BFB Capital

220030, Republic of Belarus, Minsk city,
Internatsionalnaya str., 25a-24, of. 22
+375 (17) 343-69-81; www.bfb.by; info@bfb.by

APPROVED BY
The Director's order of
BFB Capital LLC
dated 26.11.2018

NOTIFICATION OF THE RISKS ASSOCIATED WITH THE CONCLUSION, EXECUTION AND TERMINATION OF OBLIGATIONS UNDER THE AGREEMENT ON PERFORMANCE OF OPERATIONS WITH NON-DELIVERABLE OVER-THE-COUNTER FINANCIAL TOOLS

The purpose of this Notification is to provide the Client with information about the risks associated with conclusion, executing and terminating obligations under the Agreement on conducting transactions with non-deliverable over-the-counter financial instruments (hereinafter referred to as the Agreement) and possible financial losses arising from these risks.

The performance of operations under the Agreement opens up wide opportunities and allows Clients to receive high profits but at the same time these operations are associated with possible risks of incurring a loss to the Client. The risk of loss of funds by the Client as a result of transactions under the Agreement may be significant. The client should comprehensively consider whether it is acceptable for him to conduct such operations in terms of his financial resources.

Hereby the Client confirms that he is aware of the following risks and the possibility of occurring in connection with the specified risks of losses:

1. Systemic risk - the risk associated with changes in the financial market as a whole due to political, economic and financial developments in the world.
2. Price risk - quotes of underlying assets underlying financial instruments in respect of which transactions are made with non-deliverable over-the-counter financial instruments that are subject to strong changes as a result of political, economic, financial developments in the world, and as a result of changes in market conditions.
3. Currency risk - the situation in the financial market can change very quickly, and therefore there is a risk of losses due to changes in foreign exchange rates and, as a consequence, the loss of all or part of the money invested in foreign currency.
4. The risk of making transactions on the conditions of securing positions - making transactions with non-deliverable over-the-counter financial instruments involves making operations using marginal security and may result in loss of the expected income, as well as part or all of the Client's cash, which is a guarantee of fulfillment of obligations to the Forex company.

The funds that are enforcement of the Client when performing transactions with non-deliverable over-the-counter financial instruments (marginal ensuring) and their disposal, that is, the ability of the Client to perform transactions, may be

220030, Republic of Belarus, Minsk city,
Internatsionalnaya str., 25a-24, of. 22
+375 (17) 343-69-81; www.bfb.by; info@bfb.by

limited. The size of marginal collateral can be changed in the manner prescribed by the Agreement and the Rules for conducting transactions with non-deliverable over-the-counter financial instruments (hereinafter referred to as the Rules for Transactions), and as a result, the Client may be restricted in its ability to manage funds more than before entering into the Agreement.

Adverse shifts in prices may lead to the need to deposit additional funds in order to bring ensuring into compliance with the requirements of the Rules for Transactions, which must be done in a short time and which may not be enough for the Client.

In case the Client fails to deposit the indicated funds in the required amount or in an inappropriate period the Forex company is entitled, without the additional consent of the Client, to forcibly close all Client positions and calculate the financial result for all Client operations.

Forced closing of a position is aimed at risk management. The Client may incur significant losses, despite the fact that after this price shifting of financial instruments may take a favorable direction for the Client, and the Client would have received income if his position had not been closed.

5. Operational risk. Operational risks include:

– the risk the functioning (failure) of the Client's software and hardware;

– the risk of performing operations on behalf of the Client as a result of a third party receiving randomly or as a result of his deliberate actions of unauthorized access to the possibility of performing operations on behalf of the Customer;

– the risk of the Client conducting operations that do not correspond to his intentions, for reasons related to the insufficient experience of this Client with the software and hardware of the Forex company and / or performing random actions and as a result of the impact of external events.

6. Liquidity risk - a situation may arise in which the sale / purchase of a financial instrument within each individual transaction will be difficult at a certain point in time.

