

Risk Disclosure

Introduction

AFX Group and SuperTradingOnline (STO) are trading names of AFX Capital Markets Ltd. and AFX Markets Ltd. AFX Capital Markets Ltd. is authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC) under licence number 119/10 and registration number 253014. AFX Markets Ltd. is authorised and regulated by the Financial Conduct Authority (FCA) FRN: 560872.

AFX Group offers various Financial Services including FX and CFD trading under SuperTradingOnline (STO), managed accounts under [Quantic](#) and [AFX Group](#) for partnership opportunities with these brands. For the risks involved for clients of STO and Quantic and further details on execution and complaints, please refer to the individual risk disclosures, execution policies and complaints procedures.

This disclosure will deal with the products offered generally and the risks involved in partnering with AFX Group. A brief risk disclosure for each trading name is included below:

AFX Capital Markets Ltd. SuperTradingOnline (STO): Forex and CFDs are leveraged products that incur a high level of risk and it is possible that losses exceed your investment. Please ensure that you understand the risks involved and seek independent advice if necessary.

Trading through Stofs.com falls under the CySEC licence.

AFX Markets Ltd. SuperTradingOnline (STO): CFDs and FX trading are leveraged products carrying a high degree of risk to your capital. You may lose all of the money you deposit. Seek independent financial advice if necessary. Any order sent to AFX Markets Ltd is done so for transmission services only, execution of the trade is carried out by AFX Capital Markets Ltd. to whom AFX Markets Ltd act as agent. The transmission of trades falls under the FCA licence whereas the execution of trades falls under the CySEC licence.

Quantic: CFDs and FX trading are leveraged products carrying a high degree of risk to your capital. Seek independent financial advice if necessary. The value of investments and the income from them can go down as well as up and you may not recover the amount of your original investment. Past performance is no guarantee of future success. Trading through Quantic falls under the CySEC licence only.

The distinctions above are important if you are an individual looking to trade when clicking through the links on AFX Group as it will affect the protections afforded to you as a client.

AFX Group Partnership Opportunities

When acting as a partner through AFX Group you will need to understand the difference between trading names under the CySEC licence and trading names under the FCA licence as misrepresenting which you are partnering with is a breach of your contract with AFX Group.

CFDs and FX trading are regulated products in many countries. Whether or not you are required to be regulated as a partner will depend on your country and is subject to change at short notice. It is your sole responsibility to make sure you have sufficient on-going authority to carry out your business.

You also need to ensure you inform your clients of the relevant risks involved in CFD and FX trading. Below is a guide to the risks of the products but this risk disclosure does not contain all the risks involved.

1. CFDs in General

CFDs are complex financial products which generally only close when a client chooses to close an existing open position, and therefore usually have no set maturity date.

CFDs can be likened to futures which can be entered into in relation to certain indexes, precious metals, oil, commodities or financial instruments. However, unlike other futures, these contracts can only be settled in cash. Investing in a CFD carries risks similar to investing in a future and you should be aware of these. Transactions in CFDs may also have a contingent liability and you should be aware

of the implications of this as set out under headings 3, 5, 17 and 18 below. All CFD trades are contracts for difference which means that clients do not have any right to the underlying instrument or the rights which are attached unless specifically stated in the CFD. This includes no right to the reference shares or any voting rights.

2. Investing in Rolling Forex, Indexes, Precious Metals, Oil and Commodities

Investing in rolling forex, indexes, precious metals, oil and commodities carries similar risks as investing in a future and you should be aware of these. Margined transactions in rolling forex, indexes, precious metals, oil and commodities may also have a contingent liability and you should be aware of the implications of this as set out in paragraphs 3 and 4 below.

In addition to standard industry disclosures contained in this Risk Disclosure, you should be aware that margined rolling forex, indexes, precious metals, oil and commodities trading are some of the riskiest forms of investment available in the financial markets.

Given the possibility of losing an entire investment and for CFDs linked to shares in certain cases more, speculation in the precious metals, indexes, oil, commodities or foreign exchange markets should only be conducted with risk capital funds that if lost, will not significantly affect your wellbeing.

3. Foreign Markets

Foreign markets involve different risks from the client's native markets. In some cases risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency will be affected by fluctuations in foreign exchange rates. Such enhanced risks include the risks of political or economic policy changes in a foreign market, which may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency.

