XTB Limited

DECLARATION OF INVESTMENT RISK FOR CFDs AND OMI INSTRUMENTS AND FRACTIONAL SHARES/ETFS/ETCS/ETNS

CFDs

1. General provisions

1.1. The subject of this Declaration (hereinafter referred to as "Declaration") is to inform the Client about the major, yet not all, risks related to trading in over-the-counter (OTC) Financial Instruments in compliance to the Investment Services and Activities and Regulated Markets Law of 2017 L.87(I)/2017.

1.2. The various types of risks described in the Declaration are appropriate for both retail and professional customers, as well as eligible counterparties.

1.3. The Declaration forms an integral part of the Regulations on the provision of services by ("General Terms and Conditions – OTC Market", "GTC") of XTB Limited, a Company duly registered in Cyprus Registrar of Companies (HE 296794).with registered office at Pikioni 10, Highsight Rentals Ltd, 3075, Limassol, Cyprus, which is licensed and regulated by CySEC, CIF Licence Number 169/12 (the "Company"). The terms used in the Declaration with the use of capital letters shall have the meaning as specified in the GTC.

1.4. The Company's products and services are intended for the client target market described in the Table below.

Product / service	Client Target Market
CFDs on Forex	Retail, Elective Professional, Professional and Eligible Counterparty
CFDs on Equities	Retail, Elective Professional, Professional and Eligible Counterparty
CFDs on Commodities	Retail, Elective Professional, Professional and Eligible Counterparty
CFDs on Indices	Retail, Elective Professional, Professional and Eligible Counterparty
CFDs on Crypto-assets	Retail, Elective Professional, Professional and Eligible Counterparty

2. Risk elements in relation to Financial Instruments

2.1. Trading in Financial Instruments whose value is based i.e. on securities, futures, currency exchange rates, prices of raw materials, commodities, crypto-assets, stock exchange indices or prices of other Underlying Instruments involves specific market risk related to the Underlying Instruments.

2.2. Specific market risk for a particular Underlying Instrument includes, in particular, the risk of political changes, changes in economic policy, as well as other factors which may considerably and permanently influence the conditions and rules of trading and valuation of a particular Underlying Instrument.

2.3. For Financial Instruments quoted with variable Spread (floating Spread) chosen by the Client, Spread is variable and reflects the market price of an Underlying Instrument. Such a variable Spread is a part of market risk and may negatively influence overall costs associated with the Transaction especially during periods of high volatility or limited liquidity of the market for the Underlying Instrument.

2.4. Investing in Financial Instruments with an Underlying Asset listed in a currency other than the Client's base currency entails a currency risk, due to the fact that when the CFD is settled in a currency other than the Client's base currency, the value of the Client's return may be affected by its conversion into the base currency.

3. Risk concerning Financial Instruments

3.1. Risk concerning contracts for difference (CFD)

CFD is a derivative financial instrument that enable earning on the changes in the prices of underlying assets. CFD is a contract concluded between two parties, where two parties commit themselves to settle the difference of the opening and the closing prices in this contract, which results directly from changes in prices of assets, to which a contract applies. Such assets may be shares, indices, crypto-assets, commodities or currencies. When making a CFD transaction, the client invests in a derivative financial instrument based on the prices of currencies, futures contracts or shares and does not make thereby a transaction on the underlying instrument, which is the basis for quotation of the derivative financial instrument. Due to the leverage, a CFD enables Clients to enter into transactions involving significant amounts with the involvement of relatively small amounts of cash.

Example regarding investments in 1 CFD based on the EUR/PLN currency pair exchange rates by a retail customer

In order to start the investment, it is enough to invest a capital in the amount of for example 5% of the face value of CFD. In such a case, the Investor may trade financial instruments worth 20 times more than the invested capital. In practice, this means that with the abovementioned financial leverage, the change in the value of a financial instrument by 1 percentage point may result in a profit or loss (depending on the direction of the change) in the amount of 20% of the funds invested.

Positive scenario

We purchase (buy) 1 CFD on a EUR/PLN currency pair quoted at PLN 4.00. In the case of this financial instrument, the multiplier (position value) is 100,000, so the nominal value of the contract is PLN 400,000 (PLN 4.00 x PLN 100,000 = PLN 400,000). Deposit collected under the abovementioned transaction is 5% of the nominal value of the contract, that is PLN 20,000. An increase by 1% from PLN 4.00 to PLN 4.04 results in a profit on an account in the amount of PLN 4,000: (4.04 - 4.00) x PLN 100,000.00 = PLN 4,000.

Negative scenario

We purchase (buy) 1 contract for a EUR/PLN currency pair quoted at PLN 4.00. In the case of this financial instrument, the multiplier (position value) is 100,000, so the nominal value of the contract is PLN 400,000 (PLN 4.00 x PLN 100,000 = PLN 400,000). Deposit collected under the abovementioned transaction is 5% of the nominal value of the contract, that is PLN 20,000. The more than 1% drop in the price from PLN 4.00 to PLN 3.95 results in a loss on an account in the amount of PLN 5,000 : (4.00 - 3.95) × PLN 100,000.00 = PLN 5,000.

CFD is of non-standardized nature. This means that the particular types of CFD may vary significantly in terms of the specifications.

CFD contracts may be unsuitable for a long-term investor. If the client holds the Open Position on CFD for a longer period of time, the related costs increase.

To learn more about the CFD derivative instrument, XTB recommends the Client opening a demo account before opening the real account.

Financial leverage risk

3.1.1. CFD are contracts that largely employ financial leverage mechanism. Nominal value of the Transaction may largely exceed the value of the deposit, which means that even subtle changes of the price of an Underlying Instrument may considerably influence Client's particular Account's Balance.

3.1.2. Due to the leverage effect and how quickly the Client can earn profits or incur losses, it is important that the Client always monitors its Open Positions and does not invest any funds it cannot afford to lose.

3.1.3. The Margin deposited by the Client may secure only part of the nominal amount of the Transaction, which might result in high potential profit but also in the risk of heavy losses for the Client. In certain particularly unfavorable circumstances the losses might amount to whole financial resources gathered on particular Client's Accounts.

Price volatility risk and liquidity risk

3.1.4. Investing in CFD is connected with the Client's market risk resulting from price volatility. The above risk is particularly important in the case of investment in CFD with the above presented leverage. Groups of financial instruments are characterized with very different levels of volatility. Instruments with very high (often unjustified) volatility and the entailed high risk of loss are CFD instruments based on crypto-assets.

