RISK NOTIFICATION FOR INVESTING IN DERIVATIVE FINANCIAL INSTRUMENTS AND TRADING ON MARGIN

(Annex IV to the Supplementary Agreement for the trading of Contracts for Difference through the ICMFX platform)

I. GENERAL PROVISIONS

The information presented in this document is intended to help clients of IP “Intercapital Markets” AD understand the nature and risks of trading derivative financial instruments and the use of margin. The document does not disclose all the risks and does not exhaust all the important aspects of CFD trading and does not take into account the client's personal investment objectives, financial situation or capabilities, given which it is not intended to and does not make an assessment as to whether or not a product is suitable for a particular client.

II. RISK WARNING FOR DERIVATIVES TRADING

1. Contracts for difference trading is highly speculative and involves a high degree of risk taking, and is only suitable for persons who can bear the risk of loss, including loss in excess of their margin deposits. It is not possible to guarantee income or protect against loss when trading in this type of financial instrument.
2. You should not invest in this type of product unless you understand the nature of OTC derivatives trading - how it works, how you profit or lose and the extent of your exposure to risk and loss. If in doubt, you should seek professional advice.
3. The financial instruments offered by XTB and distributed by IB Intercapital Markets AD may not be suitable for everyone or may only be suitable for a limited range of clients. Transactions are at the sole initiative, discretion and instruction of the client.
4. When you participate in OTC derivatives trading, you enter into transactions that are highly dependent on price movements set by the liquidity provider XTB. You may therefore be exposed to greater risks than when you trade on a regulated exchange or multilateral trading facility (MTF). Although prices are correlated to the prices of the underlying asset, they are not taken directly from any source. This means that the liquidity provider's price may be different from any exchange or market price for the underlying asset or index. The liquidity provider reserves the right to change prices at any time. Whether you make a profit or loss depends on how the price has moved between the time you open and close the position.
5. The documents on the IB Intercapital Markets AD website and any other material provided by us do not constitute a recommendation or investment advice on the products offered. IB Intercapital Markets AD is not responsible for investment decisions and for any losses under the influence of information provided by us or available on the ICMFX electronic trading platform.

III. PRODUCTS ISSUED BY OTHER PARTIES AND OFFERED BY IP “INTERCAPITAL MARKETS” AD AND RISKS ASSOCIATED WITH THEM

6. Products issued by other parties and offered by IP “Intercapital Markets” AD

IB Intercapital Markets AD provides the Client with access to the electronic trading system "ICMFX" on the basis of a contract with a liquidity provider - XTB S. A based in Warsaw, Poland, registered in the National Court Register at the District Court under KRS number 0000217580, REGON number 015803782 and tax identification number (NIP) 527-24-43-955. XTB S.A holds a license recognized by the Securities and Exchange Commission and is regulated by the Polish Financial Supervision Authority. The electronic trading system provides the Client with the possibility to enter into OTC derivatives transactions - contracts for difference (CFD) on currencies, indices and commodities. The products offered by IB Intercapital Markets AD are issued by the Polish broker (liquidity provider) XTB S. A. Upon receipt of an order from a client, IB transmits it to the liquidity provider XTB S. A for execution, acting as a third party executor. With respect to the trading of these financial instruments, IB acts as agent and the place of execution is the liquidity provider, XTB S. A. The transaction is concluded directly between the client and XTB S. A., Poland, at prices determined by it. Detailed information on the order execution criteria is set out in the 'Policy for the Execution of Client Orders when Trading Contracts for Difference'.

7. Specific risks in CFD trading

1. **Risks related to the price of the underlying instrument**
   1.1. Trading in financial instruments whose value is based on securities, futures, foreign exchange rates, commodity prices, stock indices or prices of other underlying instruments involves specific market risk associated with the underlying instruments.
   1.2. The specific market risk for a particular underlying instrument includes, in particular, the risk of political changes, changes in economic policy, and other factors that may significantly and permanently affect the terms and conditions of trading and valuation of a particular underlying instrument.
   1.3. In the event of high volatility or limited liquidity in the market for the underlying instrument, XTB may increase, without prior notice, the spread on the financial instruments.

