



GWG (CYPRUS) LIMITED

RISK DISCLOSURE STATEMENT

Telephone and Electronic Communications Recording Policy	
APPROVER(S):	Board of Directors
OWNER:	GWG (Cyprus) Ltd
CONTACT PERSON:	CCO
REVIEW DATE:	June 2021
VERSION :	1.0



GWG (CYPRUS) LIMITED

1. Introduction

GWG (Cyprus) Ltd (hereafter the “**Company**” and/or “**Us**” and/or “**We**”) is a limited liability Company incorporated in the Republic of Cyprus with registration number C342580. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter the “**CySEC**”) to operate as a Cyprus Investment Firm (hereafter the “**CIF**”) under the license number 269/15 and operates under the brand name GWGlobalFX.

The Company is operating under the provisions of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (hereafter the “**MiFID II**”), which was transposed into Cypriot Law, the Investment Services and Activities and Regulated Markets Law of 2017 (hereinafter the “**Law**”).

2. Scope and Applicability

This Risk Disclosure Statement (hereafter the “**Statement**”) is provided to the Company’s clients and/or potential clients (hereafter the “**Client**” and/or “**You**”) in accordance with the relevant laws and regulations governing the activities of the Company as a regulated CIF. This Statement forms an integral part of the Company’s Terms and Conditions which are available [here](#), and therefore should be read in conjunction with the Terms and Conditions.

As a pre-requisite of opening an account with Us, You must agree to the Company’s Terms and Conditions. By doing so, You also agree to the terms of this Risk Disclosure Statement, which is provided to You before the provision of any services. Therefore, please ensure that You have carefully read and understood the risk disclosures and warnings contained in this Statement with regards to the financial instruments offered by the Company for trading, such as Contracts for Differences (hereafter the “**CFDs**”), prior commencing trading with Us. Without prejudice the above, it is noted that this Statement may not include all the risks involved when trading in CFDs.

3. Risk Warnings

3.1 Trading is speculative and risky:

Trading CFDs is highly speculative, involves a significant risk of loss and is not suitable for all Clients but only for those who:

- Understand and are willing to assume the economic, legal and other risks involved;
- Are experienced and knowledgeable about trading in derivatives and in underlying asset types, including CFDs trading; and
- Are financially able to assume losses significantly, in excess of margin or deposits because Clients may lose the total value of the contract not just the margin or deposit.

CFDs and FX transactions are among the riskiest types of investments and can result in large losses. You represent, warrant and agree that You understand these risks, You are willing and able, financially and otherwise, to assume the risks of trading CFDs and that the loss of Your entire account balance will not change Your lifestyle.



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Risk Warning:

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **The vast majority of retail investor accounts lose money when trading CFDs.** 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 Expert / Professional Advice:

In the instance where You have any doubts in relation to the trading and the risks involved, as summarised within this Statement, You should in any case seek independent expert / professional advice before commencing trading with GWG (Cyprus) Ltd. The Company does not provide such services.

3.3 Historical Prices are no indication of Future Prices:

The historical movement of prices does not give a reliable indication of the movement of prices in the future. Past performance is not a reliable indicator of future results/performance, and You should understand that market trends can vary significantly over time.

3.4 Foreign Currency:

When a Financial Instrument is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance and may lead to losses for the Client.

4. Specific Risks:

4.1 Margin Requirements:

Trading on margin means that Clients can take positions in financial instruments without being obliged to deposit the full transactional amount as collateral, which is further explained in **Section 4.6** below. Clients must maintain the minimum margin requirement on their open positions at all times. It is the Clients' responsibility to monitor their account balance. Clients may receive a margin call to deposit additional cash if the margin in the account concerned is too low.

The Company has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained, and this may result in Clients' CFDs being closed at a loss for which you will be liable. A Margin Close Out Rule will apply on a per account basis. This will standardize the percentage of margin (at 50% of minimum required margin) at which the Company is required to close out one or more of its Retail Clients' open CFDs positions. For Professional Clients, the percentage is set to 15%.

In view of the above, the Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of financial instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value. This is owed to 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 asset can have a disproportionately dramatic effect on the Client's trade.



