

RISK DISCLOSURE POLICY

50KCY Ltd, previously 50CoinsCY Ltd, (the "Company", "we" or "us") is a Cypriot Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 282/15.

This Policy/Notice provides you with information about the risks associated with trading stocks and ETFs, which you ("the client", "you") may trade/invest through services provided to you by the company.

While deciding whether to invest with us, you should be aware of the following points:

- (a) **Real stocks are the part of ownership within a specific company/incorporation.** In general, the price depends on how well the company is doing, so in case the Company is doing well, then the price of share of the specific Company/Incorporation will increase and if the company does not do well, then the price will fall.

In the event the Company becomes Insolvent, then the holders of ordinary shares are the last to be paid.

Share price is based on demand which depends on investors perception of the companies' future prospects, and general sentiments, if others are pessimistic about a company, the share price will fall, if you sell at that point or if price does not recover, you get back less than you put in.

You may lose the full amount invested! It is possible, for adverse market movements to result in the loss of your account equity in full.

- (b) **Costs and charges** may effect the potential profit you can make. Before you begin to invest, you should understand all commissions and other charges for which you will be liable.
- (c) **Failure to monitor positions entails risks.** It is important that you monitor all of your positions closely. It is your responsibility to monitor your positions and during the period that you have any open positions, you should always have the ability to access your account.
- (d) **Dividends payments are not guaranteed.** A dividend is a distribution of the company's profits. You should note that dividend payment is not guaranteed.
- (e) **Market Gapping may occur** - This is a sudden shift in the price of an instrument from one level to another. It can happen at any time, but occurs most frequently when the market closes at one level but reopens at another. This can cause unexpected losses.
- (f) **We shall not offer you any advice or recommendations regarding the suitability of any investments with us.** You alone will decide how to handle your Investing Account and take relevant decisions based on your own judgment.

- (g) **Liquidity Risk.** Some of the shares may not become immediately liquid as a result of reduced demand. As such, the Client may not be able to obtain the information on the value of these or the extent of the associated risks.

- (h) **Margin Lending Risk**

Trading risks are magnified by margin lending .

The effect of trading with margin lending (borrowed funds) makes investing riskier, as it generally involves a small deposit relative to the size of the transaction, so that a relatively small price movement in the asset can have a disproportionately dramatic effect on your position. This can be both advantageous and disadvantageous.

A small price movement in your favour can provide a high return on the deposit, however, a small price movement against you may result in significant losses. If you are a retail client, your losses will never exceed the balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the margin, the greater the risk. The amount of borrowed funds therefore partly determines the result of the investment.

Please refer to the Margin Lending Policy for more information.

- (i) **Contingent liability transactions**, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. Clients must maintain the minimum margin requirement on their open positions at all times. It is Customer's responsibility to monitor his/her open positions and the Margin (Initial margin and Maintenance margin). Retail clients could sustain a total loss of deposited funds but are not subject to subsequent payment obligations, but professional clients and eligible counterparty clients could sustain losses in excess of deposits. If the market moves against you, you may be called upon to pay substantial additional Margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and professional clients and eligible counterparties will be liable for any resulting deficit. Even if the Transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you paid when you created the position . Contingent liability transactions, which are not traded on or under the rules of a recognised or designated investment exchange, may expose you to substantially greater risks.
- (j) **Foreign markets and Currency Risk.** Foreign markets involve different risks from domestic markets. In some cases, risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency will be affected by fluctuations in foreign exchange rates. Such enhanced risks include the risks of political or economic policy charges in a foreign media, which may substantially and permanently alter the conditions terms, marketability or price of a foreign currency.
- (k) **Performance calculation.** your investments are subject to market risk; market risk is the possibility of a client experiencing losses due to factors that affect the overall performance of the financial markets in which the client is involved. Controlling such risk requires a specific kind of expertise and trading experience.

