

## **General Risk Disclosure**

Colmex Pro Ltd (hereinafter called the “Company”) is an Investment Firm regulated by the Cyprus Securities and Exchange Commission (license number 123/10). This notice is provided to the client in accordance with the Markets in Financial Instruments Directive (MiFID) of the European Union.

The Company does not and cannot guarantee the initial capital of the Client’s portfolio or its value at any time or any money invested in any financial instrument.

The Client should unreservedly acknowledge and accept that regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts and declares that he is willing to undertake this risk.

The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the feature risks involved for each one of the Financial Instruments.

The Client should declare that he has read, comprehends and unreservedly accepts the following:

- i. 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 Instrument to which the said information refers.
- ii. Some Financial Instruments may not become immediately liquid as a result, for example, 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.
- iii. 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 rate may have a negative effect on its value, price and performance.
- iv. 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.
- v. 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, stock market indices or share prices called the underlying instrument.
- vi. The value of the derivative financial instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.

- vii. 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 commission and other expenses incurred.
- viii. The Client acknowledges and accepts that there may be other risks which are not contained above.

The Client should take the risk that his trades in Financial Instruments may be or become subject to tax and/or any other duty, for example, because of changes in the 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 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, the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

In order to comply with the Markets in Financial Instruments Directive (MiFID) of the European Union, the Company must classify the prospective client as Retail Client, Professional Client or Eligible Counterparty when considering the application for opening an account, based on the information provided to the Company.

Prior to applying for an account the Client should consider carefully whether investing in a specific Financial Instrument is suitable for him in the light of his circumstances and financial resources. Investing in some Financial Instruments entails the use of “gearing” or “leverage”. In considering whether to engage in this form of investment, the Client should be aware of the following:

- i. The high degree of “gearing” or “leverage” is a particular feature of Derivative Financial Instruments. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client’s trade. If the underlying market movement is in the Client’s favor, the client may achieve a good profit but an equally small adverse market movement cannot only quickly result in the loss of the Clients’ entire deposit but may also expose the Client to a large additional loss.

Specifically, with regards to transactions in Spot Forex and Commodities with the company, Spot Forex and Commodities are non-delivery spot transactions giving an opportunity to make profit on changes in currency rates and on Commodity versus currency rate. The Client must not trade in Forex or Commodities 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.

- ii. The Client may be called upon to deposit substantial additional margin, at short notice, to maintain his position(s). If the Client does not provide such additional funds within the time required, his investment position may be closed.

With regards to transactions in Financial Instruments, the Company has the discretionary right to start closing positions when the margin decreases to approximately 50%, and automatically close all positions at market prices if margin drops below 10%.

- iii. Transactions may not be undertaken on a recognized or designated exchange and accordingly, they may expose the client to greater risks. The terms and conditions and trading rules may be established solely by the regulations governing the respective Execution Venue. The Client may only be able to close an open position of any given Financial Instrument during the opening hours of the exchange. The Client may also have to close any position with the same counterparty with whom it was originally entered into.
- iv. The Company may not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which the Client has enquired regarding, amongst others, transaction procedures, potential risks involved and how those risks may be minimized.
- v. The Company is required to hold the Client's money in an account that is segregated from other clients and the Company's money in accordance with current regulations, but this may not afford complete protection.

**Trading Is Considered Risky And Speculative.** Clients are ultimately responsible for all of the losses suffered in their account. As a consequence, Clients should be prepared to lose all funds which they deposited. Clients are also responsible for losses that exceed their profits and deposits. Clients should never fund their trading activities with retirement savings, loans, mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required for current income or present or future medical expenses.

**Competition and Sophistication.** Trading requires in-depth knowledge of the securities markets, trading techniques and strategies. In attempting to profit from Trading, Traders compete with Professional traders, market-makers, etc. and therefore, a high level of investment and trading experience is necessary. No guarantees are offered or represented by the Company regarding the returns that can be expected from Trading.

**Use of Leverage or Margin May be a Speculative and Costly Strategy** since Leverage increases the effect of change in securities prices.

