RISK DISCLOSURES FOR FINANCIAL INSTRUMENTS

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1. Introduction

1.1 TPXMGLOBAL Kenya Limited operating under the trading name XM is a non-dealing online foreign exchange broker regulated and authorised by the Capital Markets Authority ("CMA") in Kenya (hereinafter called the "Company").

1.2 The Company is operating under the Capital Markets Act (the "Act") 2023, The Capital Markets (Online Foreign Exchange Trading) (Amendment) Regulations 2023, The Capital Markets (Licensing Requirements) (General) (Amendment) Regulations 2023, Capital Markets (Licensing Requirements General) Regulations 2002, Capital Markets (Online Foreign Exchange Trading) Regulations 2017, Capital Markets (Conduct of Business Market) Regulations 2011, Capital Markets (Corporate Governance Market Intermediaries) Regulations 2011 and other applicable Laws, Regulations and Guidelines (collectively the "Applicable Regulations").

1.3 This notice is provided to you because you are considering trading Contract for Differences ("CFDs") that fall under the asset class of derivative financial instruments (hereinafter called "Derivatives"). Each investment product and service has its own distinct risks. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in these products or how such risks relate to your personal circumstances. This notice is solely designed to explain in general terms the nature of the risks particular to dealing in Derivatives offered by the Company and to help you to take investment decisions on an informed basis.

1.4 Prior to applying for an account, you should consider carefully whether trading in the investment products provided by the Company ("Derivatives") is suitable for you in light of your needs, circumstances and financial situation. It is important that you fully understand the risks involved before making a decision to enter into **a** ***CFD transaction / contract*** with us. If you are in any doubt about the risks involved with your Account, you should seek professional advice. In considering whether to engage in this form of trading, you should be aware of the following:

2. Risk warnings

2.1 The Company offers its services on an ***'execution-only basis'***. It does not provide you with investment advice relating to its services and Derivatives and does not make investment recommendations of any kind. We sometimes provide factual information or research recommendations about a market, information about transaction procedures and information about the potential risks involved and how those risks may be minimised. However, any decision to use our investment products or services is solely made by you.

2.2 The Company does not and cannot guarantee the initial capital of your portfolio or its value at any time or any money invested in any Derivative. You hereby unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Derivatives provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

2.3 You acknowledge that you run a great risk of incurring losses and damages as a result of the purchase and/or sale of any Derivative, as such transactions undertaken through the dealing services of the Company may be of a speculative nature. Large losses may occur in a short period of time, equaling the total of your funds deposited with the Company. You should not enter into contract with the Company unless you are willing to undertake the risk of losing entirely all the funds which you have invested.

2.4 A derivative is a 'non-deliverable' transaction giving an opportunity to make profit on changes in currency rates, changes in prices of commodity, equity indices, thematic indices or shares (called the "underlying instrument").

2.5 You are solely responsible for monitoring all of your open positions closely. Particularly, it is your sole responsibility to monitor your positions at all times and during the period that you have open positions on CFDs, you should ensure that you have the ability to access your trading account(s) at all times.

2.6 Information on past performance of a Derivative does not guarantee its future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Derivatives to which the said information refers. Contracts you enter into with us are legally enforceable by both parties.

3. Volatility of price and limitation on the available market

3.1 The Instruments provided by the Company are Derivatives, where their price is derived from the price of the underlying reference instruments in which the instrument refer to. Placing 'Stop Loss' Orders serves to limit your losses. However, derivative markets can be highly volatile and the value of Derivatives and their underlying instrument may fluctuate rapidly under certain market conditions. Under such conditions the execution of a 'Stop Loss' Order may be worse than its stipulated (i.e. Client's preset) price and the realized losses may be larger than expected. It may also be difficult or impossible to execute any type of order; therefore, 'Stop Loss' order cannot guarantee the limit of loss.

3.2 Movements in the price of underlying markets can be volatile and unpredictable. This will have a direct impact on your profits and losses; thus, knowing the volatility of an underlying market will assist you in evaluating whether any 'Stop orders should be placed.

3.3 Your attention is expressly drawn, among others, to currencies traded infrequently that it cannot be certain that a price will be quoted at all times or that it may be difficult to effect transactions at a price which may be quoted owing to the absence of a counterparty.

3.4 The prices of Derivatives will be influenced by, amongst other factors/events, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the market sentiment.