3.1.5. A particular type of risk is the occurrence of so-called price gaps. This means that the market price of the underlying instrument increases or decreases, in such a way that there are no intermediate values between its initial price and the final price. For example, if before the opening of the market, the market price of underlying instrument X was 100, and at the opening, the first quoted price of this instrument was 120, all the Client Transactions (Orders) will be made at the first available market price - i.e. for example at 105.

3.1.6. The client is exposed to liquidity risk, which means that the client may not be able to cash the investment or may be forced to incur significant additional costs in order to cash the investment earlier, especially if there is a limited liquidity on the market of the underlying instrument, i.e. there are not enough transactions.

Counterparty risk

3.1.7. Considering that the Company may be the place of the execution of Orders as the other party to the Transactions, the Client is exposed additionally to the counterparty's credit risk, which means the risk of full or partial default by the Company arising from the Transaction prior to the final settlement of cash flows related to this Transaction. Upon the Client's request, the Company will provide additional information on the consequences of such a way of executing Orders. Considering that the Company may be the place of the execution of Orders as the other party to the Transactions, the Company's interests may be in conflict with the Client's. The Company's conflicts of interest policy is available at the Company's website.

Tax risk

3.1.8. Tax regulations of the Client's home country can affect the actual paid profit. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Company does not offer tax advice / advising services and recommends that the Client seek advice from a competent tax professional if the Client has any questions. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

Currency and transaction risk

3.1.9. Transactions concluded by the Clients are subject to real-time translation to the Client's account currency. An unfavorable change of the market exchange rate translated to the account currency can have a negative effect on the transaction result.

3.1.10. The Company offers two types of orders: instant and market. Instant mode orders are always executed at the price specified by the Client or, if the market conditions preclude it, are rejected. In the case of the market orders, the order is performed at the best possible market price for the Client. In exceptional cases, the market order can be also rejected (e.g. lack of funds in the account, exceeding the maximum exposure in the account, wrong price). The market orders can be executed at a price other than the price at the time of order placement.

Risk of price gap and non-execution of awaiting orders at the specified price

3.1.11. A price gap arises when the CFD quotation market is opened at a price significantly different than the market closing price on the prior quotation day. In such a case, the activated awaiting orders will be executed at the market price after the market opening.
The described situation may result in incurring a higher loss on the transaction than initially assumed and may be limited through use of the awaiting orders.

Political and legal risk

3.1.12. Unexpected events of political and legal nature may have a material effect on the CFD instrument quotation rates which can translate to decreased liquidity, lack of possibility to conclude transactions or occurrence of price gaps.

Regulatory and Legal Risk

3.1.13. A change in laws and regulations may materially impact a Financial Instrument and investments in a sector or market. A change in laws or regulations made by a government or a regulatory body or a decision reached by a judicial body can increase business operational costs, lessen investment attractiveness, change the competitive landscape and as such alter the profit possibilities of an investment. This risk is unpredictable and may vary from market to market.

4. Margin requirements

4.1. Investing in some of OTC Market Financial Instruments entails the need to pay a margin at the value specified by the Company in the Conditions Tables, which is a security against any potential losses incurred as part of the investment.

4.2. The Company may change the amount of the margin in the cases described in the General Terms and Conditions also in relation to the Client's Open Positions, which may mean that the Client will have to pay additional funds to the Account in order to maintain his Transactions. 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 the Client's open positions being closed at a loss for which the Client will be liable.

5. The risk of occurrence of the Force Majeure

5.1. Client accepts that in certain situations, in which the normal activity of the Company is disrupted by Force Majeure Events or other events that are beyond the Company's control, the execution of the Client's Order might be impossible, or Client's Order may be executed on conditions less favorable than it results from the GTC, Order's Execution Policy or from this Declaration.

6. Execution time

6.1. In standard market conditions the Company confirms Client's Orders within 90 seconds. This condition, however, does not apply to a period when market is opening, as well as to other situations when on the particular market there is an exceptional volatility of prices of the Underlying Instrument or the loss of liquidity, as well as in other situation which are beyond the Company's control.

6.2. In some situations the confirmation of the execution of a Transaction on Equity CFD or ETF CFD is only available after a relevant Underlying Instrument order was executed or placed on the Underlying Exchange. As soon as the Company receives the confirmation of such transaction, it becomes a basis for, Equity CFD or ETF CFD price and as such is visible in the Trading Account.

6.3. The Open Position on CFD (excluding CFD on crypto-assets, CFD on stocks, and CFD on ETF) shall be closed without Client's consent 365 days after the date of opening the position at the last available price prior to 23:00 (UTC+1) or at the last available price if trading concluded earlier according to the conditions provided for in GTC.

7. Price of a Financial Instrument

7.1. For Financial Instruments with market execution the prices shown in the Trading Account should be deemed as indicative and it is not guaranteed that the Client will deal at these quotations. The execution price of Client's Order will be based on the best price which the Company can offer at the particular moment without obtaining any additional confirmations from the Client. The current price of a Financial Instrument with market execution at which the Transaction is concluded will be reported back by the Company. The price of a concluded Transaction will be visible in the Trading Account.

7.2. Client acknowledges that the quotations published by the Company on the particular Trading Account may differ from the price of Underlying Instrument in such a way that in accordance with the GTC may be deemed erroneous. In those situations, the parties are entitled to withdraw from the Transaction affected by such an error or parties may agree to correct the Transaction on the terms described in the GTC.

7.3. As a result of withdrawal from the Transaction the Company shall the adjust respective Balance and other registers within given Accounts and record respectively the Balance or other records according to the state existing prior to conclusion by the Client the Transaction on erroneous price. If the withdrawal refers to the Transaction closing the Open Position, the withdrawal causes restoring of the Open Position and the adjustment of the respective Balance and other registers within given Accounts to the state that would have existed if the position was never closed. It may involve additional risks, additional Client's loses or even closing of the Open Position through the stop out mechanism.

7.4. Offers, orders or transactions presented by the Company coming from Reference Institutions, based on which certain CFDs' price is determined, may be cancelled or withdrawn for reasons beyond the Company's control. In such case the Company has the right i.e. to withdraw from respective Transaction concluded by the Client.

