GENERAL DESCRIPTION

OF THE FINANCIAL INSTRUMENTS
AND THE RISKS INVOLVED

I. GENERAL DESCRIPTION OF THE FINANCIAL INSTRUMENTS

1.1. DELTASTOCK executes orders for, but not limited to, the following financial instruments: Contracts for differences based on shares, indices and futures, and also other assets; Spot contracts for purchase or sale of currencies on margin; Spot contracts for purchase or sale of precious metals on margin.

1.2. A general description of the financial instruments listed in item 1.1 is given below. Where appropriate, DELTASTOCK's Website contains additional information on the particular financial instrument. Furthermore, upon request by clients, DELTASTOCK employees will explain the features of particular financial instruments.

1.3. "Derivative financial instrument" or "Derivative" is a financial instrument whose price depends upon, or is derived from, the price of one or more underlying assets.

1.4. "Contracts for differences" (CFDs) are derivative financial instruments which express the right to receive, respectively the obligation to pay, the difference between the market value of a certain number of shares, indices, futures and/or other assets and their price as pre-fixed in the contract.

1.5. „Shares" are transferable equity securities issued by public companies that constitute participation in the capital of such companies. Depending on the share class, these securities may carry different rights. Common shares carry the right to vote, the right to receive dividends and the right to liquidation proceeds upon liquidation of the issuer company. All shares belonging to the same class carry the same rights.

1.6. "Index" is a virtual portfolio of financial instruments representing a particular market or a portion of it. Each index has its own methodology for calculating the price dynamics of its components.

1.7. "Futures" are derivative financial instruments which incorporate the right and the obligation to purchase or sell a certain number of securities or other financial instruments at a pre-agreed fixed price, on a given future date. Futures are standardised contracts which are traded on regulated markets.

1.8. "Exchange traded fund" is a security that tracks the performance of a certain index fund, commodity or a basket of assets, but is traded as a stock on a regulated market.

1.9. "Spot contracts for purchase or sale of currencies on margin" are contracts that have the characteristics of contracts for differences whose subject is the exchange rate difference when buying or selling one currency (base currency) against another currency (quote currency) on a spot value date, with the ratio between them being determined by the exchange rate quoted by DELTASTOCK, which corresponds to the current state of these currencies on the foreign exchange market.

1.10. "Currency", or the money in its commonly accepted form, including banknotes and coins, is the means of payment issued by the government of a given country and circulated in the economy. Currencies are the basis of commerce since they facilitate the exchange of goods and services. Quoting and specifying the payment structures of those currencies which are traded on the currencies markets is done by comparing the value of one currency to that of another. The first currency in a currency pair is the base currency, and the second currency is the quote currency. The currency pair shows

what quantity of the quote currency is necessary to purchase one unit of the base currency. Trading in currencies includes the simultaneous purchase of one currency and sale of the other currency in the traded pair.
The currency pair may be also viewed as a stand-alone unit, an instrument which can be purchased and sold. Buying this instrument is the simultaneous purchase of the base currency and sale of the quote currency. The purchase price (bid) shows how many units of the quote currency are necessary to purchase one unit of the base currency. Conversely, when selling the currency pair, the base currency is sold while the quote currency is purchased. The sale price (ask) shows how much unites of the quote currency will be received upon the sale of one unit of the base currency.

1.11. "Spot contracts for purchase or sale of precious metals on margin" are contracts that have the characteristics of contracts for differences whose subject is the exchange rate difference when buying or selling gold and silver, quoted against the US dollar on a spot value date, with the ratio between them being determined by the exchange rate quoted by DELTASTOCK, which corresponds to the current state of these metals on the foreign exchange market.

1.12. "Assets" are a base asset for CFDs other than Securities, Indices and Futures.

