

Risk Warning Disclosure

The services provided on www.neex.com are rendered by NEEEX (PTY) LTD, a private company incorporated with limited liability under South Africa's Companies Act No. 71 of 2008 (registration number 2017/388557/07). NEEEX (PTY) LTD is authorised and regulated by the Financial Sector Conduct Authority (FSCA), as an over-the-counter derivative provider and as an authorised financial services provider (FSP No 49937). Our registered address is 146 Sandton Drive, Parkmore, Sandton, 2196, South Africa. Our contact details are: +27 10 140 3074 and support@neex.com.

1. Risk Warning Disclosure

- 1.1. Over-the-counter margined derivative contracts, including contracts for difference and spot foreign exchange, are intricate financial instruments. They pose a high risk of rapid financial loss due to leverage. Before engaging in trading, it is crucial to assess whether you comprehend the workings of these products and can tolerate potential losses. We strongly advise seeking professional advice before investing.
- 1.2. Prior to opening a trading account with NEEEX (PTY) LTD, we urge you to thoroughly review this Risk Warning Disclosure in conjunction with our associated Terms & Conditions, Order Execution Policy, Conflicts of Interests Policy, and other Client Legal Documents, available on our website.
- 1.3. NEEEX, herein referred to as "We/our/us", is a trading name of NEEEX (PTY) LTD, a private limited liability company incorporated under South Africa's Companies Act No. 71, 2008 (registration number 2017/388557/07) and regulated by the Financial Sector Conduct Authority (FSP No. 49937), with its registered address at 146 Sandton Drive, Parkmore, Sandton, 2196, South Africa.
- 1.4. It is imperative not to engage in trading any of our products unless you fully comprehend and can manage the associated risks. You must also ensure that trading our products aligns with your financial circumstances and resources. In assessing whether to trade our products, you should consider the following risks:

General Risk Factors

- 1.5. No Advice: NEEEX provides an execution-only service and does not offer investment advice regarding investments or trading positions. However, factual market information may be provided to clients regarding transaction procedures and potential risk exposure, along with strategies to mitigate risks.
- 1.6. Appropriateness: You will be required to provide information regarding your financial assets, earnings, trading experience, and knowledge. It is essential to assess whether you possess sufficient financial resources and risk appetite for trading our products and services. In certain cases, we may deem it inappropriate to open an account for you. The decision to open an account and proceed with trading is solely yours, and you are responsible for understanding the associated risks.
- 1.7. Costs and Charges: Details of our costs and charges are available on our website www.neex.com. Prior to commencing trading, you should review all market information, including commissions and other charges for which you will be liable.
- 1.8. Monitoring Positions: It is your responsibility to diligently monitor your positions while they are active and ensure continued access to your accounts during such periods.
- 1.9. Electronic Communications: We offer electronic communication channels, such as email and live chat, for client interaction. While these channels are generally reliable, technical issues

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may arise. Therefore, electronic communication should not be solely relied upon. Please refer to the Electronic Trading section below.

- 1.10. Our Products and Services: We provide execution-only services for contracts across various underlying markets. While contract prices are derived from the underlying market, the characteristics of our contracts may differ substantially. Detailed information on our contracts is available in the Contract Specifications on our website.

2. Investment Specific Risks

2.1. Investing in FX

- 2.1.1. Certain trading strategies, such as spreads or straddles, carry inherent risks similar to simple long or short positions. While derivative instruments can be utilized for risk management, some products may not be suitable for all investors. Different instruments entail varying levels of risk exposure, and before trading, you should consider the following:
- 2.1.2. Futures: Futures transactions involve obligations to make or take delivery of underlying assets at a future date or to settle positions with cash. These transactions carry a high degree of risk due to leverage, where small movements can lead to significant gains or losses.
- 2.1.3. Off-Exchange Transactions in Derivatives: Our products are traded exclusively off-exchange, also known as over-the-counter (OTC) trading. When trading with us off-exchange, we act as the counterparty to all transactions. Although our prices are typically based on exchange prices, they may fluctuate due to various factors. In the absence of a central clearing house, settlement of transactions is solely between the parties involved.

2.2. Off-Exchange Derivatives

- 2.2.1. While some off-exchange markets are highly liquid, transactions in off-exchange or 'nontransferable' derivatives may involve greater risk than investing in on-exchange derivatives. This heightened risk arises due to the absence of an exchange market on which to close out an open position. Under abnormal market conditions, it may be impossible to liquidate an existing position or accurately assess its value. Additionally, bid and offer prices for off-exchange derivatives need not be quoted, and if they are, they will be established by dealers in these instruments.

