VSMARKETS LTD

(previously Klips CY Ltd)

RISK DISCLOSURE NOTICE

AND ACKNOWLEDGEMENTS

CFDs AND REAL STOCKS

Version 2.0 | September 2026

1. INTRODUCTION

1.1. This Risk Disclosure Notice and Acknowledgements (the "**Notice**") is issued by VSMarkets Ltd, a limited liability company incorporated in the Republic of Cyprus with registration number HE431041, authorised and regulated by the Cyprus Securities and Exchange Commission ("**CySEC**") as a Cyprus Investment Firm ("**CIF**") under licence number 434/23 (the "**Company**", "**we**", "**us**" or "**our**") with registered address at 11 Riga Fereou Street, Ground Floor, 3095 Limassol, Cyprus.

1.2. This Notice provides a general description of the nature and key risks of the Financial Instruments and Services that may be made available by the Company, including Contracts for Difference ("**CFDs**") and Physical Securities. It does not disclose every risk or explain how a particular risk may affect your personal circumstances.

1.3. You should read this Notice together with the Client Agreement, Order Execution Policy, Costs and Charges disclosures, Contract Specifications, any applicable Key Information Document ("**KID**"), product disclosures and other information made available by the Company before using a Service or entering into a Transaction.

1.4. Trading and investing involve risk. You may lose all or part of the amount invested or deposited, depending on the product, market conditions and applicable regulatory protections. If you do not understand a Financial Instrument, Service or risk described in this Notice, you should obtain independent professional advice before proceeding.

1.5. The Company provides its Services on an execution-only basis unless expressly agreed otherwise in writing. The Company does not provide personal investment recommendations, legal advice or tax advice merely by making a Financial Instrument, market information, research, analytics or educational material available.

2. GENERAL INVESTMENT RISKS

2.1. The value and price of Financial Instruments may rise or fall and may be affected by economic conditions, interest rates, inflation, market sentiment, political or geopolitical events, issuer-specific developments, regulatory action, liquidity, market disruption, currency movements and other factors. Past performance is not a reliable indicator of future performance.

2.2. No Financial Instrument made available by the Company should be regarded as capital protected or guaranteed unless the Company expressly states otherwise in a product-specific disclosure. An investment may lose a significant part or all of its value.

2.3. Market conditions can change quickly. During periods of volatility, illiquidity, market closure or disruption, Orders may be delayed, rejected, cancelled, partially executed or executed at a materially different price from the price displayed or requested.

2.4. Where a Financial Instrument is denominated in a currency different from the currency of your Account or your home currency, changes in foreign-exchange rates may increase or reduce your return independently of movements in the price of the Financial Instrument.

2.5. Changes in laws, regulations, taxation, fiscal or monetary policy, market rules or regulatory restrictions may affect the value, availability, cost, tax treatment or tradability of a Financial Instrument or Service. Such changes may occur with limited notice and may adversely affect an existing investment or Transaction.

3. RISKS RELATED TO CFDs

3.1. Leverage and Magnified Losses

3.1.1. CFDs are leveraged derivative products. You normally deposit only a proportion of the total exposure as Margin. As a result, a relatively small movement in the price of the Underlying Asset may produce a disproportionately large profit or loss on the amount committed as Margin.

3.1.2. You may lose the entire amount available in your CFD trading account. Retail Clients benefit from negative balance protection to the extent required by Applicable Regulations, but this does not remove the risk of losing all funds allocated to CFD trading. Professional Clients and Eligible Counterparties may not benefit from negative balance protection and may therefore be liable for a deficit or losses exceeding the funds held in the relevant CFD trading account, subject to the Client Agreement and Applicable Regulations.

3.1.3. **CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.** The Company is required under Applicable Regulations to disclose the percentage of Retail Client accounts that lose money when trading CFDs with the Company. The current percentage is available on the Company's Website. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

3.2. Margin, Close-Out and Gapping Risk

3.2.1. You must maintain sufficient Margin and equity to support open CFD positions. If the relevant margin requirements are not met, the Company may reduce or close positions in accordance with the Client Agreement, Contract Specifications and Applicable Regulations, including without prior notice where permitted.

3.2.2. Stop Loss, Take Profit and other conditional Orders do not guarantee execution at the requested price. In fast-moving or gapping markets, execution may occur at the next available price and losses may therefore be greater than anticipated, subject to applicable negative balance protection.

