RISK DISCLOSURE STATEMENT

MITRADE EU LIMITED

1. Introduction

(1) Mitrade EU Limited (the "**Mitrade**", **"Company"**, **"we", "us"** and **"our"** as appropriate), an investment firm regulated and authorized by the Cyprus Securities and Exchange Commission (the **"CySEC"**) under license No. 438/23, has established the present Risk Disclosure Statement (the **"Statement"**) for the purposes of informing its clients or prospective clients (the **"Client", "you"** or **"your"**) in regards to the risks associated with the provision of investment services in Contracts for Differences (the **"CFDs"** or **"products"**).

(2) This Statement is provided to you, in accordance with the relevant laws and regulations governing the activities of Mitrade as a regulated Cyprus Investment Firm. Its purpose is to provide you with a non-exhaustive overview of the key risks that you should take into consideration when deciding whether to open an account and trade CFDs with Mitrade. It does not explain all the risks involved in trading or how such risks relate to your personal circumstances.

(3) Our products are provided on an execution-only basis, meaning that you are solely responsible for any decisions that you make. The Company is not a financial advisor, nor do we provide any tax or legal advice. Occasionally, we will provide you with general information regarding the market and how our various products and services work. Any information and analysis provided by us is of general nature and does not consider your personal objectives, financial situation or needs. You should not consider any of the information provided by us as investment advice, recommendation and/or an offer to make a transaction.

(4) It is important that you carefully read and understand the risk disclosures and warnings of this Statement before deciding to open an account and trade with us. To gain a better understanding of the risks associated with different types of CFDs, you should, among other sources, review and understand the Key Information Documents (KIDs) available on Mitrade's website. If you are in doubt, you should seek professional advice.

(5) **CFDs are speculative instruments and are not suitable for long term investors or investors seeking capital growth, low risk income or capital preservation. You should not engage in any trading activity, unless you fully understand the risks involved with CFDs and you are satisfied that CFDs are compatible with your circumstances and financial resources. You may lose the entire capital invested and therefore, you should not risk more than what you can afford to lose.**

2. CFDs and Associated Risks

CFDs

(1) Mitrade offers CFD trading on various underlying assets, acting as principal and serving as the sole execution venue of clients' orders. CFDs are complex derivative products whose value derives and fluctuates based on the price of the underlying instrument. They are over the counter products (the "**OTC**") that allow investors to replicate the economic effect of trading in particular assets without requiring actual ownership of those assets.

(2) CFDs can only be settled in cash and the difference between the buying and selling price determines the result of each trade investment. You have no rights or obligations in respect to the underlying instruments or assets relating to your CFDs.

(3) CFDs are complex instruments and come with high risk of losing money rapidly due to leverage. By taking into consideration the possibility of losing the entire investment, speculation in CFDs should only be conducted with risk capital funds that, if lost, will not significantly affect your personal financial wellbeing.

Market Risk

(4) All trades are subject to market risk, which reflects the possibility of losses from the fluctuations in the price of the underlying asset. The price of each financial instrument is influenced by, amongst others, the overall performance of the underlying market, demand and supply, changes in interest rates, monetary policy or governmental decisions, changes in macroeconomic indicators, market sentiment, geopolitical events and other risks specific to the individual instrument.

(5) You should be aware and understand the specific characteristics and risks of each underlying instrument and how these risks may affect your positions.

(6) Maintaining a hedged position on a specific instrument (i.e. having both long and short position of same size), will not eliminate the risks your exposed to. You may incur further losses from a hedged position as a result of increased spreads and/or overnight fees, in cases where these positions are maintained overnight.

Leverage

(7) Trading in CFDs involves a high degree of leverage which poses greater risks compared to investing directly in the underlying instrument or other non-leveraged products. Leverage magnifies both profits and losses, as it allows you to gain an amplified exposure with a relatively small investment. This means that you only need to invest a small percentage of your position's notional value and a small price movement in the underlying instrument can lead to high returns or significant losses.

(8) Sharp or rapid price movements can result in substantial losses over a short period of time. Losses may exceed the required margin for opening a position and may potentially lead to a complete loss of your invested capital. If you do not maintain enough funds in your account to satisfy our margin requirements, we may close any or all of your open positions.

Margin Requirements

(9) Before you enter a position, you are required to deposit or have available in your account, the initial margin required, which depends on the underlying instrument, its value, and the level of leverage you wish to utilise.