II. GENERAL DESCRIPTION OF THE RISKS RELATED TO THE FINANCIAL INSTRUMENTS

2.1. Trading in financial instruments involves significant risks and is not suitable for all investors. In particular, trading on the financial markets is not suitable for investors whose primary aim is to receive a secure income, since any such income is not regular and it is also uncertain. There is no warranty that the amount invested in financial instruments will not be lost, and that the promised or expected income (e.g. dividends on preferred shares or interest payments on corporate bonds) will be realised. There is a possibility that losses exceed deposited amounts, but they will be fully correspondent to the client's activity.
Clients should be aware that the profitability of trading in financial instruments also depends on the fees and commissions charged by DELTASTOCK and which are can be viewed in the Tariff of Interest Rates, Fees and Commissions, which has been published on the website.

2.2. DELTASTOCK does not provide advice to its clients neither in making investment decisions nor with regard to regulatory, legal and/or tax matters.
The client's usage of DELTASTOCK's services, including orders submitted by each client, is at their own judgment and initiative.
In cases where DELTASTOCK provides clients with current information about the current state of various markets, that should be seen by clients only as disclosure of information relevant to the particular instrument and/or the underlying asset, and that the latter service is provided for convenience and is for information purposes only, and is not a recommendation for entering into or refraining from entering into a particular transaction.

2.3. Financial markets are highly volatile, i.e. the prices and quotes of financial instruments may vary significantly over time. The prices of the traded instruments are influenced by many and diverse factors, such as, among others: changes in the ratio of demand and supply; world trade; tax, monetary, regulatory and international policy of the countries; important economic and political news; changes in the interest rate levels; central bank interventions and operations by big market players; devaluation of currencies; the performance of enterprises in their respective economic sectors; beliefs and expectations of the market participants, as well as many other factors.

2.4. Execution venues may impose price limitations regarding the traded financial instruments, which are underlying to the CFDs offered by DELTASTOCK, as well as to suspend trading in certain instruments. DELTASTOCK warns its clients that in certain cases the investor may have to bear financial and other additional responsibilities as a result of trades in financial instruments, including unpredicted obligations, in addition to the transaction costs for acquiring the instruments.

2.5. The risk classes are as follows:

R1 *There are no fluctuations in the value of the investment, except the usual risk*
R2 *Slight fluctuations in the value of the investment (up to 10% annually, but higher fluctuations are possible)*
R3 *Moderate level of fluctuations in the value of the investment (over 10% annually, where in some cases the complete loss of the invested capital is possible)*
R4 *Speculative investment, which may lead to the complete loss of the invested capital, because the client strives to take advantage of the high profit potential;*
R5 *Extremely risky investment, which may involve further financial claims against the investor, in addition to the complete loss of the invested capital.*

The risk classes shown above are indicative. In any given case, the fluctuation in the investment's value may be higher than the one indicated for the particular class of risk.

The risk classes for the financial instruments offered by DELTATSOCK are as follows:

Financial Instrument	Risk Class
Contracts for differences based on shares	**R5**
Contracts for differences based on indices	**R5**
Contracts for differences based on exchange traded funds	**R5**
Contracts for differences based on futures	**R5**
Contracts for differences based on other Assets	**R5**
Spot contracts for purchase or sale of currencies on margin	**R5**
Spot contracts for purchase or sale of precious metals on margin	**R5**

2.6. The risks inherent to the financial instruments offered by DELTASTOCK are set out below. These risks are common for financial instruments as well as to the underlying assets. Along with them, there are other possible risks that are specific to the particular financial instrument.

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(i) **Market risk**

The market risk is the risk of loss in the value of the investment due to the movements of the market factors - prices of financial instruments, interest rates, currency exchange rates and others. Market prices of investments may vary due to changes in the economic and market environment, the monetary policy of the central banks, the business activity of the issuer companies, the demand and supply on the market of the respective CFD as well as its underlying instrument.

This risk is inherent to both the financial instruments offered by DELTASTOCK and their underlying instruments.

(ii) **Interest rate risk**

This is the risk of changes in the market interest rates having an unfavorable effect on the profit or the value of the instrument. The changes in the interest rate levels may endanger the financial instrument owners with the risk of capital loss. The impact of the risk is different for the different financial instruments.