8. Equity CFD, ETF CFD,

8.1. In case of taking a short position on part of, Equity CFDs or ETF CFDs, the Company shall offset such position with a corresponding short sale of the Underlying Instrument. Such Transactions may generate an additional borrowing costs for a Client, related with borrowing of the Underlying Instrument. The amount of this related cost is beyond control of the Company. Aforementioned costs shall be collected from a Client at the end of Trading Day and shown in Trading Account as swap points and may significantly influence the costs charged for a short position on, Equity CFDs or ETF CFDs. Estimated costs of position shall be indicated in the Condition Tables, however, they may be changed with immediate effect depending on borrowing costs of Underlying Instrument.

8.2. In some circumstances transactions concluded on particular Underlying Instruments on the Underlying Exchange may be cancelled. In such case the Company has the right to cancel relevant corresponding Transaction on, Equity CFDs or ETF CFDs with the Client.

8.3. If an Underlying Instrument for the Synthetic Stock, Equity CFD or ETF CFD is being delisted on an Underlying Exchange and at the time of delisting there are still open positions in the relevant Equity CFD or ETF CFD, the Company has the right to close such positions without prior notification of the Client.

8.4. Client should specifically acquaint himself with conditions of trading in Equity CFDs or ETF CFDs described in the GTC and Order's Execution Policy before trading with the Company.

9. Stop-out mechanism

9.1. If the Equity or Balance on the Trading Account falls below certain value, the Company may at any time close any of the Client's Open Position ("stop out") in accordance with the rules specified respectively for CFDs in the GTC. Client should specifically acquaint himself with those rules before trading with the Company.

9.2. Stop out mechanism in normal market conditions hedges particular Trading Accounts Balance against falling below the value of the deposited funds.

9.3. Should unfavorable market conditions arise, in particular if a price gap occurs, the execution price of Closing Position with the stop-out mechanism may be so unfavorable that the losses suffered may involve the whole Balance on particular Client's Accounts.

9.4. Client should ensure that the execution of the Order won't cause automatic closing of the position through the stop out mechanism. This situation may occur in particular when:

a) costs relating to the Transaction after its opening will cause decrease of the Equity to the level that activates in accordance with the Agreement the stop out mechanism or

b) the significant volume of the Order will cause that upon execution the VWAP price strongly deviates from the first price from the book of orders, and the valuation of the newly opened position will cause the decrease of the Equity to the level that activates in accordance with the Agreement the stop out mechanism.

9.5. The Company may, but isn't obliged to, inform the Client, if accordingly, the Equity or the Balance on the Trading Account is close to the value at which the stop out mechanism is activated ("margin call"). This information may be sent through the trading platform or in another way.

10. Terms and conditions of keeping the Account

10.1. Prior to signing the Agreement, the Client should acquaint himself and accept all costs and charges related to the execution of the Agreement. It concerns in particular all costs of keeping and maintaining the Accounts, all costs and commissions related to the conclusion of Transactions and all other fees and commissions charged by the Company in accordance with the Agreement. Client is hereby made aware that there might be other costs and taxes connected to performance of the services on particular markets which will be collected from the Client and paid through the Company.

10.2. Transaction or Order concluded or placed by the Client in, Equity CFDs or ETF CFDs may require the Company to conclude hedging transaction in Underlying Instrument on one or more Underlying Exchanges and/or with one or more Partners. In case of the Client placing an Order or concluding a Transaction in Equity CFDs, and/or EFT CFDs, the Company shall be entitled, on a basis of this Agreement, to use on own account funds constituting Nominal Value of or Margin deposited on Client's Account. For this purpose, the Company is entitled to transfer to the Company the equivalent of such funds as a security and may transfer them to corporate account of the Company and pass on to the Partner in order to place an order and/or conclude a hedging transaction on the Underlying Exchange or with the Partner. Those funds will still be shown on Client's Account as the Balance.

10.3. In some cases, the Company executes its services also with the use of custodians or brokers. The principles of broker's or custodian's services are based on the regulations applicable to those entities. Client should be aware that due to this fact Client rights might be regulated differently than as if they would be if the law applicable in Client's country of residence applied. In a situation when the Company deposits Financial Instruments, recorded on Client's Trading Account, on an omnibus account maintained for the Company by the Custodian, the Company is the signatory of the omnibus account and the holder of Trading Account shall be entitled to Financial Instruments recorded on such an omnibus account, in amount specified by the Company in the Trading Account. Trading Account's holders' Financial Instruments are kept separately from financial instruments of the Custodian or the Company. If, for any reason, there is no possibility to keep Financial Instruments of the Trading Account's holders separately, the Company shall be obliged to inform the Clients without unnecessary delay.

10.4. In the case described in points 10.2 or 10.3 above, the Company shall be responsible for appointment of the Custodian and/or the Partner on the basis of applicable to the Agreement:

a) legal provisions;
b) regulations;
c) market regulations, customs and/or market practices being in force on a given market;
d) binding acts issued by public or corporate institutions, market operators or other participants of the market on the basis of the law, regulations, customs, and practices, mentioned in points a-c, in particular resolutions, decisions, motions, directives and/or instructions, addressed to particular units as well as to general public, hereinafter referred to as "Applicable Provisions", subject to other provisions of the Agreement.

10.5. Subject to the Applicable Provisions, the Company shall not be responsible for improper execution of services by Custodian, Broker and/or Partner, in particular depository and brokerage services, if lack or improper execution of services results from circumstances for which the Company is not responsible. Terms and conditions of the services provided by Custodian and/or Partner are based on provisions applicable to Custodian and/or Partner.

10.6. Keeping Clients' Financial Instruments and/or funds at the Custodian, Partner and/or corporate account of the Company in case of transfer of the funds to the Company, is related with increased risk connected with business continuity of the Custodian, Partner and/or the Company (risk of insolvency, risk of liquidation, risk of infringement or dissolvement of the Agreement). In general, accounts held with institutions, including omnibus account(s), face various risks, including the potential risk of being treated as one (1) account in case the financial institution in which the funds are held defaults. Under such circumstances any applicable deposit guarantee scheme may be applied without consideration of the Client as the ultimate beneficial owners of the Omnibus Account. In addition, resolution measures may be taken in such a case, including the bail-in of Client funds.

