



**RISK
DISCLOSURE**

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IronFX Global South Africa (Pty) Limited ("IronFX SA" or the "Company") is authorized and regulated by the Financial Sector Conduct Authority ("FSCA") under license number 45276, to act as a Matched Principal Broker and as agent, in relation to a number of investment instruments.

This notice is provided to you in compliance with the Markets in Financial Instruments Directive (MiFID II) numbered 2014/65/EU and the FSCA rules and contains important information about the risks associated when dealing with Contracts for Difference ("CFDs"), Spread Bets or other financial derivative products. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in CFDs, spread bets or any other financial derivative products.

Clients can trade through IronFX SA CFDs on forex, spot metals, futures and shares as well as spread bets.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.

78.65% of retail investor accounts lose money when trading CFDs with this provider.

You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

Clients classified as *Retail Clients* receive the highest possible level of protection while *Professional Clients and Eligible Counterparties* are to be able to properly assess the risks involved and enjoy a lower level of protection.

Complex Instruments warning

Complex Instruments are derivative products for which special risks apply. This notice is provided to you as a retail client in compliance with the FSCA rules. 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 yourself acquainted with the risks associated with the investments. Independent financial advice is necessary if you are unsure whether such complex instruments are appropriate for you.

Products description

A CFD is an agreement between a ‘buyer’ and a ‘seller’ to exchange the difference between the current price of an underlying asset (currencies, commodities, indices, shares etc.) and its price when the contract is closed.

CFDs are leveraged products. They offer exposure to the markets while requiring you to only put down a small margin (‘deposit’) of the total value of the trade. They allow investors to take advantage of prices moving up (by taking ‘long positions’) or prices moving down (by taking ‘short positions’) on underlying assets.

When the contract is closed you will receive or pay the difference between the closing value and the opening value of the CFD and/or the underlying asset(s). If the difference is positive, IronFX SA pays you. If the difference is negative, you must pay IronFX SA.

Notwithstanding the above, IronFX SA provides you with a negative balance protection, per trading account, ensuring that you will not enter into a negative balance and be required to recover such losses and/or pay IronFX SA the difference.

CFDs might seem similar to mainstream investments such as shares but they are different as you never actually buy or own the asset underlying the CFD.

‘Spread betting’ means a bet on the difference between the opening and closing price of a contract, the financial value of which is derived from the fluctuations in the price of the underlying asset (including but not limited to currency pairs, shares, metals etc.). Spread bets are a form of CFDs, which can be settled only in cash. Investing in CFDs or a spread bet carries similar risks and you should be aware of them before investing in these products. Please seek independent advice if necessary.

Although CFDs, spread bets and derivative products in general can be utilised for the management of investment risk, they are unsuitable and not appropriate for many clients as they carry a high degree of risk.

CFDs, spread bets and other financial derivatives are leveraged products and involve a high level of risk. It is possible to lose all your capital.

CFDs, spread bets and derivative products in general may not be suitable for everyone. Before trading in these financial products, you should ensure that you fully understand all the risks involved and the extent of your exposure. Seek independent advice if necessary. If you do not understand how these financial products work then you should not trade it.

CFDs on Cryptocurrencies

Such products are complex and of high risk and the Client is likely to lose all of its invested capital.

The values of cryptocurrencies can widely fluctuate and are extremely volatile and may result in significant losses over a short period of time. Cryptocurrencies are traded on non-regulated decentralized cryptocurrency exchanges whereas the respective prices of the cryptocurrencies depend solely on the internal rules of the specific exchange, which may be subject to change

at any point in time and without notice. As a result, the trading environment and the respective prices are highly unpredictable compared to other financial instruments.

By trading CFDs on Cryptocurrencies the Client accepts a significantly higher risk of loss of his capital which may occur as a result of adverse price movements of the Cryptocurrencies at an unpredictable time. Trading in cryptocurrency CFDs is not appropriate for all investors and the Client should fully understand the risks related to Cryptocurrencies before deciding to trade on such products as well as the costs and charges applied in relation to these products which can be found at IronFX SA's website at <https://www.ironfx.co.uk/en/trading-products>

The client is responsible for all the losses suffered in his account (up to the available balance as a negative balance protection per account applies). Consequently, the client should be prepared to lose all the invested capital. Do not invest money you cannot afford to lose.