3.3. Long and Short Position Risk

3.3.1. A long CFD position generally increases in value if the price of the relevant Underlying Asset rises and decreases in value if that price falls. A short CFD position generally increases in value if the price of the relevant Underlying Asset falls and decreases in value if that price rises. Adverse price movements may occur rapidly and, because CFDs are leveraged, relatively small movements in the Underlying Asset may result in significant losses.

3.4. CFDs are Cash-Settled and Do Not Confer Ownership

3.4.1. A CFD is a cash-settled derivative contract between you and the Company by reference to the price or value of an Underlying Asset. By entering into a CFD you do not acquire legal or beneficial ownership of the Underlying Asset and do not obtain shareholder, voting, subscription, delivery or other ownership rights in it.

3.5. OTC, Pricing and Counterparty Risk

3.5.1. CFDs offered by the Company may be executed outside a regulated market or trading venue. The Company may act as principal and contractual counterparty. CFD prices may be derived from third-party market data and may include spreads, mark-ups, adjustments or other pricing methodologies disclosed by the Company.

3.5.2. The price quoted by the Company may differ from the price of the Underlying Asset on an exchange or from prices quoted by another provider. A CFD position entered into with the Company can generally be closed only with the Company.

3.5.3. Because the Company may be the contractual counterparty to your CFD Transactions, you are exposed to the Company's credit and insolvency risk. If the Company were unable to meet its obligations, amounts due to you could be delayed or at risk, subject to the safeguarding arrangements, insolvency framework and any Investor Compensation Fund protection applicable to your claim.

3.6. Financing and Holding-Period Risk

3.6.1. CFDs are generally designed for short-term speculative trading rather than long-term investment. Holding a CFD for a longer period may result in recurring overnight financing, swap, rollover or other charges which may materially reduce the return or increase the loss. Changes in interest rates may also affect financing charges or credits applicable to CFD positions.

3.7. Risks Relating to the Underlying Asset

3.7.1. The risks of a CFD are affected by the characteristics and risks of its Underlying Asset. Shares, indices, currencies, commodities, cryptoassets and other underlying markets may have materially different volatility, liquidity, trading hours, pricing, regulatory and market characteristics. Events affecting the Underlying Asset may cause rapid or significant changes in the value of the CFD.

3.7.2. CFDs referencing cryptoassets may be subject to particularly high and sudden volatility. Prices may be affected by market sentiment, regulatory developments, technological changes, cybersecurity incidents, fraud, disruptions to trading venues, concentration of ownership, changes in market acceptance and other factors. These risks may cause rapid and significant movements in the value of a CFD referencing a cryptoasset, including loss of the entire amount allocated to the position.

3.8. Appropriateness

3.8.1. Before allowing a Retail Client to trade CFDs, the Company assesses appropriateness in accordance with Applicable Regulations. The assessment is intended to determine whether the Client has sufficient knowledge and experience to understand the risks of the product. Passing an appropriateness assessment does not mean that a CFD is suitable for the Client, that the Company recommends the product, or that the Client will make a profit.

3.8.2. If the Company considers CFDs inappropriate for you, or if you do not provide sufficient information, the Company may warn you, restrict access or refuse to provide the relevant product as required or permitted by Applicable Regulations and the Company's procedures.

3.9. Need to Monitor CFD Positions

3.9.1. Because leverage can cause profits and losses to arise rapidly, you are responsible for monitoring your CFD positions, Account balance, Margin, market conditions and trading activity. The availability of alerts, stops or other tools does not transfer that responsibility to the Company.

3.10. Corporate Events Affecting CFD Underlyings

3.10.1. If a corporate action or other event affects an Underlying Asset, including a dividend, stock split, rights issue, merger, takeover, spin-off, suspension, delisting or similar event, the Company may adjust the relevant CFD, Orders, price, quantity or other terms, make a cash adjustment, restrict trading or close the CFD where permitted under the Client Agreement, Contract Specifications and Applicable Regulations. The economic treatment of a CFD may therefore differ from the rights that would arise from direct ownership of the Underlying Asset.

4. RISKS RELATED TO PHYSICAL SECURITIES (REAL STOCKS)

4.1. Nature of Physical Securities

4.1.1. "Physical Securities" means actual shares, exchange-traded funds ("ETFs") or other transferable securities made available by the Company under its Physical Securities Trading service. Physical Securities are distinct from CFDs and other derivative products.

4.1.2. Where a product is identified as a Physical Security, you obtain the beneficial economic interest in the relevant security subject to execution, settlement, custody and nominee arrangements. You may not be registered directly in your own name in the issuer's register and you may not receive an individual certificate.