(10) It is your responsibility to always maintain the margin requirements of your positions and to monitor your account's margin level. When your margin level falls below the margin requirements, you may receive a "margin call notification" to increase the funds available in your account or to reduce your exposure by closing positions. There may be instances where you will be required to increase your margin level instantly or cases where you will be unable to do so due to rapid price movements or market gaps.

(11) In any case, failure to maintain your margin level above the close-out level, shall result to any or all your positions to be automatically liquidated. It is therefore important that you always monitor your positions and ensure that your account has sufficient margin available to maintain open positions and avoid close-outs.

Volatility

(12) Markets are volatile and unpredictable. Prices may undergo sharp and sudden movements, outside our control, which may significantly affect your positions. Moreover, high volatility can lead to low liquidity, increased spreads and market gaps. There may be situations where executing your order at the requested price may not be feasible.

(13) A market gap is a situation where the price of a financial instrument moves sharply up or down, with no trading in between, causing a discontinuous space or “gap” in the price chart of that instrument. Market gaps occur more frequently overnight, between the closing price of one trading session and the opening price of the next trading session as a result of significant news or events. Gaps may also occur intraday, caused by sudden news releases and unexpected events.

(14) Gapping may adversely affect the price at which we execute your orders. You should always monitor your positions and ensure you have sufficient funds to maintain your positions, especially when holding positions overnight, where gapping is more likely to occur. Stop loss orders are not guaranteed and will not protect you during market gaps.

Dealing off-Exchange

(15) CFDs are bilateral derivative contracts executed OTC rather than on a recognized exchange. We always act as the counterparty to your positions, and these positions are non-transferable and can only be closed with us.

(16) OTC transactions are exposed to greater risks compared to on-exchange transactions since there is no central clearing house and no guarantee by any other party regarding the financial performance of each transaction. You are therefore subject to counterparty credit risk with Mitrade, relying on our ability to meet our obligation to you under the terms of each transaction.

(17) Note however, that in the unlikely event where Mitrade will be unable to pay any claims to its clients, eligible claimants have the right to compensation by the Investor Compensation Fund (the **“ICF”**). Please refer to the ICF Notice for more details.

Slippage

(18) Slippage is when an order is filled at a price that is different than the one requested, which could be either better (positive slippage) or worse (negative slippage). It occurs when the market moves suddenly and by the time the order is placed and received, the requested price is no longer available. As a result, the order is executed at the best available price at the time received.

(19) Slippage more often occurs during periods of low liquidity or high volatility, for example during market opening and closing, market gaps, news announcements and economic events.

(20) All orders may experience slippage, including stop loss, and Mitrade cannot guarantee the execution of an order at the requested price. More details on slippage are available in our Order Execution Policy.

Stop Loss not Guaranteed

(21) Stop loss orders are utilized to minimise potential losses in case the market moves against you. However, stop loss orders are not guaranteed and may be executed at a price which is less favourable than the one requested.

Spreads

(22) The spread is the difference between the Bid and Ask price of each product, and is the only fee applied by Mitrade when you enter or close a position. The value of each position is determined based on the available price where the position can close, i.e. the Bid price for buy (long) positions and the Ask price for sell (short) positions. This means that as soon as you enter a position, you will be making a loss equal to the spread's value.

(23) Our spreads are variable, and therefore fluctuate depending on current market conditions, outside our control. During times of low liquidity or high volatility, spreads tend to widen, resulting in higher execution costs or less favourable valuation of your positions.

Liquidity Risk

(24) There may be periods where certain financial instrument become illiquid. Low liquidity may adversely affect our pricing, spreads, size limits or, in certain situations, our ability to provide price quotes. If there is a significant reduction in liquidity, we may suspend trading or take any other action we deem appropriate. As a result, you may not be able to place trades or to close positions in the affected instruments.

Currency Risk

(25) When you deal in a CFD denominated in a currency other than your account's base currency, your profit or loss and overnight financing fees will be affected by fluctuations in the exchange rate between your account's currency and the currency that the CFD is denominated.

Past Performance

(26) Movements in prices are unpredictable. Past performance or any price simulations and predictions are not an indication of future performance.

