StoneX Europe Ltd
Risk Disclosure Notice
v.5

1. Important information and key risks

This notice is important and should be read carefully before you trade. CFDs are complex products and you may lose money rapidly due to leverage. You should not trade unless you understand how CFDs work, the risks involved, and whether you can afford the high risk of losing your money. This notice provides a general description of key risks only and does not explain every risk or how those risks apply to your specific circumstances.

Execution-only / no advice: unless we expressly agree otherwise in writing, we provide our services on an execution-only basis. We do not provide investment advice, personal recommendations, portfolio management or discretionary management. You are responsible for your own trading decisions.

- **Leverage and margin:** small market moves can have a large impact on your account; you may be closed out if you do not maintain required margin.
- **Risk of losing your investment:** you may lose all the funds you deposit for Retail accounts; for Professional Clients/Eligible Counterparties, losses may (subject to your categorisation, applicable protections and the terms of the Client Agreement) exceed the funds you have deposited.
- **Execution and pricing:** we are the sole execution venue and your trades are OTC; our prices may differ from prices available elsewhere; slippage and gapping may occur.
- **Costs and financing:** spreads, commissions (if applicable), overnight/financing charges and other fees can materially affect returns and may increase losses.
- **Operational/technology risk:** systems failures or connectivity issues may affect your ability to trade and manage risk.
- **Special risks for crypto CFDs:** crypto markets can be extremely volatile and may be affected by exchange disruption and regulatory changes.

Unless separately defined in this notice, capitalised terms have the meanings given to them in the Company's Client Agreement/General Terms and any applicable Supplemental Terms. The firm-specific risk warning (including the percentage of retail investor accounts that lose money when trading CFDs) is published on the Company's website and updated on a quarterly basis where required by applicable regulation.

Costs and charges: further information about the costs and charges associated with CFDs (including spreads, commissions (if applicable) and financing charges) is set out in the Company's Costs and Charges Policy available on the Company's website.

2. Client categorisation and appropriateness

The protections and disclosures that apply to you depend on how you are categorised under applicable rules (e.g., Retail Client, Professional Client or Eligible Counterparty). If you are categorised as a Retail Client, additional investor protection measures apply. If you are categorised as a Professional Client or Eligible Counterparty, you may have fewer protections and you may be exposed to additional risks, including (subject to your categorisation, applicable protections and the terms of the Client Agreement) the possibility that losses may exceed the funds you have deposited.

Where required by applicable regulation, we assess whether CFDs and related services are appropriate for you based on the information you provide about your knowledge and experience. If we inform you that trading CFDs may not be appropriate for you, or if you choose not to provide sufficient information for an assessment, you should carefully consider whether to proceed and seek independent advice where necessary.

3. Intoduction

StoneX Europe Ltd (hereafter 'SEL' or the 'Company' or 'us' or 'we'), is a Cyprus Investment Firm (CIF) company registered to the Department of Registrar of Companies and Official Receiver with a Registration Number HE409708, and authorized and regulated by the Cyprus Securities & Exchange Commission (CySEC) under licence number 400/21..

This notice is provided to you, in accordance with Law 87(I)/2017 and relevant CySEC Circulars and Directives, because you are considering dealing with us in financial instruments and investment contracts relating to various financial markets. Unless separately defined in this notice, words and expressions shall have the meanings given to them in the General Terms.

Prospective Clients should study the following risk warnings very carefully. Please note that we do not disclose or explain all the risks and other significant aspects involved when dealing in Financial Contracts for Difference ('the CFDs').

This notices provides a non-exhaustive description of the general nature of the risks involved when dealing in Financial Instruments. You should read this notice in conjunction with the Client Agreement (including the General Terms) and the applicable Supplemental Terms, which describe each product we offer, how it works, and the terms and conditions on which it is made available to you.

This notice is designed to explain, in general terms, the nature of the risks particular to our Products, including trading CFDs. The Company provide this warning to help you to take investment decisions on an informed basis. However, each transaction carries its own unique risks which cannot be explained in a notice of this nature.

To better understand the products offered by the Company, you should review the Key Information Document (KID), where applicable, for each type of product as published on the Company's website.

The Company executes orders mainly in CFDs with various underlying assets. CFDs are offered on an OTC basis and the Company acts as principal and is the sole execution venue for Clients' CFD orders. This means the Company is the counterparty to your CFD transactions.

CFDs carry a higher risk of loss than trading many traditional instruments, such as shares in many large companies or fixed income securities such as bonds issued by governments or large companies.

CFDs are complex Instruments and come with a high risk of losing money due to leverage. The vast majority of retail Investors accounts lose money when trading CFDs. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

A firm-specific risk warning, including the percentage of retail investor accounts that lose money when trading CFDs, is available on the Company's website.