**Short Selling is considered a Risky Strategy.** In general, people think of investing as buying an asset, holding it while it appreciates in value and then eventually selling it to make a profit. Shorting is the opposite: an investor makes money only when a shorted security falls in value. Short selling as part of trading strategy is extremely risky. Some of the more common risks of short selling include:

**Knowledge of Our Trading Software.** Traders must be knowledgeable in the use and functionality of the Trading software provided by the Company or by any third-party provider, in order to correctly interpret account information and to be able to place orders correctly. Clients are responsible for all orders placed in their account, regardless of their understanding of the system functionality. If a trader does not have complete understanding of the way the system operates, he should not trade before obtaining the required knowledge.

**Overnight Positions are Risky.** Holding large positions in volatile securities, especially after the close of the market, may result in considerable losses. Opening prices (next day) for such securities can be significantly different from the previous day's closing prices. Also, trading in such securities can unexpectedly be halted during trading hours for a variety of reasons and prices can vary dramatically at the re-opening of trading with no interim capabilities of trading during such time periods. Such price changes may significantly change the result of stop-loss orders.

**Electronic Trading Requires Some Degree of Sophistication.** Persons who are relatively new to electronic trading should strictly limit both the number of trades they do and the size of their trades to reduce the risk of losses during the learning process.

## General Information and risks of particular Financial Instruments and the Foreign Exchange Market

### EQUITIES (SHARES)

A share is a certificate evidencing the rights of the shareholder, to whom it is granted, in a company. Share may take bearer or registered form. One share of stock represents a fraction of the share capital of a corporation.

Characteristics:

- ✓ Yield: dividend payments and increases in value of the financial instrument are possible;
- ✓ Shareholder's rights: financial and ownership rights; those rights are determined by the law and the articles of incorporation of the issuing company;
- ✓ Transferability: unless otherwise provided by the law, the transfer of bearer shares does not, as a matter of principle, require any formalities, as opposed to the transfer of registered shares which is often subject to limitations.

### Risk

#### Risk of capital loss

Investors are able to redeem the value of their share investment by trading them on the share market. When a company is not doing well, it may be difficult to find a buyer to purchase the shares at the price you are asking. As a result, the sale price may be lower than the original purchase price.

#### Volatility risk

Share prices can rise and fall rapidly and investors must accept the fact that the value of their shares may fluctuate by as much as 50 per cent or more in a year. General market risk can relate to a particular sector, e.g. mining shares are usually more volatile than industrial shares such as bank shares. Specific risk can relate to the performance of an individual share.

#### Timing risk

Because of market cycles, some shares have a higher degree of risk when the overall share market has risen sharply and is set for a reaction. The opposite may apply when the market has gone into a strong decline and then starts to recover after showing some signs of stabilising. Not all sectors of the market follow the same price cycles. Understanding business cycles and how different companies perform during the different phases of the business cycle can help to manage the effects of timing risk.

## CONTRACTS FOR DIFFERENCES (CFDS) ON SECURITIES, INDICES AND FUTURES TRADED IN FOREIGN MARKETS

A CFD is a legally binding agreement between two parties to purchase or sell, and subsequently sell or purchase a contract, priced on the basis of a certain underlying asset and valued as a specific quantity of the underlying asset. A person who buys a CFD is said to be “long” the contract. A person who sells a CFD is said to be “short” the contract. A CFD is a leveraged ‘derivative’ financial product.

#### Characteristics:

- ✓ CFDs are derivatives because their value is derived from the value of another asset (for example, a share, commodity or market index) CFDs do not have an expiry date like options or futures contracts.
- ✓ A CFD can only be closed by making a second, ‘reverse’ trade. If you trade CFDs, you are putting potentially very high amounts of your own money at stake.

#### Risks:

- ✓ Investment risk  
This is the risk that investment markets move against you.
- ✓ Counterparty risk  
This is the risk that the CFD provider or counterparty to a trade fails to fulfil their obligations to you. Trading CFDs exposes you not only to the risk of the CFD provider failing to act as promised, but you could also lose money if other companies the provider deals with, or other clients, fail to meet their obligations.
- ✓ Client money risk  
This is the risk of losing some or all of your money held by the CFD provider.
- ✓ Liquidity, gapping and execution risks  
Market conditions and the mechanics of trading might mean you cannot make trades when you would like to, or that your trades are not filled at the price you expect.

## FUTURES

Futures are contracts traded on a stock-exchange and standardized as regards the quantity of the underlying asset and as regards the maturity date of the transaction. Over-the-counter (OTC) or forward contracts are contracts that are not traded on a stock-exchange and which may be standardized or individually negotiated between purchaser and seller.

