xtb

DECLARATION OF INVESTMENT RISK

dated December, 12th 2020

1. **General provisions**
   1.1. The subject of this Declaration (hereinafter referred to as the "**Declaration**") is to inform the Client about the most important, however not all risks related to trading in over-the-counter (OTC Market) and OMI (Organized Market) Financial Instruments.
   1.2. The various types of risks described in the Declaration pertain to both retail (including experienced) and professional customers as well as eligible counterparties.
   1.3. The Declaration forms an integral part of the Regulations on the provision of services consisting in the execution of orders to buy or sell property rights and securities, and the keeping of property rights accounts and cash accounts by XTB S.A. ("General Terms and Conditions", "GTC"). All capitalized terms used in the Declaration shall have the meaning as specified in the GTC.

2. **Risk elements related to the OTC Market Financial Instruments and OMI**

   OTC Market

   2.1. Trading in Financial Instruments involves specific market risks related to the Underlying Instruments, such as: securities, futures, currency exchange rates, cryptocurrency exchange rates, prices of raw materials, commodities, stock exchange indices or prices of other Underlying Instruments. This stems from the fact that the value of Financial Instruments is based on the elements listed above. For information regarding the results achieved by Clients on transactions on Financial Instruments of the OTC market, click here.
   2.2. The market risk for the particular Underlying Instruments involves, in particular, the risk of political changes, changes in economic policy, and other factors which may considerably and permanently influence the conditions and rules of trading in the particular Underlying Instruments as well as valuation thereof.
   2.3. If a given Underlying Instrument is characterized by high volatility or limited liquidity of the market, we may increase without any prior notice the Spread on OTC Market Financial Instruments. In particular, liquidity on Underlying Instruments is largely limited during the opening phase of the market on Sunday at 11:00 p.m. In consequence, we commence trading with an increased level of Spread. We restore standard Spread values as soon as the liquidity and the volatility of the underlying market so allows. Usually this process takes a maximum of 10-20 minutes. In cases of limited liquidity or large volatility the process may take longer.
   2.4. The provisions of clause 2.3. shall not apply to Financial Instruments quoted with a variable Spread (floating Spread). The Spread is variable and reflects the Market Price of the Underlying Instrument. Such a variable Spread represents market risk and may adversely affect the overall costs associated with the Transaction.

   OMI

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

3. **Risk concerning Financial Instruments**

   3.1. **Risk concerning contracts for difference (CFD)**

CFD is a derivative financial instrument that makes it possible to earn on the changes in the prices of underlying assets. CFD is a contract concluded between two parties. The two parties commit themselves to settle the difference of the opening and the closing prices in such a contract, which results directly from changes in prices of the assets to which the contract applies. Such assets may be: shares, bonds, indices, interest rates, commodities, currencies or cryptocurrencies. When making a CFD transaction, you invest in a derivative financial instrument based on the prices of currencies, prices of cryptocurrencies, futures contracts or shares. Hence you do not make thereby a transaction on the underlying instrument that serves as the basis for quotation of the derivative financial instrument. Thanks to the leverage, CFD enables you to enter into transactions involving significant amounts and engaging relatively small amounts of cash.

Example regarding investment 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 capital in the amount of, for example, 5% of the face value of the CFD. In such a case, the Investor may trade in financial instruments worth 20 times more than the invested capital. In practice, this means that with the above-mentioned financial leverage, a change in the value of a financial

instrument of 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.
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). The deposit collected under the above-mentioned transaction is 5% of the nominal value of the contract, that is PLN 20,000.,000.

Positive scenario

An increase of 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

A drop in the price of more than 1% 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 a non-standardized nature. Therefore the particular types of CFD may vary significantly in terms of specifications by such parameters as, e.g. the level of margin, the nominal value of one lot, and the maximum volume of the order or fees charged to the Client.

CFD contracts may be unsuitable for long-term investors. If the Client holds an Open Position on a CFD for a longer time, the related costs increase.

To allow you to learn more about CFD derivative instruments, we recommend opening of a demo account before opening a real account.

Financial leverage risk

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

3.1.2. Due to the leverage effect and how quickly you can earn profits or incur losses, it is important that you always closely monitor your Open Positions and do not invest any funds you cannot afford to lose.

3.1.3. The Margin deposited may secure only part of the nominal amount of your Transaction, which means that you might generate a high potential profit but also heavy losses. In certain circumstances you may lose all the funds deposited on the particular Accounts.

