Risk Disclosure Notice

Risk Warning: Trading Options and FX is risky. It isn't suitable for everyone and, if you're a professional client, you could lose substantially more than your initial investment. You don't own or have rights in the underlying assets. Past performance is no indication of future performance and tax laws are subject to change. The information in this document is general in nature and doesn't consider your or your client's personal objectives, financial circumstances, or needs. Please read our legal documents and ensure you fully understand the risks before you make any trading decisions. We encourage you to seek independent advice.

1. Scope of this Notice

1.1 Magna Strategy provides you with this Notice to help you understand the risks that might arise when trading Options. This Notice is non-exhaustive, and you need to bear in mind that it doesn't contain all the risks and aspects involved in trading Options or how the risks relate to your personal circumstances. You should carefully read this Notice in conjunction with our Terms and Conditions, Order Execution Policy and other documents and information available to you through our website, considering your personal circumstances, before deciding to open an Account and trade with us. We recommend that you seek independent advice if you're unsure.
1.2 This notice is provided to Retail Clients and Professional Clients. If you're classified as a Professional Client, please be aware that you won't receive the same protections that are afforded to Retail Clients.

2. Appropriateness Assessment

2.1 As part of our Account-opening process we'll carry out an assessment of your appropriateness to trade Options and determine, based on information you provide to us, if you have sufficient knowledge and experience to understand the risks involved in trading Options.

We'll inform you of the results of our assessment, but this doesn't relieve you of the need to carefully consider whether trading Options is right for you. If we warn you that trading Options, may not be appropriate for you, then you should refrain from trading Options until you obtain sufficient knowledge and experience and have acquainted yourself with the relevant trading risks. For example, you may trade Options on a demo Account to build your knowledge and experience before trading Options in a live environment.

3. Prices and Costs

3.1. Our dealing costs are set out in writing on our website.
3.2 The prices of Options includes a commission. We'll charge commissions as a percentage, or basis points, of the total position size trade - your costs aren't relative to the deposit or margin you've used. We'll charge you where indicated on a per transaction basis.
3.4 Minimum charges can be relevant for smaller trade sizes and there are also charges associated with overnight financing of positions. We may include costs in the transaction price of Margin FX Contracts. In this situation, we'll stipulate the size of the bid/offer spread quoted depending on the product(s) that you want to trade.
3.5 The costs associated with your transactions will show up separately on your Contract notes

and statements.
3.6 We use pricing that has been sourced from multiple, external, third-party Liquidity Providers, which is derived from the prices of the relevant underlying instruments. The prices of Options that you trade with us do not make any other alterations to the pricing.
3.7 If you have any queries about costs or our pricing, please contact us by email at support@magnastrategy.net
3.8 We offer several different trading accounts that feature different fees and costs.
3.9 You shouldn't fund your Account using money obtained from any credit facility (including bank loan or otherwise). It's important for you to note that your overall risks will be significantly increased if you do this. For instance, if you incur a loss on your trades, you'll still have to repay the amount you borrowed plus any interest or other costs. 4

4. Leverage and Required Margin

4.1 Trading Options, enables you to use leverage to open a Contract by depositing a fraction of the total Contract value. This means that a relatively small market movement may lead to a proportionately much larger movement in the value of your Contract. You can trade Margin Contracts and others with a high degree of leverage because of the small Margin requirements. Trading with leverage means that even a slight change in the market could lead to a proportionately much larger movement in the value of your investment.
4.2 If you're a Professional Client and the market moves against you, your use of leverage means that you could incur losses that never be far or greater than the money you've deposited in your Account. Professional Clients may be entitled to one-time negative balance protection, as set out in our Terms and Conditions. 4.3 If you're a Retail Client, we'll provide you with Negative Balance Protection which limits your maximum losses (including any costs that you incur) to the value of your Account equity.
4.4 You should note that any changes that you make to your leverage level on an already traded Account can immediately affect your open positions, and we may require you to provide additional funding to support your open Contracts.
4.5 If you're a Retail Client and your equity (Account balance plus running profit/loss) falls below the 50% Margin level required to maintain your open Contracts; we will automatically close them.
4.6 If you're a Professional Client and your equity (Account balance plus running profit/loss) falls below the Margin required to maintain your open Contracts, we'll automatically close them when your Margin reaches the following thresholds:

(a) 20% for Hedge
(b) 30% for Capitalization

4.7 It's your responsibility to monitor the required Margin for your open Contracts and to avoid a stop-out you may have to fund your Account. You can monitor your Contracts (and Margin requirements) on your Platform.

