ARUM TRADE

RISK DISCLOSURE STATEMENT

Original Issue Date:	14/06/2019
Approver(s):	Director
Owner(s):	ARUM TRADE LIMITED
Contact details:	support@arumtrade.com
Classification:	Risk disclosure statement
Operational Applicability:	All personnel, all clients
Geographic applicability:	Republic of Vanuatu
Last Revision Date:	14/06/2020
Last Reviewed Date:	14/06/2020
Next Review Date:	14/06/2021
Version:	**1.0**
Other Languages:	Russian, Spanish

1. Introduction

Arum Trade Ltd (hereinafter the "**Company**") is a Vanuatu Investment Firm, incorporated and registered under the laws of the Republic of Vanuatu, with registration No. 40490. The Company is authorized and regulated by the Vanuatu Financial Services Commission ("**VFSC**") with Dealing in Securities Principal's License.

This Policy is made in accordance with the Dealers In Securities (Licensing) Act [CAP 70] (as Amendment) as from time to time amended and all relevant secondary legislation.

Note: The English version of this policy is the governing version and shall prevail whenever there is any discrepancy between the English version and other versions.

2. Trading is very speculative and risky

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

a. understands and are willing to assume the economic, legal and other risks involved;
b. is experienced and knowledgeable about trading in derivatives and in underlying asset types; and
c. is financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

Neither CFDs nor FX Contracts are appropriate investments for retirement funds. CFD and FX transactions are among the riskiest types of investments and can result in large losses. Client represents, warrants and agrees that Client understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and FX Contracts and that the loss of Client's entire account balance will not change Client's lifestyle.

3. Risks related to "long" positions on CFD

Long position means that you have bought a contract for difference (CFD), assuming that the market value of the underlying asset will increase in the time between its purchase time and sale time. If the market price of the underlying asset rises while your CFD position is open, you will usually make a profit. Opposite, you will incur losses, if the market price of the underlying asset decreases while your long CFD position is open. The total profit or loss depends not only on the difference in the price of the purchase and sale of the asset (CFD), but also on the commission associated with the transaction, swaps, dividends and spread.

In addition, you may incur losses if you do not have enough funds in the trading account to fulfil marginal obligations on all open positions. Additional risk factors that should be taken into account are volatility of and asset, possible spread increase due to market conditions, slippages during the order execution, execution speed and account leverage.

4. Risks related to “short” positions on CFD

Short CFD position means that you sold contract for difference (CFD), assuming that the market value of the underlying asset will decrease in the time between its sell and purchase time. If the market price of the underlying asset decreases while your short position is open, you will usually make a profit. Opposite, you will incur losses if the market price of the underlying asset increases while your long CFD position is open. The total profit or loss depends not only on the difference in the price of the purchase and sale of an asset (CFD contract) but also on the commission associated with the transaction, swaps, dividends and spread.

In addition, you may incur losses if you do not have enough money in the trading account to fulfil marginal obligations on all open positions. Additional risk factors that should be taken into consideration are volatility of an asset, possible spread increase due to market conditions, slippages during the order execution, execution speed and account leverage.

5. Risks associated with the commission, swaps and spreads

In addition to the market risk, there are risks associated with the trading costs, such as: commissions, swaps and spreads.

Commission - is the broker's fee, expressed in a percentage of the dollarized turnover.

Spread - is the difference between the purchase price and the sale price of an asset.

Swap is a financial transaction to transfer open positions overnight. A swap can be either positive or negative. In the trading terminal, the swap is displayed in a separate column. Swaps on Wednesday are three times more than on other days. If the swap is negative, then holding a position for a long time can lead to the loss of a significant part of the funds.

Before investing into the CFD contracts, client should be aware of all related expenses. Completion of frequent or large volume transactions may lead to the loss of a significant part of funds.

6. Counterparty Credit Risk

Counterparty risk is a type of credit risk. This type of risk is associated with the possibility of direct financial losses, due to the inability of our liquidity providers and banks, in which we keep our clients' funds, to fulfil their contractual obligations. It should be noted that our company cooperate only with the reliable counterparties and the risk of default is negligible. However, such situation is theoretically possible, therefore, this risk should be taken into as well.