Price volatility risk and liquidity risk

3.1.4. While investing in CFDs you bear a market risk resulting from price volatility. Such a risk is particularly important in the case of an investment in CFDs with a leverage mechanism. Groups of financial instruments are characterized by largely different levels of volatility. Instruments with very high (often unjustified) volatility – and the resulting high risk of loss – are CFDs based on cryptocurrencies.

3.1.5. A special 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 executed at the first available market price - i.e. for example at 105.

3.1.6. You are exposed to liquidity risk, which means that you may not be able to cash the investment at all or may incur significant additional costs. Such costs may result from the need to cash the investment earlier, especially if there is limited liquidity on the market of the underlying instrument, i.e. the number of transactions concluded is insufficient.

Counterparty risk

3.1.7. Considering that XTB is the place of the execution of Orders as the other party to the Transactions, you are exposed additionally to the counterparty's credit risk. It means that we may not perform, in full or in part, the obligation arising from the Transaction (prior to the final settlement of cash flows related to this Transaction). Upon your request, we will provide additional information on the consequences of such a way of executing Orders.

Tax risk

3.1.8. Tax regulations of the Client's home country can affect the actual paid out profit.

3.1.9. We do not provide any tax advisory services.

Currency and transaction risk

3.1.10. Transactions concluded by the Clients are subject to real-time translation to the Client's account currency. Any unfavourable change of the market exchange rate can have an adverse effect on the transaction result.

3.1.11. We offer two types of orders: instant and market ones. Instant mode orders are always executed at the price specified by the Client or, if the market conditions preclude it, are rejected. Market orders are performed at the best possible market price for the Client. In exceptional cases, a 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 pending orders at the specified price

3.1.12. 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, activated pending orders will be executed at the market price after the market opening.

3.1.13. The above-described situation may result in the incurring of higher losses on transactions than initially assumed and may be limited through the use of pending orders.

Political and legal risk

3.1.14. Unexpected political and legal events may have a material effect on the quotation rates of CFD instruments, which can reduce liquidity, prevent conclusion of transactions or result in the occurrence of price gaps.

3.2. **Risks related to OMI (Stocks)**

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). Organized trading involves dematerialized 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 a 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. 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 the execution of orders.

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 capitalization and the free float (the number of free floating shares).

Example

Favourable conditions:

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

Adverse conditions:

The market price of the shares is PLN 100 and goes down by 15%, i.e. by PLN 15. The loss on such investment is PLN 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 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 the 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.

The 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) 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;
c) Capitalization of the company - the volatility of quotations is negatively correlated with the capitalization of the company. Lower capitalization usually means higher volatility of quotations;
d) Free float - the number of shares in a free float which are not held by significant entities with qualifying holdings. Any decline in free float causes a drop in liquidity and an increase in the volatility of quotations.

Liquidity risk

3.2.2. It 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. In the case of low turnover, the risk of price volatility increases.

Market risk

3.2.3. It is a consequence of the rules of the capital market operation and the price formation resulting from the balance of demand and supply. The price change may be caused by factors independent of the company and resulting from the nature of the financial market. The stock prices, and hence the company's valuation, may be also influenced by emotional or psychological factors. At times emotional factors may temporarily make a greater impact on stock prices than rational factors.

Political and legal risk

3.2.4. Law changes may affect directly or indirectly the economic situation of entrepreneurs - issuers of shares - and thus the price of shares, as well as the liquidity and volume of trade.

3.2.5. Unexpected political and legal events may have a material effect on the instrument quotation rates and decrease liquidity, prevent conclusion of transactions or lead to price gaps.

Industry risk

3.2.6. 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, and unmeasurable factors related to specific behaviour of investors (groups of investors) resulting from popular investment trends.

In the case of stocks purchased in a foreign execution venue, there are additional risk factors, in particular:

1) the risk of fluctuations in the currency in which stocks are traded in relation to the zloty,
2) the risk of having limited (delayed) access to information,
3) the legal risk related to the issuance and holding of stocks under a governing law and jurisdiction other than Polish.

Tax risk

3.2.7. Tax regulations of the Client's home country can affect the actual paid out profit.

3.2.8. We do not provide any tax advisory services.

Exchange risk

3.2.9. Transactions are subject to real-time translation to the Client's account currency. An unfavourable change of the market exchange rate can have a negative effect on the transaction result.

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

3.2.10. A price gap arises when the 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 pending orders will be executed at the market price after the market opening.

3.2.11. The above-described situation may result in the incurring of higher losses on transactions than initially assumed and limited through the use of pending orders.