When acting as a partner of AFX Group you are responsible for ensuring you understand the regulatory requirements of that market and making sure you have the relevant ongoing permissions to carry out your business. Regulations change regularly and so you need to make sure you keep yourself informed and within the law. AFX Group is not responsible for ensuring your business remains within these standards and you may be committing a criminal offence if you are not regulated in a country where you are required to be so.

4. Risk Reducing Orders or Strategies

The placing of certain orders (e.g. "stop loss" or "stop limits" orders) that are intended to limit losses to certain amounts may not always work because market conditions or technological limitations may make it impossible to execute such orders. Should a client trade using such orders or strategy they do so accepting this risk.

5. Contingent Liability Transactions

CFDs and Forex Trading are margined transactions requiring you to make a series of payments against the contract value, instead of paying the entire contract value immediately. You may sustain a total loss of the margin you deposit to establish or maintain a position. Revaluations of your open positions take place continuously during each business day, and any profit or loss is immediately reflected in your account and a loss may result in you being called upon to pay substantial additional margin on short notice to maintain your open positions.

You should be aware that rates of initial margin and/or notional trading requirements may change at any time, which may also result in a change to the margin you are required to maintain. If you do not maintain sufficient margin on your account at all times and/or provide such additional funds within the time required, your open positions may be closed at a loss and you will be liable for any resulting deficit.

Liabilities as a partner will be different depending on the type of partnership established. Please ensure you understand the partnership agreement before entering into it.

6. Leverage

Whilst derivatives instruments can be utilised for the management of the risk, some investments are unsuitable for many investors. CFDs and Forex trading carry a high degree of risk. The gearing and leverage that is obtainable with CFDs and Forex trading means that you only need to place a small deposit to commence although this small deposit may result in large losses or large gains.

Highly leveraged transactions are subject to significant changes in value as a result of relatively small changes in the value or level of an underlying or related market factor.

7. Over the Counter (OTC) Transactions

When trading CFDs and FX you speculate on the anticipated price change. This trading does not occur on a regulated market. You will enter into a contract with AFX Capital Markets Ltd. in respect of the financial instrument or other underlying you wish to trade. All open positions with AFX Capital Markets Ltd. must be closed with AFX Capital Markets Ltd. and cannot be closed with any other party.

Trading in OTC financial transactions may expose you to greater risks than trading on a regulated market because there is no market on which to close out your open positions and prices and other conditions are set by us subject to any legal/regulatory requirements. OTC transactions may increase the liquidity risk and introduce other significant risk factors: it may be impossible, for example, to assess the value of a position resulting from an off-market transaction or to determine the risk exposure.

Also, bid prices and offer prices need not be quoted and, even where they are, it may be difficult to establish a fair price particularly

when the relevant exchange or market for the underlying is closed or suspended.

Depending on who you trade with you are exposed to risks of default, however, in the unlikely event this occurs AFX Capital Markets Ltd is a member of the Investor Compensation

Fund, AFX Markets Ltd is a member of the Financial Services Compensation Scheme and Client Money is segregated for both in Client Money Accounts under the names of AFX Capital Markets Ltd. and AFX Markets Ltd. respectively.

8. Prices

The prices provided on platforms may not necessarily reflect the broader market. AFX Capital Markets Ltd. will select closing prices to be used in determining margin requirements and in periodically marking to market the positions in your account and closing out such positions. Although AFX Capital Markets Ltd. expects that these prices will be reasonably related to those available on what is known as the interbank market or any appropriate exchange or other financial market (the "Reference Market"), prices AFX Capital Markets Ltd. uses may vary from those available to banks and other participants in the Reference Market. Consequently, AFX Capital Markets Ltd. may exercise considerable discretion in setting margin requirements and collecting margin funds.

As the products are in part related to the underlying you should ensure you are aware of the risks involved in the underlying including currency fluctuation, volatility and gapping [a sudden price shift which can be caused by many factors including but not exclusively, economic events, market announcements and periods where trading in the underlying does not take place].

A non-guaranteed stop will not protect you against this risk as it is not immediate and only triggers an order to close the position at the nearest available price.

9. Weekend Risk

Various situations, developments or events may arise over a weekend when the markets generally close for trading, that may cause the markets to open at a significantly different price from where they closed on Friday afternoon. You will not be able to use the Platform to place or change orders over the weekend and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held over the weekend will be executed at levels significantly worse than their specified price. When doing this a client accepts this risk and that they will be liable for any resulting deficit.

