PROVISIONS FOR THE USE OF LOYEX TRADING PLATFORMS

I. DEFINITIONS AND INTERPRETATIONS

In this document the following expressions will be used in the following meanings and may be used in the following meanings as appropriate, unless the context suggests otherwise:
"**Account**" shall mean an investment account of the Client at Loyal Bank Limited;
"**Account Statement**" shall mean a periodic statement of the transactions credited or debited to an Account;
"**Account Summary**" shall mean a statement of the Clients securities portfolio, open positions, margin requirements, cash deposit etc. at a specific point in time;
“**Agent**” shall mean a person or legal entity who is introducing the service of LOYEX to prospective clients. The Client may have been referred to Loyal Bank Limited by an Introducing Broker/Agent. If so, Loyal Bank Limited shall not be responsible for any agreement made between the Client and the Client's Introducing Broker. The Client acknowledges that any such Introducing Broker will either be acting as an independent intermediary or an Agent for the Client and that no such Introducing Broker shall be authorized to make any representations concerning Loyal Bank Limited or Loyal Bank Limited’s Services."Asset Manager or Attorney" shall mean an individual person or legal entity undertaking a transaction on behalf of another individual person or legal entity but in his/its own name;
"**Authorized Person**" shall mean a person authorized by the Client to give instructions to Loyal Bank Limited;
"**Business Day**" shall mean any day on which Loyal Bank Limited is open for business;
"**CFD Contract**" or "**CFD**" shall mean a contract which is a contract for difference by reference to fluctuations in the price of the relevant security or index;
"**Client**" shall mean the individual person, legal entity or firm being a customer of LOYEX
"**Commissions, Charges & Margin Schedule**" shall mean the schedule of commissions, charges, margin, interest and other rates which at any time may be applicable to the Services as determined by Loyal Bank Limited on a current basis.
"**Contract**" shall mean any contract, whether oral or written, for the purchase or sale of any commodity, security, currency or other financial instrument or property, including any derivatives such as an option, a future, a CFD or other transaction relating thereto, entered into by Loyal Bank Limited with the Client;
"**Contract Option**" shall mean a contract between Loyal Bank Limited and a Client the terms of which correspond in all respects to the terms of an option, which is quoted, listed or ordinarily purchased or sold on and cleared through a regulated market place or another market;
"**Counterparties**" shall mean banks and/or brokers through whom Loyal Bank Limited may cover its Contracts with Clients or with whom Loyal Bank Limited otherwise deals in relation to Clients' transactions;
"**Durable Medium**" means any instrument which enables the Client to store information in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;
"**FIFO**" is an abbreviation of "**First in - First Out**" and refers to the fact that in case one or more Contracts with the same characteristics shall be closed, Loyal Bank Limited will as a point of departure close the older Contract first;
"**Inside Information**" shall mean non-published information which is likely to have a noticeable effect on the pricing of a Contract if it was made public;
"**Margin Trade**" shall mean a Contract opened and maintained based on a margin deposit as opposed to a Contract based on a purchase price;
"**Market Rules**" shall mean the rules, regulations, customs and practices from time to time of any exchange, clearing house or other organization or market involved in, or otherwise relevant to, the conclusion, execution, terms or settlement of a transaction or Contract and any exercise by any such exchange, clearing house or other organization or market of any power or authority conferred on it;
"**Net Free Equity**" is a basis of calculation of interest which is calculated in accordance with the definition specified on myloloyex.com;
"**OTC**" shall mean any Contract concerning a commodity, security, currency or other financial instrument or property, including any option, future, or CFD which is not traded on a regulated stock or commodity exchange but "over the counter" by Loyal Bank Limited
"**Private use**" shall mean any use of the Trading Platforms by Clients that are physical persons;
"**Principal**" shall mean the individual person or the legal entity which is a party to a transaction;
“**Roll-over**” shall mean moving a position to the following delivery date.
"**Loyal Bank Limited**" shall mean Loyal Bank Limited, Cedar Hill Crest, Villa, Kingstown, St. Vincent and the Grenadines, West Indies, or any other office that is opened as a branch of this office.
"**Security**" shall mean any securities or other assets deposited with Loyal Bank Limited by the Client;
"**Services**" shall mean the services to be provided by Loyal Bank Limited subject to the Terms specified in this document;
"**Settlement/Trade Confirmation**" shall mean a notification from Loyal Bank Limited to the Client confirming the Client's entry into a Contract;
"**Trading Platform**" shall mean LOYEX TraderPRO Trading Platform or the MT4 based LOYEX Trading Station
If there is any conflict between provisions in this document and relevant Market Rules, the Market Rules shall prevail.
In the Terms any reference to an individual person shall include bodies corporate, unincorporated associations, partnerships and individuals.

II. INTRODUCTION

This document contains important information regarding the terms and conditions applicable to a LOYEX account holder.
The Client understands and acknowledges that Loyal Bank Limited may modify, alter or change the terms and conditions set forth herein by posting such modifications or changes online or by other communication deemed appropriate by Loyal Bank Limited. Neither the information nor any opinion expressed in Loyal Bank Limited’s websites and/or the Bank contractual or other documentation constitutes a solicitation, an offer or a recommendation of the Bank to buy or sell any currencies or to engage in financial investments or transactions, or in any other transaction.

This document is intended to the account holder as a user of Trading Platforms. Capitalized terms shall have the meaning provided for in Loyal Bank Limited's account opening documentation, namely the Bank's General Conditions. References to affiliates or service providers include namely any agents, liquidity providers, information providers, licensors, and exchanges, clearing organizations or other suppliers providing data, information, or services, without limitation. References to the Trading Platforms may include LOYEX's website as well, to the extent where it contains specific information regarding the use of the Trading Platforms. The Client acknowledges that the only liable source of information about Loyal Bank Limited and its LOYEX Trading services are the official websites of Loyal Bank Limited (loyalbank.com, myloyex.com, myloyalgold.com, latcsvg.com) and the official marketing material released by the Bank.

III. TRADING PLATFORM AND TRANSACTIONS

Loyal Bank Limited maintains a website (www.myloyex.com) located on the internet through which the Client may access certain services for the purpose of conducting transactions in foreign exchange and any other service or transaction as described from time to time on the Trading Platform ("Transactions"; each, a "Transaction") with other counterparties, which may include, depending on the service, buy-side or "price taking" subscribers and sell-side liquidity providers, including any entity acting as a provider of streaming or quoted prices ("Liquidity Providers"; each, a "Liquidity Provider").

The Client authorizes Loyal Bank Limited to enter into Transactions in accordance with his/her instructions, transmitted through the Trading Platform. The Client hereby waives any defenses that any duly authorized instructions were not in writing as may be required by any law, rule, or regulation.

Loyal Bank Limited may at any time decide, without being obliged to inform the Client in advance or give any reasons, to limit or withdraw the Client's right to perform Transactions and/or to access the Trading Platform and/or no longer, on a case by case basis and as it sees fit, to accept orders, except where those orders concern the liquidation of open positions. Besides, as explained below, the Trading Platform can be unavailable for any technical or other reason without Loyal Bank Limited incurring any liability towards the Client.

In this regard, Loyal Bank Limited recommends that the Client has an account available with another currency or bullion broker in order to perform the desired transactions if these cannot be performed on the Trading Platform. The Client is further allowed, namely when the platform is unavailable or when for any reason he/she is not able to connect to the Trading Platform, to give oral instruction to Loyal Bank Limited, e.g. by telephone between 09.00 am and 4.00 pm (EST time). The Client accepts that Loyal Bank Limited is entitled, though not obliged, to ask for personal data in order to establish its identity with greater certainty. Loyal Bank Limited shall not incur any liability as a result of refusing to execute any order(s) issued by a person whose identity it considers not to have been sufficiently established.

The Client is further allowed to grant to third parties a power of attorney without right of substitution to a third person in order to represent him/her in any business with Loyal Bank Limited. To that effect, the Client undertakes to use Loyal Bank Limited's standard form that may be requested from Loyal Bank Limited or downloadable at any time from www.myloyex.com. Loyal Bank Limited shall be entitled to act upon the oral or written instructions of any person so authorized. All act performed by an Attorney shall be fully binding upon the Client and the latter shall be solely responsible for any investments or trading decision done by any Attorney. The Client hereby releases Loyal Bank Limited fully and in advance from any responsibility and liability for any of the Attorney's act and/or omission. The Client is aware of potential conflicts of interests when the attorney has brought the Client to open an account with Loyal Bank Limited and receives remuneration from Loyal Bank Limited as introducing broker.

The Client is duly informed that Loyal Bank Limited may receive commissions, fees or similar benefits from its counterparties and/or third parties. The Client expressly agrees that Loyal Bank Limited shall be authorized to keep such benefits as compensation for its services and waives any claim to such benefits. The details of these benefits will be provided to the Client upon request.

IV. MARGIN ACCOUNT AND LEVERAGE OTHER TRADING CONDITIONS

Transactions may involve margins where the Client is required to deposit and maintain cash or other assets to secure performance of the Client's obligations under the Transaction. The assets deposited with Loyal Bank Limited for such purpose are subject to variations due to profits and losses realized and/or unrealized in connection with Transactions and orders. The margin available at any time is designated as the "available margin". Without limiting the Client's obligation to pay margin deposits, Loyal Bank Limited will have no obligation to ensure margin deposit requirements have been satisfied by the Client before effecting a transaction and the Client's obligations in respect of a transaction will not be diminished by any failure by Loyal Bank Limited to enforce payment of outstanding margin deposits prior to entering into the transaction. Loyal Bank Limited may set limits with regard to the size of Transactions and may at any time change these limits or otherwise limit the facilities for Transactions.

Loyal Bank Limited will not execute an order if the Client's available margin is not sufficient to cover the margin required by the desired positions within the limits of the Automatic Liquidation System (as defined below). The Client will be informed of the non-execution of Transaction orders as soon as possible taking account of the circumstances through the Trading Platform or via the means of communication that Loyal Bank Limited s considers appropriate. Loyal Bank Limited may not be held liable for having prevented the Client from placing an order or execute a Transaction.

Loyal Bank Limited may (without obligation) convert any monies held by it for the Client into such other currency as Loyal Bank Limited considers necessary or desirable to cover the Client's obligations and liabilities in that currency at such rate of exchange as Loyal Bank Limited shall select.

AUTOMATIC LIQUIDATION SYSTEM

In order to avoid losing more than the whole of the Client's available margin, the Trading Platform has an automatic liquidation system for open positions (“Automatic Liquidation System”). The Automatic Liquidation System is activated as soon as the Client's available margin reaches or falls below a certain percentage of the required margin for open positions (“the Liquidation Percentage”): as soon as the Automatic Liquidation System is activated, all the Client's open positions will be liquidated. The Client accepts the principle of the Automatic Liquidation System and acknowledges that Loyal Bank Limited has no obligation to proceed with a margin call before the Automatic Liquidation System is triggered. However, the Client acknowledges that the Liquidation System may not function and therefore accepts that he/she will not hold Loyal Bank Limited liable if the Automatic Liquidation System is not activated as soon as the Liquidation Percentage is reached. In the event that the Automatic Liquidation System does not succeed in limiting the losses to the total amount of the Client's available margin or the Client does not, in breach of his/her obligations, liquidate his/her positions in order to limit losses, Loyal Bank Limited is entitled to debit the amount of the uncovered losses from the Client's bank account if any, without prior notice. Alternatively, Loyal Bank Limited is entitled to a first ranking charge and a right of lien over all the assets that the Client holds in its books if any.