3.3. **Risks related to ETFs**

ETF is the participation title of an ETF fund (Exchange Traded Fund - a fund traded on the stock exchange). ETF is an open-end investment fund listed on the stock exchange on the same terms as stocks. Its task is to reflect the behaviour of a given stock exchange index. ETF operation is governed by EU directives and national regulations (just like other investment funds). It is characterized by the possibility of constant (daily) creation and redemption of units.

Example
Favourable conditions
The market price of the ETF is PLN 1,000 and will increase by 5%, i.e. by PLN 50. A profit on such an investment is PLN 50.

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

Positive and negative scenario
The investment risk associated with ETFs is influenced primarily by the volatile prices of instruments included in the structure of a given ETF. Thus market conditions affect ETFs in the same way as they influence these instruments, both in positive and negative scenarios. The most relevant market conditions include the risk related to the change in the macroeconomic parameters, e.g. inflation, GDP growth rate, unemployment rate, currency level, interest rates, budget deficit, etc.

Macroeconomic risk

3.3.1. The market is sensitive to domestic and global macroeconomic indicators, i.e. interest rates, the unemployment rate, economic growth rate, commodity prices, inflation level, and the political situation. If such 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. And this, in turn, may lead to a fall in stock prices on the stock exchange.

The 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). In practice, however, there are always differences (usually relatively insignificant) between the rate of return of the ETF and the rate of return of the replicated index.

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.

Risk of the underlying instrument

3.3.4. When investing in an ETF, all risk factors specific to the underlying instrument whose rate of return is represented by a given investment fund should be taken into account. One of these risks is the risk of inaccurately mapping the rate of return of the underlying instrument. It means a possible loss resulting from differences between the rate of return of the ETF and the rate of return of the replicated index.

Risks of special circumstances

3.3.5. The risk of liquidation - in accordance with the applicable law, the ETF fund may be liquidated - as a result of the occurrence of circumstances stipulated in legal provisions or the issuer's decision.
3.3.6. The risk of change of the investment policy - the ETF fund may change its investment policy in the course of its operation.
3.3.7. The risk of removal of the ETF from the stock exchange - the fund may be withdrawn from stock exchange trading, which would significantly impede trading in this financial instrument.
3.3.8. Liquidity risk - it consists in an inability to buy or sell an instrument without a significant impact on its price.

Currency risk

3.3.9. It results from the difference that may occur between the official currency of an ETF and the currency in which the fund shares are traded on the exchange market.

Tax risk

3.3.10. Tax regulations of the Client's home country can affect the actual paid out profit.
3.3.11. We do not provide any tax advisory services.

Exchange risk

3.3.12. Transactions are subject to real-time translation to the Client’s account currency. An unfavourable change of the market exchange rate can have a negative effect on the transaction result.

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

3.3.13. A price gap arises when the quotation market is opened at a price significantly different than the market closing price on the previous quotation day. In such a case, the activated pending orders will be executed at the market price after the market opening.

3.3.14. The above-described situation may result in the incurring of higher losses on transactions than initially assumed and limited through the use of pending orders.

Political and legal risk

3.3.15. Unexpected political and legal events may have a material effect on the instrument quotation rates which can decrease liquidity, prevent conclusion of transactions or result in price gaps.

4. Margin requirements

4.1. Investing in some OTC Market Financial Instruments requires payment of a margin in the amount specified by us in the Conditions Tables. The margin serves as a security against any potential losses incurred in the investing process.

4.2. We may change the amount of the margin in the cases described in the General Terms and Conditions. Such a change may be also introduced with respect to the Client's Open Positions. It means that the Client will have to pay additional funds to the Account in order to maintain his or her Transactions.

5. The 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, the Order's Execution Policy 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 Underlying Instrument or a loss of liquidity, as well as in other situations which are beyond our control.

6.2. In some situations, we may confirm execution of a Transaction on a Synthetic Stock, Equity CFD or ETF CFD only after the relevant Underlying Instrument order was executed or placed on the Underlying Exchange. As soon as we receive confirmation of such transaction, it becomes a basis for determination of the Synthetic Stock, Equity CFD or ETF CFD price and as such is shown in the Trading Account.

6.3. An Open Position on CFD shall be closed without a Client's consent after 365 days from the date of opening the position, in accordance with the conditions provided for in GTC.

