

## ACKNOWLEDGEMENT

I acknowledge and agree that I have received a copy of the Risk Disclosure Statement for CFD Trading and I have read and understand its contents.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Full Name: \_\_\_\_\_

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## RISK DISCLOSURE STATEMENT FOR CFD TRADING

### General

The objective of this Risk Disclosure Statement is to provide you, client of KGI SECURITIES (SINGAPORE) PTE. LTD , (“KGI Securities”) with a brief outline of some of the risks associated with transacting Contracts for Difference (“CFDs”).

This Risk Disclosure Statement does not explain **all** the risks and other significant aspects of transacting in CFDs. **Such risks can be substantial.** Before entering into any CFD, you should therefore be satisfied that you fully understand the precise nature of the transaction, how it actually works, the extent of your exposure to risks and the potential losses that you could incur. This Risk Disclosure Statement also does not deal with issues of taxation or other legal consequences pertaining to any transactions which you enter into.

You should carefully consider whether any proposed transaction is suitable for you in the light of your financial resources, experience, objectives for engaging in the transaction, ability to bear risks and other relevant circumstances. You should consult such professional advisers (including legal, tax, financial and accounting) as may be appropriate.

The burden of all risks involved in any CFD will be carried by you, and we are not responsible for any losses which you incur, of whatever nature and howsoever arising.

We transact simultaneously with a large number of clients, as well as for our own account. As such, conflicts of interest cannot be completely avoided. In particular, KGI Securities or its associates may have an interest or relationship which conflicts with your interest or our duties to you.

### General Investment Risks

Listed below are some of the risks associated with CFD trading:

- a. **Effect of ‘Leverage’:** The ‘leverage’ in CFDs means that the relatively small security deposit actually is security for a much larger exposure that you are facing. 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 trade. This relatively larger exposure can lead to large gains as well as losses.

If the underlying market movement is in your favor, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss.

- b. **Risk of Inadequacy of Security Margin:** Positions are marked to market on a daily basis with payments being settled daily to account for market movements. This risk of loss in securing a transaction by deposit of collateral can be significant. You may sustain losses in excess of your

cash and any other assets deposited as collateral/margin with us. You may be called upon at short notice to make additional margin deposits or shortfall fee payments. If required margin deposit or shortfall fee payment is not made within the prescribed time, you will be deemed in default and we may liquidate your CFD positions and supporting collateral without notice to you. This may result in a loss for you. Such loss may be substantial. You must therefore carefully consider whether such a collateral/margin provision arrangement for trading in CFDs is suitable for you in light of your own financial position and investment objectives.

You should familiarise yourself with and understand what the requirements are for trading on margin. In addition, you acknowledge that you are fully responsible for monitoring all your positions and knowing when you will be required to pay margin. If the required margin deposit or interest payment is not made within the prescribed time, we may close your positions without prior notification to you.

Finally, you may be called upon to deposit substantial additional margin, at short notice, to maintain your trade. If you do not provide such additional funds within the time required, your trade may be closed at a loss and you will be liable for any resulting deficit.

- c. **Suspension or Restriction of Trading and Pricing Relationships:** Prices are subject to the risks of market fluctuations. In addition, market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any underlying security) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. For example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that trading is restricted or suspended.
- d. **Risk-reducing orders or strategies:** The placing of certain orders (e.g. 'stop-loss' order, where permitted under local law, or 'stop-limit' orders), which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.
- e. **Commission and Other Charges:** Prior to placing an order, you should ensure that you understand all charges for which you will be liable; including all interest, commissions, fees and any other charges that may affect your net profit (if any) or increase your loss. You will be liable for these charges (as may be amended from time to time).
- f. **Transactions in Other Jurisdictions:** Transactions on underlying instrument listed in markets in other jurisdictions may expose you to additional risk. Such markets may be subject to regulation that may offer different or diminished investor protection. Before entering into such trades, you should be aware of the rules relevant to the particular transactions. Our local regulatory authority may be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should check on the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

Any imposition by a country of exchange controls or other limitations or restrictions may cause payments to be made in the local currency instead of the original invested currency or may result in the inability to effect outward remittances of funds from such country, which can affect the value of your investment or your ability to enjoy its benefit.

