XFOREX

Risk Disclosure

RISK DISCLOSURE

Financial Arena Ltd (hereinafter called the "Company") is an Investment Firm This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in CFDs and was designed to explain in general terms the nature of the risks particular to dealing in the financial instrument of CFDs and to help the Client to take investment decisions on an informed basis. The Company will initially classify all prospective clients as Retail Clients. Prior to applying for an account the Client should consider carefully whether trading in the financial instruments of CFDs is suitable for him in the light of his circumstances and financial resources. Trading in the financial instruments of CFDs entails the use of "gearing" or "leverage". In considering whether to engage in this form of trading, the Client should be aware of the following:

RISKS ASSOCIATED WITH TRANSACTIONS IN CFDS
The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the CFDs may fluctuate downwards or upwards and it is even probable that the investment may become of no value. The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in Contracts for Difference and accepts and declares that he is willing to undertake this risk. For many members of the public dealings in Contracts for Difference will not be suitable. The Client should not engage in any dealings directly or indirectly in CFDs unless he knows and understands the futures risks involved in them. The Client should take the risk that his trades in Contracts for Difference may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades. The high degree of "gearing" or "leverage" is a particular feature of the Contracts for Difference. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately effect on the Client's trade. The Contracts for Difference available for trading with the Company are non delivery spot transactions giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client's favor, the client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred 1st, 2010 3

VOLATILITY OF PRICE AND LIMITATION ON THE AVAILABLE MARKET

Contracts for Differences (CFDs) are derivative securities, where their price is derived from the price of the underlying reference instruments in which the CFDs refer to. Derivative securities/markets can be highly volatile. The prices of CFDs and the Underlying Reference Instruments and Indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company. Under certain market conditions it can be impossible to execute any type of Clients order at declared price. Therefore Stop Loss order cannot guarantee the limit of loss. The prices of CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace. Transactions in CFDs are not undertaken on a recognized exchange, rather they are undertaken through the Company's Trading Platform and, accordingly, they may expose the Client to greater risks than regulated exchange transactions. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company. The Client is obliged to close an open position of any given CFD during the opening hours of the Company's Trading Platform. The Client also has to close any position with the same counterparty with whom it was originally entered into, thus the Company.

OTHER ADDITIONAL OBLIGATION

Before the Client begins to trade, he should obtain details 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 obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. The value of open positions in CFDs is subject to overnight Premium . Overnight Premium will cover the benefit/cost of the associated funding. Details of daily financing fees applied are available on the Company's website.

COLLATERAL REQUIREMENTS

Clients are required to deposit a minimum of collateral with the Company in order to open a position. The collateral will depend on the underlying instrument of the CFD, level of leverage chosen and the value of position to be established. The Company may not notify the Client for any additional requirements regarding the collateral needed to sustain a loss making position. The Company has the discretionary right to start closing positions when collateral cannot maintain the Client's position. The company guarantees that there will be no negative balance in the account when trading CFDs.