- (l) **Volatility risk.** Stocks, ETFs and related markets can be highly volatile. The prices of the asset 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 may be impossible for a Client's order to be executed at the declared prices, leading to losses. Due to market conditions which may cause any unusual and rapid market price fluctuations, or other circumstances, the Company may be unable to close out Customer's position at the price specified by Customer and the risk controls imposed by the Company might not work and Customer agrees that the Company will bear no liability for a failure to do so.

Changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic vents, and the prevailing psychological characteristics of the relevant market place are factors which, among other things, influence the prices of derivative financial instruments and the underlying asset.

In times of high volatility or market/economic uncertainty, values may fluctuate significantly. Such fluctuations may affect your positions. In the event of default, your positions may be closed out.

- (m) **Fractional Shares.** Fractional shares give you the same rights as regular shares. However, fractional shares are not traded on public exchanges and are not listed on any public exchange. They are recognized only within the Investment Platform. The Company complies with "Best Execution" on all orders including Fractional Shares, according to any regulatory requirements. Clients are encouraged to refer to our Client Agreement for more information. When fractional shares are not issued in fractional form from the Issuer, the Company will act as your trustee by holding the legal title of the shares for your beneficial ownership, proportionately to your fractional share exposure. In addition, you should refer to list below for specific risks related to fractional shares:

1. **Transfer of Fractional Shares.** Fractional Share positions are not supported by all brokers. If you want to transfer your account or specific Fractional Share positions to another broker who does not support them, you may be required to sell the Fractional Share position(s) and transfer the cash proceeds or find another broker.
2. **Voting Rights.** The Company facilitates the extension of voting rights, where applicable, to Fractional Shares. The Company will act as your proxy and your fractional position vote will be added to the aggregate vote total for all shares of such security reported on behalf of the Company to the applicable vote tabulator for the meeting or shareholder event.
3. **Dividends.** If your Fractional Share pays a dividend amount shall be credited to your account, considering the amount is equal or greater than one cent of EUR (0.01 EUR). The Company does not offer a dividend reinvestment program, and any proportionate dividends received will require you to place an order to invest those funds.
4. **Corporate Actions.** Fractional Shares may be eligible to participate in mandatory corporate actions such as stock splits, mergers, or spin-offs. Where available, the

Company will distribute interests in proportion to ownership interest, inclusive of Fractional Shares. Because of the unpredictable nature of corporate actions, there may be situations that arise that are not described herein. Generally, these situations will be handled in accordance with the concepts applicable to dividends and reorganizations. Interests will be divided and distributed where possible in proportion to your ownership interest. The foregoing notwithstanding, these situations are in all cases subject to the terms contained in the materials prepared by the issuer describing the corporate action, as well as the Company's terms and conditions, which may result in a different outcome from what is described above.

5. **Undistributable Interests.** All Trading and certain items related to Fractional Share ownership including, but not limited to, those stated above in paragraph m above, may be subject to Undistributable Interests. The Company will only support payments that are equal to or greater than one cent of EUR (0.01 EUR) per share. Amounts smaller than one cent of EUR (0.01 EUR) or other non-divisible amounts, will not be distributed. Instead, it is generally but not always the case, that when the aggregate value to be distributed is less than or equal to one cent of EUR (0.01 EUR), it will be retained by the Company, and when it exceeds one cent of EUR (0.01 EUR), it will be escheated.
 6. **Tax Treatment.** The Company and you agree to treat you as the owner of all Fractional Share interests allocated to your account. It is your sole obligation to file all tax returns in accordance with such treatment, and to take no action inconsistent with such treatment.
 7. **Additional Considerations.** If your account is closed, then Fractional Shares held in your account may be liquidated and the proceeds distributed to you as cash.
- (n) **Client Money and Counterparty Risk.** Any money or assets that we hold on your behalf are kept in one or more segregated accounts with an institution within or outside the European Economic Area, separated from the Company's money. It is noted that the legal and regulatory regime applying to any financial institution outside Cyprus or the EEA will be different to that of Cyprus.
- However, where we are unable to meet our duties and obligations arising from your claim and to return your funds, you may be entitled to be covered by the Investor Compensation Fund. The Company participates in the Investor Compensation Fund for clients of investment firms regulated in the Republic of Cyprus. Certain clients will be entitled to compensation under the Investor Compensation Fund where the Company is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible.
- (o) **Weekend risk.** Various situations, developments or events may arise overnight over holidays or over a weekend when the markets generally close for trading, that may cause the markets to open at a significantly different price from where they closed on the previous day or on Friday afternoon.
- (p) **Electronic trading.** Investing through the Company's Online App may differ from investing on other electronic investing systems as well as from investing in a conventional or open market.

