

RISK DISCLOSURE

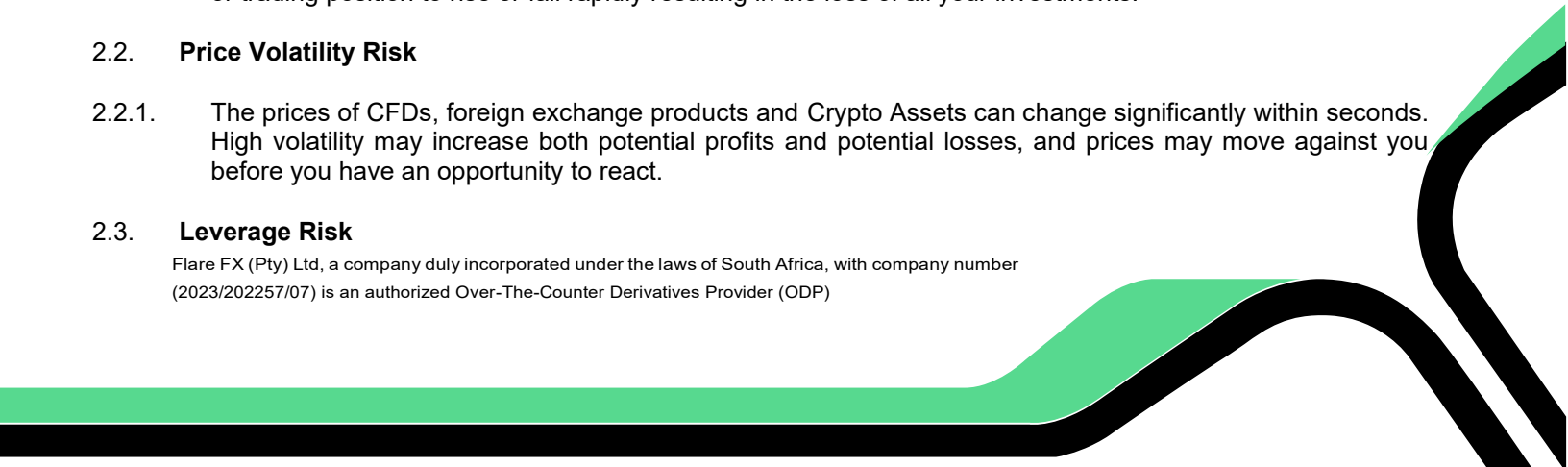
1. PURPOSE OF THIS RISK DISCLOSURE

- 1.1. This Risk Disclosure explains the material risks associated with using the products and services offered by Flare FX (Pty) Ltd, trading as FlareX ("**FlareX**", "**we**", "**us**" or "**our**"). It is intended to help Clients and prospective Clients understand the risks before entering into any transaction.
- 1.2. **Understanding the Risks**
 - 1.2.1. Trading in Contracts for Difference ("**CFDs**"), other over-the-counter ("**OTC**") derivatives, foreign exchange products and Crypto Assets involves significant financial risk. These products are not suitable for every Client, and you should only trade if you fully understand how they work.
- 1.3. **Not Every Risk Can Be Listed**
 - 1.3.1. This document highlights the most important risks but cannot describe every possible risk that may arise when using FlareX's services.
- 1.4. **Consider Your Financial Circumstances**
 - 1.4.1. Before entering into any transaction, you should carefully consider your financial circumstances, investment objectives, knowledge and experience. You should seek independent professional advice if you are unsure whether a product is suitable for you.
- 1.5. **Risk of Losing Your Investment**
 - 1.5.1. Trading in leveraged products may result in substantial losses, including the loss of all the money you may have invested into a transaction. You should never trade with money that you cannot afford to lose.
- 1.6. **FlareX's Different Regulatory Roles**
 - 1.6.1. Depending on the product you use, FlareX may act either as an Over-the-Counter Derivative Provider ("**ODP**") or as an authorised Financial Services Provider ("**FSP**") and Crypto Asset Service Provider ("**CASP**"). Where you trade an OTC derivative such as a CFD, FlareX acts as your contractual counterparty. Where you receive authorised financial services relating to Crypto Assets themselves, FlareX acts in its FSP/CASP capacity.

2. TYPES OF RISKS

- 2.1. **Market Risk**
 - 2.1.1. Financial markets can move unexpectedly due to economic news, political events, interest rate changes, inflation, natural disasters or other market events. These movements can cause the value of your investment or trading position to rise or fall rapidly resulting in the loss of all your investments.
- 2.2. **Price Volatility Risk**
 - 2.2.1. The prices of CFDs, foreign exchange products and Crypto Assets can change significantly within seconds. High volatility may increase both potential profits and potential losses, and prices may move against you before you have an opportunity to react.
- 2.3. **Leverage Risk**

Flare FX (Pty) Ltd, a company duly incorporated under the laws of South Africa, with company number (2023/202257/07) is an authorized Over-The-Counter Derivatives Provider (ODP)

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- 2.3.1. OTC derivatives will allow you to trade with leverage. Leverage enables you to control a larger position than the amount you deposit as margin. While this can increase profits, it also increases losses. A relatively small market movement may result in a significant financial loss.