10.7. The Company's insolvency or default or the insolvency or default of any parties involved in Transactions undertaken by the Company on the Client's behalf (including without limitation brokers, execution venues and liquidity providers), may lead to positions being liquidated or closed out without the Client's consent and as a result the Client may suffer losses. In the unlikely event of the Company's insolvency, segregated client funds cannot be used for reimbursement to the

Company's creditors. If the Company is unable to satisfy repayment claims, eligible claimants have the right to compensation by the Investor Compensation Fund as stated below.

11. Technological limitations

11.1. Signing a binding Agreement shall mean that the Client knows and accepts specific technological features of the trading platforms and Trading Accounts provided by the Company. It concerns in particular the manner of Trading Account functioning, the manner of Orders' execution, the possibility of limitations in the access to the Accounts through electronic means, that arises due to possible malfunctioning of services provided by third parties that supply telecommunication, hardware or software infrastructure. The Client shall bear all consequences and costs arising from lack of access to the Accounts and from any limitations in opportunities to execute a Transaction through electronic means and by telephone that are caused by reasons that are beyond the Company's control.

11.2. Trading Accounts may be temporarily suspended for reasons that are beyond the Company's control. This may disable, delay or in other way affect Transaction's proper execution for what XTB cannot take responsibility.

12. Other essential information

12.1. **Client hereby acknowledges that unless otherwise stipulated, the Company does not cooperate with any entities, including both natural persons and organizational entities, which directly or indirectly provide brokerage activities consisting of investment advice, portfolio management, or other similar services by acting on the Company's account or on their own.**

12.2. **Client acknowledges that the Company does not authorize any other entity or a person to receive any cash deposits or any other assets from the Client on the account of the Company and the Client should at all times deposit funds necessary to conclude the Transactions only on the Cash Account specified in accordance with the Agreement.**

12.3. **In case of any concerns as to the Company employees' activities or concerning cooperation with persons or entities mentioned above, Client should at all times contact the Company.**

12.4. **Unless stipulated otherwise, the Client shall conclude the Transactions directly with the Company and shall not act as an agent or proxy of other person. The Client shall not authorize any person to conclude the Transactions on behalf of the Client, unless the Company expresses its consent thereto.**

12.5. **The Client acknowledges that unless explicitly specified otherwise all Instructions placed by the Client with the Company shall be considered as Client's independent investment decisions. The Client should always base his investment decisions on his own judgment. The Company does not provide financial, legal tax regulatory or other advice relating to Financial Instruments or otherwise. The Company does not provide investment advising services. It is understood that market commentary, news, or other information provided or made available by the Company do not constitute in any manner advice.**

13. Final representations

13.1. Prior to signing the Agreement, the Client shall carefully consider whether the OTC Financial Instruments are appropriate for him/her, taking into account Client's investment knowledge and experience, risk tolerance and ability to take losses, financial resources, access to necessary technologies and other important factors.

13.2. By accepting the Declaration Client declares that he/she is aware of investment risks and financial consequences that are related to trading in Financial Instruments, especially those related to the fact that the price of certain Financial Instrument may depend on price of securities, futures, exchange rates, prices of raw materials, commodities, crypto-assets, stock exchange indices or prices of other Underlying Instruments.
13.3. The Client declares that he/she is fully aware that due to high financial leverage, dealing in OTC Financial Instruments being derivatives is strictly connected with the possibility of suffering heavy financial losses by the Client, even at a slight change of the Underlying Instrument price.
13.4. The Client declares that he/she is fully aware of the fact that it is not possible to make profit on Financial Instruments Transaction's without taking the risk of losses.
13.5. The Client declares that his/her financial standing is stable and sufficient to enable him to invest in the Financial Instruments.
13.6. Any guarantees as to making a profit on Financial Instruments should be deemed false.
13.7. The Client exempts the Company from liability for any losses incurred by the Client as a result of Transactions made by the Client on OTC Financial Instruments. Beyond all doubt, concluding a Transaction shall be deemed as an independent decision of the Client.

OMI INSTRUMENTS AND FRACTIONAL SHARES/ETFS/ETCS/ETNS

1. General Provisions

1.1. The subject of this Declaration of Investment Risk Awareness In the field of OMI instruments and Fractional shares/ETFs/ETCs/ETNs (hereinafter referred to as the "Declaration") is to inform the Client about the most important, however not all risks related to trading OMI (Organised Market) Financial Instruments and Fractional shares/ETFs/ETCs/ETNs.
1.2. The various types of risks described in the Declaration pertain to both retail (including experienced) and professional clients as well as eligible counterparties.
1.3. The Declaration forms an integral part of the Regulations on the Provision of Services Of Brokerage Services (General Terms And Conditions) ("General Terms and Conditions", "GTC"). Capitalised terms used in the Declaration shall have the meaning as specified in the GTC.

2. RISK ELEMENTS RELATED TO THE OMI FINANCIAL INSTRUMENTS AND FRACTIONAL SHARES/ETFS/ETCS/ETNS

2.1. OMI (ORGANISED MARKET FINANCIAL INSTRUMENTS)

2.2. Trading in OMI involves numerous risk elements, in particular:
a) issuer's risk,
b) risk of political and economic changes,
c) liquidity risk,
d) currency risk,
e) other types of risk not listed in the Declaration.
2.3. Additional types of risk associated with the particular OMI are usually described in prospectuses, information memoranda and regulations of particular Organised Markets.
2.4. Information on historical returns on OMI is no guarantee that the same results will be achieved now or in the future and should not be considered as a forecast of achieving such results.

2.5. FRACTIONAL SHARES/ETFS/ETCS/ETNS

2.6. A Fractional share/ETFs/ETCs/ETN is the Client's right to a fraction of an OMI (single Share or ETF, ETC, ETN unit) listed on a Regulated Market, purchased by XTB for its own account and held in trust by XTB for the benefit of Clients. The Client is fiduciarily entitled to the fraction of the OMI to which the Fractional share/ETFs/ETCs/ETNs relates. This means that XTB is the formal owner of the OMI, but the

Client is entitled to the proportional economic and corporate rights resulting from the owning of Fractional shares/ETFs/ETCs/ETNs specified in the GTC.

2.7. Trading in Fractional shares/ETFs/ETCs/ETNs involves the creation and termination of a fiduciary relationship between the Client and XTB. It is not trading on the Organised Market.

2.8. Trading in Fractional shares/ETFs/ETCs/ETNs involves exposure to risks identical to those of the relevant OMI, including:

a) issuer's risk,
b) risk of political, legal and economic changes,
c) currency risk,
d) other types of risk not listed in the Declaration.