5. Volatility

5.1 Derivative markets generally can be highly volatile (i.e. they move up and down in value quite quickly) so the risk that you'll incur losses when you trade in derivative Contracts can be substantial.
5.2 High volatility means the markets can be very difficult to predict. This means that you shouldn't consider

any Contract offered by us or any other financial services provider to be a “safe” trade.

5.3 In times of extreme volatility, pricing of Contracts can be impacted as the source of that pricing (liquidity) dries up. This can mean, for example:

(a) the market “gaps” and jumps past the price that you want or expect;

(b) the underlying bid/ask spread widens (i.e. the gap between the buy and sell price is wider); and

(c) you could even find it difficult to obtain a price for Contracts.

5.4 We pass on any pricing re-quotes from our Liquidity Providers directly to you, without any bias towards the direction the pricing has moved in.
5.5 Highly volatile market conditions can make it difficult for us to execute Orders at the given price, due to an extremely high volume of Orders and/or available liquidity. By the time we’re able to execute Orders, the bid/offer price may be reset. This may mean that certain Orders at this time are rejected.
5.6 “Hanging Orders” can also occur during periods of high volume. A Hanging Order is when an Order sits in the “orders” window of the Platform after it’s been executed. Generally, the Order has been executed, but it’s simply taking a few moments for it to be confirmed. During periods of particularly heavy volume, it’s possible for a queue of Orders to form, and the increase in incoming Orders can sometimes create a delay in confirming certain Orders.
5.7 There are times when Orders may be subject to what’s known as **“slippage”,** because of an increase in volatility or volume. This happens most often during fundamental news events or “gapping” in the markets, which create conditions where orders are difficult to execute because of extreme price movements.
5.8 The execution of your Order always depends on the liquidity that’s available at all price levels. Although you may be looking to execute at a certain price, even if that price appears on the Platform, the market may have moved significantly or liquidity may be exhausted, in which case your Order would be filled at the next best price or the fair market value.
5.9 When you’re considering an Order, please be mindful that all Contracts that you have open at 4:59pm New York (EST) will be subject to rollover. Your Contracts will be rolled over by debiting or crediting your Account with a Rollover Charge or Rollover Benefit. During the rollover period, trading may be disabled for 2 to 5 minutes and there may be widened spreads as liquidity reduces, which could cause you to experience losses or gains. We’re not liable for any losses that you incur during the rollover period.

6. Stop losses not guaranteed.

6.1 You’re responsible for monitoring your Account and taking steps to limit your losses. We encourage you to employ “stop-loss orders” to minimize your risk, but it’s important for you to note that stop-losses aren’t guaranteed. If there are instances of illiquidity, slippage, or the market gaps up or down, your exit price will be the next available price, which could deviate significantly from your intended stop-loss price.

7. Foreign Exchange Risks

7.1 If you’re trading in a product that is denominated in a currency other than the currency of your Account, you’ll be impacted by foreign exchange movements. Please refer to our Terms and Conditions for more 6 information on how we treat different currencies.

8. System Risks

8.1 We run the Platform in an online environment (the internet). This means there may be issues with you placing Orders or with your Contracts being executed due to internet, system, or network issues on your end. Because we can't promise that the internet will work error-free, we can't accept liability for the risks associated with the operation of our Platform. For this reason, you need to be mindful that Platform risks are inherent in every Contract that you trade with us.
8.2 For example, a technical issue with your internet connection to our servers, may result in a Hanging Order and a delay in executing your Contract. A disturbance in the connection path can sometimes interrupt the signal and disable the Platform, causing delays in transmission of data between the Platform and our servers.
8.3 Disruptions to our operational processes such as communications, computers, computer networks, software or external events could also lead to delays in the execution and settlement of your Contract, meaning that you might be unable to trade in a particular contract that we offer and you could suffer a financial loss or opportunity loss as a result.
8.4 If you experience a disruption to our Platform, you can contact our Support team directly at support@magnastrategy.net to open\close your Contract.