This risk is relevant for shares that are underlying to CFDs offered by DELTATSOCK, since changes in interest rates affect the return on investment in shares compared to the returns on investment in other financial instruments, which directly depend on interest rate levels (as is the case with bonds).

This risk affects the value of shares, indices, futures, ETFs, currencies and precious metals as well as the value of their underlying financial instruments offered by DELTASTOCK.

(iii) **Currency risk**

Investments in instruments denominated in a foreign currency may be unfavorably affected by the lowering of the exchange rate of this currency against another. The increase or decrease in the currency exchange rates may cause losses or profits for the financial instruments in the currency in which they are denominated.

This risk affects the value of all financial instruments offered by DELTASTOCK as well as the value of their underlying instruments.

This risk also affects the client's profitability in cases where their account is in a currency different than their local currency, and also if they place trades in instruments that are denominated in a currency other than their account currency and/or different from the client's local currency.

(iv) **Operational risk**

This is the risk from direct or indirect losses as a result of inadequate internal control, a human action, organization or external event. This risk covers human errors, willful misconduct by employees, crash of the information systems, problems connected to human resources management, company litigations, as well as external events such as accidents, fires, floods and others.

This risk is applicable mainly to shares, but in varying degrees affects the value of indices, futures and also exchange traded funds, whose value those shares comprise; as well as the value of their underlying CFDs that are offered by DELTASTOCK.

(v) **Liquidity risk**

The liquidity risk arises in cases where a party interested in selling a given asset is unable to do so because no one on the market is willing to trade this asset. There is demand but no supply, or vice versa.

This risk may manifest itself to all base instruments. It also is possible that it manifests itself to the financial instruments offered by DELTASTOCK in cases of lack of liquidity on the execution venue where the particular base instrument is traded.

(vi) **Volatility risk**

This is the risk connected with the price movements of a given financial instrument. The volatility is high, if the financial instrument is subject to large price fluctuations in a given period of time. The risk of volatility is calculated as

the difference between the lowest and highest prices of financial instruments for the given period of time.
This risk is inherent to both the financial instruments offered by DELTASTOCK and their underlying instruments, but manifests itself differently for the different classes of financial instruments.

(vii) **Credit risk**
This is the possibility that the counterparty may not fulfill willingly (willful default), or may not be able to fulfill the contractual commitments. Investors need to assess the quality of the issuers of financial instruments, as well as their capability to repay their liabilities.
This risk is applicable mainly to shares, but in varying degrees affects the value of indices, futures and also exchange traded funds whose value those shares comprise; as well as the value of their underlying CFDs that are offered by DELTASTOCK.

(viii) **Risk of trading on emerging markets**
Investing in emerging markets carry risks that are not always relevant to developed markets. These risks also exist where a large part of the issuer's business is carried out on those markets. Investing in emerging markets is frequently speculative in nature. Such investments require careful consideration and assessment of the various risks relevant to those markets.
This risk may manifest itself to the financial instruments offered by DELTASTOCK in cases of lack of liquidity on the execution venue where the particular base instrument is traded.
This risk is applicable mainly to shares traded on emerging markets, but in varying degrees affects the value of indices, futures and also exchange traded funds, whose value those shares comprise; as well as the value of their underlying CFDs that are offered by DELTASTOCK.

(ix) **Settlement risk**
This is the risk of not performing a settlement of a particular trade due to the inability of one of the parties to fulfill its obligations. This risk is equal to the difference between the price of a given asset on the theoretical date of execution and the price of the asset on the date of execution.
In certain circumstances, the settlement procedure may be influenced by the number of trades and in this way their execution may be prevented. The impossibility to effect the settlement due to similar problems may prevent investors from advantageous investment opportunities and may lead to losses.
This risk may manifest itself only in relation to certain transactions in the underlying instruments.
With regard to the financial instruments traded by the client, the risk could manifest itself only in case a settlement risk arises in relation to a trade used by DELTASTOCK for the purpose of providing services to a client. In these cases, DELTASTOCK has the right, at its own discretion, to undertake actions in respect to the affected transactions between DELTASTOCK and the client.
It is possible that actions that DELTASTOCK would undertake in respect to the particular transactions with the client are less favourable or more restrictive than the actions that are undertaken in respect to DELTASTOCK.

