



Risk Acknowledgement and Disclosure

BABA INVESTMENT (SVG) LLC

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IT IS VERY IMPORTANT THAT ALL CLIENTS READ AND FULLY UNDERSTAND THE FOLLOWING RISKS OF TRADING AND INVESTING THROUGH SERVICES PROVIDED TO THE CLIENT OF BABAForex.COM.

1. SCOPE OF THE NOTICE

- 1.1. Each type of Financial Instrument has its own characteristics and entails different risks. This Notice contains information about Contracts for Difference (CFDs) or any other financial derivative product including some of the risks associated with trading with those Financial Instruments and should be read together with the Client Agreement.
- 1.2. Please note that we do not explore or explain all the risks involved when dealing in Financial Instruments (including Contracts for Difference “the CFDs”). We outline the general nature of the risks of dealing in Financial Instruments on a fair and non-misleading basis.
- 1.3. In particular, Contracts for Difference ('CFDs') are complex financial products and not suitable for all investors. CFDs, are leveraged products that mature when you choose to close an existing open position. By investing in CFDs, you assume a high level of risk and can result in the loss of all of your invested capital.
- 1.4. Unless a Client knows and fully understands the risks involved in each Financial Instrument, they should not engage in any trading activity. You should not risk more than you are prepared to lose. The Company will not provide Clients with any investment advice in relation to investments, possible transactions in investments, or Financial Instruments, neither will we make any investment recommendations. Clients should consider which Financial Instrument is suitable for them according to their financial status and goals before opening an account with the Company. If a Client is unclear about the risks involved in trading in Financial Instruments, then they should consult an independent financial advisor. If the Client still does not understand these risks after consulting an independent financial advisor, then they should refrain from trading at all. Purchasing and selling Financial Instruments comes with a significant risk of losses and damages and each Client must understand that the investment value can both increase and decrease, Clients they are liable for all these losses and damages, which could result in more than the initial invested capital once they make the decision has been made to trade.

2. ACKNOWLEDGEMENT

- 2.1. The Client acknowledges and declares that he has read, understood, and thus accepts without any reservation the following:
- 2.2. The value of the Financial Instrument (including currency pair, CFDs, or any other derivative product) may decrease and the Client may receive less money than originally invested or the value of the Financial Instruments may present high fluctuations.
- 2.3. 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.
- 2.4. Some Financial Instruments may not become immediately liquid due to various reasons such as reduced demand, and the Company 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.
- 2.5. 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 Instruments' value, price and performance.

- 2.6. A Financial Instrument in foreign markets may entail risks different than the usual risks in the markets at 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.

3. RISK WARNING NOTICE FOR FOREIGN EXCHANGE AND DERIVATIVE PRODUCTS

3.1. Effect of Leverage

- 3.1.1. Under Margin Trading conditions even small market movements may have great impact on the Client's Trading Account. It is important to note that all accounts trade under the effect of Leverage. The Client must consider that if the market moves against the Client, the Client may sustain a total loss greater than the funds deposited. The Client is responsible for all the risks, financial resources the Client uses and for the chosen trading strategy.
- 3.1.2. Clients are required to deposit a Margin with the Company in order to open a position. The Margin requirement will depend on the underlying instrument of CFDs or any other financial derivative product, the level of leverage chosen and the value of position to be established. The Client has the responsibility to ensure that he has sufficient margin on his trading account, at all times, in order to maintain an open position. In addition, the Client shall continuously monitor any open positions in order to avoid positions being closed due to the unavailability of funds.
- 3.1.3. The Client shall be responsible for all financial losses caused by the opening of the position using temporary excess Free Margin on the Trading Account gained as a result of a profitable position (cancelled by the Company afterwards) opened at an Error Quote (Spike) or at a Quote received as a result of a Manifest Error.

3.2. High Volatile Instruments

- 3.2.1. Some Instruments trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses as well as profits. The price of Derivative financial instruments is derived from the price of the underlying asset in which the instruments refer to (for example currency, cryptos, metals, indices, etc). Derivative financial instruments and related markets can be highly volatile. The prices of instruments and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it may be impossible for a Client's order to be executed at declared price leading to losses. The prices of instruments and the underlying asset will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant market place. Therefore, Stop Loss order cannot guarantee the limit of loss.
- 3.2.2. The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value. This is owed to the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favour, the Client may

achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit, but may also expose the Client to a large additional loss.

3.3. Liquidity risk

3.3.1. Liquidity risk affects Clients' ability to trade. It is the risk that Clients' CFD or asset cannot be traded at the time Clients want to trade (to prevent a loss, or to make a profit).

3.4. Contracts for Differences

3.4.1. The CFDs available for trading with the Company are non-deliverable spot transactions giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client's favour, the Customer may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred. So, the Client must not enter into CFDs unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commissions and other expenses incurred.

3.4.2. Investing in a Contract for Differences carries the same risks as investing in a future or an option and you should be aware of these as set out above. Transactions in Contracts for Differences may also have a contingent liability and you should be aware of the implications of this as set out below.

3.5. Execution risk

3.5.1. 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 Clients place the order and the moment it is executed.

3.6. Off-exchange Transactions in Derivatives

3.6.1. CFDs are off-exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an Open Position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

3.6.2. In regards to transactions in CFDs with the Company is using a trading platform for transactions in CFDs which does not fall into the definition of a recognized exchange as this is not a Multilateral Trading Facility and so do not have the same protection.

3.7. Internet Trading Risks

3.7.1. There are risks associated with utilizing an Internet-based deal execution trading system including, but not limited to, the failure of hardware, software, and Internet connection. Since the Company does not control signal power, its reception or routing via Internet, configuration of Clients' equipment or reliability of its connection, the Company cannot be responsible for communication failures, distortions or delays when trading via the Internet.

3.8. Commissions and Taxes

- 3.8.1 Before you begin to trade, you should make yourself aware of all commissions and other charges for which you will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should ensure that you understand the true monetary value of the charges.
- 3.8.2 There is a risk that the Client's trades in any Financial Instruments including derivative instruments may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

4. THIRD PARTY RISK

- 4.1. This notice is provided to you in accordance with applicable legislation.
- 4.2. The Company may pass money received from the Client to a third party (e.g. a bank, a market, intermediate broker, OTC counterparty or clearing house) to hold or control in order to effect a Transaction through or with that person in respect of a Transaction. the Company has no responsibility for any acts or omissions of any third party to whom it will pass money received from the Client.
- 4.3. The third party to whom the Company 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 the event of the insolvency or any other analogous proceedings in relation to that third party, the Company may only have an unsecured claim against the third party on behalf of the Client, and the Client will be exposed to the risk that the money received by the Company from the third party is insufficient to satisfy the claims of the Client with claims in respect of the relevant account. the Company does not accept any liability or responsibility for any resulting losses.
- 4.4. The Company may deposit Client money with a depository who may have a security interest, lien or right of set-off in relation to that money.
- 4.5. A Bank or Broker through whom the Company deals with could have interest contrary to the Client's Interests.