For many members of the public trading in our Products is not suitable. It is very important that you should not engage in trading in our Products unless you know, understand and are able to manage the features and risks associated with such trading and are also satisfied that trading in our Products is suitable for you in light of your circumstances and financial resources.

If you do not fully understand the risks involved in trading Financial Instruments, you should not engage in any trading activity. You should not risk more than you are prepared to lose. If you are unclear about any of the risks involved in trading in Financial Instruments, you should consult an independent financial advisor. If after seeing the advisor, they still don't understand these risks, then they should refrain from trading.

Trading Financial Instruments involves significant risk of losses and may result in losses. The value of an instrument can increase or decrease, and you may lose some or all of the funds you invest. Before you decide to trade, you should ensure you understand the potential consequences and your obligations under the Client Agreement.

4. Risks of CFDs and associated risks

SEL offers Contracts for Differences ('CFDs'). CFDs are complex derivative products whose price is dependent on, or derived from, the price of another underlying instrument. CFDs are Over-The-Counter (OTC) products, that allow an investor to obtain an exposure to the price movements of an underlying financial instrument, without the need to physically own the underlying asset. SEL is the sole execution venue for its clients' orders and is the Counterparty to all clients' CFD transactions.

In considering whether to engage in trading our Products, you should be aware of the following risks:

1. **Commission/Charges and Taxes:**

1.1. Before you trade, you should be aware of all commission, spreads, financing/overnight charges and other fees that may apply to CFDs and any underlying instruments. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should ensure that you understand what such charges are likely to amount to. The Company may change its charges at any time, according to the provisions of the Client Agreement published on the Company's website.

1.2. There is a risk that the Client's trading may be, or may become, subject to tax and/or any other duties, for example because of changes in legislation or the Client's personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice and recommends that the Clients seek advice from a competent tax professional if they have any questions.

1.3. The Client is responsible for any taxes and/or any other duty which may accrue in respect of their trades.

2. Technical Risks:

2.1. The Company places significant importance on the execution of the Clients' orders and at all times, strives to offer the highest possible speed of execution, subject to the limitations of technology and communications links.

2.2. The Client is responsible for the risks of financial losses caused by the failure of information, communication, electronic or any other systems. The Client is responsible for the security of their Access Data.

2.3. If you undertake transactions on an electronic system (Trading Platforms), you will be exposed to risks associated with the system, including failure of hardware and software (including internet connectivity and servers). For example, delays in receiving or processing an order may affect the execution price. Consequently, a system failure may result in an order not being executed in accordance to your instructions, being executed with delay, or not being executed at all. To the extent permitted by applicable law, the Company does not accept liability for losses arising from such failures.

2.4. The Client acknowledges that the internet may be subject to events which may affect their access to the Company's Website and/or trading Platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's website and/or Trading Platform(s) or from any delay or failure in sending orders or transactions.

3. Communication Between the Client and the Company

3.1. The Client shall accept the risk of any financial losses caused by the fact that the Client has received notice from the Company with delay or has not received any at all.

3.2. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

3.3. The Company has no responsibility for losses arising where unauthorized third parties access to information (including electronic addresses, electronic communication, personal data, and access data) when such information is transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.

3.4. The Client is fully responsible for the risks in respect of undelivered Company Online Trading System internal mail messages sent to the Client by the Company.

4. Force Majeure Events

4.1. In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfill its obligations under the agreement with the Client. As a result, the Client may suffer financial loss.

4.2. To the extent permitted by applicable law, the Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under this Agreement where such failure, interruption or delay is due to a Force Majeure event.

5. Client Money and Counterparty Risk

5.1. SEL keeps clients' funds in segregated accounts in credit institutions within or outside the EEA. Retail Clients' funds are always segregated from the Company's own funds. The Company does not offer Title Transfer Collateral Arrangement (TTCA).

5.2. It is understood that the Company will promptly place any Client money it receives into one or more segregated accounts (denoted as 'clients' accounts') with reliable financial institutions (within or outside Cyprus or the EEA) such as a credit institution or a bank in a third country.

The Company shall exercise due skill, care, and diligence in selecting financial institutions in accordance with applicable regulations. However, there are circumstances beyond the Company's control and hence the Company does not accept any liability or responsibility for any resulting losses to the Client as a result of the insolvency or any other analogous proceedings or failure of the financial institution where Client money will be held.

For more information, please refer to the Company's Safekeeping Policy available on the Company's website.

5.3. We operate a margin close out policy which closes out open positions where the client Margin Level reaches or falls below the Margin Close Out Level. This policy significantly reduces the likelihood of losses arising from client default that would result in our insolvency.