(x) **Legal risk**
This is the risk of insecurity as a result of legal actions or insecurity regarding the enforceability of contracts, statutes or statutory instruments (for instance

concerning the lawfulness of the contract, the legal capacity of the party to enter into contract, etc.).
This risk is inherent to both the financial instruments offered by DELTASTOCK and their underlying instruments.

(xi) **Political risk**
The political is the possibility of the government to impose new taxes, statutory or legal obligations, or restriction on financial instruments which a given investor already holds.
This risk is inherent to both the financial instruments offered by DELTASTOCK and their underlying instruments.

2.7. In cases where the risks associated with certain derivative financial instruments, combining two or more different financial instruments or services, are likely to be higher than the risks associated with any of the individual components, DELTASTOCK will provide upon request, description of the components of such derivative financial instruments and how their interaction increases the risks.

2.8. The website contains a list of instruments offered by DELTASTOCK for extended hours trading. Extended hours trading happens both before (Pre-Market) and after (After-Hours) the regular session of a stock exchange. In this case, there are some risks associated with extended hours trading, namely:

(i) Risk of lower liquidity
There may be lower liquidity in extended hours trading as compared to regular trading hours.
(ii) Risk of higher volatility
There may be greater volatility in extended hours trading than in regular trading hours.
(iii) Risk of changing prices
The prices of instruments traded in extended hours trading may not reflect the prices either at the end of regular trading hours or upon the opening the next trading day.
(iv) Risk of wider spreads
Lower liquidity and higher volatility in extended hours trading may result in wider than the usual spreads for a particular instrument.
(v) Risk of differing quotes
The quotes may differ from regular trading hours.

This description of the different types of risk is not exhaustive – it contains the most typical types of risk and their main characteristics. It is possible that there are other risks or other characteristics not mentioned herein.
If clarification of other aspects of the general or particular features of the instruments listed in the description above is necessary, please do not hesitate to contact DELTASTOCK.

III. GENERAL DESCRIPTION OF MARGIN TRADING IN CURRENCIES, PRECIOUS METALS AND CFDs THROUGH AN ELECTRONIC TRADING PLATFORM

3.1. Margin trading, or using a leverage effect, amplifies profits as well as losses, and relatively small market movements could have a big impact on client positions. As a result, the funds deposited as collateral for open positions might be exhausted.
To the extent that the provision of certain services or trading in certain financial instruments and other assets (e.g. currencies) by or through DELTASTOCK involves

investing using leverage, the respective laws and regulations, as well as market practices, shall apply. In such circumstances, DELTASTOCK will require that its clients provide collateral to cover possible losses, i.e. a margin deposit will be required.
Margin is a security deposit provided by the client (which acts as collateral and is held in their trading account). Margin is measured as a percentage of the transaction value. For example, if the margin requirement for a certain financial instrument was 5%, and the client opens a $2,000 position, then they would pay for it a margin equal to $100. Despite the fact that the client has paid just $100, their market exposure would be the same as if the instrument wasn't traded on margin.
The size of the security deposit (or margin) expressed as a percentage for the different types of financial instruments under Art. 1.1 is published on DELTASTOCK's website.