4.2 Risks related to long CFD positions:

Being long in CFD means You are buying the CFDs on the market by speculating that the market price of the underlying will rise between the time of the purchase and sale. As owner of a long position, You will generally make a profit if the market price of the underlying rises whilst your CFD long position is open. On the contrary, You will generally suffer a loss, if the market price of the underlying falls whilst your CFD long position is open. Your potential loss may therefore be bigger than the initial margin. In addition, You might suffer a loss due to the closure of Your position, in case You do not have enough liquidity for the margin on Your account in order to maintain Your position open.

Examples related to long CFD positions, can be found in Key Information documents in the Section [Legal Documents](#) on the Company's Website.

4.3 Risks related to short CFD positions:

Being short in CFD means You are selling the CFDs on the market by speculating that the market price of the underlying will fall between the time of the purchase and sale. As owner of a short position, You will generally make a profit if the market price of the underlying falls whilst Your CFD short position is open. On the contrary, You will generally suffer a loss, if the market price of the underlying rises whilst Your CFD short position is open. Your potential loss may therefore be bigger than the initial margin deposited. In addition, You might suffer a loss due to the closure of Your position, in case You do not have enough liquidity for the margin on Your account in order to maintain Your position open.

Examples related to short CFD positions, can be found in Key Information documents in the Section [Legal Documents](#) on the Company's Website.

4.4 Risks related to Cash Settlement and Underlying Asset:

You should understand that CFDs can only be settled in cash and the difference between the buying and selling price partly determines the result of the investment.

You have no rights or obligations in respect of the underlying instruments or assets relating to Your CFDs. You should understand that CFDs can have different underlying assets, such as currencies, indices, equities, futures, precious metals and commodities. The prices are derived from each underlying asset and the venue where these are traded. It is important therefore for You to understand that each underlying asset carries specific risks that affect the result of the CFD concerned.

4.5 Leverage :

The transactions offered by the Company are margined and entail a high degree of risk. This means that by entering into a transaction You have to fund Your trading account with a previously agreed fraction of the total value of Your transaction. This is where the term "leveraged" or "gearing" derives from, which is a particular feature of CFDs. It is noted that the effect of leverage makes the investment in CFDs riskier than the investment directly in the underlying asset. A relatively small market movement in the underlying asset can have a disproportionately dramatic impact on the Client's trade. This can be both advantageous and disadvantageous. A small price movement in Your



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favour can provide a high return on the deposit, however, a small price movement against You may result in significant losses.

The Client may sustain a total loss of initial Margin and any additional funds deposited with the Company to maintain his position. As previously mentioned, if the market moves against the Client's position and/or Margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain his position. Failing to comply with a request for a deposit of additional funds, may result in closure of their position(s) by the Company on their behalf and they will be liable for any resulting loss or deficit.

It is clarified that Retail Client's losses will never exceed the balance of their account, which is balanced to zero, if the losses are higher than the amount deposited. Further details in relation to the Negative Balance Protection in place are available within the Company's Terms and Conditions, which are available [here](#). Even if losses of Retail Clients cannot exceed invested amount, such losses can occur quickly. Thus, it is essential that the consequences of trading on margin are fully understood prior to trading.

4.6 Collateral:

If the Client deposits collateral as security with the Company, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of the collateral depending on whether the Client is trading on a recognised or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying or trading off-exchange. Deposited collateral may lose its identity as the Client's property once dealings on the Client's behalf are undertaken. Even if the Client's dealings should ultimately prove profitable, he/she may not get back the same assets which he deposited and may have to accept payment in cash.

4.7 Risk-reducing Orders or Strategies:

The placing of certain orders (e.g. "stop-loss" or "stop limit"), which are intended to limit losses to certain amounts, may not be adequate given that markets conditions make it impossible to execute such orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions. Therefore, Stop Limit and Stop Loss Orders cannot guarantee the limit of loss.

Trailing Stop cannot guarantee the limit of loss.

4.8 Volatility:

Some financial instruments trade within wide intraday ranges with volatile price movements. Therefore, the Client must carefully consider that there is a high risk of losses as well as profits. The price of financial instruments is derived from the price of the underlying asset in which the financial instruments refer to (e.g. currency pairs, indices, commodities, etc). The price of financial instruments and the underlying asset may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company.



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Under certain market conditions it may be impossible for a Client's order to be executed at declared prices leading to losses. The price of financial instruments and the underlying asset will be influenced by, *among others*, 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 marketplace.