4.1.3. Physical Securities are made available on a fully paid basis unless the Company expressly introduces a different arrangement under separate terms and in accordance with Applicable Regulations. Fully paid Physical Securities do not involve CFD-style leverage, but their market value can still fall to zero.

4.2. Market, Capital and Issuer Risk

4.2.1. The market price of a Physical Security may fluctuate substantially. You may lose part or all of the amount invested. Prices may be affected by the financial condition and prospects of the issuer, industry developments, corporate events, market sentiment, macroeconomic conditions, interest rates, inflation, political developments, regulatory measures and other factors.

4.2.2. If an issuer becomes insolvent, enters restructuring or liquidation, is subject to a bail-in or similar measure, or otherwise fails, the value of its securities may fall significantly or become worthless. Shareholders generally rank behind creditors in an insolvency.

4.2.3. Dividends and other distributions are not guaranteed. An issuer may reduce, suspend or cancel a dividend or distribution at any time, and the amount or frequency of any previous dividend is not a reliable indicator of future income or return.

4.3. Liquidity, Suspension and Delisting Risk

4.3.1. A market for a Physical Security may become illiquid or unavailable. You may be unable to sell at the desired time or price, and the difference between available buying and selling prices may widen.

4.3.2. Trading may be halted or suspended, or a security may be delisted, cancelled, deregistered or become unsupported by the Company or a third-party provider. In those circumstances, selling, transferring or otherwise realising the investment may be delayed, restricted or impossible for a period of time.

4.3.3. Smaller-capitalisation, newly listed, less frequently traded or otherwise less liquid securities may be particularly exposed to wider bid-offer spreads, greater price volatility, reduced market depth and difficulty obtaining reliable or timely pricing. These factors may make it harder to buy or sell at the desired time or price.

4.3.4. Physical Securities issued by companies in emerging or less-developed markets may involve additional risks, including greater price volatility, lower liquidity, less developed market infrastructure, different accounting, disclosure and corporate governance standards, political or regulatory uncertainty, foreign ownership restrictions and reduced investor protections. Such factors may make it more difficult to value, buy, sell, transfer or recover an investment.

4.4. Execution and Order Risk

4.4.1. Orders in Physical Securities may be received, transmitted, routed or executed through third-party brokers, exchanges, market makers or other execution venues. Execution depends on market hours, liquidity, order type, venue rules, market data, technology and third-party availability.

4.4.2. A displayed or requested price is not guaranteed. The final execution price may differ because of market movement, spread, routing, order type, liquidity, partial fills, market opening or closing conditions, or latency. An instruction to cancel or amend an Order may not be effective if the Order has already been executed.

4.4.3. Prices may gap between one trading level and another, including when a market reopens after being closed or following significant news or Corporate Events. In such circumstances, there may be no opportunity to execute an Order at an intermediate price and an Order may be executed at a materially different price from the price expected.

4.5. Settlement Risk

4.5.1. Transactions in Physical Securities are subject to the settlement cycle and rules of the relevant market, execution broker, custodian and settlement system. Settlement may occur on T+1, T+2 or another applicable cycle.

4.5.2. A security may be displayed in your Account before settlement is final. If settlement fails, is rejected, cancelled or reversed, the Company may reverse or adjust the Transaction and related Account entries. Sale proceeds may not be available for withdrawal until settlement has completed.

4.6. Custody, Nominee and Omnibus Risk

4.6.1. Physical Securities may be held through one or more custodians, brokers, nominees, sub-custodians, central securities depositories or settlement systems. These third parties may be located inside or outside the European Economic Area.

4.6.2. Your Physical Securities may be held in an omnibus or pooled account together with securities belonging to other clients. Legal or registered title may be recorded in the name of the Company, a nominee, custodian, sub-custodian or another permitted holder, while your individual entitlement is recorded in the Company's and/or the custody chain's books and records.

4.6.3. Omnibus holding may create additional risks. In the event of insolvency, record discrepancies or an unreconciled shortfall at the Company or within the custody chain, identification and recovery of your securities may be delayed and you may bear a proportionate share of a shortfall to the extent permitted by Applicable Regulations and the law governing the custody arrangement.

4.6.4. Where securities are held in a jurisdiction outside the EEA, the applicable law may provide different protections concerning segregation, nominee ownership, insolvency, liens, set-off, settlement and investor rights. A custodian or depository may also have a security interest, lien or right of set-off where permitted by the law governing the relevant custody account.

4.6.5. The Company will select and monitor custodians and other providers in accordance with Applicable Regulations, but use of a third party does not eliminate the operational, legal, insolvency or custody risks associated with that third party.