2.3. Contracts for Difference (CFDs)

- 2.3.1. **Nature:** Contracts for Difference (CFDs) are financial transactions that seek to secure a profit or avoid a loss based on the price value fluctuations of an underlying instrument. NEEX offers various types of CFDs, including Foreign Exchange CFDs (FX), Futures CFDs, and Index CFDs. Equity Share dealing in CFDs is not provided by NEEX. CFDs are settled exclusively in cash.
- 2.3.2. **Risks:** CFDs traded with NEEX are all margin-traded products, involving a high degree of risk due to leverage. This leverage allows traders to place large trades with a small margin, amplifying both potential gains and losses. Profit or loss from CFDs may be subject to foreign exchange fluctuations, as settlements can occur in currencies other than the trader's base currency.
- 2.3.3. **General CFDs:** Our FX and CFDs are proprietary products not listed on any exchange. Prices and conditions are determined by NEEX in accordance with our obligation to provide best execution, act reasonably, and comply with the applicable Client Agreement. Each CFD entered into with NEEX constitutes a contract between the client and NEEX, and these contracts are not transferable to any other party. Furthermore, CFD

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contracts do not confer any rights to underlying instruments or voting rights and are legally enforceable by both parties.

3. Trading Condition Risks

- 3.1. **Volatility:** Prices can move rapidly, especially during periods of high market volatility, potentially leading to rapid changes in account balance. Insufficient funds may result in automatic closure of positions if the account balance falls below the close-out level.
- 3.2. **Currency:** Trading in markets denominated in currencies other than the base currency exposes traders to currency exchange fluctuations, affecting profits and losses.
- 3.3. **Prices and Commissions:** Prices quoted may not reflect the broader market, and NEEX may exercise discretion in setting margin requirements and collecting funds. Traders should review all market information, commissions, and charges on NEEX's website before trading.
- 3.4. **Market Liquidity:** NEEX strives to maintain liquidity in quoted markets, but prices and spreads may vary, particularly in 'grey markets' or outside normal market hours.
- 3.5. **Trading Suspensions:** Trading may be suspended during rapid price movements, potentially leading to execution difficulties, even with stop-loss orders.
- 3.6. **Non-Guaranteed Stops:** Non-guaranteed stops may not result in immediate contract closure, particularly in fast-moving markets, where execution depends on underlying market conditions.
- 3.7. **Gapping:** Gapping refers to a sudden shift in the price of an underlying market from one level to another, where no prices are available between those levels. This phenomenon can occur due to various factors, such as economic events or market announcements, and can happen when the underlying market is open or closed. When gapping occurs while the underlying market is closed, the price of the market when it reopens (and consequently, our derived price) may differ significantly from the closing price. This can result in no opportunity to sell your instruments before the market opens.
- 3.8. **Limit/Stop Orders**
 - 3.8.1. **Limit Orders:** These are contingent orders placed by clients to open a trading position when the market reaches a specified price (or better), and remain unfilled until that condition is met.
 - 3.8.2. **Stop Orders:** A stop order is a request to automatically close out an open position when the market reaches a specified price (or worse). While these order types can help limit downside risks in moving markets, they do not guarantee that the fill price will be available at the requested price, especially in instances of market gaps or fast-moving markets.
- 3.9. **Margin Calls & Closeouts**
 - 3.9.1. If the Margin Level in your trading account falls below %100, you will receive a margin call on your trading platform, prohibiting you from increasing your overall exposure. Should your Margin Level drop below 30%, the trading system will commence automatically closing out your open positions. This is to mitigate the risk of you being liable for more than your initial investment. Maintaining sufficient margin and using limit/stop orders are strongly advised to avoid involuntary position closures.
 - 3.9.2. **Margin Level Calculation:** Margin Level equals (Equity/Used Margin) x 100. Equity is the sum of your account realized balance and floating profits/losses, while Used Margin is the total margin placed with Neex to open positions.
- 3.10. **Quoted Prices**

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Quoted prices on the platform or website are indicative only and serve as invitations to trade. Executable prices may differ from quoted prices upon agreement to enter into a transaction, especially if market conditions have changed since the quote was requested.

3.11. Client Money

Neex safeguards all retail clients' funds in segregated bank accounts, ensuring a clear demarcation from Neex's corporate funds.