4.9 Slippage:

Slippage is the difference between the expected price of an order to be executed and the price the relevant order is actually executed at and it often occurs during periods of high volatility. In general, the volatility in the market may affect the price, speed and volume. Therefore, trading during volatile conditions, where important news and data releases are made, is incredibly risky and since the best execution criteria might not apply, as indicated in our website, the execution pricing will always be provided at the first available price.

It is noted that the slippage can be either positive or negative. More precisely, positive slippage occurs when the price is executed at a better level than the one requested whereas a negative slippage is exactly the opposite situation, therefore the Client should consider the possible risks and/or hazardous situation that they might be placed in. Slippage can occur in all account and order types offered, and under all execution methods. In view of the above, in case a slippage is experienced in the market, the orders will be executed at the next available price, in cases of market execution. Further information can be found in the Company's Order Execution Policy available in the Section [Legal](#) of our website.

4.10 Contingent Liability Investment Transactions:

Contingent liability investment transactions, which are margined, require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. The Margin Requirement, as mentioned above, will depend on the underlying asset of the financial instrument.

If the Client trades in Contracts for Differences, he/she may sustain a total loss of the funds he/she has deposited to open and maintain a position. If the market moves against the Client, he/she may be called upon to pay substantial additional funds at short notice to maintain the position. If the Client fails to do so within the time required, his/her position may be liquidated at a loss and he/she will be responsible for the resulting deficit. It is noted that the Company will not have a duty to notify the Client for any margin call to sustain a loss-making position. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the Client entered the contract. Contingent liability investment transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose the Client to substantially greater risks.

4.11 Suspensions of Trading:

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.



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Placing a Stop Loss will not necessarily limit the Client's losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price. In addition, under

certain market conditions the execution of a Stop Loss order may be worse than its stipulated price and the realized losses can be larger than expected.

4.12 Technical Risks:

4.12A The Company is responsible for losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.

4.12B If the Client undertakes transactions on an electronic system, he/she will be exposed to risks associated with the system including the failure of hardware, software, servers, communication lines and internet failure. The result of any such failure may be that his order is either not executed according to his/her instructions or it is not executed at all. The Company does not accept any liability in the case of such a failure.

4.12C The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorized access.

4.12D At times of excessive deal flow the Client may have some difficulties to be connected over the phone or the Company's Platform(s)/system(s), especially in fast Market (e.g. when key macroeconomic indicators are released).

4.12E The Client acknowledges that the internet may be subject to events which may affect his/ her access to the Company's website and/or the Company's trading Platform(s)/system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. The Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's website and/ or trading system or delay or failure in sending orders or transactions.

4.12F In connection with the use of computer equipment, data and voice communication networks, the Client bears the following risks amongst other risks in which cases the Company has no liability of any resulting loss:

- Power cut of the equipment on the side of the Client or the provider, or communication operator (including voice communication) that serves the Client;
- Physical damage (or destruction) of the communication channels used to link the Client and provider (communication operator), provider, and the trading or information server of the Client;
- Outage (unacceptably low quality) of communication via the channels used by the Client, or the Company or the channels used by the provider, or communication operator (including voice communication) that are used by the Client or the Company;
- Wrong or inconsistent with requirements settings of the Client Terminal;



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- Untimely update of the Client Terminal;
- When carrying out transactions via the telephone (land or cell phone lines) voice communication, the Client runs the risk of problematic dialling, when trying to reach an employee of the broker service department of the Company due to communication quality issues and communication channel loads;
- The use of communication channels, hardware and software, generate the risk of non-reception of a message (including text messages) by the Client from the Company;
- Trading over the phone might be impeded by overload of connection;
- Malfunction or non-operability of the Platform, which also includes the Client Terminal.

The Client may suffer financial losses caused by the materialization of the above risks, the Company accepting no responsibility or liability in the case of such a risk materializing and the Client shall be responsible for all the related losses he/she may suffer.

4.13 Trading Platform:

The Client acknowledges that only one order is allowed to be in the queue at one time. Once the Client has sent an order, any further instructions sent by the Client are ignored and the “orders are locked” message appears until the first instruction is executed.

The Client acknowledges that the only reliable source of Quotes Flow information is that of the live Server’s Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes simply may not reach the Client Terminal.

The Client acknowledges that when the Client closes the order placing/ deleting window or the position opening/closing window, the order, which has been sent to the Server, shall not be cancelled.