2.9. For an investment in Fractional shares/ETFs/ETCs/ETNs, consideration should also be given to additional risks relating to individual OMI Financial Instruments, which are normally described in prospectuses, information memoranda and the regulations of particular Organised Markets.

2.10. Fractional shares/ETFs/ETCs/ETNs may be subject to credit risk, that is the risk of insolvency of XTB acting as trustee. Historical return information for the OMI relates to the Fractional shares/ETFs/ETCs/ETNs and does not guarantee the same results now or in the future. Historical data is not a forecast for future rates of return.

3. RISK CONCERNING FINANCIAL INSTRUMENTS OMI

3.1. RISKS RELATED TO STOCKS AND DEPOSITARY RECEIPTS

Stocks constitute equity securities that give their holders certain corporate and property rights (e.g. the right to participate in the general meeting of shareholders, the right to a dividend, the right to participate in the distribution of assets in the event of the company's liquidation). Organised trading involves dematerialised stocks. Stocks may be subject to high volatility of quotations, both in a short-term and long-term horizon. A fall in the market value of stocks may cause loss of part of the invested capital, and in extreme cases (such as the company's bankruptcy) its total loss.

Shares are issued for an indefinite period, and therefore the rights arising from them are not limited in terms of time, however, it should be noted that the issuer reserves right to withdraw instrument from trading, which may limit the possibility of exiting an investment at a time chosen by investor. In the case of investments executed abroad, the laws or regulations applicable in a given place of order execution may provide for additional rights related to the stock or rules for order execution.

Shares are a financial instrument whose quotations can be characterised by high volatility. The key factors contributing to the volatility of stock quotes are the company's capitalisation and the free float (the number of free floating shares).

Depositary Receipts issued by U.S. financial institutions (ADRs) or Global Depositary Receipts (GDRs) are securities representing shares in companies whose shares are issued and listed in other countries. Depositary receipts are traded on regulated markets just like stocks. Price of depositary receipt is closely linked to the price of the company's shares, considering changes in exchange rates. Company's shares represented by depositary receipt are excluded from trading and remain in the custody of the custodian bank, and depositary receipts are traded in their place.

Example

Favourable conditions:

The market price of the stocks is EUR 100 and goes up by 10%, i.e. by EUR 10. The profit from such investment is EUR 10. The initially invested capital will be increased by the profit associated with increase in the stock price.

Adverse conditions:

The market price of the stocks is EUR 100 and goes down by 15%, i.e. by EUR 15. The loss on such investment is EUR 15. The upper limit of the loss may not exceed the value of the initially invested capital.

Positive scenario

The main factor affecting the risk of investing in stocks is the financial condition of the issuer. In a situation where the company achieves positive financial results, the price of its stocks or the Client's share in the company's profit (dividend payment) may increase along with the increase in the value of the company.

Negative scenario

The main factor affecting the risk of investing in stocks is the financial condition of the issuer. If the financial situation of the company deteriorates (e.g. due to the drop in the sales of products or services and the resulting decrease in profits) the market value of the company may go down as well (even leading to its bankruptcy). In such a situation, the value of the company's stocks will decrease. In the case of acquisition of shares without the use of funds from a loan, the investor's return rate may reach a minimum of -100% (if the company goes bankrupt and it becomes impossible to recover even a part of the invested amount), i.e. the entire invested capital may be lost.

3.2. Risk of price volatility

3.2.1. A price drop below the investor's purchase price:

a. Specific risk – factors directly related to the company trigger a price change (factors dependent on the company);

b. Market (systematic) risk – factors not directly related to the company can also have a significant impact on the stock price. These can be factors relating to a particular sector in which the company operates (e.g. construction), a particular national market in which the company operates, or a supra-regional or global situation (e.g. the Covid-19 pandemic);

c. Financial results – there is a strong correlation between the quality and the amount of financial results and changes in stock prices. The weaker the financial results, the higher the probability of the rate drop and the greater volatility of quotations;

d. Company capitalisation – volatility of quotations is negatively correlated with capitalisation of the company. Lower capitalisation usually means higher volatility of quotations;

e. Free float – the number of shares in a free float which are not held by significant entities with high holdings. A decline in free float causes a drop in liquidity and an increase in the volatility of quotations.

f. Negative balance risk – when placing a market order to buy OMI, it is possible that its execution will exceed value of the coverage in cash you have. This may result in a negative balance on the Cash Account.

g. Trading hours (trading outside standard hours) – price fluctuations in Financial Instruments may be more volatile outside regular trading hours, which may result in a wider spread between the buy price and the sell price of Financial Instruments. Under conditions such as the 24/5 Trading service, the price at which an order is executed may differ significantly from the price available during the regular trading session and may be less favourable to the Client.

Liquidity risk

3.2.2. Liquidity risk consists in the inability to sell or buy securities in the short-term, in a substantial volume and without significantly affecting the level of market prices or in the case of extremely low liquidity, complete inability to sell or buy securities at a given time. Liquidity risk typically arises from low trading volumes in a company's shares (low turnover in nominal terms or a low percentage relative to the market value of shares admitted to trading). Low trading liquidity translates into a higher level of price volatility risk. This risk may be more significant in the case of orders executed outside standard trading hours (e.g. as part of the 24/5 Trading service). This is because the level of liquidity of Financial Instruments may be significantly lower at such times than during a regular trading session, and the number of active market participants may be limited. In such circumstances, the execution of an order may be delayed, may be executed only partially, or may not take place at all. There is no guarantee that an order placed via the 'Trading 24/5' service will be executed, executed in full, executed immediately, or executed at a specified price. Furthermore, the scope and availability of market data, including prices, outside standard trading hours may be limited.

Political and legal risk

3.2.3. Law changes may affect, directly or indirectly, the economic situation of entrepreneurs – issuers of securities – and thus the price of shares, as well as the liquidity and volume of trade. This risk is particularly significant in the case of depositary receipts, as it applies to both their issuer and company on whose shares they are based.
3.2.4. Unexpected political and legal events may have a material effect on the instrument quotation rates and decrease liquidity, prevent conclusion of transactions (suspension or halting of trading in the instrument) or lead to price gaps.

