



Kapwealth Limited, incorporated in England and Wales (08091367) is authorised and regulated by the Financial Conduct Authority (FRN 590782)

C/O Jellyfish Ltd, Kapwealth, 28th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG

## **Kapwealth Limited**

### **Terms of Business**

This document contains details of our services and Standard Terms of Business. These terms together with your Account Form (and in the case of some services any additional signed documentation) constitute the legal contract between us.

If you have any questions regarding any of the terms detailed in this document, or our services in general, please do not hesitate to contact us at Kapwealth Limited, or our Compliance Office.

## CONTENTS

1. Introduction
2. Client Categorisation
3. Custody & Prime Brokers
4. Services we provide
5. Financial Instruments
6. Aggregation of Orders
7. Orders
8. Best Execution
9. Suitability
10. Appropriateness
11. Treating Customers Fairly
12. Conflicts of Interest
13. Client Money
14. Instructions
15. Settlement
16. Data Protection
17. Complaints Procedure
18. Charges
19. Risk Warnings – General
20. Risk Warnings – Stabilisation Rules
21. General
22. Amendment
23. Limitation of Liability
24. Indemnity
25. Termination
26. Entire Agreement

## ANNEX 1

27. Part I: The Nature & Risk of Designated Investments
28. Part II: Products & Investments
29. Part III: Generic Risk Types
30. Part IV: Transaction & Service Risks
31. Part V: Professional Disclosure

## 1. INTRODUCTION

KAPWEALTH LIMITED is authorised and regulated by the Financial Conduct Authority (FRN 590782). Its business address is: 26/27 Van Alloys Business Park, Stoke Row, Henley-On-Thames, RG9 5QW, United Kingdom and

Trading address is: C/O Jellyfish Ltd, Kapwealth, 28th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom.

This document contains details of the investment services which KAPWEALTH LIMITED shall provide you with in accordance with the Account Opening Form, and it sets out the obligations and rights applying between us and you. If there is anything you do not understand or do not agree with, please contact your broker at KAPWEALTH LIMITED or speak to our Compliance Officer immediately, or alternatively, seek independent advice from an appropriately qualified advisor.

These Terms and Conditions constitute the formation of a contract between you and KAPWEALTH LIMITED whereby we will arrange for transactions to be executed on your behalf via a custodian or prime broker. These Terms of Business will come into effect on the date that we receive your correctly completed Account Opening Form and the requisite Identification documents. Other services are available and are subject to additional Terms and Conditions. By accepting these terms, you confirm that:

- a. KAPWEALTH LIMITED may arrange for a pre-agreed prime broker/custodian to provide you with settlement, safe custody, nominee and associated services;
- b. KAPWEALTH LIMITED may transmit your instructions to this custodian/prime broker; and
- c. you agree to be bound by our obligations to the prime broker/custodian and that you must abide to their terms of business including Anti Money Laundering requirements.
- d. You hereby acknowledge and consent that ANY and ALL information that you provide to the prime broker /custodian will also be shared with KAPWEALTH LIMITED.
- e.

1.1 These Terms and Conditions and all transactions are subject to Applicable Regulations. The term 'Applicable Regulations' means:

- a. the rules of the Financial Conduct Authority ("FCA") including the Handbook issued by the FCA ("FCA Rules") or any other rules of a relevant regulatory authority;
- b. the rules of a relevant stock or investment exchange; and
- c. all other applicable laws, rules and regulations as in force from time to time.
- d. "Kapwealth" and/or "we" shall mean KAPWEALTH LIMITED unless clearly intended otherwise

This means that:

- (i) if there is any conflict between these Terms and Conditions and any Applicable Regulations, the latter will prevail;
- (ii) nothing in these Terms and Conditions shall exclude or restrict any obligation which we have to you under any Applicable Regulations;
- (iii) we may take or omit to take any action we consider necessary to ensure compliance with any Applicable Regulations; and

- (iv) such actions that we take or omit to take for the purposes of compliance with any Applicable Regulations shall not render us or any of our directors, officers, employees or agents liable to you.

1.2 You should be aware that we are required to co-operate with the Financial Conduct Authority (FCA) and other regulatory authorities in their dealing and any other enquiries. This may involve reporting or disclosing to such authorities relevant information in respect of dealings in securities, including the identity of our clients. In particular, the Money Laundering Regulations 2007 and related legislation require certain reporting and disclosure obligations.

1.3 We are a participant in the Financial Services Compensation Scheme. Under the Financial Services Compensation Scheme individuals and small businesses that have lost money through the default of an investment firm may qualify for compensation. The maximum level of compensation is £85,000 per person per firm for claim.