2. **Financial leverage risk in CFD trading**
   2.1. CFDs are contracts that largely use the mechanism of financial leverage. The transaction nominal amount can largely exceed the value of the deposit, meaning that even minor changes in the price of the underlying instrument can significantly affect the balance of the Client's account.
   2.2. Due to the leverage effect, the Client can both gain quickly and incur significant losses, so it is important that the Client constantly monitors his/her open positions and does not invest funds that he/she cannot afford to lose.
   2.3. When you trade on margin, your losses may exceed your initial payment and you may lose much more money than you originally invested.

3. **Risk of price volatility and liquidity risk**
   3.1. Investing in CFDs involves market risk arising from price volatility. This group of financial instruments is characterised by very different levels of volatility.
   3.2. When trading the above products, clients are exposed to liquidity risk, which is associated with the existence of low or no market demand for financial instruments. The client may not be able to 'cash in' the investment or may be forced to incur significant additional costs, particularly if there is limited liquidity in the market for the underlying instrument.

4. **Currency risk**
   Transactions entered into by clients are subject to real-time conversion into the currency in which the Client's account is opened. An adverse change in the market exchange rate used to convert to the currency of the account may have a negative effect on the outcome of the transaction. The financial result of a closed position is converted into the Account currency at the Executing Broker's current exchange rate at the time of the trade, as visible on the Trading Platform.

5. **Risk of force majeure**
   5.1. The Client acknowledges that in certain situations where the normal operations of the Liquidity Provider or the IB are disrupted by events beyond the control of the IB, defined as force majeure, the execution of the Client's order may be impossible or the IB's order may be executed on less favourable terms.

6. **Margin risks**

6.1. At all times the Client must have sufficient funds available to cover the margin required for its open positions.

6.2. The IB may change the amount of margin requirements, which may mean that the Client will have to pay additional funds to keep his/her positions open.

6.3. In the event that the Client fails to meet the margin requirements, IB will proceed to close one, several or all open positions in the Client's account on its own initiative.

6.4. Margin requirements applicable to transactions may change rapidly and at any time, in line with market movements as well as prices of the relevant instrument.

7. **Risk of gaps**

Market gap means a significant change in the prices of financial instruments over a short period of time, sudden fluctuations in market quotes (gaps), including at the opening or closing of the relevant financial markets. In these cases, there is a risk of delay or inability of clients to open or close positions.

8. **Risk of unlimited losses**

Potential losses from long or short positions in products distributed by the IB may exceed the amount the Client originally paid to cover margin requirements for the financial instruments.

IV. FINAL PROVISIONS

9. When deciding to trade CFDs, a client should carefully consider whether OTC financial instruments are suitable for them, taking into account their investment knowledge and experience, financial capacity, access to the necessary technology and other relevant factors.
10. By signing an agreement to trade Contracts for Difference, the Client declares that he/she is aware of the investment risks and financial consequences that are associated with trading derivative financial instruments that are dependent on the price of the underlying instruments.
11. The Client declares that he/she is fully aware that due to the high financial leverage, trading in OTC financial derivatives is subject to the possibility of suffering large financial losses, even if the price of the underlying instrument changes slightly.
12. The Client declares that he/she is fully aware of the fact that it is not possible to profit from derivative transactions without assuming the risk of losses.
13. The Client declares that his/her financial situation is stable and sufficient to be able to invest in derivative financial instruments.
14. The Client indemnifies and holds the IB harmless for any losses incurred by him/her as a result of transactions executed with OTC financial instruments and acknowledges that the conclusion of a transaction is based solely on an independent investment decision.
15. These provisions have been adopted by a resolution of the Board of Directors of IB Intercapital Markets AD on 13.07.2022 and shall come into force on the date of their adoption.