3.2. During the account opening process, DELTASTOCK assesses whether the service requested by the investor is suitable for them. The assessment is done based on the information provided by the investor with regard to their knowledge and experience in trading on the financial markets. Regardless of DELTASTOCK's assessment, the investor should perform their own careful assessment whether the services provided by DELTASTOCK are appropriate for them and whether they could benefit from them.
In case that DELTASTOCK's assessment shows that the requested service is not appropriate for the investor, the investment intermediary shall inform them and warn them of the risks involved. The decision whether to use the service, although it has been assessed as inappropriate for them, is up to the investor, and they declare that fact explicitly to the intermediary.
Warning by DELTASTOCK: If, despite the warning by the intermediary, the investor has assessed that they will use the service, which has been assessed as inappropriate for them, the investor, prior to engaging in live trading that could incur financial losses to them, will be encouraged to acquire a certain amount of experience in that kind of trading through a demo account, and also inform themselves about the specifics of margin trading in general, including using educational materials available on the company's website.

3.3. When entering into transactions in the instruments under Art. 1.1, DELTASTOCK acts as a party to each transaction. The instruments are non-transferable, and all transactions are concluded on an OTC market, at prices quoted by DELTASTOCK, which could increase the levels of some of the risks described in Art. 2.6, compared to transactions concluded on regulated markets. The main characteristics of CFD transactions are:

(i) Neither party acquires in stock the asset underlying to the CFD;
(ii) Neither party has the obligation to buy or sell, deliver or receive in stock the respective asset underlying to the CFD;
(iii) The rights and obligations of each of the parties in relation to CFDs is to make and receive payments in accordance with the placed order, with the results from the execution of the orders being reflected, respectively, in their positions in assets and/or funds.

3.4. Transactions in the instruments under Art. 1.1 are not subject to centralised clearing, which could increase the levels of some of the risks described in Art. 2.6, compared to transactions that are subject to centralised clearing.

3.5. When buying a financial instrument, the position that is formed is called a “long” position. Long positions are formed based on the “Ask” price. Long positions are winning positions when the instrument’s current market price is higher than the price at which the position was formed; respectively, they are losing positions when the market price is lower.

3.6. When selling a financial instrument, the position that is formed is called a “short” position. Short positions are formed based on the “Bid’ price. Short positions are winning positions when the instrument’s current market price is lower than the price at which the position was formed; respectively, they are losing positions when the market price is higher.

3.7. All investor should be aware of the risks related to the following circumstances:

(i) Receiving quotes for CFDs whose underlying assets are shares, indices, futures, and exchange traded funds may sometimes not be possible in the first 15 (fifteen) minutes from the opening of the exchange trading session, or during sharp fluctuations and lack of sufficient liquidity, the spread between the “Bid’ and “Ask” prices may be relatively higher than the one usually quoted;

(ii) DELTASTOCK is entitled to, at its own discretion, to change the amount of the margin requirement for certain assets as well as for individual orders and/or positions or accounts of the investor, in the cases specified in the Agreement and its applicable general terms of business, among which and in case of: large and sharp fluctuations on the market for those assets, important economic and/or political events, other factors impacting trading in those assets;

(iii) When there are sharp fluctuations in the market quotes, including at times of opening and closing of the respective markets (incl. the so-called “gap”), the limit, OCO, conditional or stop orders placed by the investor may be executed at prices that considerably differ from the ones indicated in the orders (incl. the so-called “slippage”) – or it is possible that a certain position cannot be closed;

(iv) In cases of insufficiency of free funds to cover the required margin for maintaining open positions, DELTASTOCK will automatically close the positions opened by the investor. The client should self-monitor that the requirements for a margin amount are met;

(v) It is possible that DELTASTOCK may not be able to provide quotes if it experiences temporary technical difficulties or in case of circumstances that do not permit transactions to be carried out on the respective markets;

(vi) Due to the specifics of the electronic trading platforms offered by DELTASTOCK, the access to which is depends on having access to the Internet or other communications services and channels, it is possible that technical malfunctions arise in the hardware and software products and systems used by both DELTATSOCK and the investor. It is also possible that communications failures arise, leading to orders being delayed or not arriving, or to execution or failure of execution of already placed orders, as well as inability to access the trading platforms, etc.

3.8. Additional information, educational materials, including digital examples related to margin trading, are available in the website (www.deltastock.com).

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