Further information on the Financial Services Compensation Scheme can be obtained from the:

Financial Services Compensation Scheme 10th Floor  
Beaufort House  
15 St Botolph Street London EC3A 7QU [www.fscs.org.uk](http://www.fscs.org.uk)

## **2. CLIENT CATEGORISATION**

On the basis of the information that you have supplied to us, we have categorised you as a Retail Client for the purpose of FCA rules. This categorisation provides you with the highest level of protection available to you under those rules. If you are acting as agent for someone else, we will treat you alone as our customer for the purposes of FCA rules and you will be liable to us in respect of all transactions conducted by you on behalf of that person. If we have categorised you as professional or eligible counterparty, we will inform you. These Standard Terms will still apply, except for those specifically for Retail Client and those contradictory to the regulatory requirements for professional clients and eligible counterparties.

## **3. PRIME BROKER/CUSTODY**

We offer Private Clients through various Prime Brokers/Custodians, segregated Execution Only or discretionary managed services and will arrange for transactions to be entered into on your behalf by the agreed Prime Broker/Custodian. Any transactions are governed by the Prime Broker/Custodian under their Customer Agreement ("CA").

The CA sets out the terms upon which the Prime Broker/Custodian will execute transactions for the purposes of trading accounts held with them, and provide safe custody, settlement, nominee and associated services. All Prime Brokers/Custodians that KAPWEALTH LIMITED provide are authorised and regulated by the Financial Conduct Authority (FCA).

## 4. SERVICES WE PROVIDE

### 4.1. Execution Only

If you are designated as an execution-only client or if you have not supplied us with sufficient information (either orally or in writing) about your investment objectives, financial circumstances and the degree of risk you are prepared to accept or when, even though you have previously supplied us with information, we may reasonably believe that you are not expecting us to advise you about the merits of a particular transaction in a “non-complex” financial instrument, then we will not make any personal or product investment recommendations. Nothing in our literature or in these Terms & Conditions should be treated as a solicitation or recommendation to buy, sell or maintain any product.

We will action all instructions on an ‘execution-only’ basis. This means that we are only able to act on the instructions that you provide. We cannot give you advice about what instructions you should give us. You are responsible for the investment decisions that you make when you engage our services as an execution-only customer. We do not accept responsibility on a continuing basis for advising you on the composition of your portfolio.

If you have requested execution-only services in “complex” financial instruments, we are required to assess whether it is appropriate for you to deal in each of the specific “complex” instruments. We may, therefore, request additional information relating to your experience and knowledge of trading the “complex” instrument(s) to assist us in assessing whether you understand the risks associated with dealing in them, in accordance with FCA rules. If, upon reviewing the information provided, we consider that dealing in the “complex” financial instrument(s) is not appropriate for you, we shall inform you of same. If you still wish us to proceed with the transaction, we may do so at our absolute discretion.

### 4.2 Discretionary Management

You grant the Manager full discretionary authority, without prior reference to you, to enter into any kind of transactions for your account in accordance with your risk profile, investment objectives and investment time horizon. Management of your account will accordingly be based on the information that you provide. You may not instruct us to buy or sell specific investments to be held within your discretionary portfolio, however we will take into account at the offset any investment restrictions you wish to impose i.e. ethical beliefs.

You will receive statements showing the investments held and transactions executed within your investment portfolio every six months, unless you notify us that you would prefer to receive statement every three months. In addition, you will have access to your portfolio online. We will provide a relevant benchmark dependent on your investment objective and risk appetite this will be discussed with you at the offset.

We may execute transactions in the following types of investments: Securities in companies; Securities in exchange traded funds; Debt instruments issued by a government, public agency or municipal body; Securities in authorised unit trusts, investment companies with variable capital authorised contractual schemes and

overseas recognised schemes; derivative instruments such as stock Options and Futures Contracts, FX and CFDs.

## **5. FINANCIAL INSTRUMENTS**

We may arrange transactions on your behalf in the following investments:

- (a) shares in Global companies;
- (b) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments including government, public agency, municipal and corporate issues;
- (c) warrants to subscribe for investments falling within (a) or (b) above;
- (d) depository receipts or other types of instruments relating to investments falling within (a), (b) or (c) above;
- (e) Options on investments falling within (a), (b) or (c) above provided the related transaction has no contingent liability;
- (f) Options on investments falling within (a), (b) or (c) including options on an option;
- (g) Futures on investments falling within (a), (b) or (c) above;
- (h) Units in unit trusts, mutual funds and similar schemes ('mutual funds'); and
- (i) Investments, which are similar or related to any of these investments; and
- (j) Contracts for Difference (CFDs)

## **6. AGGREGATION OF ORDERS**

We may aggregate your orders with the orders of other clients, associated companies or persons connected with us. We will do so only when we reasonably believe that it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated (e.g. when the automatic entry of single orders results in an aggregated order being executed).

Aggregated orders and transactions will be allocated in accordance with our order allocation policy, which provides for fair allocation of orders. You acknowledge that aggregation of orders may work to your disadvantage in relation to a particular order.

## **7. ORDERS & ONLINE TRADING FACILITY**

When purchasing units in a regulated collective investment scheme, you will have no rights under the FCA rules to cancel the transaction.