5.4. SEL's retail clients may be entitled to compensation from the Investor Compensation Fund (ICF) Scheme in the Republic of Cyprus, in the unlikely event of the Company's insolvency. SEL is a member of the ICF with a membership number. Further information is available in the Company's ICF Policy published on the Company's website.

6. Cryptocurrency Trading:

6.1. Cryptocurrency CFDs are complex, extremely risky and usually highly speculative. Trading in Cryptocurrency CFDs involves a high risk of loss of funds over a short period of time due to high market volatility, execution issues and industry-specific disruptive events, including, but not limited to, discontinuation, regulatory bans and other malicious factors within cryptocurrency ecosystems.

6.2. The pricing of Cryptocurrency CFDs might be derived from specific cryptocurrency exchanges, which means that the market depth is limited to what is available in the order books of such exchanges. These markets are relatively new and thus might be volatile and limited in terms of liquidity. The pricing engines of cryptocurrency exchanges may experience delays and/or interruptions which can be caused by numerous potential issues.

6.3. Cryptocurrency CFD trading is not appropriate for all investors and therefore, any person wishing to trade in Cryptocurrency CFDs should have detailed and updated knowledge and expertise in these specific products. Clients should always be fully aware and understand the specific characteristics and risks related to these products as laid down in this section.

7. Leverage:

7.1. A high degree of 'gearing' or 'leverage' is associated with trading these Products. This stems from the margining system applicable to our Products which generally involves comparatively modest funds of the overall contract value to open a Trade. This can work for you and against you. A small price movement in your favor can result in a high return on the money placed in the Account; however, a small price movement against you may result in substantial losses and you may lose, the money placed in the Account.

7.2. Prices can move quickly particularly at times of high market volatility and, if these price movements are unfavorable to your Trade(s), you could quickly build up significant losses. If you do not maintain enough funds in your Account to satisfy your Margin Requirements, we may close any or all of your Open Positions (in some circumstances without warning). Unless you have been classified as a Professional Client or an Eligible Counterparty, if the Margin Level for your Account reaches or falls below the Margin Close Out level, to the extent required under applicable laws and regulations we will close any or all of your Open Positions that are not Established Positions (in some circumstances without warning). This measure is designed to help limit the extent of your trading Losses. Your Open Positions may be closed at a loss for which you will be liable in accordance with the terms of this Agreement.

8. Risk-Reducing Orders or Strategies:

8.1. The placing of certain Orders (e.g. 'Stop Loss' orders, where permitted under local law, or 'Stop Limit' Orders), which are intended to limit losses to certain amounts, may not be adequate given that market conditions make it impossible to execute such Orders, e.g. due to illiquidity in the market.

9. Nature of Margined Trades:

9.1. A Trade in one of our Markets is a Trade based on movements in Our Price.

9.2. It is noted that the Company's prices in relation to CFD trading are set by the Company and may be different from prices reported elsewhere. The Company's trading prices are the ones at which the Company is willing to sell CFDs to its Clients at the point of sale. As such, the price that the Client receives when he opens or closes a position may not directly correspond to real-time market levels at the point in time at which the sale of the CFD occurs or reflect the prices of third-party brokers/providers.

9.3. Our Price for a Market is set by us but relates to the price of the relevant Underlying Instrument. Whether you make a profit or loss will depend on the prices we set and fluctuations in the Underlying Instrument to which your Trade relates. Trades in our Products can only be settled in cash. Trades in our Products are legally enforceable. You must ensure that you understand the potential consequences of a Product or Trade and be prepared to accept that degree of risk. You will not acquire the Underlying Instrument nor any rights or delivery obligations in relation to the Underlying Instrument.

10. Volatility:

10.1. The Client acknowledges that under Abnormal Market Conditions, the period during which the Orders are executed may be extended, or it may be impossible for Orders to be executed at the declared prices or to be executed at all.

10.2. Abnormal Market Conditions include but are not limited to times of rapid price fluctuations, rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is lack of liquidity, or this may occur at the opening of trading sessions.

10.3. As mentioned above, whether you make a profit, or a loss will depend on the prices we set and fluctuations in the price of the Underlying Instrument to which your Trade relates. Neither you nor we will have any control over price movements in the

Underlying Instrument. Price movements in the Underlying Instrument can be volatile and unpredictable.

10.4. A feature of volatile markets is 'Gapping', the situation where there is a significant change to Our Price between consecutive quotes.

Gapping may occur in fast and falling markets or if price sensitive information is released prior to Market opening. The price at which we execute your Orders may be adversely affected if Gapping occurs in the relevant Market. Guaranteed Stop Loss Orders will always be executed at your specified Order price, but all other types of Orders will be executed when Our Price meets or exceeds your specified Order price. If Gapping occurs, the price at which your Order is executed may significantly exceed your specified Order price.

