

Brokstock SA (Pty) Ltd

General Risk Disclosure Policy

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1. INTRODUCTION

- 1.1** Brokstock SA (Pty) Limited (herewith "Brokstock", the "Company" or "We") is incorporated under the laws of South Africa and is registered by the Companies and Intellectual Property Commission with registration number 2020/523823/07. BROKSTOCK is a brand operated by Brokstock SA (Pty) Ltd, a company incorporated and registered under the laws of South Africa and an investment firm regulated by the Financial Sector Conduct Authority ("FSCA") with license number 51404.
- 1.2** This Policy is recommended for employees of financial institutions, by various bodies, including the Financial Sector Conduct Authority (FSCA) and the South African Reserve Bank (SARB).
- 1.3** This notice is provided to you in accordance with the Financial Advisory and Intermediary Services Act, 2002 and in consideration of the Financial Sector Regulation Act, 2017.

2. RISK DISCLOSURE STATEMENTS

- 2.1** The Company does not and cannot guarantee a return to the Client of the initial capital of the Clients' portfolio or its value at any time or any money invested in any financial instrument or financial product ("Financial Product").
- 2.2** The Client acknowledges and accepts that, regardless of any information which may be offered by the Company, the value of any investment in or in relation to a Financial Product may fluctuate downwards or upwards and possibly even become of no value.
- 2.3** The Client acknowledges and accepts that he/she runs a risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Product and is willing to undertake such risk.
- 2.4** The Client agrees not to engage in any investment directly or indirectly without fully understanding the risks involved in respect of each such investment or product.

2.5 The Client hereby declares that he/she has read, understands and accepts the following:

- (a) information relating to the previous performance of a Financial Product does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Product to which the said information refers;
- (b) some Financial Products may not become immediately liquid as a result e.g. of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Products or the extent of the associated risks;
- (c) when a Financial Product is traded in a currency other than the currency of the Client's country of residence, any changes in the exchange rates may have a negative effect on its value, price and performance;
- (d) a Financial Product on foreign markets may entail additional risks to those typical of the markets in the Client's country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations;
- (e) a derivative Financial Product (i.e. option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument;
- (f) the value of the derivative Financial Product may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition;
- (g) the Client must not purchase a derivative Financial Product unless he is willing to undertake the risk of potentially losing the entire invested amount and any applicable commissions and expenses;
- (h) the Company's insolvency or default, may lead to portfolios or products being liquidated or closed without the Client's consent;
- (i) at times of excessive deal flow the Client may experience difficulties connecting to the Company over the phone or through the Company's Platform(s)/system(s), especially in fast market conditions (for example, when key macroeconomic indicators are released) but the Company will use its best endeavours to reduce such difficulties and enable Client communication with the Company;
- (j) the Client is warned that when trading on an electronic platform he/she assumes risk of financial loss which may be a consequence of amongst other things:
 - (i) malfunction of the Client's devices or software;

(ii) poor connection quality;

- (iii) using an incorrect Client terminal setting; and
 - (iv) delayed updates of Client terminals;
- (k) in the case of a force majeure event, the Company may not be in a position to arrange for the execution of Client orders or fulfil its obligations under the agreement with the Client which may result the Client may suffer financial loss. The Company will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under this Agreement where such failure, interruption or delay is due to a Force Majeure event;
- (l) the Client acknowledges that under abnormal market conditions the following applies:
 - (i) the period during which orders are executed may be extended or it may be impossible for orders to be executed at all or executed at declared prices; and
 - (ii) the placing of certain orders permitted under local law (e.g. "stop-loss" orders or "stop-limit" orders) which are intended to limit losses to certain amounts, may not be adequate given that market's conditions make it impossible to execute such orders for example due to illiquidity in the market and strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions. Therefore, stop limit and stop loss orders may not at the time guarantee the limit of loss; and
- (m) the Client acknowledges and accepts that there may be other risks which are not contained above in respect of which risk the Company will not assume.

2.6 The Client acknowledges that his/her trades in Financial Products may be or become subject to tax and/or any other duty and is responsible for keeping updated with changes in such legislation/regulations. The Client is responsible for any taxes and/or any other duty which may accrue in respect of his trades.

2.7 Before the Client begins to trade, he/she should familiarize himself of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should request a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

2.8 The Company will classify the prospective Client as either a Retail Client, Professional Client or Eligible Counterparty when considering the application for opening an.