7.1 Once an order is accepted by us, your order is irrevocable, unless prior to execution of a particular order, you receive confirmation from us of any amendment or cancellation of your order.

7.2 We may, at our discretion, decline to accept any order or instruction from you or instigate certain conditions prior to proceeding with your order.

All contract notes, confirmations and other notices or communications under these Terms will be dispatched transmitted to you at the address shown in our records, or sent

by email if so requested, and shall be conclusive and binding on you unless objection in writing is received by us within one business day from receipt by you.

7.3 We, KAPWEALTH LIMITED an associate or our respective employees may communicate an unsolicited real time communication to you where we consider this to be appropriate. You agree that we may make such a communication.

7.4 When we accept your order, we will use reasonable endeavours to carry it out. However, we will not be liable for any loss or expense which you incur if we are unable to carry out an order for any reason (other than our negligence) or there is a delay or change in market conditions before the transaction is completed.

7.5 Where there is more than one person who is party to a joint account under these Terms any instruction, notice, demand, acknowledgement or request may be given by any one of you and any such communication will be treated as binding on the other(s). If you give us conflicting instructions, we will not have to act on them. Any notice given by us under these Terms to any participant in a joint account will be deemed to be notice to each person interested in the account. If you are a party to a joint account, your liability will be joint and several. On the death of an individual or dissolution (if applicable) of any one of you, we may treat the survivor(s) as the only person(s) entitled to your money and investments.

7.6 If you place a stop loss order and are stopped out incurring a loss, you must cover the shortfall on your account within one business day or within such other time as we may agree with you in writing.

7.7 Should quoting and/or execution errors occur due to a typographical error or other obvious mistake in a quote or indication, we will not be liable for the resulting errors in your account balances. In the event of a quoting and/or execution error, we reserve the right to cancel orders, reverse transactions, close positions and make any necessary corrections or adjustments on the account involved. Any dispute arising from such quoting or execution errors will be resolved by us at our absolute discretion.

7.8 To use our website, online trading platform and account review facility (collectively, the Online Facility) you will need to request a username and password (Access Code) allocated by us. You will need to provide the Access Code each time you wish to use the Online Facility which will identify you to us. The use of your Access Code will be deemed by us to be use of the Online Facility by you or with your knowledge and consent. You can use the Online Facility either through your computer or mobile phone.

7.9 In relation to the Online Facility Access Code, you acknowledge and undertake that:

- I. You will be responsible for the confidentiality and use of your Access Code;
- II. You will change your password regularly;
- III. other than with our prior written consent, you will not disclose your Access Code to other persons for any purpose whatsoever;

- iv. without limiting the generality of clause 4, we may rely on all instructions, orders and other communications entered using your Access Code, and you will be bound by any transaction entered into or expense incurred on your behalf in reliance on such instructions, orders and other communications; and
- v. you will immediately notify us on the number provided on our website if you become aware of the loss, theft or disclosure to any third party or of any unauthorised use of your Access Code.

7.10 You acknowledge that the Online Facility is provided for use only by you or by others you have permitted to use the Online Facility on your behalf.

7.11 If you tell us or we believe that your Access Code is being used without your knowledge by unauthorised persons or has been disclosed by you to other persons without our consent, we may without prior notice suspend or terminate your right to use the Online Facility.

7.12 We may at our absolute discretion introduce and require additional levels of user identification including but not limited to scratch lists and/or secure-ID.

7.13 You shall be solely responsible for providing and maintaining any equipment you use to access the Online Facility and for making all appropriate arrangements with any telecommunications suppliers or, where access to the Online Facility is provided through a third-party server, any such third party, necessary in order to obtain access to the Online Facility.

Neither we nor any company maintaining, operating, owning, licensing, or providing services to us in connection with, the Online Facility (Service Provider) makes any representation or warranty as to the availability, utility, suitability or otherwise of any such equipment or arrangements.

Since we do not control signal power, its reception or routing via the internet, configuration of your equipment or that of any third party or the reliability of its connection, we cannot be responsible for communication failures, distortions or delays when you are accessing the Online Facility via the internet.

Without limiting the generality of clause 14, the Online Facility is provided "as is" and neither us nor any of our directors, officers, employees, agents (collectively Associates) or Service Providers makes any representations or warranties of any kind whatsoever regarding;

- I. the availability, currency, accuracy or completeness of the Online Facility,
- II. the results to be obtained by you or anyone else from the use of the Online Facility, and;
- III. any third-party content accessible on or through the Online Facility.

7.14 Internet connectivity delays and price feed errors sometimes create a situation where the prices displayed on the Online Facility do not accurately reflect the then prevailing market rates. In the event of such delays and errors, we reserve the right to cancel orders, reverse transactions, close positions and make any necessary corrections or adjustments on the account involved.