Automatic Liquidation system works the same way for all products that are offered on the Trading Platform. In case of losses that reach the amount of deposits Loyal Bank Limited will liquidate all positions that can be liquidated and charge the Client for the positions that could not be liquidated. Loyal Bank Limited holds the right to take the money out of the Clients account as soon as the loss happens.

The Client may use possibility of leverage effect on the Transactions. The maximum leverage effect authorized by Loyal Bank Limited may be very high, which means that the required margin for these Transactions may be very low. The use of this leverage effect is not insignificant or free of risk, as the Client can open positions for an amount much higher than his/her available margin deposited with Loyal Bank Limited. Therefore, a relatively small movement in a price can generate a considerable gain or loss. For example, if the maximum leverage effect is 20, the required margin will be 5%; if the maximum leverage effect is 50, the required margin will be 2%, etc. The maximum leverage offered is set out by Loyal Bank Limited on the Trading Platform in the form that it considers appropriate. It may differ according to client groups, the period in question, or other criteria at Loyal Bank Limited's discretion (e.g., the maximum leverage authorized “overnight” or during the weekend may differ from the one applicable during weekdays; the maximum leverage can further differ in situations of position liquidation).

V. ROLL-OVER

Loyal Bank Limited will undertake every night a roll-over of positions remaining open during the night (overnight) to the following value date. The rollover, also known as an “overnight swap” or “Tomorrow Next (Tom-Next)”, allows the value date for the Transaction to be moved forward by one working day while positions are open. The roll-over mechanism will have an effect upon the Client's available margin: his/her positions will remain open, but Loyal Bank Limited will credit or debit an amount called the “forward pips”, which may be positive or negative, calculated on the basis of the applicable swap rate, which in particular takes into account the valid interest differential between the two currencies concerned by the relevant Transaction.

VI. TRANSACTION REPORTS AND SUMMARIES

The Client authorizes Loyal Bank Limited to transmit electronically (which may include electronic mail) on the Client's Trading Platform account all Transaction reports, logs, summaries and details of Transactions, and other notices (including any demand for additional margin), and hereby consents to such methods of receiving such information. Messages are deemed to have been received at the time when they are sent or placed in the Client's account. If the Client requests a hard copy of any of these documents other than by downloading or printing such information or documents from the Trading Platform; Loyal Bank Limited shall charge a fee as established from time to time. It shall be the Client's responsibility to check his/her electronic mail and the Trading Platform site on a regular basis, and no less than daily, to receive Transaction reports, logs, summaries and details of Transactions and other notices from Loyal Bank Limited.

The Client agrees to download or print such Transaction reports, summaries and details of Transactions and other notices if such information is available for downloading or printing. The Client shall promptly notify Loyal Bank Limited of any difficulty in accessing, opening or otherwise viewing an electronically transmitted document or information. Upon request, Loyal Bank Limited will use an alternative method of delivering such document or information to the Client, at his/her sole expense. Such alternative delivery will not affect the effectiveness of any document or information. Details of Transactions and any other similar information or notices either sent to the Client or posted on the Trading Platform shall be conclusive and binding unless the Client notifies Loyal Bank Limited to the contrary, in addition: where a report or notice is sent electronically, posted on the Trading Platform, displayed on one of Loyal Bank Limited’s websites or made orally, then, as the case may be, at the time received by the Client, or where a report or notice is in writing on the next business day following receipt of such report. The Client acknowledges that pricing errors can occur in streaming rates, quotes, the pricing of trade requests and orders. Whether such erroneous prices are caused by technical, manual or other means, the Client accepts that Loyal Bank Limited will have sole and final authority to determine fair pricing. Loyal Bank Limited will use its access to inter-bank market rates to determine whether a price is erroneous. Trades executed at erroneous market prices will be corrected to market prices at the time of execution. Stop and limit orders executed at erroneous prices will be corrected.

VII. TRADING CONDITIONS; SPREADS AND PRICES

To be able to use any trading service of Loyal Bank Limited, the client must have a Loyal Bank Limited current account with available funds. Details and conditions of personal/corporate current accounts are regulated in the Bank's account opening documentation that is downloadable from www.loyalbank.com

Loyal Bank Limited shall be free to set the terms of use of the Trading Platform in the form it considers appropriate; it may change such settings at any time without notice. In particular, it may at its discretion set the minimum and maximum amounts for each Transaction; the minimum monthly volume for a Client; the maximum number of open positions for a Client; the minimum and maximum amounts of credit line, including increase and reduction and its frequency; changes in the gateway currency and the reference currency; the maximum leverage effect during the hours of operation or closure of the Trading Platform; the currency pairs and the bullions available for trading; the currency, frequency, and other terms related to the booking of realized and unrealized profits and losses ("Profit and Loss" or "PnL"); the frequency, location, and production of transaction advice notes, statements, and other reporting documents. Therefore, the Client agrees to consult the relevant indications available on the Trading Platform before he/she trades or start using it.

For any product offered for trade, Loyal Bank Limited is free to apply the spreads and prices that it sees fit. It reserves the right to quote different spreads according to the size of the Client's deposit, the size of each Transaction, etc. Spreads will in particular increase in exceptional market conditions, following decisions by central banks, monetary policy decisions, etc. The Client acknowledges and accepts that:

a) Prices offered on the Trading Platform are not the same as that obtained by Loyal Bank Limited or its Liquidity Providers at the same time;
b) Loyal Bank Limited or its Liquidity Providers may have positions that bet on the same market movement as the Client is betting on, or positions that speculate upon an opposite movement;
c) Loyal Bank Limited has no obligation to offer prices at any time. In the event that the Trading Platform does not offer a price during a certain period, the Client will not be able to open or liquidate a position via the Trading Platform and his/her orders will not be executed;
d) In the event of an incorrect price being given on the Trading Platform (including, without limitation, a "big figure") impacting a Client's Transaction, Loyal Bank Limited reserves the right to make the necessary corrections and adjustments or to cancel the relevant Transaction, without any kind of liability;

Loyal Bank Limited may correct or adjust prices provided that it undertakes said correction or adjustment taking account of the valid price at the time of the error, unless this new price is manifestly incorrect, in particular be given when Loyal Bank Limited or its Liquidity Providers rely on information that subsequently proves to be incorrect or defective due to special market circumstances, including, without limitation, the absence of liquidity, very high volatility, incorrect prices supplied counterparties or incorrect information supplied by third parties.

VIII. NETTING

In the event that at the end of any bank business day the parties owe each other money due to transactions carried out on the Trading Platform, the obligations of each party to make the payments in question shall be automatically netted off on that date. Netting shall be permissible even if the parties' services are not identical or if said amount receivable is subject to claims and exceptions. For all claims arising from its business relations with the Client, irrespective of their value dates or the currencies in which they are denominated, Loyal Bank Limited shall have netting rights for all open positions and all securities held in its custody or in another location for the Client's account.

IX. TECHNICAL PROBLEMS AND FORCE MAJEURE

The Client understands that while the Internet and the World Wide Web generally are dependable, technical problems or other conditions may delay or prevent him/her from entering or cancelling an order on the Trading Platform or likewise may delay or prevent Loyal Bank Limited from executing an order on the Trading Platform. Besides, Loyal Bank Limited reserves the right to suspend service and deny access to the Trading Platform without prior notice during scheduled or unscheduled system maintenance or upgrading. Therefore the Client acknowledges and agrees that:

a) Loyal Bank Limited will not be liable for, not be held or sought to be held or any of its affiliates or service providers liable for, any technical problems, system failures and malfunctions, communication line failures, equipment or software failures or malfunctions, system access issues, system capacity issues, high Internet traffic demand, security breaches and unauthorized access beyond its reasonable control and other similar computer problems and defects;

b) Loyal Bank Limited does not represent, warrant or guarantee that the Client will be able to access or use the Trading Platform at times or locations of his/her choosing, or that it will have adequate capacity for the Trading Platform as a whole or in any geographic location. Loyal Bank Limited does not represents, warrants or guarantees that the Trading Platform will provide uninterrupted and error free service. Loyal Bank Limited does not make any warranties or guarantees with respect to the Trading Platform and its content, including without limitation, warranties for merchantability or fitness for a particular purpose;

c) Neither Loyal Bank Limited nor any of its service providers shall be liable to the Client for any loss, cost, damage or other injury, whether in contract or tort, arising out of or caused in whole or in part by Loyal Bank Limited or by the Client's use of or reliance on the Trading Platform or its content or the failure of the Trading Platform to deliver, display or transmit orders, messages or other data entered into such Trading Platform by the Client or in otherwise performing its obligations under or in connection with this Agreement. In no event will Loyal Bank Limited or any of its service providers be liable to the Client or any third party for any punitive, consequential, special or similar damages even if advised of the possibility of such damage. If some jurisdictions do not allow the exclusion or limitation of liability for certain damages, in such jurisdictions, Loyal Bank Limited's liability or any of its service providers shall be limited in accordance with this Addendum and the general contractual documentation between Loyal Bank Limited and the Client to the extent permitted by law.

d) Loyal Bank Limited is not liable for damages that come from the Trading Platform being inaccessible due to forces out of reasonable reach of the Bank, such as natural disasters, war, civil unrest or any other natural or human caused disaster that is beyond the reach of the Banks responsibility that affects the accessibility of the Trading Platform.

e) Loyal Bank Limited is not responsible for any delays in transactions that were caused by other financial institutions or any other third parties.

X. EXCLUSION OF LIABILITY FOR TRANSACTIONS' EXECUTION

Neither Loyal Bank Limited nor any of its affiliates or service providers will have no obligation or liability in respect of or be responsible for, or otherwise be deemed to guarantee, the performance or settlement of any Transaction entered into by the Client through the use of the Trading Platform. Therefore, neither Loyal Bank Limited nor any of its affiliates or service providers shall be liable in any manner to the Client for the failure of any counterparty entering into a Transaction to perform its settlement or other obligations under such Transaction.

XI. ACCESS CODES AND ACCOUNT MONITORING

Loyal Bank Limited will provide the Client with an individual password and a unique, 8 digit client identification number, which will be given to the client when he/she has opened a personal or corporate current account with Loyal Bank Limited (together, the “Access Codes”). The Access Codes will enable the Client to access his/her account and enter orders for his/her account through the Trading Platform. The Client must maintain the confidentiality of the Access Codes at all times. He/She engages to change his/her individual password as soon as he/she starts using them. The Client is requested to modify the password regularly and to keep it in safe denying access to third person. He/She accepts full responsibility for the use and protection of the Access Codes, which includes, but is not limited to, all orders entered into the Trading Platform using the Access Codes and changes in his/her account information that are entered using the Access Codes. Any person logging onto the Trading Platform by entering the correct Access Codes shall have access to Loyal Bank Limited's electronic transaction systems and other services provided by Loyal Bank Limited and the instructions given by and/or Transactions executed by such persons shall be binding upon the Client without any exception. Client is strictly prohibited to pass on his login details and access information to any third party. Loyal Bank Limited shall not be liable for any damage whatsoever resulting from the loss or misuse of the Access Codes and log in information.

The Client has the possibility to grant power of attorney to individuals, companies or any other entities they consider fit to trade in their name, but they have the obligation to notify Loyal Bank Limited and go through the administrative procedure that is required for the power of attorney to be valid. In any case the client is the one responsible for the safety of their Access Codes and all other information connected to the account in cases of allowing others to use the same account. Giving unauthorized access is against the rules of usage of the Trading Platform and the Client will be subject to penalties in cases of granting unauthorized authority.

