


Risk Disclosure



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1. Scope of the notice

- 1.1.  Hs upstream Lt Ltd (referred to as the 'Company') provides you with this 'Risk Disclosure Notice' (the 'Notice') to help you understand the risks that might arise when trading Contracts for Difference ('CFDs'). However, you need to bear in mind that the Notice does not contain all the risks and aspects involved in trading CFDs. The Client should carefully read the Notice in conjunction with the 'Client Agreement', the 'Order Execution Policy' and the documentation/information available to you through our Website.
- 1.2. You need to ensure that any decision to engage in trading CFDs is made on an informed basis and in light of your knowledge and experience, as well as to your personal circumstances (including but not limited to your financial position). In addition, you need to ensure that you understand the nature of CFDs and the extent of all risks and aspects involved in trading CFDs.
- 1.3. Please note that CFDs are leveraged financial products and therefore as such, trading CFDs involves a high risk of loss as price movements are influenced by the amount of leverage the client is using. For example, if a client is using 50 times leverage a movement of 0.5% will result in a gain or a loss of 25%. Nonetheless, as a result of the 'Negative Balance Protection' ('NBP'), you may not lose more than your initial investment.
- 1.4. Trading CFDs is not appropriate for all persons. Under no circumstances, should you risk more than you are prepared to lose.
- 1.5. For any capitalized term, which have not been defined in the Notice, please refer to the Glossary found on the Client Agreement.

2. Appropriateness assessment

- 2.1. When processing your 'Account Opening Form', the Company carries out an assessment of your appropriateness to trade CFDS and

determines, based on information you provide us with, if you have sufficient knowledge and experience to understand the risks involved in trading CFDs. We will inform you of the results of our assessment but this does not relieve you of the need to carefully consider whether to trade CFDs with us. If we warn you that trading CFDs may not be appropriate for you, then you should refrain from trading CFDs until you attain sufficient knowledge and experience, for example you may trade CFDs on a demo account prior to trading CFDs in a live environment and you acquainted yourself sufficiently with the relevant risks.

3. Nature of CFDs

- 3.1.** CFDs are agreements to exchange the difference in value of a particular instrument or currency between the time at which the agreement is entered into and the time at which it is closed. CFDs allow the Company's Clients to replicate the economic effect of trading in particular currencies or other instruments without requiring actual ownership of those assets; a full list of the CFDs on offer by the Company is available on our website.
- 3.2.** CFDs are derivative products traded off-exchange (or Over the Counter 'OTC'); this means that the Company is at all times the counterparty to the Clients' trades and any CFD trades entered into with the Firm, can only be closed with us. Your ability to open and/or close trades is dependent on the availability of our trading platform(s).
- 3.3.** You understand that you are not entitled to the physical delivery of the underlying instrument (or reference instrument) of the CFDs you are trading and you have no rights in the underlying instrument (such as voting rights in case you are trading CFDs on shares).
- 3.4.** CFDs fluctuate in value during the day; the price movements of CFDs are determined by a number of factors including but not limited to availability of market information.
- 3.5.** Some of the CFDs underlying instruments may not become immediately liquid as a result of reduced demand for the underlying

instrument and the Client may not be able to obtain the information on the value of these or the extent of the associated risks.

- 3.6.** When you engage in CFDs trading, you are placing a trade in relation to movements of prices set by the Company. Prices quoted to you 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 you by a trade in the interbank market or with another counterparty. Be advised that the total impact of spreads may be significant in relation to the size of the margin you post and may make it more difficult for you to realise a profit from your trading. You should carefully consider the effect of spreads, mark-ups, or mark-downs on your ability to profit from trading.
- 3.7.** With regards to transactions in CFDs, the Company has the discretionary power to start closing positions when the margin reaches 20% and the discretionary power to automatically close all positions at market prices (as quoted by the relevant liquidity provider) and liquidate the Client's account if the margin drops below 20%.

4. Prices and cost

- 4.1.** The prices generated by our trading platform(s) are derived from the prices of the relevant underlying instruments, which the Firm obtains from third party liquidity/price providers. The prices of CFDs that you trade with us include a mark-up; this means that the spreads offered by us comprise of (i) the raw spreads received from liquidity/price provider(s) and (ii) a mark-up (where applicable).
- 4.2.** For trading certain CFDs, the Client may be required to pay a commission and/or other fees; these instances are described in detail in our website. For all types of CFDs offered by the Firm, the commission (if applicable) and financing/overnight fees are not incorporated into the Firm's quoted prices and are instead charged explicitly to the Client Account(s). In the case of financing/overnight fees, the value of open positions in some types of financial instruments is increased or reduced by a daily financing fee 'swap' throughout the

life of the trade. The financing fees are based on prevailing market interest rates.

- 4.3. You should not fund your Account using money obtained from any credit facility (including bank loan or otherwise). You should understand that your overall risk will be significantly increased. For instance, if you incur a loss on your trades, you will still have to repay any amount borrowed plus any interest or other costs. Therefore, you shall never finance any trades on such borrowed money and you should never rely on being able to profit on any trade, in order to repay such amounts.