#### Characteristics:

- ✓ Initial required margin: be it a future purchase or sale of an underlying asset, an initial margin is fixed when the contract is concluded. This margin is generally expressed in percentage of the value of the contract;
- ✓ Variation margin: during the entire life of the contract, a variation margin is periodically determined and required from the investor. It represents the accounting benefit or loss, derived from the modification of the contractual price or the price of the underlying asset. The variation

margin may exceed the initial required margin by far. The computation method for the variation margin, be it during the life of the contract or at closing, depends on the stock-exchange rules and on the specific contractual provisions of each contract. The investor must immediately provide the bank with variation margin upon request from the latter

- ✓ Liquidation: in general, the investor may, at any time during the life of the contract, sell off or liquidate the contract before maturity, either by selling the contract or by entering into an opposite contract as regards the delivery and reception obligations. In this latter case, the provisions of the opposite contract will be such as the delivery and reception obligations arising from both contracts cancel one another out. The liquidation puts an end to the risk positions incurred: gains and losses accumulated until liquidation are realized;
- ✓ Settlement: contracts that have not been sold off until settlement must be performed by the relevant parties. Contracts having as underlying tangible property assets may be performed by effective delivery of the assets as well as by cash settlement (although physical delivery settlement is more common) while contracts having as underlying reference rates (to the exception of currencies) cannot be performed by actual delivery of the underlying. In case of an effective delivery of the underlying, the contractual obligations need to be performed in full, whereas for cash settlement contracts, only the difference between the price agreed upon when concluding the contract and the market price upon performance of the contract is payable.

#### Risks:

- ✓ Modification of the value of the contract or the underlying asset. The investor incurs a risk if the evolution of the actual value of the contract or of the underlying is not in line with the evolution forecasted by the investor when concluding the contract.
- ✓ Difficult or impossible sell off In order to limit excessive price fluctuations, a stock-exchange may fix price limits for certain contracts. In such a case, the investor has to keep in mind that, whenever a price limit is reached, it may be very difficult if not momentarily impossible to sell off the contract. Thus, every investor should, before entering into a forward contract, make an inquiry concerning the existence of such limits. It will not always be possible (depending on the market and the terms and conditions of the transaction) to sell off contracts at any moment in order to avoid or to reduce the risks of a pending transaction. Stop-loss transactions, if they are possible, may only be performed during office hours of the bank. They do not allow to limit losses to the indicated amount, but they will be performed once the threshold is reached in the market and they become at that time an order to perform such a transaction at the then current market price.
- ✓ Purchase of the underlying in case of short sale To sell an underlying on a forward basis without owning it when concluding the contract (short sale) entails the risk that the seller will have to buy the underlying asset at an extremely unfavorable market price in order to be able, upon maturity,

to perform his obligation to deliver effectively the underlying.

- ✓ Specific risks associated to over-the-counter transactions (OTC) for standardized OTC transactions, the market is in general transparent and liquid. Therefore, the selling off of contracts can normally be done. However, no market exists for OTC transactions agreed individually between the purchaser and the seller. That is why the closing-out is only possible with the agreement of the other party.
- ✓ Specific risks associated to forward exchange products  
A forward exchange transaction allows the selling or the purchase of a currency at a future date and at a price fixed when the contract is concluded.

### Foreign Exchange Market

The foreign exchange market (forex, FX, or currency market) is a global, worldwide-decentralized financial market for trading currencies. It is the world's largest financial market, with over \$2 trillion traded daily. The foreign exchange market determines the relative values of different currencies.

The two currencies being traded are called a currency pair and each currency pair has its own particular exchange rate, which changes throughout the day. This means the investor is speculating on the currency exchange rate to fluctuate either up or down, and aims to profit from these movements. For example, in a transaction Swiss Francs (CHF) may be purchased while US dollars (USD) are sold; or Great British pounds (GBP) may be purchased while Japanese Yen (YEN) are sold. When investors trade Forex they are actually engaging in a transaction of two currencies in which one is bought (long) and the other is sold (short).

