HF MARKETS

HFM Investments Ltd

RISKS ASSOCIATED WITH TRANSACTIONS IN DERIVATIVE FINANCIAL INSTRUMENTS (CFDS)

The Oval Building, Corner of Jalaram Road/Ring Westlands
5th Floor, Office 2-7, P.O. Box 39397-00623, Parklands, Kenya

T. +254-203894292

support.ke@hfm.com
www.hfm.com/ke

Table of Contents

1. Introduction 3
2. Definition 3
3. Leverage /Margin Trading 3
4. Volatility of price and limitation on the available market 4
5. Total Loss might exceed the Initial Amount 5
6. Additional obligations 6
7. Margin requirements 7
8. Potential Conflicts of Interest 16
9. Review 17
10. Client Declaration 17

1. Introduction

1.1. This risk warning notice (herein the "**Notice**") is provided to the Company's Clients and any Prospective Client who is willing to enter into an agreement with the Company for opening a trading account with the Company, under the provisions of the Law as amended from time to time.

1.2. The Clients and any Prospective Clients must read carefully this notice which is easily accessible on the Company's website before deciding to open a trading account with the Company and before commencing any trading activity with the Company.

1.3. It is noted that this Notice and the General Risk Disclosure document found on the Company's website cannot and do not disclose or explain all of the risks and other significant aspects involved in dealing in Derivative Financial Instruments offered by the Company for (such as CFDs). The Notice was designed to explain in general terms the nature of the risks involved when dealing in Financial Instruments on a fair and non-misleading basis, according to the Law. The Client should be aware of all the risks associated with trading in CFDs and seek advice and consultation from an independent financial advisor if he has any doubts. The Company does not provide such advice. If the Client does not understand the risks involved in trading in CFDs, he should not trade at all.

1.4. This disclosure is a necessary addition to your client agreement with HFM Investments LTD and should be acknowledged and signed by you.

2. Definition

2.1. **"CFDs"** or **"Contract for Differences"** is an agreement between two parties to exchange the difference between the opening price and closing price of a contract including but not limited to shares, currencies, commodities and index. CFDs provide Investors with all the benefits and risks of owning a security without actually owning it.

3. Leverage /Margin Trading

3.1. The Client and/or any Prospective Client thereof fully acknowledge and accept that,

regardless of any information which may be offered by the Company, the value of the CFDs provided by the Company may fluctuate downwards or upwards and it is not unlikely that the investment may become of no value. This is due to the high degree of "gearing" or "leverage" feature of CFDs. 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 your trades. Any leverage you utilise will amplify your losses and you may rapidly lose all the funds or property you deposited as margin.

4. Volatility of price and limitation on the available market

4.1. CFDs provided by the Company are derivative financial instruments, the price of which is derived from the price of the Underlying asset, which the CFD refers to. Derivative Financial instruments and the relevant markets can be highly volatile. The prices of CFDs and the Underlying assets may be volatile and unpredictable and may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Company or the Client. Those movements will affect the Company's prices, whether or not the Client can open or close a position and the price at which the Client can do so. So, under certain market conditions, it may be impossible to execute any type of Order at the declared price. Therefore, even 'stop-loss orders', whereby the Client's trade will be executed only when the CFD you want to buy or sell reaches a particular price (the stop price), cannot guarantee the limit of loss. 'Stop-loss orders' are not guaranteed to be filled at the price you state. Once the 'stop-loss orders' has been triggered, it turns into a market order, which is filled at the best possible price. This price may be lower than the price specified by the 'stop-loss orders'. The prices of CFDs 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.

4.2. Some of the CFDs underlying assets may not become immediately liquid as a result of reduced demand for the underlying instrument and Client may not be able to obtain the information on the value of these or the extent of the associated risks.

4.3. Trading in CFDs is speculative and involves a high degree of risk. In particular because it will be conducted using a margin (which covers only a small percentage of the value of the underlying asset being traded), as such, even small price changes in the underlying assets of CFDs can result in significant losses. You should be aware that by trading with CFDs you may lose the margin held at the Company that serves for the purposes of collateral for opening and maintaining your trading positions.