7.15 You will not use, or allow the use of, the Online Facility:



- I. in contravention of any laws (in any jurisdiction), regulations or the FCA Rules (including the rules on market abuse) or any other regulatory authorities to which you may be subject;
- II. in any way (including, without limitation, posting information on the Online Facility where this facility is available) which is defamatory, obscene, abusive, indecent or menacing or which infringes any intellectual property rights or breaches obligations of confidence or which is otherwise illegal or unlawful;
- III. to introduce a software virus or other disruptive program or do any act which would cause the Online Facility to become unavailable for use by others;
- IV. to solicit or encourage other internet websites to frame or hypertext link direct to the Online Facility without our prior written consent; or V. in any way which is not authorised by us or is in breach of the Agreement.

7.16 We do not permit the practice of arbitrage or otherwise taking advantage of internet delays, using the Online Facility or any other manipulative or abusive behaviour (such as the dissemination of false or misleading market information through media, including the internet, or by any other means with the intention of moving the price of a security, a derivative contract or the underlying asset).

7.17 We regularly publish on our website updates of the system, features available to clients as well as information, declarations and warnings related to our services. We may also send newsletters from time to time related to this information to your email address.

7.18 You undertake to read any such communications on receipt and regularly familiarise yourself with this information, declarations and warnings and to inform us immediately of any disagreement with any such information.

7.19 You consent to communications being made via electronic media. If you no longer wish to communicate via electronic media, you must notify us and revoke this consent in writing. If you do not wish to communicate via electronic media at all, you must inform us of your wishes when completing the Account Opening Form. Communications sent through the Online Facility or by electronic media shall be treated as satisfying any legal requirement that a communication should be signed and in writing, to the extent permitted by applicable law.

## **8. BEST EXECUTION POLICY**

KAPWEALTH LIMITED is required to put in place an order execution policy and to take all reasonable steps to obtain the best possible result (or “best execution”) on behalf of Retail and Professional Clients, either when executing client orders or receiving and transmitting orders for execution. We are also required to provide a summary to Retail and Professional Clients of our order execution policy and obtain your consent to such policy. Requests for further information should be directed to our Compliance Department.

Our order execution policy applies only to Retail and Professional Clients and to Financial Instruments, as defined by MiFID. The order execution policy applies where we carry out Retail and Professional Client orders in such Financial Instruments, whether by executing such orders “on a client’s behalf”, or transmitting them to a third

party firm for execution. We will be executing orders “on your behalf” where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute the order.

*For example, this will be the case when we:*

- execute your order by dealing as agent;
- pass on (i.e. transmit) at our discretion to another broker or dealer (“third party”) for execution; and
- ‘work’ an order on your behalf.

Please be aware that we may not be executing orders on your behalf (and so will not owe best execution) where we publish a quote or provide a quote on request and you transact with us on the basis of that quote.

8.1 Order execution - Subject to any specific instructions that may be given by you, when executing orders on your behalf we will take all reasonable steps to obtain the best possible result for you taking into account the execution factors listed below. We will determine the relative importance of the execution factors by using our commercial judgement and experience in light of market information available and taking into account the execution criteria.

8.2 Execution factors - The execution factors that will be taken into account are: price; costs; speed; likelihood of execution and settlement; size and nature or any other consideration relevant to the execution of the order. The priority of the execution factors may vary, depending on your classification:

(i) If you are a Retail Client, the best possible result will be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to you.

(ii) If you are a Professional Client, price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some clients, orders, Financial Instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

8.3 Execution criteria - The execution criteria that will be taken into account are the characteristics of:

- I. the client;
- II. the order;
- III. the Financial Instruments that are the subject of that order; and
- IV. the Execution Venues to which that order can be directed.

8.4 Execution Venues – A list of the Execution Venues used by us is set out below. This list of Execution Venues comprises those Execution Venues on which we place significant reliance. We reserve the right to use other Execution Venues which we deem appropriate in accordance with our order execution policy and may add or remove any Execution Venues from this list. We will regularly assess the Execution Venues available in respect of any Financial Instruments that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing orders. The list of Execution Venues will then be updated, where necessary, following such assessment.

You should refer to [www.Kapwealth.com](http://www.Kapwealth.com) from time to time for the current list of Execution Venues. You will not be notified separately of any changes to these venues.

When carrying out your orders, we place significant reliance on the following Execution Venues;

- I. Member firms of the Stock Exchange PLUS Markets;
- II. Member firms of overseas stock exchanges;
- III. Other UK and overseas Execution Venues that we deem appropriate and that accord with our order execution policy.

Where applicable, we will take steps so that we do not structure or charge our commissions in such a way as to discriminate unfairly between Execution Venues.

#### Selecting an Execution Venue

Subject to the above and to any specific instructions that may be given by you in order to select an Execution Venue for an order we will use the following methodology:

- (i) When carrying out orders on a Regulated Market or a Multilateral Trading Facility (MTF), we will select the Execution Venue that we consider the most appropriate. The Execution Venue may be the Regulated Market or MTF itself, or a member firm of the Regulated Market or MTF.
- (ii) For a Financial Instrument admitted to trading on a Regulated Market or MTF, where we believe that we can trade to your advantage or at no disadvantage to you, we may transmit an order to, or execute an order on, an Execution Venue that is outside a Regulated Market or MTF.
- (iii) For a Financial Instrument not admitted to trading on a Regulated Market or MTF, we will select the Execution Venue that we consider the most appropriate.