9. Execution Risk

9.1 We aim to provide you with the best pricing available and to fill all Orders at the rate you've requested. But there are times when Orders may be subject to what's known as "slippage", because of an increase in volatility or volume. This happens most often during fundamental news events or "gapping" in the markets, which create conditions where Orders are difficult to execute because of extreme price movements.
9.2 The execution of your Order always depends on the liquidity that's available at all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity may be exhausted, in which case your Order would be filled at the next best price or the fair market value.
9.3 When you're considering executing an Order, please be mindful that all Contracts that you have open at 23:59 (server time) will be subject to rollover. Your Contracts will be rolled over by debiting or crediting your Account with a Rollover Charge or Rollover Benefit. During the rollover period, trading may be disabled for 2 to 5 minutes and there may be widened spreads as liquidity reduces, which could cause you to experience losses or gains. We're not liable for any losses that you incur during the rollover period.

10. Cryptocurrency Risk

10.1 Options are high risk investment products, which are volatile, creating opportunity for high financial returns or losses. Cryptocurrencies are also high-risk instruments, and their value can fluctuate significantly. Cryptocurrencies are also subject to technology risks. If you choose to invest in Cryptocurrency or Options you do so acknowledge that these instruments are much more volatile than traditional currencies, so sharp and sudden moves in the price could see you lose significant amounts of money very quickly.

10.2 We base the price of our Cryptocurrency contracts on the Underlying Market, made available to us by the exchanges and Liquidity Providers that we trade with.

10.3 When you trade Cryptocurrencies, you need to be aware of the risk of a "hard fork" occurring. A hard fork is when a single Cryptocurrency splits in two due to a split in the blockchain network (ledger of Cryptocurrency transactions) and occurs when a Cryptocurrency's existing code is changed. This can result in both an old and new version of the Cryptocurrency.

10.4 In the event of a hard fork,

10.5 If the hard fork results in a variable second Cryptocurrency becoming tradeable on exchanges, we have access to, then, in our absolute discretion, we may create an equivalent contract or cash adjustment on your Account to reflect its value. When a hard fork occurs, there may be substantial price volatility around the event, and we may suspend trading throughout if we do not have reliable prices from the Underlying Market.

10.6 We'll attempt to notify you of potential hard forks, but it's however it is your responsibility to make yourself aware of the hard forks that could occur.

10.7 We may enforce a total limit on the total amount of Cryptocurrency exposure that you're allowed each client is allowed to maintain. This information is available on our website or from our Support team upon request. We reserve the right to reduce your Cryptocurrency positions if your notional exposure size exceeds this limit.

11. Automated Trading Risk

11.1 While you're able to connect to and use third party trading tools and systems with the Platform (such as automated trading strategies/expert advisors, copy traders and robot traders), using these tools and systems is high risk and could lead to you incurring significant financial losses.

11.2 We don't have any control over the logic or code that these third-party providers use when developing their tools and systems and we're not responsible or liable for their operation in connection with the Platform.

11.3 We don't endorse any third-party provider and you should take steps to ensure that any third party tools or systems that you use to trade with us.

(a) we'll generally follow the blockchain that has the majority consensus of Cryptocurrency users. We reserve Magna Strategy reserves the right to determine which blockchain) and Cryptocurrency unit has the majority consensus behind them and use this as a basis for Cryptocurrency Contracts; and

(b) theremaybesubstantialpricevolatilityaroundtheevent.We maysuspendtradingthroughoutifwedon't. have reliable prices from the Underlying Market have been developed by reputable providers that, where relevant, are appropriately licensed or permitted to provide the relevant services to you.

11.4 Your use of automated trading strategies such as EAs is solely at our discretion. We reserve the right to restrict access to your Account by such automated trading strategies where we consider that the level of activity or server messages generated are deemed unreasonable, relative to your trading activities.

11.5 This may require us to temporarily change the password to your Account until such time as the automated strategy or EA is modified or deactivated. We'll attempt to contact you before taking this action prior, but we reserve the right to change your password immediately to support the proper functioning of our servers.