4.4. Transactions in the derivative Financial Instruments provided by the Company are not undertaken on a recognized exchange, rather they are undertaken through the Company's Electronic Trading Platform and, accordingly, they may expose you to greater risks than regulated exchange transactions. The terms and conditions and trading rules are established solely by the counterparty, which in this case is the Company. You may be obliged to close an open position of any given Financial Instrument during the opening hours of the Company's Electronic Trading Platform.

5. Total Loss might exceed the Initial Amount

5.1. The Client acknowledges and understands that risk of loss arising from trading in CFDs can be substantial and the Client might lose more than the Initial Amount and any additional amounts, including the Margin Requirement as explained below in paragraph 7. While CFD trading typically only requires depositing a small percentage of the total trade volume (the margin requirement), profits and losses can quickly exceed the Margin Requirement, requiring the margin requirement to be adjusted at the initial amount.

5.2. The Client is personally responsible for all losses resulting from these positions and in some cases you may lose more than you deposited. In instances where Clients lose more than their margin deposits, the Company may seek to recover these losses in an appropriate forum, such as a court of law.

6. Additional obligations

6.1. The Client and/or Prospective Client shall be obliged to obtain details of all commissions and other charges for which he will be liable, before he begins trading with the Company. Such information can be found on the Company's Website(s) and/or to the uploaded legal documentation on the Company's website(s). If any charges are not expressed in money terms (but, for instance, as a dealing spread, the Client and/or Prospective Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

6.2. When the Client engages in CFD trading, the Client is placing a trade in relation to movements of prices set by the Company. Prices quoted to the Client by the Company will include a spread, mark-up, or mark-down when compared to prices that the Company may receive or expect to receive if it were to cover transactions with the Client by a trade in the interbank market or with another counterparty. The Client is advised by the Company that the total impact of spreads may be significant in relation to the size of the margin the Client deposits and may make it more difficult for the Client to realise a profit from the Client's trading. The Client should carefully consider the effect of spreads, mark-ups, or markdowns on the Client's ability to profit from trading.

6.3. The value of open positions in the CFDs provided by the Company is subject to financing fees. The price of long positions in Financial Instruments is reduced by a daily financing fee throughout the life of the CFD. Conversely, the price of short positions in CFDs is increased by a daily financing fee throughout its life. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website(s).

6.4. The Client should take reasonable care to maintain sufficient available funds to avoid negative account equity due to position size and overnight financing fees, especially when trading CFDs on cash indices and CFDs on shares where financing fees are being applied to reflect corporate actions.

6.5. The Client should be aware that his trades in CFDs may be or become subject to tax and/or

any other duty for example because of changes in legislation or the Client's personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client will be responsible for any taxes and/or any other duties which may accrue in respect of his trades.

7. Margin requirements

7.1. Initial Margin Requirements

The Client should be aware of the implications of CFD Transactions and in particular the specific margin requirements which are applied thereto.

The Client is required to deposit funds in his trading account in order to open a position and the funds should reflect the specific margin required.

The Client shall be informed of the specific Margin requirement for each individual account before he begins trading; such information is available to the Client upon completion of the necessary information required by the Company to approve him as a Client of the Company.

7.2. Normal and Reduced Leverage Conditions

Under normal trading conditions, the maximum leverage available on trading accounts shall not exceed 1:400. Lower leverage limits may apply depending on the relevant financial instrument, account type, account leverage setting and other applicable provisions of this Notice. Please refer to the Company's website for the complete list of instrument-specific applicable leverage.

The Client acknowledges that the Company reserves the right, at its sole discretion, to reduce the applicable leverage limits in circumstances including, but not limited to, those set out below.

The scheduled event-based leverage restrictions specified in this Clause shall apply only to new positions opened during the applicable restriction periods and shall not retrospectively alter the leverage or margin requirements of positions opened before the relevant restriction period.

This limitation shall not prevent equity-based adjustments under Clause 7.4, discretionary adjustments under Clause 7.6 or the additional margin check applicable to unhedging under Clause 7.10.

Where more than one leverage restriction applies, the lowest applicable maximum leverage shall prevail. No provision of this Clause shall increase the leverage otherwise applicable to a trading account or Financial Instrument.

(a) News and Session Events

A maximum leverage of 1:300 shall apply to new positions opened during the following periods:

(1) News releases

Within 15 minutes before and 5 minutes after the release of significant news affecting the relevant trading instrument.