Trading is considered to be risky and speculative

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Gearing and Leverage

Before the client opens a trade on CFD's or other financial derivative products, the client is required to lodge money with IronFX SA in order maintain a margin. This margin is usually a relatively modest proportion of the overall contract value. This means that the client will be trading using "leverage" or "gearing". This means a relatively small market movement can lead to a proportionately much larger movement in the value of the client's position and this can work either against the client or for the client.

At all times during which the client has opens trades, he must maintain enough equity in the account, taking into consideration all accrued profits and losses, for meeting the margin requirements. If prices move against the client then the client must deposit sufficient funds to avoid any margin calls otherwise IronFX SA will be entitled to close one or more or all of the client's trades (including any positions that are currently showing a profit) regardless of whether the client agrees with IronFX SA's decision to close his trade(s).

IronFX SA applies the following Leverage limits and margin close-out rules in accordance with the product intervention measures the European Securities and Markets Authority (ESMA) has agreed up to date. The said measures might be updated from time to time based on ESMA announcements.

Leverage limits on CFD positions

- 30:1 for major currency pairs; (*the major currencies are currency pairs comprising any two of these currencies: USD, EUR, JPY, GBP, CAD and CHF*)
- 20:1 for non-major currency pairs, gold and major indices; (*the major indices are any of these equity indices: FTSE 100; CAC 40; DAX30; DJIA; S&P 500; NASDAQ; NASDAQ 100; Nikkei 225; ASX 200; EURO STOXX 50*)
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies;

Margin close-out rule

IronFX SA applies a margin close out rule on a per account basis. The rule standardize the percentage of margin at 50% of minimum required margin at which IronFX SA is required to close out one or more retail client's open positions on CFDs. For more details on the specific margin close out rule (i.e. margin levels) please refer to the specific Terms and Conditions per account type (i.e. STP/ECN) as the specific account can have a higher margin close out rule.

Appropriateness

IronFX SA requires the client to pass an appropriateness test during the application process and warns the client, if on the basis of the information provided, the trading of Forex, CFDs, spread bets or any other derivative products is not appropriate based on the client's profile. If the client passes the appropriateness test this does not relieve the client of his / her responsibility, given the risks involved, to carefully consider on an initial and on-going basis whether to trade in CFDs, spread bets and derivative products in general.

Off-Exchange Transactions

When a client trades Forex, CFDs, spread bets or any other derivative product with IronFX SA, the client enters into off-exchange ("OTC") derivative transaction, by placing his orders through IronFX SA's trading platform. OTC transactions may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to closeout an open position. The client needs to open and close a position with IronFX SA that is not transferable to any other person. In this case, the client is exposed to the risk of IronFX SA's default. Counterparty risk is the risk that the counterparty defaults and is unable to meet its financial obligations. In the unlikely event that IronFX SA is unable to meet its financial obligations in respect of investment business, if you make a valid claim you may be entitled to redress from the FSCS in respect of the investments that we arrange for you. Eligible claimants can submit a claim to the FSCS. The scheme protects up to £50,000 per person per regulated entity.

IronFX SA holds the clients' funds in licensed credit institutions and in more particular keeps segregated clients' accounts from IronFX SA's own account, in accordance with current regulations.

Underlying Market Volatility

CFDs, spread bets and other financial derivative products are instruments that allow the client to trade on price movements in underlying markets/instruments. Even though IronFX SA offers its own prices at which the client trades CFDs, spread bets and other financial derivative products, IronFX SA's prices are derived based on the underlying instruments/markets.

It is important for the client to understand that the fluctuation of the underlying instrument may influence the value of the derivative product and affect the client's profitability. The client should also be aware of "gapping" where events occur that result in a sudden and significant profit or loss on the client's account. "Gapping" can occur either when the underlying instrument/market is open or when it is closed.

If you do not have enough time to monitor your investment on a regular basis, you should not invest in CFDs, spread bets or other complex financial instruments. These products are not

suitable to 'buy and hold' trading. They can require constant monitoring over a short period of time. Even maintaining your investment overnight exposes you to greater risk and additional costs. The volatility of the market together with the extra leverage on your investment can result in rapid changes to your overall investment position. Immediate action may be required to manage your risk exposure or to post additional margin.

Stop loss' limits

There are some circumstances in which a 'stop loss' limit is ineffective, for example, where there are rapid price movements or market closure. Stop limits cannot always protect you from losses.