Customers that invest on an electronic trading system are exposed to risks associated with the system including the failure of hardware and software and system down time, with respect to the Company's Online System, the individual customer's systems, and the communications infrastructure (for example the internet) connecting the platform with customers. Since the Company does not control signal power, its reception or routing via Internet, configuration of your equipment or reliability of its connection, we cannot be liable for communication failures, distortions or delays when trading via the Internet. The Company employs backup systems and contingency plans to minimize the possibility of system failure, and trading via telephone is available.

(q) **Conflict of Interest.** The Company takes all reasonable steps to identify and prevent or manage the conflicts of interest arising in relation to its business lines and its group's activities under a comprehensive Conflicts of Interest Policy. The disclosure of conflicts of interest by the Company should not exempt it from the obligation to maintain and operate the effective organisational and administrative arrangements. For more information on (potential) conflicts of interest and the mitigation measures taken by the Company, kindly refer to the Company's Conflicts of Interest policy.

(r) **Commissions and Taxes.** Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a spread), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

The Client is responsible for any taxes and/or any other duty and/or fee and/or expenses which may accrue in respect of his/her trades. The Client is responsible for managing his/her tax and legal affairs and complying with applicable laws and regulations. The Company does not provide any regulatory, tax or legal advice and if the Client has any doubt regarding the tax treatment or liabilities of investment products which are available through the Company, he/she should seek independent advice.

(s) **Insolvency.** Any insolvency or default may lead to positions being liquidated or closed out without your consent.

(t) **Appropriateness Risk Assessment.** Upon the opening of your account, the Company does not assess your appropriateness for trading shares or ETFs. While we may request information about your knowledge and experience, it is your responsibility to ensure that you fully understand the risks involved in shares and ETFs trading and to carefully consider whether investing with us is suitable for you.

(u) **Share lending.** The Client has the option to lend shares to the Company and the Company has the option to lend shares to the borrowers for shorting, so the Company will act as the counterparty. The collateral provided to mitigate the risk in the event that the Company or the borrower defaults and is unable to return the shares to the lender.

1) Counterparty risk as described in section "n" above applies. This happens when the Company or the borrower is unable to meet its obligations due to insolvency and cannot return the shares to the lender.

- 2) Collateral risk may arise if the Company defaults and, at that time, the value of the securities lent rises to the extent that the value of the collateral is insufficient to cover it, causing the lender to suffer a loss.
- 3) Operational risk is the risk of errors or disruptions in the operational processes.
- 4) The borrowed shares are typically used for short selling, which means that the value of the shares could be affected.
- 5) You lose your voting rights, in relation to the borrowed shares, as they are transferred to the borrower.
- 6) The lender will receive dividends, so the lender will be responsible for the tax obligations and should consult to learn more as this may have different tax implications.
- 7) The short positions might close automatically by the system, and in some instances not in favour of the borrower, inter alia if any of the below event is triggered:
 - i. Extreme price volatility,
 - ii. Regulatory requirements,
 - iii. Changes in stock availability

For more information, clarifications or queries in relation to the risks associated with investing in shares and ETFs, please contact us via email at support@50K.trade

This Policy was last updated and published in July 2025 (V02.2025).