12. Client Money

12.1 We'll keep any money that we hold on to your behalf in one or more segregated accounts with an institution within or outside The United States, London, Panama or Costa Rica separated from our own money in what are called liquidity providers or clearing houses.

12.2 Your client money won't be kept separate from other client's money in this account, therefore you won't have a claim against a specific sum in a specific account, in the unlikely event of our or the bank's insolvency. Instead, your claim may be against the client money held in our segregated account.

12.3 In general, accounts held with institutions 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 bank account or liquidity provider may be exposed to our obligations to other Clients if we're unable to meet them. We're not liable to you if the bank or liquidity provider we use to hold client money becomes insolvent and you have no redress against us in this situation.

13. No Advice

13.1 We provide you with our products and services on an execution-only basis – which means that you're solely responsible for any decisions that you make in relation to our products and services.

13.2 We're not a financial advisor and we don't provide any regulatory, tax or legal advice. Sometimes we'll provide you with general information about the market and how our various products and services work. Any information and analysis that we provide you is general in nature and doesn't consider your or your client's personal objectives, financial situation or needs. You shouldn't regard any of the information that we provide to you as an investment recommendation or an offer to make a transaction.

13.3 Tax benefits are subject to change and depend on your individual circumstances. We recommend that you seek specialist advice if you're unsure about any of these matters.

14. Corporate Actions

14.1 If your Contract is the subject of a corporate action such as rights issues, takeovers, mergers, we'll decide what adjustment, if any, will be made to your Contract or your order to:

(a) preserve the economic equivalent of the rights and obligations of you and us in relation to the Contract immediately before the corporate action took place; and/or

(b) replicate the same effect of the corporate action on your Contract that it would have on someone with an interest in the relevant Underlying Asset. This may include closing-out a Contract or opening a new Contract.

15. Regulatory and Legal Risks

15.1 Changes in taxation and other laws, government, fiscal, monetary, and regulatory policies may have a material adverse effect on your dealings in OTC derivative products. We'll do our best to let you know whenever a change in legislation will impact the way that you deal with us.

16. Past Performance

16.1 Past performance, simulation, or prediction of CFDs doesn't guarantee future results. 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).

17. Words that we use in this Notice.

"**Account**" means your trading account with us.

"**Agreements**" means this notice, our Terms and Conditions, Application Form, and any information on our Platform or website which governs our relationship with you.

"**Application Form**" means the online form that you complete on our website to open an Account.

"**CFD**" means a contract-for-difference, a type of OTC derivative product that we offer.

"**Cryptocurrency**" means a digital asset that's subject to significant volatility and risks.

"**Contract**" means an OTC derivative Contract between you and us, which is an agreement to pay or receive the difference in value of an Underlying Asset.

"**Hanging Order**" has the meaning given to it in section 6.6 of this Notice.

"**Liquidity Provider**" means a counterparty that we pass trades to, to manage our risk, also known as a hedging counterparty.

"**Margin**" means the amount of money that you need to deposit into your Account to enter into or maintain a Contract with us under the Agreements.

"**Margin FX Contract**" means a leveraged foreign exchange Contract, a type of OTC derivative product that we offer.

"**Order**" means an offer that you make to enter into a Contract with us under the Agreements.

"**Magna Strategy", "we" "us" and "our"** means Magna Strategy Markets Limited.

"**Platform**" means any online software that we make available to you for entering Margin FX Contracts, Option Contracts under the Agreements.

"Professional Client" has the same meaning as in our Terms and Conditions.

"Retail Client" has the same meaning as in our Terms and Conditions.

"**Rollover Benefit**" means a benefit that you may receive on a future based CFD that you hold overnight, as described in sections 5 and 7 of this Wholesale Client Information Statement. 10

"**Rollover Charge**" means a charge that you may incur on a future based Option that you hold overnight, as described in sections 5 and 7 of this Wholesale Client Information Statement.

"**Terms and Conditions**" means the current version of our Terms and Conditions, which form part of our legal relationship with you, as available on our website.

"**Underlying Asset**" means the instrument or asset that underlies your Order or Contract and determines the value of that Contract – for example ana stock market index, commodity, currency pair, futures contract, equity, crypto currency or any other instrument or asset.

"**Underlying Market**" means the market in which an Underlying Asset is traded. For example, the New York Securities Exchange.