Industry risk

3.2.5. Overvaluation or undervaluation of stock prices may result from companies' business and economic conditions specific to a given group of companies. These may include: unfavourable financial conditions for the industry, competition, a drop in the demand for products resulting in deterioration of the issuer's economic situation, including the issuer of the depositary receipt, which in extreme cases may result in its bankruptcy and, consequently, the loss of funds invested in the investment in ADR or GDR. In addition, the risk is affected also by unmeasurable factors related to specific behaviour of investors (groups of investors) resulting from popularised investment trends.
In the case of stocks purchased in a foreign execution venue, there are additional risk factors, in particular:
1) risk of fluctuation in the currency in which stock are traded in relation to account currency,
2) risk of having limited (delayed) access to information,
3) legal risk related to the issuance and holding of stocks under other legal regimes than the Polish one.

Tax risk

3.2.6. Tax regulations of the Client's home country may affect the actual profit paid out.
3.2.7. We do not provide any tax advisory services.
Exchange risk
3.2.8. The rate of return on investments in the stocks of companies listed in a currency other than the currency of the Account is affected by changes in exchange rates. The value of the stocks of a given company is converted to the Account Currency in real time.

Specific risks related to depositary receipts (ADR, GDR)

Credit risk

3.2.9. In case of investments in ADR and GDR, there is a credit risk for issuer of depositary receipt, which, in extreme case, may result in its bankruptcy and consequently loss of funds invested in investment in ADR or GDR.

3.2.10. In the case of transactions executed on the stocks, for which we serve as a Systematic Internaliser , we act as the counterparty to the Transaction. As a result, you are exposed to counterparty credit risk. This risk includes, in particular, the possibility that we may fail to fulfil our obligations related to the delivery of the purchased shares while your funds remain blocked for settlement, as well as the possibility that we may fail to deliver the proceeds from the sale of shares while those shares remain blocked for settlement purposes.

3.3. RISKS RELATED TO INSTRUMENTS - ETFs, ETNs, ETCs

- ETF (Exchange Traded Fund) is an investment fund whose units are listed on regulated markets. The purpose of an ETF is to reflect the return of a benchmark index by purchasing Financial Instruments included in that index (physical replication) or by using derivatives based on index (synthetic replication). A characteristic feature of an ETF is permanent creation and redemption of units by financial institutions (investment banks, brokers) authorized by institution managing the fund. Due to the separation of legal personality of the fund and institution managing it, assets of the fund are separated from assets of manager.

- ETN (Exchange Traded Notes) a tracker is a debt. Financial Instrument, whose units are listed on regulated markets and are subject to regular creation and redemption. Valuation of a tracker ETN is based on a benchmark index. Correlation of rate of return with the benchmark index is achieved through use of derivatives such as swaps backed by a basket of securities. An investment in an ETN may entail risk of the issuer's insolvency due to lack of separation of the fund's assets from the assets of entity managing it.

- ETC (Exchange Traded Commodity) is a debt Financial Instrument, units of which are listed on regulated markets and are subject to regular creation and redemption. Valuation of a tracker ETC is based on a benchmark index. Correlation of rate of return with the benchmark index is achieved through fund's purchase of commodities such as raw materials or precious metals, or through use of derivatives such as swaps backed by a basket of securities. An investment in an ETC may entail risk of the issuer's insolvency due to lack of separation of the fund's assets from the assets of entity managing it.

Example

Favourable conditions

The market price of the ETF is EUR 1.000 and will increase by 5%, i.e. by EUR 50. The profit on such investment is EUR 50.

Adverse conditions

The market price of the ETF is EUR 1,000 and will decrease by 10%, i.e. by EUR 100. The loss on such investment is EUR 100. The maximum loss is limited to the amount of invested capital.

3.4. Positive and negative scenario

The investment risk associated with ETFs, ETN, ETC is influenced primarily by the volatile prices of instruments included in the structure of a given reference index. Thus, market conditions affect ETFs, ETNs and ETCs in the same way as they influence these instruments, both in positive and negative scenarios. The most relevant market conditions include risk related to the change in the macroeconomic parameters, e.g. inflation, GDP growth rate, unemployment rate, currency level, interest rates, budget deficit, etc. Although, indicated instruments are usually issued for an indefinite period, the terms of issuance may specify an investment period, which may limit possibility of exiting the investment at a time chosen by the investor. Detailed information describing restrictions for a given instrument can be found in the Key Information Documents (KID) created by issuers.

Macroeconomic risk

3.3.1. The market is sensitive to domestic and global macroeconomic indicators, i.e. interest rates, unemployment rate, economic growth rate, commodity prices, inflation level and the political situation. If those indicators tend to be unfavourable or there are concerns about their future values, this may cause (mainly foreign) financial institutions to withdraw from the local capital market. That, in turn, may lead to a fall in stock prices on the stock exchange.

Risk of imitation error

3.3.2. The purpose of an ETF fund is to accurately represent the behaviour of a specific index (before taking into account different types of fees and costs, excluding management costs). Insignificant changes between the rate of return of the ETF and the rate of return of the replicated index (tracking error) within a short time are common. In periods of growing volatility of the prices of instruments making up the index, the differences in rates of return may increase.

Market risk

3.3.3. Prices of individual instruments of an ownership nature (i.e. financial instruments representing ownership rights to a given company, such as, for example, stocks or depositary receipts) listed on the exchange market depend on the overall market situation. ETN issuer undertakes to fully replicate the value of underlying index, which leads to a reduction in occurrence of this risk.

Risk of special circumstances

3.3.4. Liquidation Risk - In accordance with Applicable Law, ETF, ETN and ETC may be liquidated - this may be as a result of circumstances set out in legal provisions or it may be as a result of a decision by the Issuer.
3.3.5. Risk of change in investment policy - an ETF, ETN, ETC fund may change its investment policy in the course of its operations.
3.3.6. Risk of ETF, ETN, ETC delisting - the Fund or instrument may be delisted from trading on an exchange, which would materially complicate or limit possibility of completing the investment.
3.3.7. Liquidity risk - consists of the inability to buy or sell an instrument without materially affecting its price or in the case of extremely low liquidity, complete inability to sell or buy securities at a given time.
3.3.8. Risk of suspension of issuance – the issuer of ETNs and ETCs may decide to suspend the issuance of an instrument, e.g. due to high demand, which may lead to an increase in its price significantly above current value of underlying instrument or index it tracks. After restoration of issue, price may drop significantly, exposing investor to a loss.
3.3.9. Contango risk – in case of ETNs and ETCs whose underlying asset is commodities; a situation may arise when price of a derivative for a given underlying instrument (commodity) is higher than current price of this instrument. In such a situation, known as contango, investor may incur a loss if price of the underlying asset does not reach prices of derivatives at time of their purchase.
3.3.10. Risk of natural disaster – occurrence of natural disasters can have a negative impact on the supply of certain commodities. The resulting supply crisis can lead to serious and unpredictable fluctuations in Financial Instruments prices.