4.6.6. In certain insolvency, default, resolution or similar circumstances affecting a Custodian, broker, nominee or other member of the custody chain, it may not be possible to return the same Physical Securities to you. Subject to Applicable Regulations and the applicable insolvency or custody regime, your entitlement may instead be satisfied by the return of equivalent securities, distribution of available assets or payment of a cash amount, and recovery may be delayed or incomplete.

4.7. Corporate Events and Shareholder Rights

4.7.1. Dividends, distributions, stock splits, mergers, rights issues, tender offers, spin-offs, votes and other corporate events are subject to issuer, market and custody-chain procedures and deadlines. Information may be received late or may be incomplete, and the Company may need to set an earlier deadline than the issuer or market.

4.7.2. Because Physical Securities may be held through nominee or omnibus arrangements, the Company may not be able or obliged to facilitate every voting right, shareholder meeting, voluntary election, rights issue, class action or other shareholder entitlement. Where functionality is provided, it may be subject to additional conditions, fees and third-party limitations.

4.7.3. Where a corporate event creates a fractional entitlement and fractional holdings are not supported, the entitlement may be aggregated, sold or settled in cash and allocated to affected clients on a fair and reasonable basis, subject to third-party procedures, taxes, fees and rounding.

4.8. ETF-Specific Risks (where applicable)

4.8.1. An ETF may be affected not only by changes in the value of its underlying assets but also by tracking error, fund expenses, market-making conditions, liquidity, concentration, index methodology and the possibility that the ETF trades at a premium or discount to its net asset value. Some ETFs may have features that make them complex and may be subject to additional product restrictions or assessments.

4.9. Tax and Withholding Risk

4.9.1. Physical Securities may give rise to withholding taxes, transaction taxes, stamp duties, capital gains taxes, reporting obligations or other fiscal consequences. The tax treatment may depend on your residence, the issuer, the market, the custody chain and documentation supplied by you.

4.9.2. For US-listed or US-related securities, you may be required to provide a valid IRS Form W-8BEN, W-8BEN-E or other tax documentation. Failure to provide valid documentation may result in withholding at a higher rate. The Company does not guarantee the availability of a particular treaty rate, reclaim or refund.

4.9.3. In an omnibus custody structure, the tax treatment or withholding rate applied through the custody chain may differ from the treatment that might apply if the security were registered directly in your own name.

4.10. Transfer and Availability Risk

4.10.1. The Company does not guarantee that every Physical Security, market, order type, trading session, transfer service or registration method will be available at all times. The Company may add, restrict, suspend or discontinue a security or related service in accordance with the Client Agreement and Applicable Regulations.

4.10.2. Transfers-in, transfers-out, re-registration, direct registration or delivery of share certificates may not be supported. Where a transfer service is available, it may be delayed or refused because of settlement status, corporate events, sanctions, AML/CFT controls, market or custody restrictions, incompatible account types, unsupported securities or third-party requirements.

4.10.3. Where a transfer service is available, Physical Securities may be restricted from trading while a transfer is being processed. Their market value may continue to change during that period and delays, errors or lack of cooperation by a delivering or receiving provider may extend the period during which you are unable to sell or otherwise deal with the relevant securities.

5. OPERATIONAL AND TECHNOLOGY RISKS

5.1. Electronic trading and investment services depend on communications networks, software, hardware, internet connectivity, data feeds, payment systems, brokers, custodians, exchanges and other infrastructure. Failures, cyber incidents, system outages, latency, maintenance, connectivity problems or other disruptions may delay or prevent access, execution, settlement, valuation, deposits, withdrawals or communications.

5.2. The Company maintains systems and controls designed to manage operational risk, but no electronic or third-party system can be guaranteed to operate without interruption or error.

6. THIRD-PARTY DEPENDENCY

6.1. The Company may depend on liquidity providers, execution brokers, custodians, sub-custodians, banks, payment service providers, market data vendors, exchanges, settlement systems and technology providers. The failure, insolvency, suspension, restriction or operational disruption of any such third party may affect the Company's ability to provide a Service or may delay execution, settlement, access to funds or recovery of assets.

7. MARKET DATA AND INFORMATION RISK

7.1. Market data, prices, charts, issuer information, research and other information made available through the Website, Client Portal or Trading Platform may be delayed, indicative, incomplete or supplied by third parties. Such information may not reflect the price at which an Order can actually be executed and should not be treated as investment advice or a guarantee.