10.5. It is also important to note "slippage", which usually happens during periods of high volatility. This is when an Order is executed at a price that is different to the price the Client expected. There are two kinds of slippage, positive and negative.

Positive slippage occurs when an Order is executed at a better level than requested; a negative slippage is exactly the opposite situation. Clients should consider the risks associated with slippage. Slippage can occur across different account types, order types and execution methods.

11. Foreign Currency:

11.1. 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, and may lead to losses for the Client.

12. Liquidity

12.1. A decrease in liquidity (a term which describes the availability of buyers and sellers who are prepared to deal in an Underlying Market) may adversely impact Our Price and our ability to quote and trade in a Market.

12.2. If there is a significant reduction or a temporary or permanent cessation in liquidity in an Underlying Instrument, such events may be deemed an Event Outside of Our Control or Market Disruption Event (as applicable) and we may increase Our Price, suspend trading or take any other action we consider reasonable in the circumstances. As a result, you may not be able to place Trades or to close Open Positions in any affected Market.

13. Dealing Off-Exchange:

13.1. CFDs offered by the Company are off-exchange transactions.

13.2. The trading conditions are set by us (in line with the trading conditions received by our liquidity providers), subject to any obligations we have to provide best execution, to act reasonably and in accordance with our Client Agreement and with Best Execution Policy.

13.3. Each CFD order that the Client opens through our Trading Platforms results in the entering of an Order with the Company; such Orders can only be closed with the Company and are not transferable to any other person. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position.

13.4. Regarding transactions in CFDs, the Company is using an Online Trading System, which is not a Multilateral Trading Facility (MTF) or a recognised exchange, and therefore does not provide the same protections that an exchange may provide.

14. Contingent Liability Transactions:

14.1. Contingent liability investment transactions, which are margined, require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The Margin requirement will depend on the underlying asset of the Financial Instrument. Margin requirements can be fixed or calculated from the current price of the underlying instrument and can be found on the website of the Company.

14.2. If the Client trades in futures or Contracts for Differences, it may sustain a total loss of the funds deposited to open and maintain a position. If the market moves against the Client, the Client may be crequired to pay additional funds at short notice to maintain the position. If the Client fails to do so within the time required, the position may be liquidated at a loss and the Client will be responsible for any resulting deficit, in accordance with the Client Agreement and applicable protections.

14.3. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the Client entered the contract.

14.4. Contingent liability investment transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose the Client to substantially greater risks.

15. Collateral (Professional and Eligible Counterparties):

15.1. When Clients enter into the Collateral Agreement with the Company, it is agreed to take security over the assets in the Account in place of cash for payment of margin on their linked CFD Account.

15.2. The value of CFDs will rise and fall. If the collateral value of the assets in Clients Account, together with any cash on Client's linked CFD Account, falls below the amount required to maintain the open positions, Client may be closed out of the CFD positions on that linked account, and the Company will have the right to sell the assets in the Client's Share Account in order to pay for any resulting deficit.

15.3. As the value of the assets in the Clients Account fluctuates the value of the collateral that the Client can utilize as margin will also fluctuate. The Client will need to monitor their CFD Account to ensure that the collateral value and any cash they have deposited on their linked CFD Account is sufficient to fund their open positions on that account.

15.4. The Client will only be able to use their collateral services to cover margin requirements on open positions on their linked CFD Account and will need to cover any running losses using the available cash in their linked CFD Account.

16. Suspension of Trading

16.1. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, 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. Placing a Stop Loss will not necessarily limit losses to the intended amounts, because market conditions may make it impossible to execute such an Order at the stipulated price. In addition, under certain market conditions the execution of a Stop Loss Order may be worse than its stipulated price and the realised losses can be larger than expected.

16.2. The Company's price for a given CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from third party external reference sources. If the price reaches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop - these orders will be closed. But under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit, Sell Stop) at the declared Clients' price.

Therefore, these orders may not always limit Client losses in the event of highly volatile trading conditions, for example, in an underlying asset or reference price. In this case the Company has the right to execute the order at the first available price. This may occur, as already stated, 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. This may also occur at the opening of a trading session. The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified under Contract Specifications in the Company's trading platforms. The Company does not, however, guarantee that its' quoted prices will be at a price which is as good, or better, then one might have been available elsewhere.

17. No-Delivery:

17.1. It is understood that the Client has no rights or obligations in respect to the Underlying Assets relating to the CFDs he is trading. There is no delivery of the underlying asset.

18. Performance Calculation:

18.1. All financial investments involve an element of risk. The value of any investment may fall as well as rise, and the Client may get back less than their initial investment. Past performance is not an indication of future performance.

19. Conflicts of Interest

19.1. The Company takes all reasonable steps to identify and prevent or manage the conflicts of interest arising in relation to its business line and its group activities under a comprehensive Conflict of Interest Policy.