2.9 Prior to applying for a trading account, the Client should consider carefully whether investing in a specific Financial Product is suitable for him/her in the light of his/her circumstances and financial resources. Investing in some Financial Products entails the use of "gearing" or "leverage". In considering whether to engage in this form of investment, the Client should be aware of the following:

- (a) The high degree of "gearing" or "leverage" is a particular feature of derivative Financial Products
- (b) This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on the Client's trade. If the underlying market movement is in the Client's favour, the Client may achieve a favourable return, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit, but may also expose the Client to a large additional loss;
- (c) In regard to transactions in spot forex and commodities with the company, spot forex and commodities are non-delivery spot transactions giving an opportunity to make profit on changes in currency rates and on commodity versus currency rates. The Client must not trade in forex or commodities unless he/she is willing to undertake the risks of losing all the money which he/she has invested and any additional commissions and other expenses incurred;
- (d) the Client may be called upon to deposit substantial additional margin at short notice, to maintain his/her position(s). If the Client does not provide such additional funds within the time required, his/her investment position may be closed. The Company guarantees that there will be no negative balance in the trading account when trading forex or commodities;
- (e) such transactions may not be undertaken on a regulated market or a multilateral trading facility and, accordingly, they may expose the Client to greater risks than exchange transactions. The terms and conditions and trading rules may be established solely by the counterparty. The Client may only be able to close an open position of any given contract during the opening hours of the exchange. The Client may also have to close any position with the same counterparty with whom it was originally entered into. In regard to transactions in Forex and Commodities with the Company, the Company is using a Trading Platform for transactions which does not fall into the definition of a recognized exchange as

this is not a Multilateral Trading Facility because the Company is always using Platform as the counterparty in every Client transaction;

- (f) transactions in foreign exchange and derivative Financial Products or products carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign currency;
- (g) exchange or derivatives contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds the Client has deposited or will have to deposit; this may work against the Client as well as in favour of the Client. The Client may sustain a total loss of initial margin funds and any additional funds deposited with the Company to maintain his position. If the market moves against the Client's position and/or margin requirements are increased, the Client may be called upon to deposit additional funds on short notice to maintain his position. Failing to comply with a request for a deposit of additional funds, may result in closure of his/her position(s) by the Company on his/her behalf and he/she will be liable for any resulting loss or deficit;
- (h) the Company may not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind. The Company does however provide factual market information or other information, in relation to a transaction about which the Client has enquired, as to transaction procedures, potential risks involved and how those risks may be minimized on a factual basis for the Client to use in his/her decision-making process; and
- (i) the Company may be required to hold the Client's funds in an account that is segregated from other Clients and the Company's money in accordance with current regulations, but the Client acknowledges that this may not afford complete protection in respect of such funds.

2.10 This abovementioned procedure described cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in all Financial Product and investment services. The Client will be informed in more detail for the risks involved based on the categorization assigned to him/her by the Company and the investment services and Financial Products selected.

3. AMENDMENTS TO THIS POLICY

Amendments to this Policy will take place from time to time subject to the discretion of Brokstock and pursuant to any changes in the law. Such changes will be brought to the

attention of

employee's, members and clients where it affects them.

4. POLICY REVIEW

- 4.1** The Key Individual has the authority to make amendments to this Policy. The Key Individual may delegate responsibility to an employee or external party for drafting the amendments.
- 4.2** If any inadequacy of any element of this Policy is identified, that portion of the Policy can be amended. The Policy should also undergo a full review as deemed necessary.
- 4.3** The Policy shall be reviewed at least annually, and more frequently.
- 4.4** Any significant changes in the Policy after each review shall follow a formal approval process.
- 4.5** If there are any questions or comments about this General Risk Disclosure Policy please contact us via e-mail at info@brokstock.co.za

5. OWNERSHIP OF THIS POLICY

- 5.1** This Policy is owned by Brokstock SA (Pty) Ltd, trading as BROKSTOCK, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act (37 of 2002) and subordinate legislation, with FSP number 51404.
- 5.2** The Key Individual of Brokstock SA (Pty) Ltd hereby confirms the adoption of this Policy on behalf of the governing body of the Brokstock SA (Pty) Ltd and accepts responsibility for the successful training of employees and implementation of this Policy.
- 5.3** This document will be updated whenever material changes are made to it.