Novotrend

RISK DISCLOSURE

Beachmont, Kingstown
St. Vincent and the Grenadine
Novotrend LTD
№ 23835 IBC 2017

Warning on risks of investment activity at financial markets and execution of transactions with instruments
Forex and CFD

The purpose of this Notice is to provide a wide range of interested parties with general, but as complete as possible, information about the risks that may arise in connection with the conclusion of transactions on the Forex market and other financial markets, as well as to warn about possible losses (losses) when carrying out operations with Forex and CFD financial instruments.

Please note that due to the variety of situations arising in the financial markets, including Forex, the list of risks in this Notice is not exhaustive and does not disclose all the risks associated with investing in financial instruments of the Forex and CFD markets.

Investment activity with financial instruments of the Forex and CFD markets is characterized by an increased degree of risk, as it implies the execution of transactions using leverage and may result in the loss of not only the expected income from the invested funds, but also the loss of the invested funds. For the purposes of this Notice, risk, when executing transactions with Forex and CFD financial instruments, shall mean the possibility of occurrence of an event, which may or may not lead to the loss of Client's income or loss of invested assets.

This Notice may not disclose all the risks associated with the implementation of investments in financial instruments using margin lending. Should you have any additional questions, please contact the Novotrend staff.

Trading on Forex and other financial markets involves various risks, their classification is shown in Appendix 1 to this Notice.

1. Past investment results cannot be a guarantee of future income.

2. Trading in financial markets with margin financial instruments opens up a wide range of opportunities and allows investors who are willing to take risk to make high profits, but also carries a potentially high risk of losses. Therefore, before starting trading, the choice of an appropriate investment strategy should be made responsibly, taking into account

available resources.

3. Client may lose the initial amount of investment and other additional funds deposited by Client with the Company to open and maintain Client's Open Positions. If the market moves against the Client's Open Positions, the Securities Broker shall be entitled to liquidate the Client's Open Positions in the Client's Account in whole or in part without notice pursuant to clause 4.7 of the Service Regulations which is available at https://novotrend.co/

4. The Client acknowledges that at the moment of unfavorable market situations (for example, release of important news, etc.) difficulties may arise in the dealing procedure via telephone or Internet. At the moment of unfavorable market situations, the execution prices of pending orders may differ from the prices specified in pending orders. In moments of unfavorable situations, it may be difficult to send requests, modify or delete Instructions / Orders. In such situations, the execution time of Instructions / Instructions / Orders may also increase.

5. Customer understands and confirms that the Risk Disclosure Notice cannot disclose all the risks and other important aspects of the use of the Service of conversion arbitrage transactions with Financial Instruments.

6. Client certifies that Client has read the Risk Disclosure Notice from the Company and fully understands all information and warnings mentioned in this notice in a language that Client understands.

7. Customer confirms that this Agreement, the Terms and Conditions of Service, the Terms and Conditions of Service, the Risk Disclosure Notice and all procedures of interaction with the Company have been fully explained to Customer in a language that Customer understands and accepts this Agreement for execution.

This Notice is not intended to force the Client to refuse to perform operations with Forex and CFD financial instruments, but is intended to help the Client to understand and evaluate the risks associated with investing in these financial instruments and to responsibly take balanced investment decisions.

Novotrend

Appendix 1 to the Risk Disclosure Notice

Classification of risks can be done in various ways, in particular, as shown below:

BY SOURCE OF OCCURRENCE:
System risk is the risk associated with the operation of the system as a whole and is not associated with a specific financial instrument. The main system risks include: political risk, risk of unfavorable (from the point of view of business conditions) changes in legislation, macroeconomic risks (sharp devaluation of the national currency, state debt market crisis, banking crisis, currency crisis, etc.). Systemic risks also include the risks of occurrence of force majeure circumstances.

Non-systemic (individual) risk - the risk of a specific financial market participant: investor, forex company, trusted manager, trading system and others.

BY RISK FACTORS:
Economic risk - is the risk of unfavorable events of economic nature. The probability of occurrence of economic risks is usually higher than that of systemic ones. The following types of economic risks are distinguished:

Price risk - the risk of losses from unfavorable price changes. A number of instruments have significant intraday ranges of price changes, which implies a high probability of receiving both profits and losses from trading operations.

Currency risk - the risk of losses from unfavorable changes in currency rates.

Interest rate risk - the risk of losses due to negative changes in interest rates.

Inflation risk - the risk of decreasing purchasing power of money.

Liquidity risk - the possibility of difficulty in selling or buying a financial instrument at a certain point in time, which may also lead to an increase in the spread. A large spread makes it very difficult to use limit stop-orders to limit the scale of losses at position opening (stop-losses). To avoid serious losses, the Client must constantly monitor the financial market situation and be reasonably active in managing his positions.

Legal risk - risk of legal changes (legislative risk) - the possibility of losses with the appearance of new or the change (cancellation) of existing legislation, including tax legislation. Legislative risk also includes the possibility of losses due to the absence of regulations governing activities on the financial market, and in particular on the Forex market.

Social and political risk - the risk of a radical change in the political and economic situation, the risk of social instability, including strikes, the risk of military operations.

Criminal - risk associated with illegal actions of third parties, such as fraud, unauthorized access to computer systems and confidential information, etc.

Operational (technical, technological, personnel) - the risk of direct or indirect losses due to failures of information, communication, electronic, electrical and other systems, or due to errors associated with the imperfection of the market infrastructure, including the technology of operations, management procedures, accounting and control, or due to actions (inaction) of personnel.

Thus, when working with the client terminal, failures may occur due to hardware malfunctions, software failures, incorrect settings, outdated software version or poor quality of communication on the client side. At the moment of peak loads (for example, when economic news is published), the Client must be aware of the possibility of overloading the communication channel and limitation of the possibility to contact the Forex company by phone.

Natural - a risk that does not depend on human activity (risks of natural disasters: earthquake, flood, hurricane, typhoon, lightning strike, etc.).

Man-caused - risk, generated by human economic activity: emergency situations, fires, and others.

ON ECONOMIC CONSEQUENCES FOR THE CLIENT:

Risk of loss of income - the possibility of occurrence of an event that results in partial or total loss of expected income from investments.

risk of loss of invested funds - the possibility of occurrence of an event that results in partial or complete loss of invested funds.

BY THE CUSTOMER'S CONNECTION WITH THE SOURCE OF RISK:

Immediate risk - the source of risk is directly related to any relationship with the Client.
Intermediate risk - a possibility of occurrence of an event unfavorable for the Client at the source, which is not directly related to the Client, but entails a chain of events that eventually lead to losses for the Client.

The following additional specific types of risks arise when the Client executes transactions:

Operations with financial instruments of the Forex and CFD markets, are characterized by an increased degree of risk, because due to the leverage effect, a relatively small change in the rate of the instrument may have a significant impact on the trading account of the Client.

In case the situation on the financial market is unfavorable for the position occupied by the Client on this market, there is a possibility to suffer a loss in the amount of the initial deposit and any additional funds deposited by the Client to maintain open positions, conclude Contracts and execute Deals under the Contract within a relatively short period of time.

Due to conditions in the Forex market, it may be difficult or impossible for the Client to close a position previously opened at a price desired by him. Such situation may arise, for example, in case of rapid price changes.

Stop orders aimed at limiting losses do not always limit losses to a level calculated in advance, as in case of rapid price changes in the market the execution price of the transaction may differ significantly from the stop price for the worse.