in CFD trading.

CFD transactions are not conducted on a recognized or designated investment exchange, but rather through the Company's trading systems, which may expose the Client to greater risks compared to exchange transactions. While some off-exchange markets may be highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risks because there is no exchange market on which to close out an open position. This may make it difficult to liquidate an existing position, assess the value of the position arising from an exchange transaction, or assess the exposure to risk. Bid prices and ask prices may not be quoted, and even if they are, they will be established by the counterparty in these instruments, making it difficult to establish a "fair price". The Client may only engage in CFDs trading with the Company in the underlying assets (currencies and commodities) that are offered by the Company, and the Company does not undertake to continue offering all such underlying assets. The prices of CFDs are derived from the prices of the underlying assets/markets and come from the relevant liquidity provider. The Company has no control over movements in the underlying prices, which may be volatile and unpredictable. These movements will affect the Company's liquidity provider's prices, and may impact the Client's ability to open or close a position, as well as the price at which they can do so. It's important to note that the Company may have access to information that is not available to the Client and may have acquired trading positions at prices that are not available to the Client. The Company does not undertake any obligation to provide the Client with market or other information it possesses, nor to alter or refrain from its own trading, subject to its Best Execution Policy. It's also important to be aware that some CFDs may not become immediately liquid, and as a result, the Client may not be able to sell them easily or obtain information on their value or the extent of associated risks. It's crucial for the Client to fully understand the risks and implications of CFD trading, including the unique characteristics of off-exchange transactions and the potential limitations in obtaining information or liquidating positions.

3. THIRD PARTY RISKS

The Client is warned about the following third-party risks, which are in effect unless otherwise specified in the Agreement:

(a) The Company may transfer money received from the Client to a third party, such as a liquidity provider, in order to effect a transaction or to satisfy the Client's obligation to provide collateral, such as an initial margin requirement, in relation to a transaction. The Company has no responsibility for any acts or omissions of any third party to whom it transfers money received from the Client.

(b) The third party to whom the Company transfers money may hold it in an omnibus account, and it may not be possible to separate it from the Client's money or the third party's money. In the event of insolvency or any other analogous proceedings in relation to that third party, the Company may only have an unsecured claim against the third party on behalf of the Client. This exposes the Client to the risk that the money received by the Company from the third party is insufficient to satisfy the Client's claims in respect of the relevant account. The Company does not accept any liability or responsibility for any resulting losses.

(c) The Company may deposit Client money with a depository who may have a security interest, lien, or right of set-off in relation to that money.

(d) The Company is required to hold the Clients' money in an account that is segregated from its own money, but this may not afford complete protection in the event of default of the third party where the Client money is held. These risks highlight the potential vulnerabilities and limitations in the handling and transfer of Client money to third parties, and the possible implications in the event of insolvency or default of such third parties. The Client should be aware of these risks and carefully consider them before engaging in CFD trading with the Company. It is advisable for the Client to seek professional financial advice and fully understand the implications and consequences of these third-party risks.

4. TAXES

The Client is warned of the following:

(a) There is a risk that the Client's trades in Financial Instruments may be or become subject to tax and/or any other duty, for example due to changes in legislation or the Client's personal circumstances. Tax laws and regulations vary by jurisdiction and may change over time, and the Client should be aware of the potential tax implications of their trades.

(b) The Agreement or the transactions undertaken under the Agreement may be subject to tax and/or any other stamp duty in certain jurisdictions, and the Company does not warrant that no such tax and/or any other stamp duty will be payable. The Client should be aware of the tax laws and regulations in their relevant jurisdiction(s) and seek professional tax advice if needed.

(c) The Client is responsible for any taxes and/or any other duty which may accrue in respect of their trades. This includes any taxes or duties that may be imposed by relevant authorities or jurisdictions on the Client's trading activities, and the Client should ensure compliance with all applicable tax laws and regulations. These warnings highlight the potential tax implications and responsibilities of the Client in relation to their trades in Financial Instruments. It is important for the Client to understand and comply with all relevant tax laws and regulations in their jurisdiction(s), and seek professional tax advice if needed to ensure proper compliance and to understand the potential tax consequences of their trading activities.

5. TECHNICAL RISKS

The Client is notified of additional technical risks, apart from those outlined in the Agreement:

(a) The Client, rather than the Company, will bear the responsibility for financial losses arising from failures, malfunctions, interruptions, disconnections, or malicious activities affecting information, communication, electricity, electronic, or other systems.