Orders may be executed one at a time while being in the queue. Multiple orders from the same Client Account in the same time may not be executed.

The Client acknowledges that when the Client closes the Order, it shall not be cancelled.

In case the Client has not received the result of the execution of the previously sent Order but decides to repeat the Order, the Client shall accept the risk of making two Transactions instead of one. The Client acknowledges that if the Pending Order has already been executed but the Client sends an instruction to modify its level, the only instruction, which will be executed, is the instruction to modify Stop Loss and/or Take Profit levels on the position opened when the Pending Order triggered.

4.14 Risks associated with CFDs on Crypto currencies

The CFDs on Cryptocurrency services are not suitable for all traders. The CFDs on Crypto currency services are highly complex and as such Customers must always make sure that are fully aware and



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understand the specific characteristics and risks regarding the said CFDs on Crypto currency services and have extensive knowledge and/or expertise of the CFDs on Crypto currency services and of the underlying assets of the financial instruments offered by the CFDs on Crypto currency services.

Trading on financial instruments offered by the CFDs on Crypto currency services carries a high risk of losing all your invested capital in your trading account and/or in a specific trade.

Trading prices of the financial instruments and underlying assets offered by the CFDs on Crypto currency services carry high volatility and thereby can widely fluctuate or become temporarily or permanently unavailable, therefore Clients should trade carefully and only with funds that they can afford to lose.

The nature of Crypto currencies may lead to an increased risk of fraud or cyber-attack and may mean that technological difficulties experienced by the Company may prevent the access to or use of the CFDs on Crypto currency services.

The financial instruments offered by the CFDs on Crypto currency services have specific distinct risks from financial instruments offered by the Company with underlying assets, currencies or commodities. Unlike most currencies, which are backed by governments or other legal entities, or by commodities such as gold or silver, Cryptocurrencies are backed by technology and trust. There is no central bank that can take corrective measure to protect the value of Cryptocurrencies in a crisis or issue more currency.

CFDs on Crypto currencies are complex and high-risk products and as such, you could lose your entire invested capital.

CFDs on Crypto currencies can widely fluctuate and may result in significant loss over a short period of time. You should not trade in CFDs on Crypto currencies in case you do not have the necessary knowledge and expertise in these products or if you cannot bear the loss of the entire invested amount.

By accepting this Risk Disclosure Statement, you acknowledge and confirm that you understand the characteristics of CFDs on Crypto Currencies, as presented in the Key Investor Information Document as well as the aforesaid described risks related with CFDs on Crypto Currencies.

4.15 Abnormal Market Conditions

The Client acknowledges that under abnormal market conditions the period during which the orders are executed may be extended or it may be impossible for such orders to be executed at declared prices or may not be executed at all.

5. Applicable Costs and Charges

The provision of the Company's investment and ancillary services is subject to [fees](#), available on its website. Before the Client begins to trade, he/she should be aware in regards to the applicable fees, commissions, charges for which the Client will be liable. It is the Client's responsibility to check for any changes in the charges, as the Company may change its charges from time to time. In the instance where any charges are not expressed in monetary terms but for example as a percentage of



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the contract value, the Client should ensure that he/she understands what such charges are likely to amount to.

It is noted that there is the risk that the Client's trades in any financial instruments to be or become subject to tax and/or any other duty for example because of changes in legislation or his/her personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his/her trades, as the taxes are subject to change without notice.

It is noted that the Company's prices in relation to CFDs trading are set by the Company and may be different from prices reported elsewhere. The Company's trading prices are the ones at which the Company is willing to sell CFDs to its Clients at the point of sale. As such, they may not directly correspond to real time market levels at the point in time at which the sale of CFD occurs.

6. Other

6.1 Insolvency:

The Company's insolvency or default, or the insolvency or default of any parties involved in transactions undertaken by the Company on the Client's behalf (including without limitation brokers, execution venues and liquidity providers) may lead to positions being liquidated or closed out without the Client's consent. In the unlikely event of the Company's insolvency, segregated client funds cannot be used for reimbursement to the Company's creditors. If the Company is unable to satisfy repayment claims, eligible claimants have the right to compensation by the Investor Compensation Fund as stated below.