5. Market conditions, required margin, leverage and stop-out levels

- 5.1. Trading CFDs enables you to use leverage to open a trade by depositing a fraction of the total trade value; this means that a relatively small market movement may lead to a proportionately much larger movement in the value of your trade.
- 5.2. The maximum leverage offered by the Company is 1:1000, although leverage restrictions may apply for certain CFDs. Please visit the Website for further details.
- 5.3. Financial markets may fluctuate rapidly to reflect events that are outside the control of the Firm and/or your control; as a result, prices will become volatile. One form of price volatility is 'gapping', which occurs when there is a sudden shift in prices from one level to another. This can be caused, for example by unexpected economic events or market announcements, within or outside trading hours. Consequently, the Company may be unable to execute your instructions at the requested price. In addition, if prices move against you, this will have a direct and real-time impact on your trades, which may be automatically stopped-out. It is possible that all your trades will be stopped-out; not just the ones that are loss making.

- 5.4. You should note that any changes made to your leverage level, on an already traded Account, can immediately affect your open positions and may result in a stop-out.
- 5.5. It is your responsibility to monitor the required margin of your open positions and in order to avoid a stop-out you may have to fund your Account.
- 5.6. For further information, please refer to the 'Margin and Leverage' section of the 'Order Execution Policy'.

6. Foreign exchange and other related risks

- 6.1. You will be impacted by foreign exchange movements, if you are trading in a product that is denominated in a currency other than the currency of your Account. Any currency conversion calculations are provided by the Company to the Client in the currency in which the Client Account is denominated and the currency of the relevant CFD, using the cross-spot rate.
- 6.2. Your capacity to trade CFDs may also be affected as a result of changes in the legal, regulatory, taxation environment and/or other. You are responsible for any taxes and/or any other duty, which may accrue in respect of your trades.
- 6.3. Before the Client begins to trade, he/she should obtain from the Company details of all charges/fees and commissions for which the Client will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), the Client should ensure that he understands what such charges are likely to amount to. If the Client does not understand how this is calculated, he should ask for a written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

7. Technical risks

7.1. We try to generate prices continuously and provide you with access* to our trading platform(s) throughout the trading sessions as indicated on our website. However, there are instances where this is not possible; for example, instances of poor telecommunication/internet connectivity, system errors and outages and/or other factors. The above may cause prices to change between the time an order is placed and the time the order has been received by the Company. In addition, these technical risks may significantly impact the execution of your orders.

*Access to our trading platforms includes access via mobile applications and web terminal.

7.2. 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 responsibility in the case of such a failure.

7.3. The Client acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorised access.

7.4. At times of excessive deal flow the Client may have some difficulties to be connected over the phone or the Company's system(s), especially in volatile markets (for example, when key macroeconomic indicators are released).

7.5. The Client acknowledges that the internet may be subject to events, which may affect his access to the Company'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. Unless otherwise specified at the Agreement, 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 Systems or delay or failure in sending orders or Transactions.

8. Client money

- 8.1.** Any money that we hold on your behalf will be kept in one or more segregated accounts with an institution within or outside the European Economic Area ('EEA'), separated from the Company's money. The Client Money will be pooled with money belonging to other Clients (the 'Omnibus Account'); therefore, an individual Client will not have a claim against a specific sum in a specific account, in the event of insolvency. A Client's claim may be against the Client Money in the Omnibus Account. In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the institution defaults. Under such circumstances, the enforcement of the national deposit guarantee scheme may be applied without consideration of the ultimate beneficial owners of the Omnibus Account. Another risk might be that the funds in the Omnibus Account may be exposed to obligations of the Company connected with the positions of other clients in case the Company is unable to meet its obligations towards them. In the event that the solvency of the institution that the Company utilises to keep Client Money is partially or fully compromised, any loss shall be borne by you not us. In the event that such institution defaults, the Client shall have no redress against the Company.

9. No advice

- 9.1.** The Company may, from time to time and as often as it deems necessary, to issue and/or distribute third party material (the 'Material'), which contains information including but not limited to the conditions of the financial markets, posted through our website and other media and/or received by you. It should be noted that the Material is considered to be marketing communication only and does not contain and should not be construed as containing, investment advice and/or an investment recommendation and/or an offer of or solicitation for any transactions in financial instruments; any decision to enter into a specific transaction shall be made by the client following an assessment by him/herself of their situation. The Company makes no representation and assumes no liability as to the accuracy or completeness of the information provided, nor any loss arising from any investment based on a recommendation, forecast or other information supplied by any employee of the Company, a third party or otherwise. The Material is not prepared in accordance with legal requirements promoting the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. All expressions of opinion included in the Material are subject to change without notice. Any opinions made, may be personal to the author and may not reflect the opinions of the Company.
- 9.2.** The Company does not provide investment, financial, legal, tax, regulatory or other advice relating to investments or trading CFDs. Any material or information or other features, which may be provided to you through our Website, trading platforms, marketing or training events or otherwise, is generic and shall not be treated as advice appropriate for you or based on a consideration of your personal circumstances. You should seek independent professional advice from a suitably qualified professional, if necessary, prior to engaging in trading CFD with us.

10. Past performance

- 10.1.** Past performance, simulation or prediction of CFDs does not constitute an indication of future results. You should note that the value of your investment can decrease (as well as increase) as the market price of the underlying asset may fluctuate downwards (or upwards).

11. Force majeure

- 11.1.** In case of a Force Majeure event, the Company may not be in a position to arrange for the execution of Client Orders or fulfill its obligations under the agreement with the Client. As a result, the Client may suffer financial loss and the Client shall accept the risk of financial loss. Refer to the Client Agreement for more information.