The Client accepts full responsibility for monitoring his/her trading account(s) with Loyal Bank Limited. Should he/she become aware of any loss, theft or unauthorized use of its Access Codes, the Client shall notify Loyal Bank Limited immediately. The Client shall notify Loyal Bank Limited within one (1) Business Day of discovering any failure to receive compilations and details of Transactions or other communications from Loyal Bank Limited. Under either situation, the Client shall provide written notice to Loyal Bank Limited, and such notice will be deemed received only if actually delivered, sent by electronic mail or by fax to the addresses and numbers indicated on Loyal Bank Limited's website. Loyal Bank Limited is not responsible for any changes that happened with the account before the unauthorized access was reported.

Loyal Bank Limited provides to the Client in connection with the Trading Platforms
- provided on a non-exclusive and nontransferable basis,
- property of Loyal Bank Limited's or of its service providers and
- intended for the Client's use only.

The Client shall not resell or permit access to the Trading Platform to others and agrees not to copy any materials appearing on the Trading Platform for resale to others. The Client further agrees not to delete any copyright notices or other indications of protected intellectual property rights from materials that he/she prints or downloads from the Trading Platform. The Client shall not obtain any intellectual property rights in or any right or license to use such materials or the Trading Platform other than as set out herein.

In case the Client or any other party trying to access the Client’s account, authorized or unauthorized, types in the wrong password 5 times in a row, the LOYEX TraderPRO Trading Platform will automatically terminate the connection and user ID will be blocked. In case the Client notices that his user ID has been blocked they need to contact Loyal Bank Limited to get further assistance on steps to take. Loyal Bank Limited reserves the right to ask Clients questions about personal information that was disclosed to the Bank as a means of proving the clients identity.

XII. CLIENT'S ADEQUATE EQUIPMENT

The Client shall be responsible for providing and maintaining at his/her own risk the means by which to access the Trading Platform, which may include without limitation a personal computer, modem and telephone or other access line. He/ She shall be solely responsible for all access and service fees necessary to connect to the Trading Platform and assumes all charges incurred in accessing such system. He/ She further assumes all risks associated with the use and storage of information on his/her personal computer.

The Trading Platform may contain links to websites controlled or offered by third parties. The existence of such links should not be construed as an endorsement, approval or verification by Loyal Bank Limited of any content available on third party sites. Loyal Bank Limited has not reviewed any websites to which the Trading Platform links and is not responsible for the content of any other websites or pages so linked. Such links are provided solely for the Client's convenience and information and following links to any other websites or pages shall be at the Client's own risk.

As of the date hereof, and the date of each Transaction, the Client represents and warrants to Loyal Bank Limited and agrees for Loyal Bank Limited's benefit that he/she has implemented and operates and maintains appropriate protection in relation to the security and control of computer viruses or other similar harmful or inappropriate materials, devices, information or data. He/ She also represents and warrants not to transmit to or in any way whether directly or indirectly expose Loyal Bank Limited or any of its foreign exchange online service providers to any computer virus or other similar harmful or inappropriate material or device.

XIII. RISK DISCLOSURE AND ACKNOWLEDGMENTS

The Client acknowledges, recognizes and understands that:

a) trading and investing in all financial instruments and derivatives is highly speculative
b) it exposes the financial situation of the Client to a very high degree of volatility which may cause substantial movements specifically on the level of the Client's multi-currency exposure and
c) it may involve an extremely high degree of financial risk which may cause losses in excess of the amount of margin deposit prepaid by the Client.
d) Any of the Client's Transactions or investment decisions will be based solely on his own evaluation of his financial circumstances and investment objectives
e) The ongoing maintenance of multi-currency exposure may expose the Client to significantly increased risks of losses. This may also increase the amount losses that may be suffered by the Client in connection with a particular foreign exchange transaction;
f) Market regulations and/or a significant imbalance of supply and demand and/or lack of liquidity may result in the temporary impossibility to carry out, buy or sell orders and, consequently, to wind up positions that the Client wishes to liquidate, or that the Client may have decided to liquidate. The Client is fully aware of the significant losses he may suffer due to these factors;
g) Any and all information on Loyal Bank Limited's website or printed documentation and/or obtained through Loyal Bank Limited’s Trading Platform regarding trading issues does not constitute a recommendation with regard to an investment. Any market information from Loyal Bank Limited does not constitute an offer to buy or sell or a solicitation to execute any transaction, and that such information, although based upon information from sources believed to be reliable, might be incomplete or unverifiable. Loyal Bank Limited makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any trading recommendation or other information furnished to the Client; and
h) Guarantees of profit or freedom from loss cannot be made in respect of foreign exchange trading, therefore the Client acknowledges to have received no such guarantees from Loyal Bank Limited or from any of its representatives, and to have not entered into this agreement in consideration of or in reliance upon any such guarantees or similar representations.
i) The client hereby also agrees that the market rules are above this document, and all other relevant documents regarding investing in financial instruments and derivatives, and in case of change in terms of market rules the new conditions set by the market are to be applied with no prior notice.

XIV. REPRESENTATIONS AND WARRANTIES; WAIVER OF LIABILITY

The Client represents and warrants that:

a) He/ she is a conscious investor with necessary knowledge and background to trade in complex volatile markets;
b) He/ she is willing to enter into transactions presenting high potential risk, such as Forex markets, Options, Futures or CFDs that are highly volatile and can cause within a short period of time TOTAL LOSS OF FUNDS;
c) He/ she can assume risk of loss in excess of his margin deposit and consequently agrees to provide upon the first request from Loyal Bank Limited additional acceptable collateral;
d) He/ she understands that the leverage effect multiplies substantially eventual gains and losses;
e) Funds on his/ her margin account are to be considered RISK CAPITAL;
f) He/ she is willing and able, financially and otherwise, to assume the risk of trading in speculative investments and can assume risk of loss of the prepaid Equity; and
g) The Client shall only trade with funds he/she is able and disposed to lose; e.g. no deposits have been made on his/ her margin account with money that was borrowed, or urgently needed. Consequently, if the Client is unsure, hesitant or has doubts concerning the risks or costs associated hereunder, he/ she shall immediately request further information from Loyal Bank Limited or from an independent advisor. He/She shall carefully read and understand the features and examples of risks mentioned in the document “Risk Disclaimer” on Loyal Bank Limited's website.

The Client understands and agrees that his/ her access to the Trading Platform may be fully or partially restricted or unavailable during periods of peak demands, extreme market volatility, systems upgrades or other reasons. Loyal Bank Limited makes no express or implied representations or warranties to the Client regarding the usability, condition or operation thereof. Loyal Bank Limited does not warrant that access to or use of the Trading Platform will be uninterrupted or error free or that it will meet any particular criteria of performance or quality. In the event that the Client's access to the Trading Platform or any portion thereof, is restricted or unavailable, the Client agrees to use other means to place his/her orders or access information, such as calling Loyal Bank Limited.

The Client further understand and agrees that he/she may not be able, for a variety of reasons, including the unwillingness of a counterparty to enter into Transactions generally with the Client, to enter into a Transaction or, if applicable, at any particular price, and the Client agrees that neither Loyal Bank Limited nor any of its affiliates will have any liability in respect thereof. Under no circumstances including negligence, shall Loyal Bank Limited or any of its affiliates or service providers, partners, including namely Liquidity Providers, be liable for any direct, indirect, incidental, special or consequential damages that result from the use of or inability to use the Trading Platform, or out of any breach of any warranty, including, without limitation, those for business interruption or loss of profits.

The Client assumes full responsibility and risk of loss resulting from use of, or materials obtained through the Trading Platform. Neither Loyal Bank Limited, nor any of its affiliates or service providers warrant that the Trading Platform will be uninterrupted or error free; nor does Loyal Bank Limited or any of its affiliates or service providers make any warranty as to the results that may be obtained from the use of the Trading Platform or as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service, or transaction provided through the Trading Platform. Consequently, none of the persons or entities mentioned in this paragraph shall be deemed liable for any damages, liabilities, losses, costs, out-of-pocket costs or expenses (including attorneys' fees), whether direct, indirect, special, incidental, consequential, punitive or otherwise of any kind, including, without limitation, any loss of revenue, loss of actual or anticipated profits, loss of contracts, loss of the use of money, loss of anticipated savings, loss of business, loss of opportunity, loss of goodwill, loss of reputation or loss of, damage to or corruption of data, in each case arising under or related to any cause of action whatsoever. By placing orders through the Trading Platform, the Client acknowledges that his/her order may not be reviewed by a registered representative prior to execution. The Client agrees that Loyal Bank Limited is not liable to him/her for any losses, lost opportunities or increased spreads or commissions, which may result from his/her inability to use the Trading Platform to place orders or access information.

Client authorizes Loyal Bank Limited, at Loyal Bank Limited's discretion, at any time and without notice, to sell, apply, set-off and/or charge in any manner any or all of the Client's property and/or the proceeds of any of the same of which Loyal Bank Limited or any of its associates or Agents has custody or control, in order to discharge any or all of the Client's obligations to Loyal Bank Limited or to Loyal Bank Limited's associates. Each and any of the following events shall constitute an Event of Default in relation to all of a Client's Contracts, Margin Trades, securities and other business with Loyal Bank Limited (regardless of whether the Event of Default only relates to part of the business with Loyal Bank Limited):

a) if the Client fails to make any payment or fails to do any other act required under the Terms or by Loyal Bank Limited at its reasonable discretion;
b) if the Client fails to remit funds necessary to enable Loyal Bank Limited to take delivery under any Contract on the first due date;
c) if the Client fails to provide assets for delivery, or take delivery of assets, under any Contract on the first due date;
d) if the Client dies or becomes of unsound mind;
e) if an application is made in respect of the Client for any action pursuant to the Saint Vincent and the Grenadines' Bankruptcy Act or any equivalent act applicable to the Client or, if a partnership, in respect of one or more of the partners, or if a company, that a receiver, trustee, administrative receiver or similar officer is appointed;
f) if a petition is presented for the winding-up or administration of the Client;
g) if an order is made or a resolution is passed for the winding-up or administration of the Client (other than for the purposes of amalgamation or reconstruction with the prior written approval of Loyal Bank Limited);
h) if any distress, execution or other process is levied against any property of the Client and is not removed, discharged or paid within seven days;
i) if any security created by any mortgage or charge becomes enforceable against the Client and the mortgagee or chargee takes steps to enforce the security or charge;
j) if any indebtedness of the Client or any of its subsidiaries becomes immediately due and payable, or capable of being declared so due and payable, prior to its stated maturity by reason of default of the Client (or any of its subsidiaries) or the Client (or any of its subsidiaries) fails to discharge any indebtedness on its due date;
k) if the Client fails to fully comply with obligations under the Terms or any Contract, including refrains from complying with Margin requirements;
l) if any of the representations or warranties given by the Client are, or become, untrue;
m) if Loyal Bank Limited or the Client is requested to close a Contract (or any part of a Contract) by any regulatory agency or authority; or if Loyal Bank Limited reasonably considers it necessary for its own protection or the protection of its associates.