Some Financial Instruments may have only one possible Execution Venue. In carrying out an order on your behalf in such circumstances, it will be assumed that we have achieved best execution.

8.5 Methods of execution - Subject to any specific instructions that may be given by you, we will carry out an order by one of the following methods or combination of methods:

- i On a Regulated Market or MTF by:

- (a) executing your order directly on a Regulated Market or MTF or, where we are not a direct member of the relevant Regulated Market or MTF, with a third party participant with whom we have entered into an agreement for handling orders for that Regulated Market or MTF; or
  - (b) executing your order with, or transmitting it for execution to, a liquidity provider that forms part of a Regulated Market or MTF; or
  - (c) executing your order with a matching order from another client under the rules of a Regulated Market or MTF; and/or (d) acting ourselves as the Execution Venue.
- ii Where we have obtained your prior express consent, outside a Regulated Market or MTF by:
  - (a) executing your order with, or transmitting it for execution to, a liquidity provider that is not part of a Regulated Market or MTF; (b) executing the order with a matching order from another client outside the rules of a Regulated Market or MTF; and/or (c) acting ourselves as the Execution Venue.

- (iii) In respect of a Financial Instrument not admitted to trading on a Regulated Market or MTF, we will carry out your order in the manner that we consider the most appropriate.

8.6                      Specific client instructions - Where you give us a specific instruction as to the execution of an order, we will execute the order in accordance with those specific instructions. Where your instructions relate to only part of the order, we will continue to apply our order execution policy to those aspects of the order not covered by your specific instructions.

You should be aware that providing specific instructions to us in relation to the execution of a particular order may prevent us from taking the steps set out in our order execution policy to obtain the best possible result in respect of the elements covered by those instructions. We reserve the right to refuse specific instructions from you regarding the execution of your order, where in our opinion such instructions are not practicable or may be contrary to your best interests.

8.7                      Publishing unexecuted Limit Orders - It may not always be possible to execute Limit Orders under the prevailing market conditions. We would then be required to make such orders public ahead of execution, unless you agree that we need not do so. We believe that it is in your best interests if we exercise our discretion as to whether or not we make such orders public, taking into account what we believe to be your best interests. Where you place a Limit Order with us that is not immediately executed, unless we believe that it would be in your best interest to do so, or you expressly request otherwise, we will not publish your unexecuted Limit Order during the period that it remains unexecuted.

8.8                      Reception and transmission of orders - Subject to any specific instructions that may be given by you, we may transmit an order that we receive from you to an associate or other external entity, such as: a third party broker, for execution. In doing so, we must act in your best interests.

8.9                    Monitoring and reviewing - We will monitor compliance with our order execution policy. We will review our order execution arrangements and policy regularly and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients. We will notify you of any material changes to our execution arrangements, including our Execution Venues or our order execution policy by posting updates on [www.Kapwealth.comm](http://www.Kapwealth.comm)

You will not be notified separately of any changes.

You may request that we demonstrate that we have carried out your orders in accordance with our execution policy.

8.10                  Consent - We are required by the Rules of the FCA to obtain your prior consent to our order execution policy. You will be deemed to provide such consent when you first give an order after receipt of these Terms.

Special Consent - In order for us to achieve the best results for your orders when we execute them on your behalf, we may sometimes seek to place your orders with an Execution Venue other than a Regulated Market or MTF. However, for a Financial Instrument that is admitted to trading on a Regulated Market or MTF, we are required to obtain your prior express consent before we execute an order in such Financial Instrument outside a Regulated Market or MTF (save where no Regulated Market or MTF is included in the list of Execution Venues for that Financial Instrument). By signing the account opening document and agreeing to our terms thereby, you will be deemed to have provided such prior express consent.

8.11                  Express Consent - We are required by the Rules of the FCA to obtain your express consent to exercise our discretion when deciding whether or not to publish any unexecuted Limit orders. By signing the account opening document and agreeing to our terms thereby, you will be deemed to have provided such express consent. If you wish, in respect of a particular unexecuted Limit Order, that we should publish that order ahead of its execution, you will need to include this request when placing your order with us.

## **9. SUITABILITY**

9.1                    In providing a managed portfolio service or giving investment advice to you, we are required by the FCA to obtain the necessary information from you regarding your knowledge and experience in the investment field relevant to the specific type of investment or service provided to you, your financial situation and your investment objectives in order to assess the suitability of our advice and of the transactions to be entered into by us on your behalf. In particular, we must obtain from you such information as is necessary for us to understand the essential facts about you and have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transactions to be recommended, or entered into in the course of managing:

- a) meets your investment objectives;

- b) is such that you are able to financially bear any related investment risks consistent with your investment objectives; and
- c) is such that you have the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of your portfolio.