2.4. **Margin Risk**

- 2.4.1. Certain products require you to maintain sufficient margin in your trading account. If your available margin falls below the required level, this may lead to the reduction or closure of your positions in accordance with your Client Agreement. You should not assume that you will always receive a margin call before this happens.

2.5. **Liquidity Risk**

- 2.5.1. There may be times when there are not enough buyers or sellers in the market. During these periods, it may become difficult to open or close a position at your preferred price, and execution may occur at a less favorable price.

2.6. **Counterparty Risk**

- 2.6.1. When FlareX acts as an ODP, FlareX is your contractual Counterparty. This means your rights and obligations arise from your Agreement with FlareX, even where FlareX uses liquidity providers or hedging counterparties to manage its own market exposure.

2.7. **Execution Risk**

- 2.7.1. The price displayed on a trading platform is not always the exact price at which your trade will be executed. Market movements, volatility, liquidity and network delays may result in your order being executed at a different price.

2.8. **Slippage and Gap Risk**

- 2.8.1. Sometimes markets move so quickly that prices "jump" from one level to another without trading at every price in between. This is known as a price gap. Slippage occurs when your order is executed at a different price from the one you expected.

2.9. **Foreign Exchange Risk**

- 2.9.1. If your transaction involves foreign currencies, changes in exchange rates may affect the value of your investment. Currency movements can increase losses as well as gains.

2.10. **Funding and Financing Risk**

- 2.10.1. Certain products may attract overnight funding charges, financing costs, spreads, commissions or currency conversion fees. These costs can reduce your overall returns, particularly if positions remain open for extended periods.

2.11. **Crypto Asset Risk**

- 2.11.1. Crypto Assets are highly volatile and can experience extreme price movements within a short period. A Crypto Asset may lose a substantial portion of its value or, in some cases, become worthless.

2.12. **Blockchain Technology Risk**

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2.12.1. Crypto Assets rely on blockchain and distributed ledger technology. Network congestion, software errors, protocol changes or technical failures may delay or affect transactions.

2.13. Wallet and Private Key Risk

2.13.1. Where Crypto Assets involve wallets or private keys, losing access to those credentials may result in the permanent loss of access to the relevant assets. Clients should understand how wallet security works before using crypto-related services.

2.14. Cybersecurity Risk

2.14.1. Online trading platforms may be exposed to cyber threats such as hacking, phishing, malware or unauthorized access. Clients should take appropriate security measures, including protecting passwords and enabling available security features.

2.15. Technology and Systems Risk

2.15.1. Trading depends on internet connections, software, hardware and third-party technology. Technical failures, power outages, platform interruptions or communication failures may prevent you from accessing your account or executing transactions.

2.16. Operational Risk

2.16.1. Human error, internal process failures or failures involving service providers may affect the processing, settlement or management of transactions.

2.17. Third-Party Service Provider Risk

2.17.1. FlareX may use banks, payment providers, liquidity providers, custodians and technology providers. A disruption affecting one of these third parties may affect certain services available to clients.

2.18. Fraud and Scam Risk

2.18.1. Fraudsters may attempt to impersonate FlareX through fake websites, emails, phone calls or social media. Clients should verify communications via regulated channels or verifiable channels before sharing personal information or making payments.

2.19. Regulatory and Legal Risk

2.19.1. Financial markets and crypto assets are subject to changing laws and regulations. Future regulatory changes may affect the availability, operation or value of certain products or services.

2.20. Force Majeure Risk

2.20.1. Events beyond FlareX's reasonable control, including natural disasters, war, civil unrest, power failures, telecommunications failures or government action, may disrupt trading or the provision of services.

2.21. Market Data Risk

2.21.1. Prices, charts and market information provided through trading platforms may occasionally be delayed, incomplete or inaccurate. Clients should understand that market information is not guaranteed to be error

free.

2.22. **Past Performance Risk**

- 2.22.1. Past performance does not guarantee future performance. Historical prices, charts, back-tested results or simulated trading results should not be relied upon as an indication of future returns.

2.23. **Product Complexity Risk**

- 2.23.1. OTC derivatives and CFDs are complex financial instruments. Before trading, you should understand how the product works, how profits and losses are calculated, how leverage affects your position and when your position may be closed.

2.24. **Loss of Capital Risk**

- 2.24.1. Depending on market conditions and the product traded, you may lose some or all of the money committed to an investment. You should only trade with funds that you can afford to lose.

2.25. **No Ownership of the Underlying Asset Risk**

- 2.25.1. If you trade a CFD that references a crypto asset or another underlying asset, you gain exposure to price movements but do not automatically own the underlying asset itself. This distinction is important because your rights differ from those of a person who owns the asset directly.

3. **RISK ACKNOWLEDGEMENT**

- 3.1. By using FlareX's products or services, you acknowledge that you have read and understood this Risk Disclosure.
- 3.2. You understand that trading involves significant financial risk and that you may lose all or part of your investment.
- 3.3. You acknowledge that FlareX's regulatory authorisations do not guarantee the performance or profitability of any investment or protect you from market losses.
- 3.4. You understand that different products may involve FlareX acting in different regulatory capacities and that the applicable client agreement and product documentation govern your relationship with FlareX.
- 3.5. You accept responsibility for making informed decisions and for ensuring that any product or service you use is appropriate for your own financial circumstances.

Version:1.2