Upon the occurrence of an Event of Default, Loyal Bank Limited shall at its discretion be entitled to:

a) sell or charge in any way any or all of the Client's collateral, assets and property which may from time to time be in the possession or control of Loyal Bank Limited or any of its associates or Agents or call on any guarantee, without any notice or court order. Sale of Security, assets and property shall take place by means that Loyal Bank Limited in its reasonable discretion determines and at the price that Loyal Bank Limited in its reasonable discretion determines to be the best obtainable, provided that Loyal Bank Limited shall provide a 7-day notice period before realizing Security of any Client unless immediate sale is necessary to avoid or limit a loss;
b) buy or sell any security, investment or other property where this is, or is in the reasonable opinion of Loyal Bank Limited likely to be, necessary in order for Loyal Bank Limited to fulfill its obligations under any Contract and the Client shall reimburse Loyal Bank Limited for the full amount of the purchase price plus any associated costs and expenses;
c) deliver any Security, investment or property to any third party, or otherwise take any action Loyal Bank Limited considers to be desirable in order to close any Contract;
d) require the Client immediately to close and settle a Contract in such manner as Loyal Bank Limited may in its reasonable discretion request;

e) to enter into any foreign exchange transaction, at such market rates and times as Loyal Bank Limited may determine, in order to meet obligations incurred under a Contract;
f) reinvoice all or part of any assets standing to the debit or credit of any Account (including commuting Loyal Bank Limited's or the Client's obligation to deliver an asset into an obligation to pay an amount equal to the market value of
g) the asset (determined by Loyal Bank Limited at its reasonable discretion) on the date reinvoicing takes place); and
h) close-out all Contracts and net all the Client's and Loyal Bank Limited's obligations towards each other as of the date fixed by Loyal Bank Limited with effect to third parties.

The Client authorizes Loyal Bank Limited to take any or all of the steps described in this Clause without notice to the Client and acknowledges that Loyal Bank Limited shall not be responsible for any consequences of it taking any such steps, unless Loyal Bank Limited has exercised gross negligence in connection herewith. The Client shall execute the documents and take the action as Loyal Bank Limited may request in order to protect the rights of Loyal Bank Limited and its associates under the Terms or under any agreement the Client may have entered into with Loyal Bank Limited Bank's associates.
Without prejudice to Loyal Bank Limited's other rights under the Terms or under prevailing law, Loyal Bank Limited may, at any time and without notice, combine or consolidate any of the accounts maintained by the Client with Loyal Bank Limited or any of its associates and off-set any and all amounts owed to, or by, Loyal Bank Limited or any of its associates in such manner as Loyal Bank Limited at its reasonable discretion may determine

XV. BANKING SECRECY

The Client acknowledges and agrees that by connecting its computer to the Trading Platform, Loyal Bank Limited and its affiliates or service providers could have access to the IP Address of his/her computer and Loyal Bank Limited shall be bound by its 'Privacy policy'. Loyal Bank Limited is therefore obliged to observe the strictest discretion regarding all business relations with the Client, even after the Client's relationship with the Bank is ceased.
Loyal Bank Limited and all its affiliates respect and protect the Client's privacy and will not share specific information about Clients' accounts and other personally identifiable data to parties outside the Bank.

It is the policy of Loyal Bank Limited:
- to collect, retain and use information about its customers only when the customer has requested a service we provide.
- to ensure that robust digital defenses are in place to ensure the absolute security of customer information from attacks by hackers, etc
- to not disclose customer information or information it collects and retains about its customers to any non-affiliated third party except under certain precisely pre-defined conditions.

If any Bank customers are involved in legal proceeding and the state of St. Vincent and the Grenadines requires release of records or information, then Loyal Bank Limited will **only** do so by lawful judicial process or by Court or Production Order. Foreign lawyers asking for information for any purpose must be directed to obtain a Production Order from the St. Vincent and the Grenadines court as their request has no legal validity in the country otherwise and the bank is not obliged to respond to it.

XVI. PROPRIETARY INFORMATION

The Client acknowledges and agrees that it shall not reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Trading Platform all components thereof, including without limitation all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein.

XVII. IRREVOCABLE LEGITIMATING

Whoever legitimates himself/herself according to a power of attorney is considered to be entitled to use Loyal Bank Limited's services. Loyal Bank Limited may consider such orders and communications as being undoubtedly authorized and issued by the Client and/or his/her legitimate representative.

XVIII. BLOCKING ACCESS

The Client may at any time require Loyal Bank Limited to block access to the Client's account immediately. Such blockage can only be revoked by the Client in writing. The Bank reserves its right to block the Client's access via the Internet or by telephone at any time, without giving further explanation and without further notice; to the extent it deems such a blockage appropriate. Client acknowledges that Loyal Bank Limited cannot be held liable for any losses or damages caused by blocking the Client's account.

XIX. INDEMNITY

The Client will indemnify Loyal Bank Limited, its affiliates or service providers if applicable, against all actions, claims, demands, proceedings, damages, costs, charges and expenses incurred by us (including, but not limited to, reasonable attorney fees) arising out of or relating to - any infringement or alleged infringement of the intellectual property rights of any third party resulting from the possession of or use by you of any information, works or materials supplied by us hereunder or any misuse of the Trading Platform by you and - any misrepresentation made by you or any breach of your representations or warranties.

XX. CIVIL INCAPACITY

Losses resulting from the Client's civil incapacity are exclusively borne by the Client. In any case, the Client will bear the loss resulting from the civil incapacity of the people he/she has mandated or of other third parties having access to the Client's account(s).

XXI. ADDITIONAL AUTHORIZED PERSON

If the Client is more than one person (in the case of joint account holders; additional authorized persons joining to an account), the liabilities of each such person shall be joint and several, and the Bank may act upon instructions received from any one person who is, or appears to Loyal Bank Limited to be, such a person.

XXII. EXAMINATION OF SIGNATURES AND LEGITIMATING

Loyal Bank Limited undertakes to examine the signatures of Clients and their authorized attorneys with care. The Bank is not required to undertake any additional extensive check of their identity. The Bank will not be responsible for the consequences of any falsifications or faulty identification that it has not recognized provided it has observed due care.

XXIII. COMPLAINTS BY THE CLIENT

Any complaint by the Client concerning the execution or non-execution of any order, and any dispute concerning an account or other communication from Loyal Bank Limited must be issued immediately after receiving the information, but not later than one day after the date of communication, in accordance with Article 4 above, failing of which the execution or non-execution and the corresponding statements and communications will be taken to have been approved. In the case of a late complaint, the Client will bear any resulting loss. If the Client does not react as provided for herein, statements are deemed to have been accepted.

XXIV. TERMINATION

Loyal Bank Limited and the Client shall be entitled to terminate this Agreement at any time without explanation. Upon termination of this Agreement, the Client's right to use any systems and software made available by Loyal Bank Limited shall lapse. Upon termination, the obligation to provide the services due on or after the date of termination (including e.g. settlement of Transactions, etc.) shall be superseded by the obligation to pay a liquidation amount.

On termination, Loyal Bank Limited and the Client undertake to complete all Contracts that are already entered into or under execution and the Terms shall continue to bind both parties in relation to such transactions. Loyal Bank Limited is entitled to deduct all amounts due to it before transferring any credit balances on any Account to the Client and it is entitled to postpone such transferring until any and all Contracts between Loyal Bank Limited and the Client are closed. Furthermore, Loyal Bank Limited is entitled to require the Client to pay any charges incurred in transferring the Client's investments.

XXV. AMENDMENT

Loyal Bank Limited shall be entitled to amend the provisions of this Agreement and the services offered unilaterally at any time. Such amendment shall be notified to the Client in an appropriate manner and shall be deemed accepted unless the Client submits a written objection within one month of the date on which the amendment was notified.

XXVI. CONFLITCTS WITH DOCUMENTATION

The Client acknowledges and establishes electronically delivered statements and information as the official records of Transactions with Loyal Bank Limited, which may contradict provisions in the Client's previous or subsequent agreements with Loyal Bank Limited and namely in the Client's account opening documentation with Loyal Bank Limited. The Clients acknowledges and agrees that in the event of a conflict between this documents otherwise issued and any provision of any such agreements with Loyal Bank Limited, these Special Provisions shall prevail.

XXVII. GOVERNING LAW AND CONFLICT WITH NATIONAL LAWS

If any of the provisions in this Agreement is proclaimed illegal under any jurisdiction it is considered omitted from this Agreement. All clauses in this Agreement, if legal, are valid until they become irrelevant, which means that some clauses survive the termination of this Agreement. This is especially true for provisions such as those on banking secrecy and risk provisions.

The governing law for all conflicts that cannot be solved by negotiation is the law of St. Vincent and the Grenadines.

Loyal Bank Limited is not responsible for differences in legislation among countries, and cannot be held liable if it provides the trading platform for a resident of a country that does not allow trading certain products, or has some other regulation that is different than the international financial common practice. Loyal Bank Limited is not responsible for checking the regulation of the client's country and cannot be held liable if the client did not disclose this information. In case the client disclosed this information, he/she will not be able to open a trading account.

XXVIII. PROCEDURE IN CASE OF BREACH

In case of breach of any provisions in this Agreement the Client or the party that caused the breach will be liable to pay 10 times the financial equivalent of any damages that were caused by the breach, including punitive, financial, consequential, special, and any other damages that might arise from the breach.

XXIX. LANGUAGES

Client shall be able to communicate with Loyal Bank Limited in English or any other language as Loyal Bank Limited may offer from time to time. Loyal Bank Limited may communicate with the Client in English or any other language agreed between the parties.
Loyal Bank Limited or third parties may have provided the Client with translations of the Terms. The original English versions shall be the only legally binding versions for the Client and Loyal Bank Limited. In case of discrepancies between the original English version and other translations in the Client's possession, the original English version provided by Loyal Bank Limited on www.myloyex.com shall prevail.

Date:

Name(s) of authorized person(s):

Signature(s):

GENERAL TERMS & CONDITIONS

APPENDIX 1 SPECIAL RISKS IN TRADING

In accordance with rules and regulations, Loyal Bank Limited is informing its Clients about the overall risks relating to high risk transactions as such, but not about the specific risks relating to each individual transaction. In this respect, Loyal Bank Limited has no obligation and will not monitor the Client's trading activity or the trading of his attorney / third party manager as the case may be. Trading online does not necessarily reduce the risks associated with foreign exchange trading and Loyal Bank Limited does not accept any responsibility towards any Client or third party acting on his/her behalf for any losses or lost trading opportunities.
Clients willing to trade foreign exchange or CFDs must be aware that foreign exchange and CFDs trading is by nature a highly speculative investment entailing a higher degree of risks than other types of investments. Foreign exchange markets are amongst the most volatile markets in the world specifically when traded on a margined and leveraged basis.

The nature of foreign exchange trading does not lend itself as much to investment as it does to speculation and hedging. Any investment in foreign exchange or CFDs necessitates good market understanding, experience and personal commitment. Trading foreign exchange or CFDs may therefore result in substantial loss of funds and/or complete loss of funds and therefore should only be undertaken with risk capital. We recommend that Clients only trade with funds he/she can afford to lose. Persons unsure or hesitant about a trade must stay on the sidelines.

This Agreement is intended to the users of the Trading Platform of Loyal Bank Limited. Each Client must carefully consider and understand the risk entailed with foreign exchange or CFD trading activity before engaging any assets on the Forex Trading Platform of Loyal Bank Limited. Foreign exchange or CFD trading activities carry substantial risks and are suitable only for persons who can assume the risk of losing their entire investment.
If the Client has doubts concerning the risks or costs associated hereunder, he/ she shall immediately request further information from Loyal Bank Limited or from an independent advisor.