Currency risk

3.3.11. An ETF, ETN , ETC, may be listed in a different currency than the currency in which the assets are valued (net asset value). Currency risk also applies to investments in ETFs, ETNs and ETCs quoted in a currency other than the currency of the Account. The rate of return on investment may therefore also depend on the change in exchange rates.

Tax risk

3.3.12. Tax regulations of the Client's home country can affect the actual profit paid out.
3.3.13. We do not provide any tax advisory services.
Political and legal risk
3.3.14. Unexpected political and legal events may have a material effect on the instrument quotation rates which may decrease liquidity, prevent conclusion of transactions (suspension or halting of trading in the instrument) or result in price gaps.

Credit risk

3.3.15. In case of investments in ETNs and ETCs, there is a credit risk of the issuer of Financial Instrument, which, if materialized, in extreme cases, may result in the bankruptcy of issuer and, consequently loss of funds invested in investment in ETNs and ETCs.
3.3.16. Due to the separation of the fund's assets from entity managing the fund, credit risk of investing in ETFs is limited.

Risk of insolvency

3.3.17. There is a risk that the issuer will become insolvent due to its bad financial situation, which may result, especially in the case of unsecured instruments, in partial or total loss of invested funds.

Leverage risk

3.3.18. Due to the way they are created, in case of some instruments there is a risk of financial leverage, which means that profits and losses may be several times greater than change in price of underlying index itself. Information on use of financial leverage (leveraged instrument) can be found in the KID in the field of OMI instruments document made available to investors. From an investor's point of view, an investment strategy involving the use of financial leverage at a level higher than 1 is riskier than holding positions in the same assets with a financial leverage of 1, i.e. without leverage

4. RISKS RELATED TO FRACTIONAL SHARES/ETFS/ETCS/ETNS

4.1. By purchasing OMI-based Fractional shares/ETFs/ETCs/ETNs, you invest in a fiduciary right to fractional OMI. You shall therefore not be a joint owner of shares, ETFs, ETCs, ETNs or other instruments listed on organised markets and they shall not be credited to your securities account. The formal owner of the OMI is XTB and you shall be entitled to the economic and corporate rights arising from possessing Fractional shares/ETFs/ETCs/ETN as specified in the General Terms and Conditions.
4.2. The OMI to which Fractional shares/ETFs/ETCs/ETNs relate are purchased, held, kept and disposed of by XTB in trust for the Clients.
4.3. If you instruct us to purchase Fractional shares/ETFs/ETCs/ETNs, we may either purchase the OMI (whole) to which the Fractional shares/ETFs/ETCs/ETNs relate on the Organised Market or use OMI that we already hold (e.g. in connection with their purchase for the purposes of another Client's Fractional shares/ETFs/ETCs/ETNs). In either case, a fiduciary relationship of fractional ownership of such OMI shall be established between you and XTB.
4.4. If you instruct us to sell Fractional shares/ETFs/ETCs/ETNs, we may either sell the OMI (whole) to which the Fractional shares/ETFs/ETCs/ETNs relate on the Organised Market or leave them in our possession (e.g. for the purpose of covering another Client's Fractional shares/ETFs/ETCs/ETNs). In

either case, the fiduciary relationship of fractional ownership of such OMI shall terminate between you and XTB.

4.5. The value of Fractional shares/ETFs/ETCs/ETNs held by the Client is based on the current market price of the relevant OMI. Thus, the market risk exposure of an investment in Fractional shares/ETFs/ETCs/ETNs is no different from an investment in OMI, while eliminating the barrier of investing in OMI with a high unit price. No leverage is used when investing in Fractional shares/ETFs/ETCs/ETNs.

4.6. The characteristics of this investment product are set out in the Key Investor Information Document (KID), which the Clients should read before deciding to invest.

4.7. The terms of offering Fractional shares/ETFs/ETCs/ETNs are the same as for unit OMI Financial Instruments. Fractional shares/ETFs/ETCs/ETNs are not securities. Subject to the credit risk of XTB (acting as custodian for the Client), the risks of an investment in Fractional shares/ETFs/ETCs/ETNs are the same as those in OMI (whole). The provisions of the Declaration regarding the risks associated with a particular type of OMI (as described above) therefore also apply to Fractional shares/ETFs/ETCs/ETNs.

4.8. As Fractional shares/ETFs/ETCs/ETNs are held by XTB as trust property, you are exposed to XTB's credit risk. Indeed, the Applicable Law does not provide for the exclusion of OMI held by a trustee from its bankruptcy estate. .In such situation you shall be entitled to a claim against XTB's bankruptcy estate on a general basis.

4.9. OMI such as shares and ETFs, ETCs, ETNs may be characterised by a high degree of volatility in their quotations, both in the short term and in the long term. A decline in the market value of an OMI unit may result in the loss of some of the capital invested in the Fractional shares/ETFs/ETCs/ETNs and, in extreme cases, total loss of the capital. The rights attached to Fractional shares/ETFs/ETCs/ETNs are unlimited in time.

5. RISK OF OCCURRENCE OF FORCE MAJEURE

5.1. The Client acknowledges that in certain situations in which our normal activity is disrupted by any events of Force Majeure or other events that are beyond our control, execution of the Client’s Order might be impossible. In addition, the Client’s Order may be executed under conditions less favourable than those provided for in the GTC, Order Execution Policy in the field of OMI Instruments and Fractional shares/ETFs/ETCs/ETNs or this Declaration.

6. EXECUTION TIME

6.1. In standard market conditions we confirm the Client’s Orders within 90 seconds. However, it is not possible in a period when the market is opening or in other situations in which on the particular market there is exceptional volatility of prices of the OMI Financial Instrument or a loss of liquidity, as well as in other situations which are beyond our control.