#### Risks:

- ✓ High degree of leverage In forex margin trading, investors leverage money from a broker to trade assets that are worth more than the capital they have in their account to cover some or all of the credit risk. There is an element of risk involved in margin trading; since traders are holding positions that exceed the actual value of their account, substantial losses can be incurred should the move against the trader's position. When taking part in margin trading, close monitoring of margin utilization (the collateral being used to hold a margined position) is recommended. Positions must be closed, reduced or enhanced with additional funds in the case that margin utilization drops below the minimum margin requirement.

### Complex Instruments Warning

A simplified description of Complex Instruments is that they comprise of all forms of financial instruments except from securities and bonds (non-complex instruments). Their wide definition includes futures, warrants, swaps, options, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields.



Complex Instruments are derivative products for which special risks apply. This notice is provided to you as a retail client in compliance with the rules of the Cyprus Securities and Exchange Commission. This notice cannot disclose all the risks and other significant aspects of complex instruments. You should not deal with complex instruments unless you understand their nature and your exposure to risk. You should be satisfied that the product is suitable for you in the light of your circumstances and financial position.

Although complex instruments can be utilized for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should first make acquainted yourself with the risks associated with the investments. Independent financial advice is necessary if you are unsure whether such complex instruments are appropriate for you.

### **Risks of Trading Pre-Market and After-Market hours**

While after-hours trading presents investing opportunities, there are also the following risks for those who wish to participate:

**Lack of Liquidity.** Liquidity refers to your ability to convert stock into cash. That ability depends on the existence of buyers and sellers and how easy it is to complete a trade. During regular trading hours, buyers and sellers of most stocks can trade readily with one another. During after-hours, there may be less trading volume for some stocks, making it more difficult to execute some of your trades. Some stocks may not trade at all during extended hours.

**Larger Quote Spreads.** Less trading activity could also mean wider spreads between the bid and ask prices. As a result, you may find it more difficult to get your order executed or to get as favorable a price as you could have during regular market hours.

**Price Volatility.** For stocks with limited trading activity, you may find greater price fluctuations than you would have seen during regular trading hours

**Uncertain Prices.** The prices of some stocks traded during the after-hours session may not reflect the prices of those stocks during regular hours, either at the end of the regular trading session or upon the opening of regular trading the next business day.

**Bias Towards Limit Orders.** The Company's electronic trading systems currently accept only limit orders, where you must enter a price at which you would like your order to be executed.

**Risk of News Announcements.** Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading and combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

**Competition with Professional Traders.** Many of the after-hours traders are professionals with large institutions, such as mutual funds, who may have access to more information than individual investors.

**Computer Delays.** As with online trading, you may encounter during after-hours delays or failures in getting your order executed, including orders to cancel or change your trades.

There is a possibility that a client's order placed during regular market hours will be executed within 5 minutes after the market is closed (after-market hours). In such a case all the risks mentioned above regarding trading after-market hours apply and the risk remains with the client.

## DISCLOSURE NOTICE IN TERMS OF THE FINANCIAL ADVISORY & INTERMEDIARY SERVICES ACT NO. 37 OF 2002 (“FAIS”) FOR RISK FINANCE SOLUTIONS

IMPORTANT – PLEASE READ CAREFULLY

**COLMEX PRO LIMITED** is a licensed Financial Services Provider with license number 46990. A copy of the license is available on the Company’s official website.

### 1. Contact details

**Address:**

117 Makariou III Avenue & Sissifou (ex Lefkosias-Limnazousas) Street, Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol, Cyprus

**General Support:**

Tel. +357 25 030036  
[www.colmexpro.com](http://www.colmexpro.com)

### 2. Authorised key individuals and representatives

Colmex Pro has duly authorised the following individuals to render intermediary services as defined in terms of FAIS in respect of the following FAIS Product Categories:

Key Individuals and Representative	Product Categories
Meir Barak	Securities and Instruments: Shares Securities and Instruments: Derivative Instruments

Colmex Pro has the necessary controls and procedures in place as to ensure that the Key Individual and Representative comply with the prescribed FAIS Fit and Proper Requirements (which includes experience, qualifications, regulatory examinations and honesty and integrity requirements). We confirm that our representative is not rendering services under supervision as defined in the Determination of Fit and Proper requirements. The representative listed above is a permanent employee of Colmex Pro and is remunerated on a fixed salary basis.

Colmex Pro accepts full responsibility for the activities performed by our representative within the scope of his employment agreement.

### 3. Exemptions with regard to any matter covered by the FAIS Act

No specific exemption was granted to Colmex Pro by the Registrar.