BASICS
The foreign exchange market is a worldwide decentralized over- the-counter financial market for the trading of currencies. Financial centers around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock, with the exception of weekends. The foreign exchange market determines the relative values of different currencies. The foreign exchange market is unique because of its

- huge trading volume, leading to high liquidity
- geographical dispersion
- continuous operation: 24 hours a day except weekends, i.e. trading from 20:15 GMT on Sunday until 22:00 GMT Friday
- the variety of factors that affect exchange rates
- the low margins of relative profit compared with other markets of fixed income
- the use of leverage to enhance profit margins with respect to account size.

The Forex market is the largest market in the world, with trades amounting to some USD 4 trillion every day. Foreign exchange is by nature a volatile market. The practice of trading foreign exchange by way of leverage increases that volatility exponentially. Forex trades can be entered as a speculative investment or as a hedging arrangement.
Investing in foreign exchange predominantly remains the domain of the most important professional players in the market, i.e. funds, banks and brokers.

Unlike trading on an organized exchange markets, the Forex market is not conducted on a central exchange, but on the “interbank” market. The main places for trading are London, New York, Frankfurt, Tokyo and Sydney. This worldwide distribution of trading places means that the Forex market is almost a 24 hours market.

INVESTMENT OBJECTIVE, HIGH RISK OF LOSS
Any type of market or trade speculation that can yield an unusually high return on investment is subject to unusually high risks. Trading and CFD trading may give rise to large losses within a relatively short period of time that may be attributed to adverse market movements or to position build-up. Before deciding to enter into or CFD trading, each Client should carefully consider his/her investment objectives, level of experience, and risk appetite.
CFD trading is not suitable for everyone. Clients should only invest the portion of their own assets they are disposed to lose entirely. In this respect, only their surplus funds should be placed at risk and anyone who does not have such surplus should imperatively avoid engaging in trading.
Clients should immediately contact Loyal Bank Limited and request any necessary information or any independent financial advisor in case of doubts on the risks related to or CFD trading. In case an external manager is appointed by the Client, the information duty about risks is born by the external manager.

AMPLIFICATION RISK OF LEVERAGE
Forex trading is usually conducted with relatively small margin deposits. Trading on margin and leverage means that a Client can buy and sell assets that represent more value than the capital in his/her account. This permits Clients to increase effect of currency exchange rate fluctuations; e.g. a margin of 1% means one can trade up to USD 1,000,000 even though that Client would only have USD 10,000 only in his/her account.
The use of leverage also increases the exposure of the Client's margin account to the volatility of the market and a change in the market will result in a greater change in the position taken by the Client (“leverage effect”). As a consequence, there is also a greater risk of incurring large losses and even being completely wiped out. Therefore, it is not recommended to maximize leveraging as the risks can be very high.

VOLATILITY RISK
The CFD, Forex market is subject to a high degree of volatility. Currency prices may be subject to extensive fluctuations in response to numerous factors, which are beyond Loyal Bank Limited's control. The market can move sharply in favor or against the Client's position(s). A decrease in market liquidity, any unanticipated changes in economic or political conditions, a financial crisis, or any other event can accelerate the market conditions in which currency price could move sharply and unexpectedly higher or lower or in a volatile up or down pattern.
To avoid or limit losses due to volatility of the market, Clients must monitor their investment at all time.

LIQUIDITY RISK
Liquidity represents the volume of CFD/ transactions that can be executed, in a certain instrument/currency pair, at a certain time. The liquidity depends on the number of market participants interested in trading and on the size of the market participant's offers. The major currencies which are the most traded throughout the world usually offer a better liquidity than any other currencies.
The liquidity is subject to sharp fluctuations depending on the instrument/currency, the economical or political events and news such as a financial crisis, or to any other event which are beyond Loyal Bank Limited's control.

Low liquidity market situations significantly increase the risks associated with CFD trading. In case of low liquidity, Clients may be not able to carry out, buy or sell orders and, consequently, to wind-up positions that they want or need to liquidate.
Placing contingent orders, such as “stop-loss” orders, will not necessarily limit losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions, like illiquidity. When placing a stop order or stop loss order, the Client must be aware that in certain market conditions the Client may be filled at a different price than initially requested.

LOSS AND ADDITIONAL MARGIN

If the market moves rapidly against the Client's position, a total loss of the funds deposited on the margin account can be suffered in a relatively short time. Such sudden moves may be triggered for example by important political events over the weekend, when all markets are closed.
High leverage and low margin on a Client's margin account can result in significant losses due to price changes in foreign exchange markets. A relatively small market movement may have a proportionately larger impact on the funds deposited on the margin account: this may work against the Client as well as for him/her. Clients may sustain a total loss of initial margin funds and any additional funds deposited with Loyal Bank Limited.

A margin call notification (i.e. request for additional funds) is issued and the net exposure cannot be increased until the variable margin recovers eventually and becomes sufficient again. At this stage Clients are urged to reduce their exposure, in particular by hedging and/or closing some of the current positions. Clients may also fund their account with additional funds in order to increase their available margin. If a Client fails to comply with a margin call within the time prescribed, his/ her positions may be liquidated at a loss and the Client will be liable for any resulting deficit. It is the Client's responsibility to monitor his/ her account balance especially when the available margin is shrinking. Loyal Bank Limited may liquidate any or all open positions whenever the minimum margin requirement is not maintained. To monitor risks of losses, Clients may place “Limit Orders” i.e. orders with restrictions on the maximum price to be paid or the minimum price to be received. However, Limit Orders are not a guarantee that the Client will never suffer losses in particular in case of fast/sharp market fluctuations, if the relevant market does not have enough liquidity or if banks stop trading for any specific reason at the moment when the limit is hit, etc. and for that reason the transaction cannot be liquidated at the desired price.

TRADING ON NON-MAJORS

Any and all trading orders executed on the Clients' instruction may be non-readily realizable in the case of a currency traded so irregularly or so infrequently that no immediate spot price can be quoted or that no counterparty in the market agrees to take a counter position.

TRADING CFDs

A CFD - or Contract for Difference - is speculation in changes in values. The product allows you to speculate in future increases or decreases in the value of a specific asset, for instance a share. If your speculations prove to be correct, you will make a profit from the difference in value (less costs), but you will have to pay the difference in value (plus costs) if your speculations turn out to be wrong. Being tied to an underlying asset, the value of a CFD depends on that asset. CFDs are always margin traded (see the above paragraph on foreign exchange transactions). CFDs are never traded with Loyal Bank Limited but third counterparty.

As CFDs are margin traded, allowing you to take a larger position than you would otherwise be able to based on your funds with third contractual party of Loyal Bank Limited, a relatively small negative or positive movement in the underlying instrument can have a significant effect on your investment.
CFD trading therefore involves a relatively high level of risk. This makes the potential gain quite high, even if the deposit is relatively small. If your total exposure on margin trades exceeds your deposit, you risk losing more than your deposit.
Under abnormal market conditions, CFDs may fluctuate rapidly to reflect unforeseeable events that cannot be controlled either by the Loyal Bank Limited or its contractual third party service provider or the *client*. As a result, the contractual service provider of the Bank may be unable to execute the *client’s* instructions at the declared price and a ‘stop loss’ instruction cannot guarantee to limit the latter’s loss.

SECURITIES AND THE RISKS INVOLVED

Securities are standardized certificates which are suitable for mass trading, as well as rights not represented by a certificate but with similar features (book-entry securities). They include equities, bonds, units of mutual funds and derivatives. They are offered to the public in a standardized form and denomination, or are sold to more than 20 clients.

Derivatives are financial instruments for which the price is derived either from assets (underlyings) such as equities, bonds, precious metals and other commodities; or from benchmark rates such as currencies, interest rates and indices; or from credit or catastrophe events. An equity option, for example, derives its value from the “underlying” equity. In the following chapters, we will go on to look at different types of derivatives, including forwards, futures and structured products as well as options.
Securities, and especially derivatives, entail financial risks. Derivatives are financial instruments based on a separate underlying and are often composed of different elements, which sometimes make them difficult to understand. This is particularly true for “exotic” options. This Agreement explains these financial instruments and their associated risks. However, it is no substitute for the product descriptions provided by issuers and securities dealers. If you have any further questions, consult your securities dealer.

There are basically two types of financial instruments: those with limited risk and those with unlimited risk. The purchase of equities or options involves limited risk. At worst, you will lose the entire amount of your invested capital and not make a profit. On the other hand, there are certain types of derivatives that can require an additional outlay of capital over and above the original investment. The obligation to make such margin payments can amount to many times the purchase price of the investment. Unlimited risk is particularly associated with : selling (writing) an uncovered call option, selling (writing) a put option or forwards and futures transactions.

A country risk can arise if a country restricts securities trading, for instance by imposing economic sanctions or currency restrictions. A settlement risk occurs when you have to pay the purchase price of a security in advance but do not actually receive the security until later. In this event, the risk is that you will pay the purchase price and receive the securities late or even not at all.
Liquidity risk is the risk that you will not always be able to obtain an appropriate price for your investment when you sell it. When certain securities and derivatives are impossible to sell, or can only be sold with difficulty and at a sharply reduced price, the market is said to be illiquid. Illiquidity risk occurs especially with shares in unlisted or poorly capitalized companies, investments with sales restrictions, and certain structured products.

OPTION

As the buyer of an option, you have the right to buy a specified amount of an underlying asset (often simply referred to as the “underlying”) from the seller (call option) or sell it to the seller (put option) at a predefined price (strike price) up until a set time (expiration date). The price you pay for this right is called the

premium. As the seller (writer) of an option, you must sell the underlying to the buyer at the strike price (call option) or buy the underlying from him/her at the strike price (put option) up until the expiration date, irrespective of the market value of the underlying asset at the time, if he/she chooses to exercise the option.
The price of an option is closely linked to that of the underlying asset. Any change in the market value of the underlying asset will result in a greater change in the price of the option. This is termed the leverage effect. It means you participate disproportionately in any rise or fall in the market value of the underlying asset.

The commonest underlying assets for options are: assets such as equities, bonds, precious metals and other commodities, benchmark rates such as currencies, interest rates and indices, derivatives and any combination of the above. "American-style" options can normally be exercised on any trading day up to the expiration date. "European-style" options can only be exercised on the expiration date, in other words the date set out in the contract. This does not, however, normally affect their tradability on the secondary market (e.g. on a stock exchange).
Where a call option provides for physical settlement, you can require the seller of the option (writer) to deliver the underlying asset when you exercise the option. With a put option, the writer is obliged to buy the underlying asset from you.

If an option provides for cash settlement, you are only entitled to a sum of money corresponding to the difference between the strike price and the current market value of the underlying asset. A call option is in the money if the current market value of the underlying asset is above the strike price. A put option is in the money if the current market value of the underlying asset is below the strike price. An option that is in the money is said to have an intrinsic value. A call option is out of the money if the current market value of the underlying asset is below the strike price. A put option is out of the money if the current market value of the underlying asset is above the strike price. In this case, the option has no intrinsic value.
If the current market value of the underlying asset is the same as the strike price, the option is at the money. In this case, it has no intrinsic value.