7. TERMS AND CONDITIONS OF KEEPING THE ACCOUNT

7.1. Prior to signing the Agreement, you should acquaint yourself with and accept any and all costs and charges related to performance of the Agreement. This applies, in particular, to the costs of keeping and maintaining the Accounts, the costs and commissions related to conclusion of Transactions and any other fees and commissions we charge in accordance with the Agreement. Provision of the services on particular markets may involve additional costs and taxes. Such costs shall be borne by the Client and may be paid through XTB.

7.2. In some cases, we provide our services also through Depositaries or Brokers. The principles governing their services are laid down in the regulations applicable to those entities. The Client should be aware that due to this fact the Client’s rights might be regulated differently than as provided for in the laws applicable in the Client’s country of residence. If we deposit OMI Financial Instruments, recorded in the Client’s Trading Account, in a collective account maintained for us by the Depositary, we are the holders of the collective account. The holder of the Trading Account (the Client) shall be entitled to the

Financial Instruments recorded in such a collective account in the amount specified by us in the Trading Account. OMI Financial Instruments of Trading Accounts' holders are kept separately from financial instruments of the Depositary or XTB. If, for any reason, it is not possible to keep the OMI Financial Instruments of the Trading Accounts' holders separately, we shall notify the Clients of that fact forthwith. The OMI Financial Instruments to which the Fractional shares/ETFs/ETCs/ETNs relate shall be held by XTB in its own name but on behalf of the Clients (in a fiduciary capacity) in a manner that ensures that they are kept separate from the Financial Instruments of XTB held in its own name and for its own account, as well as from the Financial Instruments of the Depositary and from the Financial Instruments of the Clients. OMI Instruments listed on WSE to which Fractional shares/ETFs/ETCs/ETNs relate shall be held in XTB's own account with the Clearing House (NDS) in a manner that ensures that they are recorded separately from other OMI Financial Instruments purchased for XTB's own account. XTB shall keep internal records of Fractional shares/ETFs/ETCs/ETNs in accordance with which the Client is the person entitled to the Fractional shares/ETFs/ETCs/ETNs held and kept in trust in that account of Fractional shares/ETFs/ETCs/ETNs, Proper recording of Fractional shares/ETFs/ETCs/ETNs is intended to demonstrate the Client's right to the Fractional shares/ETFs/ETCs/ETN held in trust by XTB.

7.3. In the cases described in clauses 7.2 above, we shall be responsible for the selection of the Depositary or the Partner on the basis of:

a) laws;

b) Regulations;

c) market regulations, market customs or market practices prevailing on the given market;

d) binding acts issued by public or corporate institutions, market operators or other market participants pursuant to the law, regulations, customs, and practices referred to in items a-c, including in particular resolutions, decisions, motions, directives or instructions, whether addressed to particular units or to the general public, applicable to the Agreement, hereinafter referred to as "Applicable Law", subject to the other provisions of the Agreement.

7.4. Subject to the Applicable Law, we shall not be responsible for non-provision or improper provision of services by a Depositary, Broker or Partner. This applies in particular to brokerage and depository services, if non-provision or improper provision of services results from circumstances we are not responsible for. The Terms and conditions of the services provided by the Depositary or Partner are based on regulations applicable to the Depositary or Partner.

7.5. Keeping the Clients' OMI Financial Instruments or funds at the Depositary or Partner, or transfer of the funds to a corporate account of XTB involves increased risk. The risk is associated with the fact that business continuity of the Depositary, Partner or XTB may be interrupted (risk of bankruptcy, liquidation, breach or termination of the Agreement).

8. TECHNOLOGICAL LIMITATIONS

8.1. Signing a binding Agreement shall mean that you are aware of and accept specific technological features of the Trading Platforms and Trading Accounts we provide. These features involve in particular the manner of operation of the Trading Account, the manner of Order execution, possible limitations in access to the Accounts through electronic means (such limitations can arise due to malfunctioning of services provided by third parties that supply telecommunications tools, hardware or software). You shall bear any and all consequences and costs arising from lack of access to the Accounts or from any limited ability to execute a Transaction through electronic means and by telephone – provided that they are caused by reasons that are beyond our control.

8.2. Trading Accounts may be temporarily suspended for reasons that are beyond our control. This may disable, delay or otherwise affect proper execution of Transactions, for which we cannot assume responsibility.

9. OTHER ESSENTIAL INFORMATION

9.1. Unless otherwise stipulated, we do not cooperate with any entities. This applies to natural persons and organisational entities, acting for XTB or on their own account, which directly or indirectly provide brokerage activities such as: investment advice, portfolio management or other similar services.
9.2. We do not authorise any other entity or person to accept any cash deposits or any other assets from the Client on our behalf. You should at all times deposit the funds necessary to conclude the Transactions only in the Cash Account specified in accordance with the Agreement.
9.3. You should always contact us if you have any doubts concerning cooperation with the persons or entities referred to above.
9.4. Unless stipulated otherwise, you shall conclude the Transactions directly with us and may not act as an agent or proxy of any other person. You may not authorise any person to conclude the Transactions on your behalf, unless we give our consent thereto.
9.5. Unless explicitly specified otherwise, any Instructions you place with us shall be considered as your own independent investment decisions. You should always make your investment decisions based on your own judgment. We do not provide any investment advisory services.

10. FINAL PROVISIONS

10.1. Before signing the Agreement, you should carefully consider whether the Organised Market Financial Instruments and Fractional shares/ETFs/ETCs/ETNs are appropriate for you. You should consider your investment knowledge and experience, financial resources, goals and needs, also risk appetite and access to necessary technologies and other important factors.
10.2. By accepting the Declaration, you represent that you are aware of the investment risks and financial consequences related to trading in OMI Financial Instruments and Fractional shares/ETFs/ETCs/ETNs.
10.3. You represent that you are fully aware of the necessity to take the risk of losses. Without risk taking any profit on Transactions on OMI Financial Instruments and Fractional shares/ETFs/ETCs/ETNs.
10.4. You represent that your financial standing is stable and enables you to invest in OMI Financial Instruments and Fractional shares/ETFs/ETCs/ETNs.
10.5. Any guarantees as to making a profit on OMI Financial Instruments and Fractional shares/ETFs/ETCs/ETNs are false.
10.6. You release XTB from liability for any losses incurred by you as a result of Transactions made according to your instructions OMI Financial Instruments or Fractional shares/ETFs/ETCs/ETNs. Beyond all doubt, conclusion of a Transaction shall be deemed an independent decision of the Client.