3.5 'Gapping' is a sudden shift in the price of an underlying market from one level to another and can occur when the underlying market is either open or even closed due to various factors/events (e.g., release of important news announcements, economic events, etc.). When such factors/events occur and the underlying market is closed, the price of the underlying market when it re-opens (and consequently our derived price) may be different from the closing price with no opportunity to sell the instrument(s) before the market opens.

3.6 Market conditions can change significantly in a very short period of time. As such, in case the Client wishes to close a Contract, he may not be able to do so under the same terms as when he opened it. Under certain trading conditions, it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

3.7 Transactions in Derivatives are not undertaken on a recognized and regulated exchange (i.e., undertaken through the Company's Trading Platform) and, as such, they may expose the Client to greater risks than regulated exchange transactions. The terms and conditions and trading rules may be established solely by the counterparty, which in this case is the *Company*. You may only be able to close an open position of any given Derivative during the operating hours of the Company's Trading Platform. You will also have to close any position with the same counterparty with whom it was originally entered into.

4. Margin requirements

4.1 Clients are required to deposit a Margin with the Company in order to open a position on a CFD. The Margin requirement will depend on the underlying instrument of the Derivative , level of leverage chosen and the value of position to be established. The Company will not notify the Client for any *Margin Call* to sustain a loss-making position. The Company has the discretionary right to start closing positions when *Margin Level* decreases to around 50%, and automatically close all positions at market prices if Margin Level drops reaches or falls below 20%. The Company guarantees that there will be no negative balance in a client's account when trading in Derivatives provided by the Company.

4.2 Investing in Derivatives entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, you should be aware that the high degree of "gearing" or "leverage" is a particular feature of Derivatives. This stems from 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 your favor, you may achieve a good profit, but an equally small adverse market movement may quickly result in the loss of your entire deposit. You must not purchase Derivatives unless you are willing to undertake the risks of losing all the money which you have invested.

4.3 Should the Equity in your trading account be insufficient to hold current positions open, you will be required to deposit additional funds at short notice or reduce exposure (i.e., ***Margin Call***). Failure to do so within the time required may result in the liquidation of positions at a loss (i.e., ***Stop-Out***). The Client is always responsible for any losses incurred as a result.

5. Other additional obligations

5.1 Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable and which may be found on the Company's website. If any charges are not expressed in money terms (but for example as a dealing spread), you should obtain a clear written explanation from the Company, including appropriate examples, to establish what such charges are likely to mean in specific money terms. You acknowledge and understand that commissions and other charges may change at any time and that it is your sole responsibility to remain up to date by visiting the Company's website.

5.2 Before you begin to trade, you should also obtain details regarding the financial instrument you wish to trade in, such as the margin requirements, position and/or volume limits, swaps, etc. This information is available on the Company's website. You acknowledge and understand that the said information may change at any time and that it is your sole responsibility to remain up to date by visiting the Company's website.

5.3 The value of open positions in the **Derivatives** provided by the Company is subject to financing fees (or "swaps"). The swaps are deducted (i.e., charged) from or added (i.e., credited) in the Client's account regarding **Derivatives** which are held overnight throughout the life of the contract. The respective information regarding swap rates and the respective calculations can be found in the Members Area.

5.4 You are responsible for any taxes and/or any other duty or legal affairs (i.e., regulatory filings and payments) in order to ensure that you comply with applicable laws and regulations. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not provide any regulatory, tax or legal advice and as such, you may wish to seek independent advice.

5.5 Although electronic communication is often a reliable way to communicate with Clients, no electronic communication is entirely reliable or always available. The Client should be aware that electronic communications may fail, may be delayed, may not be secure and/or may not reach the intended destination.

5.6 A Bank or Broker through whom the Company deals or the Company itself may act in the same market as the Client, as such its own account involvement may be contrary to Client's interests.

5.7 Trading online, no matter how convenient or efficient, does not necessarily reduce risks associated with currency trading.

5.8 The Company is required to hold **Client Money** in an account that is segregated from the Company's money in accordance with the Act and Applicable Regulations, but this may not afford a complete protection.

5.9 A change in laws or regulations made by the government or a regulatory body may increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment.

5.10 The insolvency or default of the Company, a Bank, Broker or any other relevant counterparty used by the Company to effect transactions may lead to your positions being closed out without your consent.

5.11 The Company reserves the right to review and/or amend its Risk Disclosure notices, at its sole discretion, whenever it deems fit or appropriate.

5.12 Our Risk Disclosure notices are not part of our Terms and Conditions of Business and are not intended to be contractually binding or impose or seek to impose any obligations on us which we would not otherwise have, but for the Act and Applicable Regulations.