The price of an option depends on its intrinsic value and on what is referred to as the time value. The latter depends on a variety of factors, including the remaining life of the option and the volatility of the underlying. The time value reflects the chance that the option will be in the money. It is higher for options with a long duration and a very volatile underlying and for options that are at the money. Warrants are options in securitized form that are traded on an exchange or over the counter (OTC). Exchange Traded Options are non-securitized, but are traded on an exchange.

OVER THE COUNTER OPTIONS
OTC (Over-the-Counter) options are neither securitized nor traded on-exchange. They are agreed directly off-exchange between the seller and the buyer. If you wish to cancel (close out) an option of this type before the expiration date, you must make a corresponding offsetting trade with your counterparty. OTC options with precious metals and currencies as their underlying are offered publicly as standardized products. Tailor-made OTC options, by contrast, are specially created for individual investors.

If you sell an option, you have to deposit either an amount of the underlying asset or another form of collateral for the entire duration of the contract. The level of this collateral or margin is determined by the securities dealer. The exchange stipulates a minimum margin for traded options. If the margin cover proves insufficient, the securities dealer can require you to provide additional collateral (via a margin call). Generally speaking, if the market value of the underlying asset falls, so does the value of your call option. The value of your put option tends to fall if the underlying asset rises in value. Normally, the less your option is in the money, the larger the fall in the option's value. In such cases, value reduction normally accelerates close to the expiration date.

The value of your call option can drop even when the value of the underlying remains unchanged or rises. This can happen as the time value of your option falls or if supply and demand factors are unfavorable. Put options behave in precisely the opposite manner. You must therefore be prepared for a potential loss in the value of your option, or for it to expire entirely without value. In such a scenario, you risk losing the whole of the premium you paid.

If, as writer of a call option, you already have a corresponding quantity of the underlying at your disposal, the call option is described as covered. If the current market value of the underlying exceeds the strike price, your opportunity to make a profit is lost since you must deliver the underlying to the buyer at the strike price, rather than selling the underlying at the (higher) market value. You must have the underlying assets freely available as long as it is possible to exercise the option, i.e. they may not, for example, be blocked by being pledged for other purposes. Otherwise, you are essentially subject to the same risks as when writing an uncovered call option.

If, as writer of a call option, you do not have a corresponding quantity of the underlying at your disposal, the call option is described as uncovered. In the case of options with physical settlement, your potential loss amounts to the price difference between the strike price paid by the buyer and the price you must pay to acquire the underlying assets concerned. Options with cash settlement can incur a loss amounting to the difference between the strike price and the market value of the underlying.
Since the market value of the underlying can move well above the strike price, your potential loss cannot be determined and is theoretically unlimited.

As far as American-style options in particular are concerned, you must also be prepared for the fact that the option may be exercised at a highly unfavorable time when the markets are against you. If you are then obliged to make physical settlement, it may be very expensive or even impossible to acquire the corresponding underlying assets. You must be aware that your potential losses can be far greater than the value of the underlying assets you lodged as collateral (margin cover) either when entering into the contract or thereafter.

As the writer of a put option, you must be prepared for potentially substantial losses if the market value of the underlying falls below the strike price you have to pay the seller. Your potential loss corresponds to the difference between these two values. As the writer of an American-style put option with physical settlement, you are obliged to accept the underlying assets at the strike price if the buyer exercises the option, even though it may be difficult or impossible to sell the assets and may well entail substantial losses. Your potential losses can be far greater than the value of any underlying assets you may have lodged as collateral (margin cover). You could in a worst case lose your entire capital invested.

COVERED OPTIONS
With a covered option, you purchase an underlying asset (equity, bond or currency) and simultaneously write a call option on that same asset. In return, you are paid a premium, which limits your loss in the event of a fall in the market value of the underlying asset. By the same token, however, your potential return from any increase in the asset's market value is limited to gains up to the option's strike price. Traditional covered options require that the underlying asset be lodged as collateral, which makes you the covered writer.

Synthetic covered options are based on the idea of replicating traditional covered options. However, this is achieved by means of only one transaction. Both the purchase of the underlying asset and the writing of the call option are carried out synthetically using derivatives. The purchase price of such a product is identical to that of the underlying, less the premium received for the sale of the call option. Hence, the synthetic product is sold more cheaply than its underlying.

Covered options do not contain a hedge against falls in the market value of the underlying. However, by writing a call option (traditional covered option) or by calculating the return from the sale of a call option into the product price (synthetic covered option), any loss in market value of the underlying has less impact than it would in the case of a direct investment. In effect, the option premium thereby limits any loss in the market value of the underlying.

Either cash settlement or physical delivery of the underlying takes place on the expiration date. If the market value of the underlying on expiration is higher than the strike price, the holder of an option with cash settlement is paid a specified cash amount as settlement. If, however, the market value of the underlying is lower than the strike price, the holder of an option with physical settlement receives physical delivery of the underlying asset. In this case, the option holder bears the full risk associated with the underlying. If you acquire two or more options, based on the same underlying, which differ in either the option type (call or put), the quantity, the strike price, the expiration date or the type of position (long or short), this is referred to as an option strategy. Given the large number of possible combinations, we cannot go into detail here about the risks involved in any particular case. Before entering into any such transaction, be sure to consult your securities dealer about the particular risks involved.

EXOTIC OPTIONS

Unlike the "plain vanilla" put and call options described above, exotic options are linked to additional conditions and agreements. Exotic options come in the form of tailor-made OTC options or as warrants.

Given the special composition of exotic options, their price movements can vary markedly from those of their "plain vanilla" cousins.

You must be aware that larger transactions can trigger price movements even shortly before expiration and that these can render an option worthless. Before buying or selling any exotic options, be sure to seek comprehensive advice about the particular risks involved.

There is no limit to the possible structures for exotic options. We cannot describe in full here the risks involved in any particular case. The examples of exotic options listed below can be broadly divided into two categories: path-dependent options and options on more than one underlying.

Unlike "plain vanilla" options, for path-dependent options, it is not just when the option expires or is exercised that the market value of the underlying is important. You also need to take into account fluctuations in the market value of the underlying during the life of the option when contemplating such an investment. The following are examples of path-dependent options:

Barrier options- Your exercise rights for knock-in barrier options only arise if the market value of the underlying reaches a fixed threshold (barrier) within a specified period. Exercise rights for knock-out barrier options expire if the market value of the underlying reaches the specified barrier during the given time period. If this barrier is between the market value of the underlying at the time the option was entered into and its strike price, it is referred to as a kick-in/kick-out barrier option.

Double-Barrier options have both an upper and a lower barrier and may take the form of knock-in and knock-out barrier options. When buying a barrier option, you must be aware that your exercise rights only arise when the market value of the underlying reaches the barrier (knock-in/kick-in option) or that they expire irrevocably when that barrier is reached (knock-out/kick out option).

The Payout options accord you the right to payment of a fixed amount agreed in advance.

In the case of a digital (otherwise known as "binary") option, you receive payment if the market value of the underlying reaches a fixed value once during a specified time period (one-touch digital option) or precisely on the day of expiration (all-or nothing option). For the one-touch digital option, payment occurs either immediately the barrier is reached or on the date of expiration (lock-in option).

With lock-out options, you only receive the fixed payment if the market value of the underlying does not reach the agreed barrier during a specified time period.

If you sell a payout option you owe the fixed amount if the barrier is reached, regardless of whether or not the option is in the money when exercised or on the expiration date, or to what extent. This means that the amount you owe can be considerably larger than the option's intrinsic value.

For Asian options, an average value is derived from the market value of the underlying over a specified time period. This average is used to determine the underlying's value for an average-rate option and to calculate the strike price for an average strike option.

The calculation of an average value for the underlying in the case of the average-rate option can result in the value of the option on the expiration date being considerably lower for the buyer and considerably higher for the writer than the difference between the strike price and the current market value on expiry.

For an average-strike option, the average strike price of a call option can be considerably higher than the price originally set. For an equivalent put option, the strike price can similarly be lower than the
price originally set.

With a lookback option, the market value of the underlying is recorded periodically over a specified time period.

For a strike-lookback option the lowest value (call option) or the highest value (put option) of the underlying becomes the strike price.

The strike price remains unchanged for a price-lookback option, with the highest value (call option)/lowest value (put option) being used in calculating the option value of the underlying.

For lookback options, both the calculated strike price and the calculated value of the underlying can vary considerably from the market prices prevailing on the expiration date. If you sell an option of this type, you must be aware that it will always be exercised at the most unfavorable value for you.

When you buy a contingent option you must pay the premium only if the market value of the underlying reaches or exceeds the strike price during the life of the option (American-style option) or on the expiration date (European-style option). You will have to pay the entire premium even if the option is only just at the money or just in the money.

For cliquet options (also known as ratchet options), the strike price is modified for the following period, normally at regular intervals, in line with the market value of the underlying. Any intrinsic value of the option is locked in. All lock-ins arising over the entire life of the option are accumulated.

For ladder options, these modifications take place when the underlying reaches specified market prices, rather than at regular intervals. Normally, only the highest intrinsic value is locked in. In rare cases, all the intrinsic values recorded are added together.

If you sell a cliquet option, you are required on the expiration date to pay the buyer all the accumulated lock-ins in addition to any intrinsic value of the option. If you sell a ladder option you must pay the buyer the highest lock-in amount, which can be considerably higher than the option's intrinsic value on the expiration date. Examples of options on more than one underlying are spread and outperformance options: Both spread and outperformance options are based on two underlyings. With a spread option, the absolute difference in movement between the two underlyings forms the basis for calculating the option's value.

By contrast, the value of an outperformance option is based on the relative difference, i.e. the percentage outperformance of one underlying compared to the other. Even if the underlying performs positively, the difference between the underlyings may be equal or lower in absolute as well as relative terms, thus having a negative impact on the value of the option.

COMPOUND OPTIONS

The Compound options have an option as their underlying, i.e. they are options on options. Compound options can have an especially large leverage effect. If you sell an option of this type, you can be faced with very substantial obligations.
With a credit default option, a credit risk of the original risk taker (risk seller) is transferred to a third party (risk buyer), who receives a premium in return. If the defined credit event occurs, the risk buyer is obliged to effect a cash settlement or take on the non performing loan (or another delivery obligation) by way of physical settlement at a previously determined price. Credit default options are a form of credit derivatives. The risk of chain reactions on the credit market is high and can easily be underestimated. There is also the risk that lack of liquidity will lead to price distortions when volumes are low. This may mean that the investment can only be sold at a low price, longer term or even not at all.

FORWARD AND FUTURES

With forwards and futures you undertake to deliver or take delivery of a defined quantity of an underlying on a specified expiration date at a price agreed on the contract date. Unlike with options, which (for the buyer at least) only give rise to rights, forwards and futures involve both parties entering into obligations. You do not have to pay a premium when the contract is concluded.
Forwards and futures can involve special risks. You should therefore only make investments of this type if you are familiar with this type of instrument, have sufficient liquid assets and are able to absorb any losses that may arise. Futures are traded on an exchange. They take the form of contracts in which the quantity of the underlying and the expiration date are standardized.