9.2 We are entitled to rely upon any information provided by you or by any other person with your authority unless we are aware that the information is manifestly out of date, inaccurate or incomplete. If you fail to provide any information requested by us, whether by reason of unwillingness or inability to provide such information or if you provide us with inaccurate information, we will not be able to provide you with investment advice or enter into any transactions on your behalf.

9.3 If we advise you that your proposed course of action is not suitable for you but you nevertheless wish to proceed with the transaction, we will only accept your order on an execution-only basis. In such circumstances, we will inform you at the time that we will execute your order on that basis. We may proceed with the transaction (subject to Applicable Regulations) even when you are acting contrary to our advice.

## 10. APPROPRIATENESS

10.1 In providing services other than investment advice management, we may be subject to an obligation under Applicable Regulations to assess the appropriateness of the contemplated product or service for you by determining whether you have the necessary experience and knowledge in order to understand the risks involved in relation to the specific type of product or service offered or demanded. In such circumstances, where on the basis of information received we consider that the contemplated product or service is not appropriate for you, we will provide you with a warning to that effect.

10.2 If you elect not to provide information to enable us to assess appropriateness, or if you provide insufficient information regarding your knowledge and experience, we will provide you with a warning to the effect that this will not allow us to determine whether the envisaged service or product is appropriate for you.

10.3 Where we have provided a warning described above and you ask us to proceed with the transaction, you agree and acknowledge that we may proceed with the transaction.

10.4 *Please note*, however, that we will not advise you about the merits of a particular transaction if we reasonably believe that, when you give the order for that transaction, you are not expecting such advice and are dealing on an execution-only basis. Where the transaction relates to non-complex financial instruments such as shares, bonds and UCITS, we will inform you at the time that we will execute your order on that basis and we will not be required to ensure that the transaction is suitable or appropriate for you. Please note therefore, that you will not benefit from the protection of the relevant FCA Rules requiring us to assess the suitability or appropriateness of the transaction for you.

In the event that we provide you with execution-only services in relation to complex financial instruments, we are required to ensure that the transaction is appropriate for you. Where you on your own initiative instruct us to buy or sell or otherwise deal in a particular instrument or investment, we can accept no liability for the suitability of any such action or as regards any instruments or investments so held. Other than the obligation that we may owe under the Applicable Regulations to ensure that the transaction is appropriate for you, we shall accept no responsibility or liability for the performance of, monitoring of, advising on or dealing with, such investments in your account. In particular, but without limitation, we will not be deemed to be in breach of any investment parameters operating on your account to the extent that they are caused by such holding and shall not be liable for any subsequent decision either to sell, retain, or otherwise deal in such instrument or investment.

10.5 Where required under the Applicable Regulations, certain key facts about our services and the costs of our services with regard to regulated collective investment schemes will be separately provided to you. If we, acting in an advisory capacity, arrange or recommend a transaction for you in a collective investment scheme, you agree that the key features documents and/or a simplified prospectus need not be provided. Please note that we do not provide any financial planning advice.

10.6 Your attention is drawn to the KAPWEALTH LIMITED Account Opening Form, which invites you to provide your investment objectives, your preferred level of risk and any restrictions you wish to impose. In the absence of any other instruction we will assume that your investment objective is to achieve a balance between income and capital growth, that you are prepared to accept a medium degree of risk and you have no investment restrictions. If you wish to amend your investment objectives or restrictions at any time you should contact us immediately in writing, and we will confirm our agreement to these amendments in writing. The amendment to your investment objectives or restrictions will not be effective until we confirm our agreement to the amendments in writing. If your financial circumstances or tax status should change it is important that you inform us immediately.

## **11. TREATING CUSTOMERS FAIRLY (TCF)**

11.1 Strategy and Behaviours - Treating Customers Fairly (TCF) is implicit to the KAPWEALTH LIMITED ethos of promoting trust. This method of transacting business is core to our culture and the way that our people behave and do business. In setting our commercial objectives we will fully take account of our principals of Treating Customers Fairly.

11.2 Product & Service Design - We will develop & market products and services based on a clear understanding of the requirements of the Clients. We will monitor market changes and we will respond accordingly to ensure the continued appropriateness of our products and services.

11.3 Customer Communication - We will provide information to customers about the benefits, risks and costs associated with our products and services to help them understand what they can reasonably expect.

- We will provide appropriate information in a way that aims to be clear, fair and not misleading.
- We will pay due regard to our customers' information needs in a timely way.

11.4 Customer Expectations - We will honour the promises we have made to our customers. We will identify common underlying causes of complaints and take actions to eliminate the root causes.

11.5 Intermediaries - We will communicate our Treating Customers Fairly (TCF) principals to our Intermediaries so that they can take them into account in considering the practices they adopt in their dealings with customers.

We will provide our intermediaries with appropriate information on our products and services in order that they may advise their customers appropriately.