Liquidity risk can affect your ability to trade. Some financial instruments may not become immediately liquid as a result, for example, of reduced demand and the client may not be able to sell them or easily obtain information on the value of these financial instruments or the extent of the associated risks.

Execution risk

Execution risk is associated with the fact that trades may not take place immediately. For example, there might be a time lag between the moment you place your order and the moment it is executed. In this period, the market might have moved against you. That is, your order is not executed at the price you expected.

If trading after the market is closed, be aware that the prices for these trades can differ widely from the closing price of the underlying asset. In many cases, the spread can be wider than it is when the market is open.

Client Money

When holding Client Money on behalf of a Retail Client, IronFX SA makes adequate arrangements to safeguard the clients' rights and prevent the use of Client Money for its own account. For this purpose, IronFX SA ensures to promptly place any Client money into one or more accounts, denoted as 'clients' accounts which are segregated from IronFX SA's own accounts and opened with any of the following: (a) a credit institution within the European Economic Area ("EEA"); (b) a bank authorized and/or licensed in a third country and (c) a payment provider that has been assessed based on specific criteria imposed by IronFX SA and/or approved by IronFX SA's management. The third party to whom IronFX SA will pass money may hold it in an omnibus account and it may not be possible to separate it from the Client's money, or the third party's money in which case the Client will not have any claim against a specific sum in a specific account in the event of insolvency.

IronFX SA does not accept any liability or responsibility for any resulting losses. In general, accounts held with institutions, including omnibus accounts face various risks including the potential risk of being treated as one (1) account in case the institution defaults. Another risk might be that the funds in the Omnibus Account may be exposed to obligations of IronFX SA connected with the positions of other clients in case IronFX SA is unable to meet its obligations towards them.

Furthermore, the Client acknowledges that IronFX SA, where applicable, may transfer/hold Client Money within or outside the EEA in one or more segregated clients' bank account. Client Money held outside the EEA may be subject to the jurisdiction of that territory and Client rights

may differ accordingly. IronFX SA shall not be liable for the solvency, acts or omissions of any institution with which Client Money are held.

Cost and Charges

All relevant costs and charges will be provided by IronFX SA or set out on IronFX SA's website. Clients should be aware of such costs and charges as they will influence the account profitability of the client.

In addition to any profit or losses, there are different types of costs linked to transactions in derivative products. Costs will impact the effective return. Examples of costs include commissions charged by IronFX SA. Costs related to derivative trading may also include bid-offer spreads, daily and overnight financing costs, account management fees and taxes. These costs can be complex to calculate and may outweigh the gross profits from a trade.

Tax

You should understand the tax treatment of any profits, gains or losses you may make trading CFDs or other derivative financial instruments.

Swap Values and Charges

If a client holds any positions overnight then an applicable swap charge will apply. The swap values are clearly stated on IronFX SA's website and accepted by the client during the account registration process as they are described in IronFX SA's Terms and Conditions.

The swap rate is mainly dependent on the level of interest rates as well as IronFX SA's fee for having an open position overnight. IronFX SA has the discretion to change the level of the swap rate on each financial instrument at any given time and the client acknowledges that he will be informed of any such changes via IronFX SA's website. The client further acknowledges that he is responsible for reviewing the contracts specifications located on IronFX SA's website and for being updated on the level of swap value prior to placing any order with IronFX SA.

Client's Acknowledgement

The client hereby acknowledges and declares that he has read, understood and thus accepts without any reservation all the information included herein including the following:

- The value of the financial instrument (CFD or any other derivative product) may decrease and the client may receive less money than originally invested or the value of the financial instrument may present high fluctuations. It is possible that the invested capital may become of no value;
- Information on past performance of a financial instrument does not guarantee the present and/or future performance. The use of historic data does not constitute a binding or safe forecast as to the corresponding future return of the financial instruments to which such data refers.
- Some financial instruments may not become immediately liquid due to various reasons such as reduced demand and IronFX SA may not be in a position to sell them or easily

obtain information on the value of such financial instruments or the extent of any related or inherent risk concerning such financial instruments ;

- When a financial instrument is negotiated in a currency other than the currency of the client's country of residence, any changes in an exchange rate may have a negative effect on the financial instrument's value, price and performance.
- A financial instrument in foreign markets may entail risks different than the usual risks in the markets in the client's country of residence. The prospect of profit or loss from transactions in foreign markets is also influenced by the exchange rate fluctuations.

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