

RISK WARNING: Contracts for Difference ('CFDs') are complex financial products, most of which have no set maturity date. Therefore, a CFD position matures on the date you choose to close an existing open position. CFDs, which are leveraged products, incur a high level of risk and can result in the loss of all of your invested capital. As a result, CFDs may not be suitable for all individuals. You should not risk more than you are prepared to lose. Before deciding to trade, you should ensure that you understand the risks involved and take into account your level of experience. You should seek independent advice, if necessary.

1. SCOPE OF THE NOTICE

1.1 Khwezi Financial Services Financial Services Ltd. (referred to as '**Khwezi Financial Services**', the '**Firm**', '**us**', '**we**' and '**our**') provides you with this 'Risk Disclosure Notice' (the '**Notice**') to help you understand the risks that might arise when trading Contracts for Difference ('**CFDs**'). However, you need to bear in mind that the Notice does not contain all the risks and aspects involved in trading CFDs. The Client (referred to as the '**Client**', '**you**', '**your**' and '**yourself**') should carefully read the Notice in conjunction with the 'Client Agreement', the 'Order Execution Policy' and the documentation/ information available to you through our Website.

1.2 You need to ensure that any decision to engage in trading CFDs is made on an informed basis and in light of your knowledge and experience as well as to your personal circumstances (including but not limited to your financial position). In addition, you need to ensure that you understand the nature of CFDs and the extent of all risks and aspects involved in trading CFDs.

1.3 Please note that CFDs are leveraged financial products and therefore as such, trading CFDs involves a high risk of loss as price movements are influenced by the amount of leverage the client is using.

1.4 Trading CFDs is not be appropriate for all persons. Under no circumstances, you should risk more than you are prepared to lose.

2. APPROPRIATENESS ASSESSMENT

2.1 When processing your 'Account Opening Form' Khwezi Financial Services carries out an assessment of your appropriateness to trade CFDs and determines, based on information you provide us with, if you have sufficient knowledge and experience to understand the risks involved in trading CFDs. We will inform you of the results of our assessment but this does not relieve you of the need to carefully consider whether to trade CFDs with us. If we warn you that trading CFDs may not be appropriate for you, then you should refrain from trading CFDs until you attain sufficient knowledge and experience, for example you may trade CFDs on a demo account prior to trading CFDs in a live environment and you acquainted yourself sufficiently with the relevant risks.

3. NATURE OF CFDs

3.1 CFDs are agreements to exchange the difference in value of a particular instrument or currency between the time at which the agreement is entered into and the time at which it

is closed. CFDs allow the Firm's Clients to replicate the economic effect of trading in particular currencies or other instruments without requiring actual ownership of those assets.

3.2 CFDs are derivative products traded off-exchange (or Over-the-Counter ('OTC')); this means Khwezi Financial Services is at all times the counterparty to the Client trades and any CFD trades entered into with the Firm, can only be closed with us. Your ability to open and/or close trades is dependent on the availability of our trading platform(s).

3.3 You understand that you are not entitled to the physical delivery of the underlying instrument (or reference instrument) of the CFDs you are trading and you have no rights in the underlying instrument (such as voting rights in case you are trading CFDs on shares).

3.4 CFDs fluctuate in value during the day; the price movements of CFDs are determined by a number of factors including but not limited to availability of market information.

4. PRICES AND COST

4.1 The prices generated by our trading platform(s) are derived from the prices of the relevant underlying instruments, which the Firm obtains from third party liquidity/ price providers. The prices of CFDs that you trade with us include a mark-up; this means that the spreads offered by us comprise of (i) the raw spreads received from liquidity/ price provider(s) and (ii) a mark-up (where applicable).

4.2 For trading certain CFDs, the Client may be required to pay a commission and/ or other fees. For all type of CFDs offered by the Firm, the commission (if applicable) and financing/ overnight fees are not incorporated into the Firm's quoted prices and are instead charged explicitly to the Client Account(s). In the case of financing/ overnight fees, the value of opened positions in some types of financial instruments is increased or reduced by a daily financing fee 'swap' throughout the life of the trade. The financing fees are based on prevailing market interest rates. From Mondays, Tuesday, Thursdays and Friday swap is charged once for every business day and on Wednesday swap is charged in triple size in order to account for the weekend.

4.3 You should not fund your Account using money obtained from any credit facility (including bank loan or otherwise). You should understand that your overall risks will be significantly increased. For instance, if you incur a loss on your trades, you will still have to repay any amount borrowed plus any interest or other costs. Therefore, you shall never finance any trades on such borrowed money and you should never rely on being able to profit on any trade, in order to repay such amounts.