6.2 Investor Compensation Fund:

The Company participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. The Company's Retail Clients will be entitled to compensation under the Investor Compensation Fund where the Company is unable to meet its duties and obligations arising from the Client's claim. Any compensation provided to You by the Investor Compensation Fund shall not exceed twenty thousand euro (EUR 20.000) or 90% of the Retail Client's claim, whichever is lower. This applies to Client's aggregate claims against the Company in case the Client has been classified as Retail Client, based on the Company's Client Categorisation Policy, which can be found [here](#). For further details, please refer to the Investor Compensation Fund Policy available on our [website](#).

7. Communication between the Client and the Company

The Client shall accept the risk of any financial losses caused by the fact that the Client has received with delay or has not received at all any notice from the Company.

The Company has no responsibility if unauthorized third persons have access to information, including electronic addresses, electronic communication and personal data, access data when the above are transmitted between the Company and the Client or when using the internet or other network communication facilities, telephone, or any other electronic means.



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The Client is fully responsible for the risks in respect of undelivered Company Online Trading System internal mail messages sent to the Client by the Company.

8. Force Majeure Events

In case of a Force Majeure Event the Company may not be in a position to arrange for the execution of Client Orders or fulfil its obligations under the Terms and Conditions. As a result, the Client may suffer financial losses.

The Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the Terms and Conditions, where such failure, interruption or delay is due to a Force Majeure event.

9. Advice and Recommendations

Where the Company provides market recommendations, such generic recommendations do not constitute a personal recommendation or an investment advice and have not considered any Clients' personal circumstances or Clients' investment objectives, nor it is an offer to buy or sell or the solicitation of an offer to buy or sell, any financial instrument. Each decision by the Client to enter in to a CFD with the Company.

and each decision as to whether a transaction is appropriate or proper for the Client, is an independent decision made by the Client. The Company is not acting an advisor and gives no warranty as to the suitability of the products traded under the Terms and Conditions and assumes no fiduciary duty in its relations with the Client. The Client agrees that the Company has no fiduciary duty to the Client and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with the Client following the Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.

The Company will not be under any duty to provide the Client with any legal, tax or other advice relating to any transaction. The Client should seek independent expert advice if he/she is in any doubt as to whether he/she may incur any tax liabilities. The Client is hereby warned that tax laws are subject to change from time to time.

The Company may, from time to time and at its discretion, provide the Client (via newsletters which may be posted on its website or provide to subscribers via its website or the Trading Platform or otherwise) with information, recommendations, news, market commentary or other information but not as a service. Where it does so:

- the Company will not be responsible for such information;
- the Company gives no representation, warranty or guarantee as to the accuracy, correctness or completeness of such information or as to the tax or legal consequences of any related transaction;
- this information is provided solely to enable the Client to make his own investment decisions and does not amount to investment advice or unsolicited financial promotions to the Client;



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- if the document contains a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, the Client agrees that he/she will not pass it on to any such person or category of persons;
- the Client accepts that prior to dispatch, the Company may have acted upon itself to make use of the information on which it is based. The Company does not make representations as to the time of receipt by the Client and cannot guarantee that he/she will receive such information at the same time as other

It is understood that market commentary, news, or other information provided or made available by the Company are subject to change and may be withdrawn at any time without notice.

11. No Guarantees of Profit

The Company provides no guarantee of profit or of avoiding losses when trading with CFDs. The Client has received no such guarantees from the Company or from any of its representatives. The Client is aware of the risks inherent in trading CFDs and is financially able to bear such risks and withstand any losses incurred.

12. Regulatory and Legal Risk

In case an amendment in the applicable legal framework is made, this may materially impact a financial instrument and thus the investment and ancillary services offered by the Company. In addition to the above, an amendment in the applicable legal framework may be performed by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

13. Clients from Spain

The National Securities Market commission of Spain (the "CNMV") has determined that, due to the complexity of CFDs and the risks involved, the purchase of such a product by Retail Clients is not appropriate/suitable. In this respect, pursuant to the relevant requirements introduced by CNMV, you are warned that you are about to purchase a product that is complex and difficult to understand: Contracts for Differences (CFDs).

By accepting this Terms and Conditions you are acknowledging that you were warned that:

- The CNMV considers that CFD trading is highly risky, complex, and therefore, not appropriate for retail investors.
- CFDs are a leveraged product. Please be aware that the losses incurred may be equal to the amount initially invested.