7. Price of a Financial Instrument

7.1. For Financial Instruments with market execution (Market Orders), the prices shown in the Trading Account are indicative only. There is no guarantee that you will conclude a Transaction at these quotations. The actual Order execution price will be based on the best price we can offer at the particular moment without obtaining any additional confirmations from you. We will notify you of the price of a Financial Instrument with market execution at which the Transaction will be actually concluded after the Order is executed. The price will be shown in the Trading Account.

7.2. If you place an Order with instant execution (Instant Order), you shall conclude the Transaction at the price indicated in the Order. If, however, prior to the conclusion of the Transaction, the Financial Instrument Price has changed significantly as compared with the price specified in the Order, we may reject the Order. Thus, the Transaction may not be concluded at all.

7.3. The quotations we publish on the particular Trading Account may differ from the price of the Underlying Instrument. In accordance with the GTC they may be deemed erroneous. In such situations the parties may withdraw from the Transaction affected by an error or correct it on the terms described in the GTC.

7.4. Following withdrawal from the Transaction, we shall adjust the respective Balance and other registers within the particular Accounts. Then we restore the status existing prior to conclusion by the Client of the Transaction at the erroneous price. In the case of withdrawal from a Transaction closing the Open Position, the withdrawal results in restoration of the Open Position. Then, we adjust the respective Balance and other registers within the given Accounts to the state that would have existed if the position had never been closed. It may involve additional risks, additional Client's losses or even immediate closing of the Open Position through the stop out mechanism.

7.5. Offers, orders or transactions we present may be cancelled or withdrawn for reasons beyond our control. This applies to situations where a Reference Institution has provided an erroneous/non-market price (e.g. bad tick) and your Transaction has been concluded at such a price. In such cases we have the right, for example, to withdraw from the Transaction concluded by you.

8. Equity CFD, ETF CFD, Synthetic Stock

8.1. If you take a short position on certain Synthetic Stocks, Equity CFDs or ETF CFDs, we shall offset such position with a corresponding short sale of the Underlying Instrument. Such Transactions may generate additional costs for you, related to the borrowing of the Underlying Instrument. The amount of such related costs is beyond our control. We shall collect the aforementioned costs at the end of the Trading Day and show them in the Trading Account as swap points. They may significantly influence the costs charged for a short position on Synthetic Stocks, Equity CFDs or ETF CFDs. We shall specify the estimated costs of a position in the Condition Tables, however, they may change with immediate effect depending on the borrowing costs of the Underlying Instrument.

8.2. In some circumstances, transactions concluded on particular Underlying Instruments on the Underlying Exchange may be cancelled. In such cases we have the right to cancel the corresponding Transactions on Synthetic Stocks, Equity CFDs or ETF CFDs.

8.3. If the 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 on the relevant Synthetic Stock, Equity CFD or ETF CFD, we have the right to close such positions without prior notification to the Client.
8.4. Prior to conclusion of any Transactions with us, you should acquaint yourself with the conditions of trading in Synthetic Stocks, Equity CFDs or ETF CFDs described in the GTC and the Order's Execution Policy.

9. Stop out mechanism

9.1. If the Equity or Balance on the Trading Account falls below a certain value, we may at any time close any of your Open Positions ("**stop out**"). We proceed in this respect in accordance with the rules specified respectively for CFDs in the GTC. You should acquaint yourself with those rules before you conclude any Transaction with us. Such a situation may also take place if the market value of OMI or the risk weights for OMI securing your open positions have changed.
9.2. We may also close a short Open Position in Synthetic Stocks without your consent when a loss on the Open Position is equal to or exceeds the equivalent of the Nominal Value of Synthetic Stocks collected for such an Open Position.
9.3. Under regular market conditions the stop out mechanism hedges the Balance on the particular Trading Accounts against falling below the value of the deposited funds.
9.4. However, in unfavourable market conditions, in particular if a price gap occurs, the execution price of the Closing Position with the stop out mechanism may be so unfavourable that the losses suffered consume the Balance on your Accounts in whole.
9.5. You should ensure that the execution of your Order will not result in the automatic Closing Position through the stop out mechanism. Such a situation may occur in particular when:

a. costs relating to the Transaction after its opening will cause a decrease of the Equity to the level that activates, in accordance with the Agreement, the stop out mechanism or
b. a significant volume of the Order will result in the Order being executed at the VWAP price strongly deviating from the first price from the book of orders, and valuation of the newly opened position will cause a decrease of the Equity to the level that activates, in accordance with the Agreement, the stop out mechanism.