Corporate Events and Actions

(27) Where your position is subject to a corporate action such as rights issue, takeovers, mergers, dividend distribution, stock splits or reverse stock splits, we will proceed with appropriate adjustments, if any, to mirror the effect of such event in your positions and trading account. This may include debiting or crediting your account with a dividend adjustment, modifying a position and/or opening a new position. Where you have a CFD on a share that is being de-listed, we will close that position at the last market price.

(28) It is your responsibility to monitor and be duly informed of any possible upcoming corporate events or

actions that may affect your positions.

Client Money and Counterparty Risk

(29) We keep clients’ money in one or more segregated client money accounts, held with credit institutions within the EEA and separated from Mitrade’s money. Your money will be pooled with money belonging to other clients in an omnibus account and therefore may not be possible to determine the specific credit institution they are held.

(1) While we exercise due skill, care and diligence in selecting the credit institutions where we keep clients’ money, it is understood that we will not be liable or responsible for any losses resulting from the insolvency, omission or failure of these institutions. In the unfortunate event of an institution holding clients' money becoming insolvent, we will hold an unsecured claim against the institution on your behalf and on behalf of our other client. This entails a risk that we may not be able to recover the full amount required to satisfy the claims of all affected clients. You should further note that the funds held in omnibus accounts may be used by Mitrade to meet its obligations towards other clients.

(30) It should be noted however, that client money accounts held with EEA credit institutions are covered by a deposit guarantee scheme.

CFDs on Cryptocurrencies

(31) Cryptocurrencies are highly speculative instruments exposed to higher and specific risks compared to other traditional assets such as fiat currencies, equities and bonds.

(32) Cryptocurrencies are traded in decentralized digital exchanges, where market depth and liquidity may be low. This can affect their pricing and increase volatility since it is easier for large trades to move prices significantly. The nature of these markets, makes them more vulnerable to market manipulation, cyberattacks and other network securities issues that may impact the integrity of such markets and affect the prices or cryptocurrencies.

(33) Unlike other assets, cryptocurrencies usually do not have intrinsic value, nor they are backed by a central bank or government. There value relies mainly on:

- demand, which is heavily influenced by market sentiment, speculation and in some cases by misleading information published through social media ; and
- the supply dynamics of each cryptocurrency, such as maximum supply, inflation schedules and burning mechanisms.

(34) The unique characteristics and associated risks of cryptocurrencies, as described above, can lead to extreme price movements, unusual spikes and erratic trading behaviour in the market, that may affect our CFD pricing and/or our ability to execute your orders.

(35) You should acknowledge and understand that CFDs on cryptocurrencies are not suitable for all investors. Although they offer the potential for high returns, they also come with higher risks compared to traditional assets. Therefore, when trading CFDs on cryptocurrencies, the risk of losing your entire capital is more likely to materialise. Given the risks involved it is important to educate yourself before determining whether you are comfortable to engage in CFD on cryptocurrencies trading.

Costs and Chargers

(36) Before you enter into any transactions with us, it is important to ensure that you fully understand our costs and charges and how they may impact your trading. We reserve the right to change our costs and charges at any time, as per the provisions of the Client Agreement.

Tax

(37) There is also a risk that your trades in any financial instrument are or become subject to tax and/or any other duty for example because of changes in legislation or your personal circumstances. Mitrade does not warrant that no tax and/or any other stamp duty will be payable and does not offer tax advice. You are responsible for any taxes and/or any other duty which may accrue in respect of your trades.

Force Majeure Events

(38) In a Force Majeure Event, we may not be able to provide you with our services or fulfill our obligations towards you. Mitrade will not be liable for any loss or damage you suffer as result of failure, hindrance or delay in performing our obligations under the Client Agreement where such failure, hindrance or delay arises directly or indirectly from a Force Majeure Event.

Technical Risks

(39) You acknowledge and understand that when trading through an electronic platform, you are exposed to risks that may affect your ability to access your account, place orders and manage your positions. Such risks may arise from:

- failure or malfunction of your device(s) and software;
- internet disconnection or poor quality connection;
- wrong settings or misuse of the Platform; and
- your access data been compromised,

(40) Mitrade is not responsible for any damages or losses resulting from such events which are beyond its control or of any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from your inability to access the Website and/or Platform or delay or failure in sending orders or transactions.

3. Review and Amendment

(1) Mitrade reserves the right to review and/or amend this Statement, at its sole discretion, whenever it deems necessary and without prior notice.

Trade Faster Trade Smarter

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www.mitrade.eu