### 4. CFDs

The Company offers CFD’s – Contracts for Difference which is a financial instrument that allows traders to invest into an asset class without actually owning the asset. CFDs should only be provided by an authorised financial services provider, although it is not currently specifically regulated by the FSB, and the CFD industry in South Africa is not regulated through an exchange.

117 Makariou III Avenue & Sissifou Street, Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol, Cyprus

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## 5. Fees and charges

Please refer to our [Contract Specifications](#) for more detail on our fees and charges.

## 6. Compliance with Financial Advisory and Intermediary Services Act

Compliance with the FAIS Act is monitored by our external compliance officer Anél Naudé, who is contactable on Telephone number: 0861 273 783 or via email: [anel@compli-serve.co.za](mailto:anel@compli-serve.co.za).

## 7. Confidentiality

Where applicable all your personal information will be treated as confidential and will not be made available by us any unauthorized third parties unless so authorised by the client beforehand or if we are required to divulge such information in the public interest or under any law. The Company will handle all of the Client's personal data according to the relevant Laws and Regulations for the protection of Personal Data. Client's Personal Information may be stored on computed records and will not be disclosed to any third parties, except in cases where the Company is permitted or requested to do so Please refer to our the Terms& Conditions.

## 8. Conflicts of Interest

In accordance with our conflicts management policy, we place a high priority on our clients' interests. We will endeavor to identify, manage and as far as reasonably possible avoid any such instances. A copy of our [Conflicts of Interest Policy](#) is available on our website.

## 9. Complaints

Should you wish to lodge a complaint, you should address your complaint in writing to the Company and as per our [Complaints Handling Procedure](#). Please refer to our website for our full complaints policy.

If you are not entirely satisfied with the manner in which we handled your complaint, you are entitled to refer it to the office of the FAIS Ombud. The Ombud has been created to provide you with a redress mechanism for any **inappropriate financial advice** that you feel may have been given to you by a financial services provider.

### Contact details for lodging a complaint with us:

Postal address: 117 Makariou III Avenue & Sissifou (ex Lefkosias-Limnazousas) Street, Quarter of Apostoloi Petrou & Pavlou, 3021 Limassol, Cyprus  
 Telephone: +357 25 030036  
 Facsimile number: +357 25 030037  
 Email: [compliance@colmexpro.com](mailto:compliance@colmexpro.com)  
 Website: [www.colmexpro.com](http://www.colmexpro.com)

### Contact details of the FAIS Ombud:

Postal address: PO Box 74571, Lynnwood Ridge, 0040  
 Telephone: 012 470 9080  
 Facsimile number: 012 348 3447  
 Email: [info@faisombud.co.za](mailto:info@faisombud.co.za)  
 Website: [www.faisombud.co.za](http://www.faisombud.co.za)

## 10. Professional Indemnity-, Fidelity Insurance or Guarantees

Colmex Pro holds professional indemnity and fidelity insurance underwritten by Howden UK Group Ltd. In addition, the Company is a member of the [Investor Compensation Fund](#). For more information, please refer to our website

## 11. Advice

Colmex Pro does not offer any financial advice to clients. Please seek the assistance of a professional financial advisor to ensure that your investment or trading strategy is appropriate for your individual needs and circumstances. You are hereby requested to read the Company's Legal Documentation, available on our website.

## 12. Financial Intelligence Centre Act (FICA)

Please note that in terms of the Financial Intelligence Centre Act (FICA), we are obliged to report suspicious and unusual transactions that may facilitate money laundering to the authorities.

This disclosure cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in all financial instruments and investment services. The Client may be informed in more detail for the risks involved based on the investment services and financial instruments selected.

Important Notice: Trading securities, foreign exchange, futures, CFDs and other financial instruments carries a high level of risk and may not be suitable for all investors. Leverage can work against you as well as for you and losses may be more than the invested capital. Before you decide to trade the financial products offered by the Company, you should carefully consider your objectives, financial situation, needs and level of experience. By trading, the investment value can both increase and decrease and you could sustain a total loss of your deposited funds, therefore, you should not speculate with capital that you cannot afford to lose. You should be aware of the risks associated with trading in financial products. Trading financial products is suitable for those customers who fully understand the investment risk. The Company recommends you seek advice from a separate financial advisor.