- g. **Currency Risks:** Transactions in foreign markets or in foreign currency denominated instruments tend to involve different risks from domestic markets. In some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency denominated instruments will be affected by fluctuations in foreign exchange rates.
- h. **Trading Facilities and Electronic Trading:** The online trading facilities made available to you for trading in CFDs are supported by computer-based component systems for the order-routing, execution, matching, resignation or clearing of trades. As with all facilities and computer systems, you will be exposed to risks associated with the systems including the failure of hardware and software. The result of any system failure may be that your order is either not executed according

to instructions or is not executed at all. You should be aware that the internet is not a completely reliable transmission medium and there may be delays in provision of service.

**i. Liquidity and Market Disruption Risks**

Adverse market conditions may result in you not being able to effect CFDs, liquidate all or part of your CFDs, assess a value or your exposure or determine a fair price, as and when you require.

The normal pricing relationships between a derivative and the underlying asset may not exist in certain circumstances. The absence of an underlying reference price may make it difficult to judge "fair" value.

Furthermore, the buying and selling quotes available for a CFD while referencing the trading prices of the relevant underlying instrument are provided by us as principal in a CFD. We are not however bound to provide a quote except if we believe it to be in our commercial interest to do so. **There is therefore no guarantee that we will make any quote at all.** As such liquidity is also limited.

**j. Credit Risks**

We do not guarantee the CFDs you enter into. Neither do our affiliates. The CFDs you enter into are subject to our credit risk, including but not limited to our failure to make good, valid or timely payment to you. In particular, we may fail to make payments to you if we become insolvent.

You should also familiarise yourself with the protection accorded to any money or other property which you deposit as margin for such trades. We may onward deposit these monies or property with a third party to cover margin requirements on your trades. Whilst every attempt will be made to segregate your monies and property and our monies and property held with such third party, there may be instances when such segregation will not be recognised. In the unlikely event that such third party become insolvent, our ability to withdraw the deposit or unrealised profit from the third party on your behalf may be affected. We will of course attempt to recover all such money and property from the third party on your behalf, but you realise we are not liable to you for such money and property.

**k. General risks of over-the-counter transactions:** A CFD is an over-the-counter transaction. You should be aware of the general risks of over-the-counter transactions:

- (i) Because prices and characteristics of over-the-counter financial instruments are often individually negotiated, there may be no central source for obtaining prices and there can be inefficiencies and a lack of transparency in the pricing of such instruments. We make no representation or warranty that our prices will always be the best prices available to you.
- (ii) Over-the-counter transactions may not be regulated or subject to a separate regulatory regime, compared to on-exchange transactions.

Finally, issues such as additional cost for rollover, gapping, speculative and volatile markets, regulatory issues, cash settlement, etc. also require due attention.

Please make sure you have read and understood all information in the account opening forms, including the Terms and Conditions for the Operation of CFD Account before commencing trading.

**You confirm you are not relying in any way on us, or any representation made by us, whether written or oral, for the suitability of any CFD and that you are entering into the Terms and Conditions for the Operation of CFD Account and into any CFD having independently assessed the suitability of any such CFD for yourself.**

**As mentioned above, CFDs are derivative instruments and may not be suitable for everyone. IN PARTICULAR, IF YOU CONSIDER YOURSELF TO BE A CONSERVATIVE, RISK-AVERSE INVESTOR, THEN CFDS ARE NOT SUITABLE FOR YOU.**

**If you still wish to enter into CFDs, you confirm you have the knowledge and sophistication to independently appraise and understand the financial and legal aspects of a CFD and to assume the attendant economic consequences and risks. To the extent necessary, you have consulted with your own investment, financial, legal or other advisors and have made your own investment, hedging and trading decisions in connection with any CFD based upon your own judgment and the advice of such advisers (of which we disclaim all liabilities) and not upon any view expressed by us.**

**We do not act as your fiduciary in any way.**