5. MARKET CONDITIONS, REQUIRED MARGIN, LEVERAGE AND STOP-OUT LEVELS

5.1 Trading CFDs enables you to use leverage to open a trade by depositing a fraction of the total trade value; this means that a relatively small market movement may lead to a proportionately much larger movement in the value of your trade. For margin calculation purposes, the leverage level used will be the lower of: (i) the Account or (ii) symbol traded. This logic applies on all our trading platforms.

5.2 During the account opening process the default leverage is set at 1:100.

5.3 Financial markets may fluctuate rapidly to reflect events that are outside the control of the Firm and/or your control; as a result, prices will become volatile. One form of price volatility is 'gapping', which occurs when there is a sudden shift in prices from one level to another. This can be caused, for example by political events, unexpected economic events or market announcements, within or outside trading hours. Consequently, Khwezi Financial Services platform may be unable to execute your instructions at the requested price. In addition, if prices move against you, this will have a direct and real-time impact on your trades, which may be automatically stopped-out. It is possible that you all your trades will be stopped-out; not just the ones that are loss making.

5.4 It is your responsibility to monitor the required margin of your open positions and in order to avoid a stop-out you may have to fund your Account.

6. FOREIGN EXCHANGE AND OTHER RELATED RISKS

6.1 You will be impacted by foreign exchange movements, if you are trading in a product that is denominated in a currency other than the currency of your Account. Any currency conversion calculations are provided by the Firm to the Client in the currency in which the Client account is denominated and the currency of the relevant CFD, using the cross-spot rate.

6.2 Your capacity to trade CFDs may also be affected as a result of changes in the legal, regulatory, taxation environment and/or other.

7. TECHNICAL RISKS

7.1 We try to generate prices continuously and provide you with access* to our trading platforms throughout the trading sessions as indicated on our Website. However, there are instances where this is not possible; for example, instances of poor telecommunication/ internet connectivity, system errors and outages and/or other factors. The above may cause prices to change between the time an order is placed and the time the order has been received by the Firm. In addition, these technical risks may significantly impact the execution of your orders.

* Access to our trading platforms includes access via mobile applications

8. CLIENT MONEY

8.1 If you are categorised as a retail client, any money that we hold on your behalf will be kept in a segregated account with Standard Bank of South African separated from the Firm's money. The Client Money will not be pooled with money belonging to other clients. A Client's claim may only be against the Client Money in his account. In general, accounts held with Standard Bank of South African, the only potential risk is if the institution defaults, if such institution defaults, the Client shall have no redress against Khwezi Financial Services.

9. NO ADVICE

9.1 Khwezi Financial Services may, from time to time and as often as it deems appropriate, issue and/or distribute third party material (the **'Material'**), which contains information including but not limited to the conditions of the financial markets, posted through our Website and other media and/or received by you. It should be noted that the Material is considered to be marketing communication only and does not contain, and should not be construed as containing, investment advice and/or an investment recommendation and/or, an offer of or solicitation for any transactions in financial instruments; any decision to enter into a specific transaction shall be made by the Client following an assessment by him/herself of their situation. Khwezi Financial Services makes no representation and assumes no liability as to the accuracy or completeness of the information provided, nor any loss arising from any investment based on a recommendation, forecast or other information supplied by any employee of Khwezi Financial Services, a third party or otherwise. The Material is not prepared in accordance with legal requirements promoting the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. All expressions of opinion included in the Material are subject to change without notice. Any opinions made may be personal to the author and may not reflect the opinions of Khwezi Financial Services.

9.2 Khwezi Financial Services does not provide investment, financial, legal, tax, regulatory or other advice relating to investments or trading CFDs. Any material or information or other features, which may be provided to you through our Website, trading platforms, marketing or training events or otherwise, is generic and shall not be treated as advice appropriate for you or based on a consideration of your personal circumstances. You should seek independent professional advice from a suitably qualified advisor, if necessary, prior to engaging in trading CFD with us.

10. PAST PERFORMANCE

10.1 Past performance, simulation or prediction of CFDs does not constitute an indication of future results. If you should choose to mirror or follow a specific strategy listed on the trading platform code base or the CRM system indemnifies Khwezi and holds it harmless against any and all liability, damage, losses, claims including consequential loss, sustained or incurred by the client arising out of or in connection with the implementation of a Mirrored Account. You should note that the value of your investment can decrease (as well as increase) as the market price of the underlying asset may fluctuate downwards (or upwards).