Forwards are not traded on an exchange; hence they are referred to as OTC (over-the-counter) forwards. Their specifications may also be standardized; otherwise they may be individually agreed between the buyer and seller. The most common underlyings for forwards and futures are: assets (equities, bonds, precious metals and other commodities), benchmark rates such as currencies, interest rates and indices.
When you buy or sell (short) an underlying asset on the futures market, you must supply a specified initial margin when entering into the contract. This is usually a percentage of the total value of the contracted instruments. In addition, a variation margin is calculated periodically during the life of the contract. This corresponds to the book profit or loss arising from any change in value in the contract or underlying instrument. The way in which the variation margin is calculated will depend on the rules of the exchange concerned and/or the conditions of the contract.
As the investor, you are obliged to deposit the required initial and variation margin cover with the securities dealer for the entire life of the contract. In the event of a book loss, the variation margin can be several times as large as the initial margin. As the investor, you are entitled to close out the contract at any time prior to the expiration date. How this is done depends on the type of contract or stock exchange practice. You either “sell” the contract or agree an offsetting trade with identical terms. Concluding such an offsetting trade means that the obligations to deliver and receive cancel one another out. If you do not close out the contract prior to the expiration date, you and the counterparty must settle it.

If the underlying in your contract is a physical asset, settlement is achieved by physical delivery or a cash payment. Generally, the asset is physically delivered. Only in exceptional cases do the contract provisions or stock exchange practice call for cash settlement. All other fulfillment specifications, especially the definition of the place of fulfillment, can be found in the relevant contract provisions.
The difference between physical delivery and cash settlement is that with physical delivery, underlyings amounting to the entire contractual value must be delivered, whereas with cash settlement, only the difference between the agreed price and the market value on settlement needs to be paid. This means that you need more funds available for physical delivery than for cash settlement.
If the underlying in your contract is a reference rate or benchmark, fulfillment by physical delivery is not permitted (except for currencies). Instead, settlement is always in cash. For forward sales, you must deliver the underlying at the price originally agreed even if its market value has since risen above the agreed price. In such a case, you risk losing the difference between these two amounts.

Theoretically, there is no limit to how far the market value of the underlying can rise. Hence, your potential losses are similarly unlimited and can substantially exceed the margin requirements. For forward purchases, you must take delivery of the underlying at the price originally agreed even if its market value has since fallen below the agreed price. Your potential loss corresponds to the difference between these two values. Your maximum loss therefore corresponds to the originally agreed price. Potential losses can substantially exceed the margin requirements. In order to limit price fluctuations, an exchange may set price limits for certain contracts. Find out what price limits are in place before effecting forward or futures transactions. This is important since closing out a contract can be much more difficult or even impossible if a price limit of this type is reached. If you sell forward an underlying which you do not hold at the outset of the contract, this is referred to as a short sale. In this case, you risk having to acquire the underlying at an unfavorable market value in order to fulfill your obligation to affect delivery on the contract’s expiration date.

The market for standardized OTC forwards is transparent and liquid. Hence, contracts can normally be closed out without difficulty. There is no actual market for OTC forwards agreed individually, and hence the positions they entail may only be closed out with the agreement of the counterparty.
Since combinations comprise a number of elements, closing out individual elements can considerably alter the risks inherent in the overall position. Before entering into any such transaction, be sure to consult your securities dealer about the particular risks involved. Given the many possible combinations, we cannot go into detail in this Agreement about the risks involved in any particular case. Before making a purchase, be sure to seek comprehensive advice about these risks.

STRUCTURED PRODUCTS

Structured products are issued either publicly or privately. Their redemption value depends on the performance of one or more underlyings. They may have a fixed or unlimited term and consist of one or more components. Here is a list of the common product categories: capital protection products, yield enhancement products, participation products, leverage products. Structured products may be listed for trading on an exchange, but do not have to be. The tradability of a structured product depends on whether the issuer or a market maker is prepared to make a price. Even if they are, liquidity risks can still arise.

If the market is not liquid, you run the risk of having to either hold the financial instrument until the end of its term or sell it during the term at an unfavorable price. It can also be difficult or impossible to determine a fair price or even compare prices at all, as there is often only one market maker. You bear the risk that the debtor of a structured product may become insolvent (issuer risk). The instrument’s value is therefore dependent not only on the performance of the underlying asset but also on the creditworthiness of the issuer, which may change over the term of the structured product.

Every structured product has its own risk profile, and the risks of its individual components may be reduced, eliminated or increased. In particular, it may profit to different degrees from rising, constant or falling market values of the underlying, depending on the product involved. It is extremely important to find out exactly what the risks are before acquiring a product of this kind. This information can be found in, for example, the issue documents or the product description concerned.

Structured products are not categorized as collective investments under the Collective Investment Schemes Act (Federal Act on Collective Investment Schemes of 23 June 2006). Unlike with collective investments, the issuer is liable with his or her own assets (as is any guarantor, to the extent of a guarantee they have provided), and there is no backing from specially protected assets. You therefore need to bear in mind that in addition to a potential loss resulting from a decline in the market value of the underlyings (market risk), you may in the worst case lose your entire investment because the issuer or guarantor becomes insolvent (issuer or guarantor risk). You do not normally have any entitlement to voting rights or dividends if you buy a structured product.

CAPITAL PROTECTION PRODUCTS

Some structured products offer capital protection. The level of this protection is fixed by the issuer when the product is issued and indicates the percentage of the nominal value that will be repaid to the investor on expiration. However, capital protection generally only applies at the end of the term and may, depending on the product conditions, be (far) lower than 100% of the invested capital. Some structured products offer only conditional capital protection, which can be lost if the value touches, falls below or rises above a predefined threshold (barrier, knockout level). Repayment is then dependent on the performance of one or more underlyings.

Structured products with capital protection consist of two elements, such as a fixed income investment (especially a bond or a money market investment) and an option. This combination enables the holder to participate in the performance of one or more underlyings (via the option or participation component) while at the same time limiting potential losses (via the fixed-income investment or capital protection component). The capital protection component may only cover a portion of the capital invested.

The capital protection component determines the minimum repayment you receive on expiration, regardless of how the participation component performs. The capital protection is linked to the nominal value rather than the issue price or purchase price. Hence, if the issue/purchase price you pay exceeds the nominal value, only the nominal value is capital-protected. The protection of your capital outlay drops accordingly. If, however, the issue/purchase price is less than the nominal value, the protection of your capital outlay rises accordingly.

The capital protection component can be well under 100% of the capital invested, depending on the product. Capital protection does not therefore mean 100% repayment of nominal value or the purchase price for all products. Structured products with capital protection generally offer lower returns than direct investments in the underlying, as the capital protection costs money. If you wish to sell a structured product with capital protection before it expires, you may receive less than the capital protection component as the capital protection only applies if you keep the product until the redemption date. The participation component determines how you benefit from price movements in the underlying(s) when you buy a structured product. In other words, it fixes the level of your potential return over and above the capital protection component.
Some structured products with capital protection offer only a limited potential participation (those with a cap); some (those without a cap) offer unlimited potential participation. Others require the market value of the underlying to touch, rise above or fall below a specific barrier before you can make a profit.

The risk on the participation component is the same as that on the corresponding option or combination of options. Depending on the movements in the market value of the underlyings, the participation component may therefore be zero. Your maximum loss on a structured product with capital protection is limited to the difference between the purchase price and the capital protection, provided you continue to hold the product until expiration. You may also miss out on a profit due to the fact that full or partial repayment of the capital is guaranteed but no income (interest) is paid. Please be aware that there is also issuer risk.

YIELD ENHANCEMENT PRODUCTS

Structured products with yield enhancement consist of two elements, such as a fixed-income investment and an option (mainly on equities or currencies), and possibly a currency swap. This combination enables you to participate in the performance of one or more underlyings (via the option component). However, these financial instruments offer no or only conditional capital protection.
The interest that is paid means you receive a higher return than with a direct investment if the price of the underlying remains essentially unchanged. On the other hand, you will not benefit from the full potential return of the underlying. If the market value of the underlying rises, you will receive the stipulated interest and the nominal value on expiration (equally, the product may provide for a discount on the issue price). If the market value of the underlying rises sharply, you could possibly have earned a higher return on a direct investment. However, if the market value of the underlying falls sharply, you will receive both the interest payment and the underlying on expiration (unless the product offered a discount on the issue price).

Many products with yield enhancement refer to several underlyings. You as investor receive the security with the worst performance on expiration (either physically or in the form of cash) if the underlying touches, rises above or falls below a predefined barrier during the term of the financial instrument. If the performance of the underlying is negative, the financial instrument can trade some way below the issue price during its term even if the barrier is not touched, exceeded or undershot.
The level of interest rate is directly related to the level of the barrier. The nearer the barrier is to the market price of the underlying on the day of issue, the higher the interest you receive will generally be, but the higher the risk that the barrier will be reached, and vice versa. When you invest in a structured product with yield enhancement, you could in the worst case scenario lose the entire capital that you have invested.

PARTICIPATION PRODUCTS

Structured products with participation enable you to participate in the performance of one or more underlyings. However, they offer no or only conditional capital protection. If the participation product offers conditional capital protection, the risk is smaller than with a direct investment provided the market value of the underlying does not reach a specific barrier (termed the “knock-out”). If the market value of the underlying touches, rises above or falls below the barrier, you will lose the capital protection.
The risk of a structured product with participation is generally the same as that of the underlying. Unlike with a direct investment, however, you do not receive voting rights and you are not entitled to a dividend. You do, though, bear the credit risk of the product’s issuer. Many products with participation refer to several underlyings. You as investor receive the security with the worst (or sometimes best) performance on expiration (either physically or in the form of cash) if the market value of the underlying touches, rises above or falls below a predefined barrier during the term of the financial instrument.
The financial instrument can trade some way below the issue price during its term even if the barrier is not touched, exceeded or undershot. Moreover, the level of participation is directly related to the level of the barrier. If you have a higher risk tolerance when selecting the barrier, you will enjoy a higher participation. When you invest in a structured product with participation, you could in the worst case scenario lose the entire capital that you have invested.

LEVERAGE PRODUCTS

Structured products with leverage enable you to achieve a leverage effect by investing less capital than you would have to if you invested directly in the underlying. This means you can benefit from short-term trends. Structured products with leverage are suitable for short-term speculation but also for strategically hedging a portfolio. Because of the leverage effect, you need to carefully and regularly monitor the underlying, since structured products with leverage can experience a larger rise in profits but also a bigger loss than the underlying. When you invest in a structured product with leverage, you could in the worst case lose the entire capital that you have invested.

PRODUCTS USED FOR FINANCING OR RISK TRANSFER

The financial instruments discussed in this section have the same or similar profit and loss structures as certain conventional financial instruments (equities or bonds). Such financial instruments may be listed for trading on an exchange, but do not have to be. The risks associated with these products are not necessarily the same as those of the financial instruments they contain. It is therefore extremely important to find out exactly what the risks are before acquiring a product of this kind. This information can be found in, for example, the product description concerned. There are some products that are mainly used to transfer risks. These include credit and catastrophe derivatives. They are financial instruments where the "underlying" is an event such as a credit event (default of a loan or bond) or a natural disaster. Derivatives of this type can be used by the bearer of a risk to transfer it to others. Credit derivatives come in the form of swaps, options or hybrid financial instruments.

Credit and catastrophe derivatives involve a liquidity risk. Often such instruments cannot be sold before the end of their term, because there is no market for them. Credit bonds securitize the risks and transfer them to third parties as credit-linked notes, collateralized debt obligations and asset-backed securities. As a result, the buyer takes on the risk associated with a loan portfolio.

Credit-Linked Notes (CLN) are bonds whose redemption and interest payments depend on the performance of a specific underlying or benchmark portfolio (e.g. loan, bond). Look closely at the creditworthiness of the debtor to which the CLN is linked, as the CLN can end up being valueless if a credit event occurs. There is an issuer risk, i.e. a credit risk of the issuing bank, just as with structured products. The secondary market for CLN is highly illiquid, and you should therefore assume that you will not be able to sell one before the end of its term.