7. Risk of "slipping"

With market execution, there are always chance of "price slippage." Slippage is the execution of an order at a price worse than the price at the time the order is submitted for an execution. The reason of such could be lack of liquidity. In this case, order could be filled partially with average execution price worse than requested price at the moment of order submission. Trader must always take this aspect into consideration while trading.

8. Risk of non-execution of the order

When executing trading orders, the client must consider the possibility of order rejection, which may carry the risk of losing funds. Failure is possible due to low liquidity, for example during the announcement of important macroeconomic news.

9. High leverage and low margin can lead to quick losses

The high degree of "**gearing**" or "**leverage**" is a particular feature of both CFDs and FX Contracts. The effect of leverage makes investing in CFDs riskier than investing directly in the underlying asset. This stems from the margining system applicable to CFDs which generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous. A small price movement in your favour can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of your investment.

10. Margin Requirements

Client must maintain the minimum margin requirement on their open positions at all times. It is Client's responsibility to monitor his/her account balance. Client may receive a margin call to deposit additional cash if the margin in the account concerned is too low. The Company has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained and this may result in Client's CFDs or FX Contracts being closed at a loss for which you will be liable.

11. Cash Settlement

Client understands that CFD and FX Contracts can only be settled in monetary terms and the difference between the buying and selling price partly determines the result of the investment.

12. Prices, Margin and Valuations are set by the Company and may be different from prices reported elsewhere

The Company will provide prices to be used in trading, valuation of Client positions and determination of Margin requirements. The performance of your CFD or FX Contract will depend on the prices set by the Company and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the CFD concerned.

13. Rights to Underlying Assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your CFDs or FX Contracts. The Client understands that CFDs can have different underlying assets, such as stocks, indices, currencies and commodities.

14. Currency Risk

Investing in FX Contracts and CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk, due to the fact that when the CFD or FX Contract is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.

15. One click trading and immediate execution

The Company's online trading system provides immediate transmission of Client's order once Client enters the notional amount and clicks "**Buy/Sell**." This means that there is no opportunity to review the order after clicking "**Buy/Sell**" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. Client should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with the Company. Client acknowledges that by using the Company's online trading system, Client agrees to the one-click system and accepts the risk of this immediate transmission/execution feature.

16. The Company is not an adviser or a fiduciary to Client

The company is not a consultant or fiduciary manager of the Client. In cases where the Company provides general market recommendations, such general recommendations should not be treated as personal recommendations or investment advice and do not take into account your personal circumstances or your investment goals. Such information does not constitute a proposal for buying or selling any Currency or Cross Currency contracts. Each decision of the Client regarding whether the transaction is suitable or appropriate for the Client is an independent decision of the Client. The company does not act as a consultant or fiduciary manager of the Client. The Client agrees that the Company has no fiduciary obligations to the Client and that the Company is not responsible for any obligations, complaints, damages, costs and expenses, including lawyers' fees, caused in connection with the Client following the Company's general trading recommendations or taking or not taking any actions based on any general recommendation or information provided by the Company.

17. Recommendations are not guaranteed

The generic market recommendations provided by the Company are based solely on the judgment of the Company's personnel and should be considered as such. Client acknowledges that Client enters into any transactions relying on Client's own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the Company and/or its affiliates. The generic market recommendations of the Company are based upon information believed to be reliable, but the Company cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading CFDs and/or FX Contracts.

18. No guarantees of profit

There are no guarantees of profit nor of avoiding losses when trading CFDs and FX Contracts. Client has received no such guarantees from the Company or from any of its representatives. Client is aware of the risks inherent in trading CFDs and FX Contracts and is financially able to bear such risks and withstand any losses incurred.

19. Internet Trading

When Client trades online (via the internet), the Company shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to the Company, Client, any exchange or any settlement or clearing system.

20. Quoting Errors

If a quotation error occurs and the Client receives a "non-market" price, the Company is not responsible for any trading operations on the client's account, as well as possible errors in the account balance and reserves the right to make necessary adjustments or corrections to the corresponding account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value of the asset, in good faith determined by the Company in its sole discretion at the time such error occurs.

21. Updates

The Company will perform a periodical review of this Policy, at least once a year. The Policy is in line with the Company's operational model, and therefore in case of any changes in the operations, these will be properly reflected in this Document.