This segregation mitigates the risk in the unlikely event of Neex's default, as client funds remain separate and are not considered recoverable assets by Neex's general creditors. However, complete protection may not be guaranteed, particularly in cases of bank insolvency. Additionally, Neex implements a margin closeout policy to minimize the likelihood of losses resulting from client defaults. Funds transferred from individual clients are deposited directly into segregated client bank accounts. Even if funds are initially received into a general Neex account, they are deemed as client money upon reaching Neex's accounts, before being allocated to segregated client accounts.

Neex exclusively utilizes its own funds for hedging purposes and refrains from allocating client funds to hedging counterparties or any part of its operational activities. Furthermore, Neex does not engage in speculative positions in the market.

3.12. Potential Losses

Clients should acknowledge the possibility of incurring losses exceeding their initial investment. Fluctuations in market prices, especially during periods of high volatility, can result in significant losses, potentially surpassing the deposited amount. It is imperative to recognize the rapid movements in prices and exercise caution when trading.

3.13. Insufficient Funds

In cases where clients do not possess adequate funds to meet margin requirements, Neex may demand immediate additional margin deposits to maintain open trades. Alternatively, Neex reserves the right to close out any or all open positions, as outlined in the Client Agreement, without prior notification.

3.14. Contingent Liability Investment Transactions

Contingent liability investment transactions involve making partial payments against the purchase price, rather than paying the entire amount upfront. Trading futures CFDs carries the risk of total loss of deposited margin. Adverse market movements may necessitate additional margin payments on short notice to maintain positions. Failure to meet such obligations may result in position liquidation at a loss, for which the client is accountable. Even non-margined transactions may entail further payments under specific circumstances beyond the initial amount paid.

3.15. Liability for Losses

Clients are accountable for any losses incurred upon the closure of their positions. The potential losses (or profits) associated with margin-traded products are unlimited and should be carefully considered when making trading decisions. Clients should ensure the suitability of the product based on their financial circumstances and position, bearing in mind the potential for losing more than the initial deposit.

3.16. Weekend and Holiday Risk

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Trading activities are subject to time restrictions, as not all trades can be executed or terminated around the clock. The opening and closing times of markets may vary and are outlined in our Contract Specifications, available on our website and trading platform. While we strive to maintain updated information, we assume no obligation or liability for its accuracy. Factors such as national holidays and daylight savings adjustments can impact trading hours. Furthermore, market suspensions may occur for various reasons, rendering trading inaccessible during such periods.

3.17. Electronic Trading

The utilization of electronic trading systems and communication networks facilitates trade execution. However, engaging in trading activities exposes clients to associated risks, including hardware or software failures, system downtimes, or network connectivity issues. Clients should be aware of these potential technological challenges that may affect their trading experience.

3.18. Insolvency

In the event of insolvency or default by other brokers involved in client transactions, positions may be liquidated or closed without client knowledge or consent. Clients should acknowledge this possibility and consider the potential impact on their trading activities.

3.19. Expert Advisors & Indicators

Clients bear sole responsibility for any third-party applications installed on their MetaTrader platform, including Expert Advisors (EAs) or indicators. These tools, designed for automated trading or providing trade signals, require thorough due diligence before installation. Neex disclaims any responsibility for decisions, trades, or signals generated by these applications, as well as any resulting profits or losses. Clients must diligently monitor their trades and account activities at all times.

3.20. Corporate Action Events

Neex does not profit from clients' outcomes in corporate action events such as rights issues, takeovers, mergers, or share distributions. We aim to reflect the treatment received in the underlying market, although clients are not directly involved in such markets. Clients should be aware that they may be required to make decisions earlier than if they owned the underlying instrument. Options provided by Neex may be subject to restrictions and may differ from those available in the underlying market. Neex endeavors to preserve the economic equivalent of clients' rights and obligations attached to their contracts, particularly in relation to stop orders, during corporate events.

3.21. Tax

Neex does not offer tax advice to clients. Clients uncertain about their tax obligations should seek independent advice from qualified professionals to ensure compliance with relevant tax regulations.

3.22. Regulatory and Legal Risk

Changes in laws or regulations can significantly impact securities and investments in various sectors or markets. Government or regulatory body interventions may increase operating costs, diminish investment attractiveness, or alter the competitive landscape, affecting the profit potential of investments. This risk is unpredictable and may vary across different markets, necessitating careful consideration by clients.

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