COLLATERALISED DEBT OBLIGATIONS (CDO)

CDO are bonds backed by a diversified debt portfolio (mostly loans, bonds or credit default swaps). They give you access to investments that are unattractive or even unattainable for individual investors. Since CDO are often divided up into a number of tranches with differing credit risks, you can decide what credit risk you wish to take on. If a debtor in the debt portfolio experiences a credit event, the equity-like tranches are affected first: they may be only partially redeemed, or not redeemed at all. If a number of debtors default, this affects the remaining tranches in order of creditworthiness, until finally the tranche with the highest credit rating (comparable to that of first-class bonds) may only be partially redeemed, or not redeemed at all.

The value of a CDO is based primarily on the probability of a credit event affecting the individual companies in the portfolio. This probability of default is determined using statistical methods and on the basis of historical data, and can cease to be meaningful in extreme.

Before you invest in a CDO, you should also look at the track record of the manager in charge of it: he or she will receive a performance- related bonus and will often have a holding in the CDO him/herself. If the portfolio is not run by a manager (which is termed a "static" portfolio), its composition remains unchanged throughout its term. In this case you should pay special attention to the composition of the portfolio. CDO typically have a term of several years. As there is generally no secondary market, you should assume that you will not be able to sell the CDO before the end of its term.

ASSET-BACKED SECURITIES (ABS)

In ABSs, risks (such as a range of receivables) are grouped together and transferred to a special purpose vehicle (SPV). The SPV finances this transaction by issuing securities backed by a pool of assets or a portfolio. If the collateral is a mortgage, this kind of instrument is called a mortgage-backed security (MBS). The individual components of the portfolio would be unattractive or even unobtainable in this form for individual investors. However, the composition of the portfolio makes it possible to combine together and sell a range of assets and risks. By grouping together different types of credit risk, different risk profiles can be created. Even if a pool or portfolio is created, lack of diversification can lead to a concentration of risk. Credit bonds are often issued by particular types of offshore companies (SPV). In this event you should pay special attention to the issuer risk and the quality of government supervision of such SPVs.

ALTERNATIVE (NON-TRADITIONAL) INVESTMENTS

Alternative or non-traditional investments are investments that do not fall within the traditional asset classes, such as equities, bonds or money market products. They include a wide range of instruments and strategies. This section focuses on the classes that are most important in terms of risk information: hedge funds, private equity, real estate, precious metals and other commodities. This list is not exhaustive and this Agreement cannot point out all the risks and issues that need to be taken into account in connection with alternative or non-traditional investments. Be sure to obtain comprehensive advice before investing in alternative or non-traditional investments, and examine the offering carefully.

Instruments allowing for direct investment can make sense in terms of diversifying a portfolio (risk distribution) because their returns are less dependent on factors such as the performance of the markets and levels of interest rates than those of conventional investments. However, the minimum outlay required for direct investments is generally very high, and they are often not accessible to all investors.

To overcome these obstacles and avoid the risks of the large direct investments required, the financial sector has developed instruments for indirect investment. They include certificates, notes, investment funds, funds of funds, commodity futures and forward contracts. All these structures are based on one or more of the asset classes mentioned below. If you are interested in indirect investments, you need to bear in mind not just the risks of alternative investments as an asset class, but also the risks of the instrument concerned – the risks associated with structured products, for example.

PRECIOUS METALS AND OTHER COMMODITIES

Commodities are physical goods that are produced via agriculture and mining, for example, and standardized for use as the underlying of a transaction. Derivatives on commodities such as energy sources, precious and other metals, and agricultural products are traded on futures markets.

Contractual agreements allow investors to buy or sell futures linked to the performance of a particular commodity. This means that they can buy a standardized amount of a commodity at a specific time in the future for a specific price. The commonest way in which private individuals invest indirectly in commodities is via structured products There are other alternatives, such as commodity swaps and options that are not listed for trading on an exchange. These are traded directly between the parties concerned and are tailor-made products.

With commodity futures, you may receive physical delivery of the commodity concerned on expiration, while structured products normally provide for cash payment. If you prefer cash settlement, you will have to sell the futures before their expiration date. Such products are therefore more risky than, for instance, equities or collective investments.

The price of commodities is influenced by a number of factors. These include: the relationship between supply and demand, climate and natural disasters, state programs and regulations, national and international events, state intervention, embargoes and tariffs, movements in interest and exchange rates, trading in commodities and the corresponding contracts, provisions relating to monetary policy, trading, fiscal and currency controls. These variables can lead to additional investment risks.

Commodities investments are more volatile than conventional investments, and yields on commodities can collapse at short notice. The volatility of commodity prices also affects the value, and hence the price, of a futures contract based on those commodities. Conventional futures on oil, base and precious metals are normally easy to trade, regardless of their term. When market activity is limited, a contract can become illiquid. Depending on how the yield curve moves, such illiquidity can lead to significant price changes. This is a typical feature of commodities.

INVESTMENTS IN EMERGING MARKETS
There is no standard definition of the term "emerging markets". In the broadest sense it includes all economies that are not regarded as "advanced". Common criteria for defining what an emerging market is are per capita income, the level of development of the financial sector, and the proportion of the total economy that is made up by the service sector. The creditworthiness of countries that fall within this definition can vary widely: from very high to very low, with – in the latter case – very high default risk. Although they can be at very different stages in their economic development, most emerging markets have a political system that is very new (for instance they have only recently become democracies) or is currently changing. This means that the political system and its institutions may be less stable than in an advanced nation. The list of emerging markets is changing constantly. Investing in products linked to emerging markets is therefore often speculative. Before investing in emerging markets, you should form an impression of them that allows you to assess the risks involved. When investing in emerging markets, the following risks should be taken into account. The list is not exhaustive. Depending on the type of investment product, there may be additional risks involved as described elsewhere in this Agreement.

Political risk
A government's political inexperience or the instability of the political system increases the risk of short-term, fundamental shifts in a nation's economy and politics. The consequences for you as an investor can include the confiscation of your assets with no compensation, the restriction of your rights of disposal over your assets, or government- imposed controls. State intervention in specific sectors of industry can result in a dramatic fall in the value of investments in those sectors.

Economic risk
Emerging market economies are more sensitive to changes in interest and inflation rates, which are in any case subject to greater swings than in the developed nations. The focus of such economies is often relatively narrow, allowing single events to have a magnified impact. In addition, emerging nations generally have a lower capital base. Finally, their financial markets often lack an adequate structure and sufficient supervision.

Credit risk
Investments in debt securities (e.g. bonds, notes) issued by emerging market governments or companies tend to entail higher levels of risk than advanced market debt. This can be due to inferior creditworthiness, a high level of government debt, debt restructuring, a lack of market transparency or a lack of information. It is also much more difficult to assess credit risk due to inconsistent valuation standards and the absence of ratings.

Currency risk
The currencies of emerging market nations are subject to unpredictable fluctuations in value that are larger than those of advanced countries. Some countries limit the export of their currency or can impose short-term restrictions, or stop pegging their currency to a reference currency such as the dollar. Hedging can help limit losses resulting from currency swings, but they can never be entirely eliminated.

Inflation risk
Large fluctuations in the value of the currency and an insufficiently developed financial market can make it difficult for an emerging market nation's central bank to stick to its inflation targets. As a result, inflation may fluctuate more than in advanced countries.

Market risk
Because there is little or no supervision of financial markets in emerging market nations, regulation, market transparency, liquidity and efficiency are often inadequate. Moreover, high volatility and large price differences are characteristic of these markets. Finally, the inadequacy or absence of regulatory measures gives rise to an increased danger of market manipulation or insider trading.

Market liquidity risk
Liquidity is dependent on supply and demand. The impact on the emerging markets of social, economic and political changes or natural disasters can involve a much more rapid and lasting change to this supply and demand equation than would be the case in the advanced markets. In an extreme case, illiquidity can be the result. This can make it impossible for an investor to sell his/her investments.

Legal risk
The absence or inadequacy of financial market supervision can lead to your legal rights being difficult or impossible to enforce. Moreover, legal uncertainty may exist due to the inexperience of the emerging nation's judiciary.

Settlement risk
Certain emerging markets have an array of different clearing and settlement systems. These are often outmoded and prone to processing errors as well as considerable delays in settlement and delivery. Some countries do not have any such systems at all

Shareholder risk and creditor risk
Legislation to protect the rights of shareholders and creditors (e.g. duties of disclosure, insider trading ban, management responsibilities, and minority shareholder protection) may often be inadequate or non-existent.

INTEREST RATE DIFFERENTIALS
Different currencies pay different interest rates. It is inherently attractive to be a buyer of a currency that pays a high interest rate while being short of a currency that has a low interest rate. Although such interest rate differentials may not appear very large, they are of great significance in a highly leveraged position. Clients must be aware that it is by no means a certainty that the currency with the higher interest rate will be the strongest. E.g., if the reason for the high interest rate is runaway inflation, this may undermine confidence in the currency even more than the benefits perceived from the high interest rate.

DIVERSIFICATION RISK AND CONCENTRATION OF INVESTMENTS
Concentrating trading on a single currency pair or one specific CFD, or a single stock or bond does not allow taking advantage of the risk diversification. As such, the Clients position(s) if not diversified may be subject to significant losses due to market direction working against the Clients. However, certain divergence may exist between market fluctuations of different currency pairs. To benefit from risk diversification Clients must ensure that their currency and CFD positions are sufficiently diversified.

PAST AND HYPOTHETICAL PERFORMANCE MARKET OPINIONS

Past performance realized in the CFD, market is not indicative of any future performance. Hypothetical performance results may be posted for information purposes only and are not a guarantee of future results. Performance can and does vary between each Client, trading strategy and the current market situation. Any opinions, news, research, analyses, prices, or other information contained on Loyal Bank Limited's website is provided as general market information, and does not constitute investment advice or recommendation. Loyal Bank Limited will not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information.

TECHNOLOGY AND OPERATIONAL RISKS

Technology risks associated with the use of an Internet-based deal execution trading system include without limitation the failure of hardware, software, Internet connection and others, communication failures, distortions or delays when trading via the Internet, etc., for which Loyal Bank Limited cannot be held liable. Configuration of Client's equipment or reliability of its connection must be checked carefully by the Client. Operational risks are the risks of any malfunction, failure or error in the processing of CFD, transactions. Such risks are also especially associated with utilizing an Internet-based deal execution trading system. Any mean of order transmission, e.g. telephone, fax, email, etc. involves a risk of failure, delay or errors in transmission or misunderstanding, alteration and duplication. The Client must be aware of the risk of abuse or falsification of the identification procedure by a non-authorized third party. He/ She is responsible for maintaining at all times the confidentiality of his/her access codes - whatsoever - enabling him/her to access the Forex Trading Platform and to execute orders on it.

MARKET RULES RISK

Many transactions will be affected subject to, and in accordance with, applicable rules and regulations and/or decisions of the competent authorities for the financial markets (“Market Rules”).

I am/ We are aware about the nature and disclosing the risks in financial instrument/ derivatives/ commodities trading.
I/ we expressly confirm my/our full understanding of the risks involved with financial instrument/ derivatives/ commodities trading and my/our acceptance and financial capability to bear such risks.

Date:

Name(s) of authorized person(s):

Signature(s):