(b) As the Client conducts transactions on an electronic system, there are inherent risks associated with the system, such as potential hardware, software, server, communication line, or internet failures. The consequence of such failures could be that the Client's order is not executed as per their instructions, or not executed at all. The Company bears no responsibility for any such failures.

(c) The Company assumes no liability if unauthorized third parties gain access to Client information, including electronic addresses, electronic communication, and personal data, due to the Client's negligence or during transmission between the Company and the Client or any other party using internet or other network communication facilities, telephone, or any other electronic means or post.

(d) The Client acknowledges that unencrypted information transmitted via email is not safeguarded against unauthorized access. (e) During periods of high deal flow, the Client may encounter difficulties in connecting over the phone or through the Company's system(s), particularly in volatile markets (such as when significant macroeconomic indicators are released).

(f) The Client recognizes that the internet may be susceptible to events that could impact their access to the Company's system(s), including but not limited to interruptions or transmission blackouts, software and hardware failures, internet disconnections, public electricity network failures, or hacker attacks. Unless otherwise specified in the Agreement, the Company bears no responsibility for any damages or losses arising from such events that are beyond its control, or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) resulting from the

Client's inability to access the Company's systems or delays or failures in sending orders or conducting transactions.

(g) The Client is cautioned that while engaging in trading on an electronic platform, there are risks of financial loss that may arise from various factors, including but not limited to: failure of the Client's devices, software, or poor quality of connection; hardware or software failures, malfunctions, or misuse on the part of the Company or the Client; improper functioning of the Client's equipment; incorrect settings of the Client's Terminal; and delayed updates of the Client's Terminal.

(h) Regarding the use of computer equipment, data and voice communication networks, the Client bears sole responsibility for the following risks, among others, for which the Company has no liability for resulting losses (unless otherwise specified in the Agreement): power cuts affecting the Client's or provider's equipment, or communication operator (including voice communication) that serves the Client; physical damage or destruction of communication channels linking the Client and provider (communication operator), provider, and the Client's trading or information server; communication outages or unacceptably low quality of communication via the channels used by the Client or the provider, or communication operator (including voice communication) used by the Client; incorrect or inconsistent settings of the Client Terminal; untimely updates of the Client Terminal; risks associated with carrying out transactions via telephone (landline or cell phone) voice communication, including problematic dialling due to communication quality issues and communication channel loads when trying to reach an employee of the broker service department of the Company; risks associated with the use of communication channels, hardware, and software, including the risk of not receiving messages (including text messages) from the Company, malfunction or non-operability of the trading system (platform), including the Client Terminal, and communication outages or unacceptably low quality of communication via the channels used by the Company, including physical damage or destruction of communication channels by third parties.

6. FORCE MAJEURE EVENTS

In the event of a Force Majeure Event, which refers to unforeseen circumstances or events beyond the control of the Company that prevent it from arranging for the execution of Client Orders or fulfilling its obligations under the agreement with the Client, the Company may not be able to carry out its responsibilities as agreed. As a result, the Client may experience financial losses, and the Client acknowledges and accepts the risk of such financial losses. Further details regarding Force Majeure Events can be found in the Agreement.

7. INSOLVENCY

If the Company becomes insolvent or defaults, it may result in positions being liquidated or closed out without the Client's consent. In such cases, the Client may experience losses due to the insolvency of the Company.

8. FOREIGN CURRENCY

The Client should be aware that when trading a Financial Instrument in a currency other than the currency of their country of residence, changes in exchange rates may negatively impact the value, price, and performance of the instrument, which may result in losses for the Client. Additionally, if the Financial Instrument has a currency as its underlying asset, the potential for profit or loss from transactions on foreign markets is also influenced by exchange rate fluctuations. The Client should also note that some currencies may be traded irregularly or infrequently, making it uncertain whether a price will be quoted at all times or if transactions can be executed at the quoted price due to the absence of a counterparty.

9. ABNORMAL MARKET CONDITIONS

The Client acknowledges that during Abnormal Market Conditions, the execution period of Orders may be extended, or it may be impossible for Orders to be executed at declared prices, or they may not be executed at all. Additionally, there may be situations, movements, or conditions that occur during weekends, at the beginning of the week, or intra-day after the release of significant macroeconomic figures, economic or political news, which may cause currency markets to open with price levels that substantially differ from previous prices. In such cases, there is a significant risk that orders issued to protect open positions or open new positions may be executed at prices significantly different from those designated. The Client should be aware of these risks when trading under such conditions.