9.6. 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**"), we can (but do not have to) notify you of that fact. We may provide such information through the Trading Platform or otherwise.

10. Terms and conditions of keeping the Account

10.1. 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 the 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.
10.2. A Transaction or Order concluded or placed by the Client in Synthetic Stocks, Equity CFDs or ETF CFDs may require us to conclude a hedging transaction in the Underlying Instrument on one or more Underlying Exchanges, with one or more Partners. Therefore, for such Orders or Transactions, we shall be entitled, pursuant to this Agreement, to use on our own account the funds representing the Nominal Value of Synthetic Stocks or Margin deposited on your Account. For this purpose, we are entitled to transfer these funds to our corporate account and provide them to the Partner. This results from the need to provide a security required for the placing of an Order or conclusion of a transaction on the Underlying Exchange or with the Partner. Those funds will still be shown on the Client's Account as the Balance.
10.3. In some cases we provide our services also through custodians 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 Financial Instruments, recorded on the Client's Trading Account, on a collective account maintained for us by the Custodian, we are the holders of the collective account. The holder of the Trading Account (the Client) shall be entitled to the Financial Instruments recorded on such a collective account in amount specified by us in the Trading Account. Financial Instruments of Trading Accounts' holders are kept separately from financial instruments of the Custodian or XTB. If, for any reason, it is not possible to keep the Financial Instruments of the Trading Accounts' holders separately, we shall be obliged to notify the Clients of that fact forthwith.
10.4. In the cases described in clauses 10.2 or 10.3 above, we shall be responsible for the selection of the Custodian or the Partner on the basis of:

a) legal provisions;
b) regulations;
c) market regulations, market customs or market practices prevailing on a 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 clauses a-c, 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 Provisions**", subject to the other provisions of the Agreement.

10.5. Subject to the Applicable Provisions, we shall not be responsible for improper provision of services by a Custodian, Broker or Partner. This applies in particular to depository and brokerage 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 Custodian or Partner are based on provisions applicable to the Custodian or Partner.

10.6. Keeping the Clients' Financial Instruments or funds at the Custodian 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 Custodian, Partner or XTB can be interrupted (risk of bankruptcy, liquidation, breach or termination of the Agreement).

11. Technological limitations and Beta Services

11.1. 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 Orders' execution, possible limitations to the 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.

11.2. Trading Accounts may be temporarily suspended for reasons that are beyond our control. This may disable, delay or otherwise affect the Transaction's proper execution for which we cannot assume responsibility.

11.3. You may voluntarily agree to participate in testing periods of our new products and services. However, new products and services may cause additional risk to you, which is described in the GTC. Before you agree to participate in such testing periods ("Beta Services"), you should acquaint yourself thoroughly with the related rules and risks we have described in the GTC.

12. Other essential information

12.1. **Unless otherwise stipulated, we do not cooperate with any entities. This applies to natural persons and organizational 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.**

12.2. **We do not authorize 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 on the Cash Account specified in accordance with the Agreement.**

12.3. **You should always contact us if you have any doubts concerning cooperation with the persons or entities referred to above.**

12.4. **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 authorize any person to conclude the Transactions on your behalf, unless we give our consent thereto.**

12.5. **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.**

13. Final provisions

13.1. Before signing the Agreement, you should carefully consider whether the OTC and Organized Market Financial Instruments are appropriate for you. You should take into account your investment knowledge and experience, financial resources, access to necessary technologies and other important factors.

13.2. By accepting the Declaration, you represent that you are aware of the investment risks and financial consequences related to trading in Financial Instruments. Such risks are associated in particular with the fact that the price of certain Financial Instrument may depend on the price of securities, futures, exchange rates, prices of raw materials, commodities, stock exchange indices or prices of other Underlying Instruments.

13.3. You hereby represent that you are fully aware of the possibility of suffering heavy financial losses even at only a slight change in the Underlying Instrument's price. The risk of loss is strongly correlated with the use of high financial leverage when investing in OTC Financial Instruments being derivatives.

13.4. You hereby represent that you are fully aware of the necessity to take the risk of losses. Without risk taking any profit on Transactions on Financial Instruments is impossible.

13.5. You hereby represent that your financial standing is stable and enables you to invest in Financial Instruments.

13.6. Any guarantees as to making a profit on Financial Instruments are false.

13.7. You release XTB from liability for any losses incurred by you as a result of Transactions made by you on OTC Financial Instruments. Beyond all doubt, conclusion of a Transaction shall be deemed an independent decision of the Client.