Where the Company determines, following a review of a trading account's activity, trading behaviour, or risk profile, that additional leverage restrictions are warranted, the Company may, at its sole discretion, apply a reduced maximum leverage of 1:100 or any other leverage level determined by the Company to new positions opened during the news restriction periods specified in this paragraph. Such restrictions may be applied on an account-specific or instrument-specific basis and may be modified or removed in accordance with Clause 7.6.

(2) Session Open and Close

Within 1 hour before or after the daily rollover period for Forex, or within 1 hour before or after any market opening or closing for Gold and Indices.

(b) Weekend Session Open and Close

In addition to the conditions set out in Clause 7.2(a), specific leverage limits apply around the weekly session opening and closing. For each instrument, the applicable windows are

defined relative to that instrument's own session opening and closing times, as published on the Company's website.

Where a new position is opened within the windows set out below, the following maximum leverage limits shall apply.

Each weekly session opening and closing is divided into two phases:

Window	Period Relative to Instrument's Session Opening/Closing	Maximum Leverage
Monday (Session Open) — Phase 1	From session opening until 10 minutes after session opening.	**1:100**
Monday (Session Open) — Phase 2	From 10 minutes after session opening until 1 hour after session opening.	**1:200**
Friday (Session Close) — Phase 1	From 1 hour before session closing until 30 minutes before session closing.	**1:200**
Friday (Session Close) — Phase 2	From 30 minutes before session closing until session closing.	**1:100**

The specific session opening and closing times for each instrument, and the corresponding absolute Server Time windows derived from this Clause, shall be published on the Company's website and updated as necessary.

In the event of any conflict concerning those session times or corresponding Server Time windows, the published times shall prevail. This shall not override the maximum leverage limits, or any expressly stated restriction periods specified elsewhere in this Notice.

(c) Bank/Public Holiday Leverage Conditions

Where a Bank or Public Holiday falls on a weekday, the leverage restrictions set out in Clause 7.2(b) shall apply to new positions opened during the following modified windows:

(1) The trading day immediately preceding the holiday shall be treated as equivalent to a Friday market close, and the leverage windows applicable to Friday under Clause 7.2(b) shall apply accordingly.

(2) The trading day immediately following the holiday shall be treated as equivalent to a Monday market open, and the leverage windows applicable to Monday under Clause 7.2(b) shall apply accordingly.

The Company reserves the right to determine, based on the economic relevance of the holiday to the instruments and asset classes concerned, which instruments are subject to these adjustments.

Where practicable, the Company shall notify Clients of any such adjustments via the Company's website or trading platform in advance of the relevant holiday.

7.3. **Special Leverage Conditions for Gold 24/7**

In addition to the general conditions set out in Clause 7.2, the following volume-based leverage restrictions shall apply to new positions opened in Gold 24/7 during:

(a) News and Session Events: The periods specified in Clause 7.2(a), where applicable to Gold 24/7;

(b) Weekend Session Open and Close: The windows specified in Clause 7.2(b), where Gold 24/7 has a corresponding weekly session opening or closing;

(c) Bank and Public Holidays: The holiday windows determined under Clause 7.2(c), where Gold 24/7 is designated as an affected instrument; and

(d) Weekly Weekend Rollover: The period from Sunday 23:00 to Monday 02:00 Server Time, irrespective of whether Gold 24/7 has a session opening or closing during that period.

During each such period, a maximum leverage of 1:100 shall apply to the portion of newly opened volume falling within the first 5.00 lots of cumulative position volume in Gold 24/7.

The portion of newly opened volume exceeding that cumulative threshold shall be subject to leverage of 1:1.

These restrictions shall not retrospectively alter the leverage or margin requirements of positions opened before the relevant restriction period. This limitation shall not affect the additional margin check applicable to unhedging under Clause 7.10.

Where a lower account- or instrument-specific leverage limit otherwise applies, the lower limit shall prevail.

7.4. **Equity-Based Leverage Adjustments**

The Client acknowledges, agrees and understands that the maximum leverage for a trading account shall be automatically adjusted without any prior notice to the Client by taking into consideration the trading account's equity (i.e. Balance + Floating Profit & Loss + Swap + Commission) in accordance with the applicable account category below.

A. All Trading Accounts apart from Cent and Copy Accounts

Trading Account's Equity (USD)	Maximum Leverage
0.00–99,999.99	**1:400**
100,000.00 or more*	**1:200**

Where the Client's account equity is equal to or exceeds USD 300,000, or its currency equivalent, please also see Clause 19.6 of the Client Agreement.