If the Client's investment system provides for the possibility of closing a position on a relevant open position as part of a single transaction with non-deliverable over-the-counter financial instruments (or performing another operation - opening a different position, which reduces the risk of this operation),

The Client should pay attention to the liquidity of the relevant financial instruments, since closing positions may lead to significant additional losses due to low liquidity.

Illiquidity of a financial instrument may lead to an increase in the difference between the prices of purchase and sale at some point in time (spread). A large spread makes it difficult for the Client to fill in a position to close a position, in order to limit a negative result on a previously open position when a certain price is reached ("Stop Loss"). To avoid losses the Client must independently monitor the situation on the market and, depending on it, perform operations.

7. The risk of using the information and trading platform - trading with the use of the information and trading platform is associated with the following risks:

- technical system risks (equipment malfunction, software malfunction, problems with communication channels (Internet operation, etc.), power supply, other technical reasons), as a result of the implementation of which the order may be impossible in some the time or order in the Trading Terminal may not be set, the order may not be executed (in whole or in part) or executed not in accordance with the instructions of the Client;

- the risk of unauthorized access by third parties to the Trading Terminal (actions performed using the login and / or password of the Client by an unauthorized person), which the Client fully bears and does not have the right to make claims on compensation for damages to the Forex company;

- the risk of a large number of unprofitable operations when choosing the wrong strategy, including when the functionality of the Trading Terminal, and / or methods of connecting to the Trading Terminal, and / or software used by the Client independently, allows the Client to ensure, by his will, to submit orders automatic mode;

- the risk of inaccuracy and / or time delay when displaying any data (information) in the Trading Terminal (including taking into account the application of the method of access to it);

- the risk of making random errors when submitting orders (giving orders by the Client is not in accordance with his real intentions), including due to insufficient knowledge of the operation of the Trading Terminal and / or insufficient practical skills;

- possible restrictions on the use by the Client through the Trading Terminal of his assets in full and / or the issuance of orders of a certain type.

8. When making transactions whose fulfillment of obligations depends on the rate of the underlying asset, the Client must take into account the risk of possible an unfavorable change in the rate of the underlying asset in relation to the currency in which settlements are made for transactions performed (including possible changes in the margin due to a change in the asset rate), as a result of which the Client may incur significant losses with a relatively small change in the rate of the underlying asset.

9. There is a risk of non-fulfillment / inadequate fulfillment of the obligations of the Forex company under the Agreement, transactions (Client's risk), and the risk of insolvency of the Forex company (bankruptcy risk). When making transactions, the Client should consider the possibility of occurrence of the indicated risks and be aware of possible consequences, such as: failure to receive / receive incomplete

220030, Republic of Belarus, Minsk city,
Internatsionalnaya str., 25a-24, of. 22
+375 (17) 343-69-81; www.bfb.by; info@bfb.by

execution of operations; application (in case of bankruptcy of the Forex company) established procedures for declaring the debtor bankrupt and the order of repayment of creditors' claims.

10. Requests aimed at limiting losses will not necessarily limit the losses of the Client to the expected level, since in the current market situation it may be impossible to execute such an application at an agreed price.

This Notice does not disclose all risks associated with the conclusion, execution and termination of obligations under the Agreement on performing transactions with non-deliverable over-the-counter financial instruments.

The Client is hereby also notified that the Forex Company does not guarantee the receipt by the Client of the income from performing transactions under the Agreement. The client undertakes to independently make decisions on the conclusion of the Agreement, to make transactions with non-deliverable over-the-counter financial instruments, as well as independently determine the investment strategy.

Taking account of the above, the Forex company recommends to carefully consider whether the risks arising from the performance of the relevant operations under the Agreement are acceptable to the Client, taking into account the Client’s investment objectives and financial capabilities.

This Risk Notification is not intended to force the Client to refuse to carry out such operations but is intended to help the Client assess their risks and responsibly approach the issue of choosing an investment strategy and the terms of the contract with the Forex company.