10. Electronic Trading

Trading in OTC contracts through the Platform may differ from trading on other electronic trading systems as well as from trading in a conventional or open market. You will be exposed to risks associated with the electronic trading system including the failure of hardware and software and system down time, with respect to the Platform, your systems and the communications infrastructure (for example the internet) connecting the Platform with you.

The automated programmes used by Quantic carry risk and although they are monitored you should be aware of the risks associated with allowing software to manage money including the danger that a bug could cause incorrect trades to be placed and hence losses to the account.

11. Intraday Trading

Online intraday trading can lead you to make numerous transactions.

12. Trading Suspensions

Under certain conditions it may be difficult or impossible to liquidate a position. This can occur, for example, at times of rapid price movement where the price for an underlying rises or falls during one trading session to such an extent that trading in the underlying is restricted or suspended. Where this occurs the client accepts any associated risk and that they will be liable for any resulting deficit. The client should also be aware that under certain circumstances AFX Capital Markets Ltd. may be required to close positions due to regulatory or exchange instructions and as such neither AFX Markets Ltd. nor AFX Capital Markets Ltd. are responsible for any losses that may result.

13. Commissions

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable for the particular product offered. Clients should make themselves aware of potential costs or liabilities that could ensue from that position including but not exclusively: Swaps, Corporate Actions such as Rights Issues, Dividends, Stock Splits, management fees, performance fees etc.

14. Insolvency

Any client insolvency or default may lead to positions being liquidated or closed out without your consent. Our costs and charges will be provided to you or set out on our website. Please be aware of all costs and charges that apply to you, because such costs and charges will affect your profitability and solvency.

15. Communication

AFX Group accepts no responsibility for any losses that arise as a result of delayed or unreceived communication sent to a client from us by any form. The client further accepts that any losses arising as a result of unauthorised access of a third party to the clients trading platform under any of the trading names operated is not the responsibility of either AFX Capital Markets Ltd. or AFX Markets Ltd. except in the case of gross negligence on behalf of the individual company or its staff. The client is responsible for keeping all login details safe and it is recommended that user details are not written down or saved.

16. Advice

AFX Group does not provide investment advice except under the trading name Quantic. Whilst we may under our licence make general assessments of the markets, such assessments are not individual investment advice and do not take into consideration your individual circumstances. Any decision to trade is made by the Client alone.

Under MiFID we are required to assess the appropriateness of this type of product for you. This does not mean that by allowing you to open an account we are providing individual investment advice that this product is in fact suitable for you in your individual circumstances – rather we are indicating that it may be suitable for someone who falls into the same general category of wealth and financial experience.

To do this we will ask you information regarding: your trading experience and your financial assets and earnings. You are responsible for ensuring we are updated with

any relevant information that may affect the appropriateness of the product.

17. Corporate Actions: Share CFDs

Please note that the treatment you receive during a corporate action may be less favourable than if you owned the underlying instrument because changes AFX Capital Markets Ltd. make may need to be made reactionary and in place prior to that required by the corporate action.

Therefore the time you have to make decisions could be considerably less; the options available may be more restrictive/less advantageous and may be such that there is no option for you to close the position. Given that corporate events can often be announced at extremely short notice you may have no opportunity or choice to close positions out to avoid such consequences and such actions may require you to provide more funds to cover margin at very short notice.

18. Going Short on Individual Shares

Going short on individual shares has additional risks that do not apply to the long position.

This includes, but not exclusively, the obligation to take the other side of a purchase opportunity e.g. a rights issue resulting in you going further short at what could be unfavourable prices or paying a sum to buy back the rights, the choice of which may be decided by AFX Capital Markets Ltd. without your input, on terms decided by AFX Capital Markets Ltd. or input being required at shorter notice than would be on the underlying share; you may experience forced buy-back due to corporate actions, stock borrowing conditions or regulatory requirements/changes, and AFX Capital

Markets Ltd. reserves the right to apply variable borrowing charges whilst the position is open if such information is made available prior to opening the position.

19. Position Monitoring

It is the clients' responsibility to monitor at all times the positions they have opened and you should always be in a position to do so. Whilst attempts will be made to close positions once your margin has been utilised we cannot guarantee this will be possible and therefore you may remain liable for any resulting shortfall unless such loss is covered by a contract term.

This document should be read in conjunction with: The order execution policy, the terms & conditions, the conflicts of interest policy and any other document supplied or otherwise made available to the client by AFX Group, Quantic, AFX Capital Markets Ltd or AFX Markets Ltd.