For further information about KAPWEALTH LIMITED's TCF principals, initiatives or further support please contact your Broker or alternatively email our Compliance Officer.

## 12. CONFLICTS OF INTEREST

You acknowledge that when we process an instruction from you, we or a connected person may have a material interest in relation to the investment or transaction concerned. In those circumstances that constitute, or may give rise to, conflicts of interest that could have a material risk of damage to the interests of one or more of our clients;

- (i) we will decline to act; or
- (ii) we will inform you of the nature and type of conflict of interest before we undertake any business on your behalf that may give rise to this conflict. You will then be in a position to decide whether it is permissible for us to act for you in these circumstances.

If you object to our acting for you, please notify the Compliance Officer, in writing at: C/O Jellyfish Ltd, Kapwealth, 28th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG or by email to: [compliance@kapwealth.com](mailto:compliance@kapwealth.com)

12.1 Conflicts may arise because:

- (i) we may deal in investments where a connected person is involved in a new issue, rights issue, takeover or similar transaction concerning the investment:
- (ii) we may match your transaction with that of another client or associate and receiving and retaining commission from both parties, or where the price of the transaction is different from the bid or offer price:

12.2 we may trade or deal in investments purchased or sold by you.

12.3 we may be executing a transaction for you where we have knowledge of other actual or potential transactions in the relevant investment.



12.4 we may be acting as an adviser or broker or have other business relationships with the issuers (or any of its advisers) of any investment bought or sold by you or advising or acting as a broker to any person in connection with any relative merger, acquisition or takeover.

Further details of our conflicts of interest policy can be found on our website at [www.Kapwealth.com](http://www.Kapwealth.com)

### **13. CLIENT MONEY**

KAPWEALTH LIMITED does not handle client money. Money will be held by your Prime Broker/Custodian on your behalf and will be dealt with in accordance with the FCA (client money) rules, which requires them to hold your money in a separate bank account with an approved bank. Your money will be held by the approved bank with other clients' money in a pooled client account. Unless in settlement of an invoice for fees, all cheques should be made payable to the Prime Broker/Custodian, in addition, your account number should be written on the back of the cheque. To avoid late settlement fees being charged to your account, payments should be settled in accordance with the below.

13.1 When you deal in investments overseas, you agree that the Prime Broker/Custodian may hold your money at any approved bank or pass your money to an intermediate broker, settlement agent or counterparty outside the UK. In such circumstances, the legal and regulatory regime applying to the bank, broker, agent or counterparty with which your money is held will be different from that of the UK and in the event of a default of the bank, broker, agent or counterparty your money may be treated differently from the position which would apply if the money was in the UK.

13.2 Any balances due to you which are unclaimed by you on an account which has not been active for six years will cease to be client money and will be retained by us. We will take reasonable steps to locate you and give you at least 28 days' notice should we intend to exercise these rights and should we do so we undertake to make good any valid claim that may be subsequently made against any balances we have retained in this way.

13.3 We will send you a statement about your funds and investments at least twice a year or annually if you have advised us of this in writing. This will be based upon the mid-price of the investments held at the specified date. You may obtain an up to date statement at any time, which will be chargeable.

13.4 We shall be entitled at any time with or without notice to you to debit your Account for any amounts due to us. We will be entitled to set off any amount due to you against any amount due to us, paying you or you paying us the resultant net balance.

13.5 Your investments will be pooled with investments held for other investors. This means that your investments will not be identified by separate share certificates. If the Prime Broker/Custodian defaults and, for example, if they are not holding enough investments to satisfy its obligations to all its investors, the investments will be shared out among them approximately in proportion to their holdings. This will not affect your

other legal rights. Dividends, interest payments and cash entitlements due to you will be paid promptly to your account. THE PRIME BROKER/CUSTODIAN will accept dividends in cash unless they agree otherwise.

Dividends, interest payments and cash entitlements due to you will be paid promptly to your account. THE PRIME BROKER/CUSTODIAN will accept dividends in cash unless they agree otherwise.

## **14. INSTRUCTIONS**

14.1 You agree to check all the documentation that we send to you in relation to your instructions. If there are any errors, you must let us know immediately. If we notice that there is an error in the documentation that we have sent to you in relation to your instructions, we will re-issue correct documentation immediately. You agree to return the original incorrect documentation to us and to repay any overpayments.

14.2 If you fail to comply with the above you may be committing a criminal offence. We will charge you interest on the overpayment and we will have the right to purchase replacement investments. You will pay for the investments and any costs.

14.3 If we are negligent and we fail to accurately carry out your instruction, we will ask you to choose one of the following options (as appropriate).

Instructions to buy;

- (a) buy investments to put you in the position that you would have been in if we had carried out your instructions correctly, or (b) pay you the difference between the price that should have been paid for the investment and the price that you actually paid.

Instruction to sell an investment. We will either:

- (a) pay you the difference between the price that you obtained on the sale and the price that you should have obtained if we had carried out your instruction correctly, or
- (b) if the value of the investment has risen from the price that you should have obtained, you can keep the investment so that you can sell it at the higher price.