8. FEES, CHARGES AND COSTS

8.1. Fees and charges reduce investment returns and may increase losses. Depending on the product and Service, costs may include spreads, commissions, overnight financing, currency conversion, market-data charges, custody or transfer charges, exchange or broker costs, corporate-action expenses, taxes and other third-party charges. Costs may materially reduce a profit or cause an otherwise profitable investment or Transaction to result in a net loss.

8.2. You should review the Company's Costs and Charges disclosures and any applicable Contract Specifications before trading or investing and consider the cumulative effect of costs on the likely return of an investment.

9. FOREIGN MARKETS AND LEGAL REGIMES

9.1. Transactions in foreign markets may involve risks different from those in your home jurisdiction. Market practices, investor protections, settlement systems, custody arrangements, insolvency rules, trading hours, disclosure standards and enforcement rights may differ, and these differences may affect the value, accessibility or recoverability of your investment. Different time zones and market hours may also affect the availability or timeliness of market information and your ability to trade.

10. CLIENT MONEY AND SAFEGUARDING

10.1. Client Money is safeguarded in accordance with Applicable Regulations and, where required, held separately from the Company's own money. It may be held in pooled or omnibus client accounts with banks, credit institutions, electronic money institutions, payment service providers or other permitted third parties, or transferred to other permitted persons where necessary for payment, execution or settlement purposes.

10.2. Segregation and safeguarding arrangements reduce but do not eliminate risk. The default, insolvency, operational failure, banking restriction, reconciliation issue, regulatory intervention or other failure of a third party holding or processing Client Money may result in delay in accessing or recovering funds and, depending on the applicable legal and regulatory framework, may expose you to a shortfall or other loss.

10.3. Where Client Money is held or processed outside Cyprus or under a legal regime different from that applicable in Cyprus, the applicable protections, insolvency rules, resolution procedures and recovery rights may differ from those that would otherwise apply in Cyprus.

10.4. Where the Company makes available an arrangement under which Client Money may, subject to Applicable Regulations and any required Client consent, be placed in units or shares of a qualifying money market fund or another permitted qualifying arrangement, the relevant amount may cease to be treated as Client Money and may instead be held as a Client Financial Instrument or safe custody asset. Such arrangements are intended to be low risk but are not risk-free and may involve market, credit, liquidity, interest-rate, management, operational, settlement and third-party risks, including the possibility of loss or delay in accessing funds.

11. INVESTOR COMPENSATION FUND

11.1. The Company is a member of the Investor Compensation Fund for Customers of Cyprus Investment Firms to the extent required by Applicable Regulations. Eligibility for compensation and the scope and amount of any protection are determined by the applicable legal framework.

11.2. Investor compensation arrangements do not protect you against ordinary investment or market losses, an issuer's fall in value, poor investment performance, currency movements or losses that fall outside the scope of the applicable compensation scheme.

12. CLIENT RESPONSIBILITY AND NO GUARANTEE

12.1. You are responsible for deciding whether to enter into any Transaction and for understanding the nature, features, risks, costs, settlement arrangements, custody arrangements and tax consequences of the relevant Financial Instrument and Service.

12.2. The Company does not guarantee any profit, return or avoidance of loss in relation to any Financial Instrument or Service. The Company does not guarantee that an Order will be accepted or executed, that liquidity will be available, that a security will remain listed or supported, that settlement will occur on time, that a dividend or other corporate entitlement will be received, or that you will be able to sell or transfer a Financial Instrument at a particular time or price.

12.3. You should invest or trade only with money that you can afford to expose to loss and should obtain independent legal, tax, financial or other professional advice where appropriate.

13. RISK MANAGEMENT TOOLS

13.1. The Trading Platform may provide tools such as Stop Loss, Take Profit, price alerts, order limits or other controls. These tools may assist you in managing risk but do not eliminate risk and may not operate at the intended price or time during gaps, volatility, illiquidity, market suspension, system disruption or other exceptional conditions.

14. ACKNOWLEDGEMENTS

14.1. By using the relevant Service, you acknowledge that you have been given the opportunity to read this Notice and the other applicable contractual and regulatory disclosures before entering into a Transaction.

14.2. You acknowledge that CFDs and Physical Securities are materially different products: CFDs are leveraged derivative contracts that do not confer ownership of the Underlying Asset, while Physical Securities involve beneficial ownership exposure to actual securities held through the custody arrangements described in the Client Agreement.

14.3. You acknowledge that you understand that the risks described in this Notice are not exhaustive and that additional risks may arise from particular Financial Instruments, markets, issuers, strategies, custody arrangements, tax circumstances, market events or changes in law.