B. Cent Accounts, excluding Copy Cent

Trading Account's Equity (USD)	Maximum Leverage
0.00–1,499.99	**1:400**
1,500.00 or more	**1:200**

C. Copy Trading Accounts*

Copy Trading Accounts, excluding Copy Cent

Trading Account's Equity (USD)	Maximum Leverage
0.00–299,999.99	1:400
300,000.00–499,999.99	1:200
500,000.00–999,999.99	1:100
1,000,000.00 or more	1:50

Copy Cent Accounts

Copy Cent Trading Account's Equity (USD)**	Maximum Leverage
0.00–49,999.99	1:400
50,000.00–99,999.99	1:200
100,000.00–199,999.99	1:100
200,000.00 or more	1:50

*Leverage adjustments apply to Follower Trading Accounts that copy any Strategy Provider of other entities of HFM Group, and not of the Company.

** Combined with total equity of the Strategy Provider and all its Followers.

7.5. **Volume-Based Leverage for Cryptocurrency CFDs and Gold 24/7**

The Client acknowledges, agrees and understands that the leverage for each position opened on the selected eligible trading accounts shall be determined based on the crypto (e.g. BTCUSD, ETHUSD, etc.) and 24/7 gold (i.e. XAUUSD247) symbol to be traded and on the total volume (i.e. lots) traded by the Client for each symbol. More information regarding the leverage of each symbol as per above can be found in each symbol's trading details on the Company's website. The Client further acknowledges, agrees and understands that

he/she shall be responsible for checking the aforementioned trading details of each symbol prior to and whilst trading on the selected eligible trading accounts.

7.6. **Additional Discretionary Leverage Restrictions**

In addition to the scheduled restrictions specified in Clause 7.2, the Company reserves the right, at its sole and absolute discretion, to apply a maximum leverage of 1:300 to new positions opened in any CFD product offered by the Company (excluding Gold 24/7, which is subject to the specific leverage conditions set out in Clause 7.3) prior to and/or during and/or after earnings announcements, news announcements and open and close of trading sessions.

Where the Company determines, following a review of a Client's trading activity, trading behaviour, exposure, or overall risk profile, that additional risk management measures are warranted, the Company reserves the right, at its sole discretion, to impose, modify, or remove leverage restrictions on any trading account or Financial Instrument. Such restrictions may include reducing the maximum applicable leverage to 1:100 or any other leverage level determined by the Company.

These restrictions may be applied temporarily or indefinitely, during specific periods of increased market risk, including news announcements, market openings or closings, daily rollover periods, or at any other time deemed necessary by the Company. The Company may apply such leverage restrictions to new positions, existing open positions, or both. Where restrictions are applied to existing positions, the Company reserves the right to recalculate the margin requirements of those positions using the revised leverage conditions. Such recalculation may increase the margin required to maintain existing positions and may result in a reduction in the Client's Free Margin or Margin Level, potentially leading to automatic position closures in accordance with the Company's applicable margin and stop-out provisions.

The Company may subsequently restore, amend, or further reduce the applicable leverage restrictions following a reassessment of the Client's trading activity, exposure, or risk profile. Any such decision shall remain at the Company's discretion.

Where multiple leverage restrictions apply, the lowest applicable maximum leverage shall prevail.

7.7. **Margin Calculation**

Margin requirements will depend on the Underlying asset of the CFD, level of leverage chosen and the value of position to be established.

7.8. **Margin Call Notification**

The Company will not notify the Client of any 'Margin Call' to sustain a loss-making position.

7.9. **Hedged Positions**

Where a Client maintains fully hedged positions, defined as equal buy and sell volumes in the same financial instrument, no margin requirement shall apply to the hedged portion of such positions. Margin shall be required solely in respect of any net (uncovered) position where applicable. This provision shall apply to all tradeable financial instruments, subject to the additional margin check where closing a position causes previously hedged volume to become uncovered during a Reduced Leverage Period, the additional margin check under Clause 7.10 shall apply.

7.10. **Unhedging of Positions During Reduced Leverage Periods**

7.10.1. Notwithstanding Clause 7.9, the Client acknowledges and agrees that during any of the following periods (each a "Reduced Leverage Period"):

(a) significant news releases, as set out in Clause 7.2(a)(1);

b) session opening and closing events, as set out in Clause 7.2(a)(2);

(c) the weekend session opening and closing windows, as set out in Clause 7.2(b);

(d) the Bank/Public Holiday windows, as set out in Clause 7.2(c); and

(e) the periods during which the special leverage restrictions for Gold 24/7 apply, as set out in Clause 7.3, any request to close a position that reduces or removes a hedge, and as a result creates new net (uncovered) exposure in the relevant Financial Instrument (the "Newly Exposed Volume"), shall be subject to an additional margin check before it is executed.

The applicability of this check shall be determined by the time of execution, irrespective of when the close request was submitted. This Clause shall apply to all trading accounts, including Cent and Copy Accounts, on all trading platforms offered by the Company.

7.10.2. The Company shall calculate the projected margin requirement of the trading account following the proposed closure. The Newly Exposed Volume shall be margined using the lowest applicable maximum leverage in force at the time of execution, taking into account the Client's account leverage setting and all applicable account-specific, instrument-specific, equity-based, volume-based and event-based restrictions.

This additional check shall not itself change the margin treatment of any other remaining open volume. This shall not prevent a separate adjustment required under another applicable provision of this Notice.

7.10.3. Where the projected Margin Level following the proposed closure would be below 100%, the Company shall reject the close request and notify the Client of insufficient funds through the trading platform.

The Client may add sufficient funds before submitting a further close request or, where available, use a Close By operation to offset opposing positions without creating Newly Exposed Volume.

7.10.4. The additional margin check under this Clause shall not apply where:

(a) execution would occur outside a Reduced Leverage Period; or

(b) the proposed closure would not create any Newly Exposed Volume.

Such requests remain subject to the Company's standard execution procedures. Nothing in this Clause shall prevent Company-initiated closures or stop-out action under Clause 7.11.

7.10.5. The Client acknowledges that this mechanism is designed to ensure that the leverage restrictions applicable during periods of high volatility are applied consistently. The Company reserves the right, at its sole discretion, to take any further action it deems appropriate where it reasonably considers that hedging and unhedging strategies are being used to circumvent the leverage restrictions set out in this Notice.

7.11. **Discretionary Closure and Stop-Out**

The Company has the discretionary right:

(a) to start closing positions when 'Equity' decreases to about 50% of the used 'Margin' for any particular Financial Instrument; and

(b) to close automatically all positions at market prices, when 'Equity' level decreases to 20% of Used Margin Level for other applicable accounts.

8. Potential Conflicts of Interest

8.1. While it is not feasible to define an exhaustive list of potential conflicts, the following includes circumstances which constitute or may give rise to a conflict of interest: (a) The Company executes orders based on quotes provided by the Company; (b) Prices may be determined without reference to a relevant benchmark or market; (c) The company may be matching the Client's Order with that of another Client by acting on such other Client's behalf as well on the Client's behalf; (d) The company may receive or pay inducements to or from third parties due to referral of new Clients or Client's trading; (e) The Company may use entities which are members of its group as counterparties to certain transactions; (f) Where the remuneration of third parties (tied agents or affiliates) is based on the trading activity of clients referred to the Company, which may incentivize prohibited marketing tactics and the use of misleading information.

8.2. Clients have the right to object to conflicts of interest and acceptance of this Risk Disclosure document will be taken as a positive affirmation of acceptance of aforementioned potential conflicts.

9. Review

9.1. The Company reserves the right to review and/or amend its Risk Disclosure statements, at its sole discretion, whenever it deems necessary, without prior notice to the Client.

10. Client Declaration

10.1. The Client hereby acknowledges, confirms and accepts that by entering into an Agreement with the Company and every time he decides to place an Order in a CFD, that he runs a high risk of incurring losses and damages as a result and declares that he is willing to proceed with this kind of trading and undertakes such risks.

10.2. It is responsibility of the Client to consult with your legal and other professional advisors before committing to any transaction or binding agreement in relation to these products.

WARNING: It is emphasized that dealing in (CFDs) is not appropriate for all Clients. You should not engage in any dealings directly or indirectly in CFDs unless you understand the features and risks involved in them and that you may lose all your capital entirely and possibly also incur additional charges.

Version: 2026/05