14.4 You must take all reasonable steps to ensure the security of your account. We are not responsible for your acts or omissions, including losses arising from fraud, wilful neglect or negligence.

14.5 We cannot sell investments for you unless you have the right to sell them. In giving us an instruction to sell an investment you are confirming that you own or have the right to sell that investment.

14.6 We may rely on and treat as binding any instruction, which we have accepted in good faith, and which we believe to be from you or someone entitled to instruct us on your behalf.

14.7 We may accept instructions from you verbally or in writing. However, we may, entirely at our discretion, require any instructions given verbally to be confirmed in writing. In the case of a joint account we shall accept instructions as detailed in 7.6.

14.8 We may entirely at our own discretion accept limit orders from you. We may accept such orders on a 'fill or kill' basis or a 'good for the day' basis. We will use our reasonable endeavours to execute such orders; however, we do not guarantee that they will be executed even if the relevant price is met.

14.9 We may acknowledge your instructions verbally or in writing (i.e. by post or email).

14.10 We will assume you have received a communication from us 2 days after we post it to you by 1st class post, 5 days after we post it to by 2nd class post, immediately if sent by fax or when it is received by your internet service provider if sent to you by email.

Both KAPWEALTH LIMITED and the Prime Broker/Custodian reserves the right at any time to:

- I. refuse any instructions:
- II. limit the size or value of any instruction:
- III. impose any/or vary any dealing limit; and/or
- IV. seek additional clarification or verification of instructions where we or the Prime Broker/Custodian believes these are unclear. In particular, where investments are held in the name of another person, we may not act on your instructions until we have received satisfactory proof of your authority to deal for that other person.

14.11 You must send us any dividends or other benefits which you receive but are not entitled to, or when we claim them from you, in writing, we will then send them to the person who is entitled to them,

14.12 You will not be held responsible for deals placed using your account reference number if they have been placed after you have notified us of the loss, unauthorised use or disclosure of your details.

14.13 You agree to let us know immediately if you;

- (i) lose or disclose your account reference number, or if it is stolen or if you find out that someone has used your account reference number without permission;
- (ii) do not receive confirmation by post that we have carried out your dealing instructions within three business days of you placing them;
- (iii) receive confirmation of a deal which you did not place.

## **15. SETTLEMENT**

Whenever we execute your order we will confirm the transaction by sending you a contract note in accordance with the FCA Rules showing amounts due to you or from you on the stated given settlement date and giving other essential details of the transaction.

15.1 In every case you are obliged to make available cleared funds to settle purchases on or before the settlement date, or if you are selling investments, to deliver to us the investments being sold at least five business days prior to the settlement date. Personal cheques drawn on UK banks can take up to five business days to clear from the time of receipt. To avoid being charged a late settlement fee if a payment is made by cheque it must be drawn in favour of THE PRIME BROKER/CUSTODIAN, in accordance with 9.1 above, and arrive with our clearer at least five (5) business days before settlement. A debit card payment can take up to two (2) business days to clear and a CHAPS payment should clear on the same business day that you request it, provided it is paid in and received before the banks' cut-off time. Payments by credit card are not acceptable.

15.2 All transactions are undertaken with the object of actual settlement; we reserve the right not to settle transactions or accounts with you unless and until we have received all necessary documents or money.

15.3 Please note that should you fail to comply with your settlement obligations we may exercise all or any of the rights we reserve to apply the additional charges as detailed in our published commission rates and charges.

15.4 In the event of default on settlement, we retain the right to close the bargains opened on your behalf, and to pursue you for any loss incurred by ourselves. You will be liable for any costs and expenses (and any associated VAT) including all legal and court costs incurred by us in recovery of any outstanding debt and any interest accrued on the outstanding balance. The interest on the amount owed will be charged at the unauthorised overdraft rate charged by HSBC Bank plc.

15.5 Any documents of title shall be dispatched to you by first class post or courier and to the latest address notified to us by you and at your sole risk, we shall have no responsibility for any failure in delivery to you on the part of the postal system. If you have requested a certificate and within 28 days of the settlement date of your bargain you do not receive a certificate for a purchase and/or a balance certificate in respect of a sale you must telephone us immediately, we will accept no responsibility for any non-delivery outside this deadline where our records show the certificate has been dispatched.

## **16. DATA PROTECTION**

For the purpose of any data protection legislation, as amended from time to time, you agree that we, and our associates, may collect, store, process and retain personal and sensitive data relating to you (using computer systems or otherwise) in carrying out our duties under these Terms;

16.1 We have certain responsibilities under FCA rules to verify the identity of clients and may need to make certain enquiries and obtain certain information from you for that purpose. You confirm that all information you supply will be accurate and you consent to us passing on such information, as we consider necessary to comply with any reporting requirements.

16.2 You agree that we, and our associates, may hold all the information you provide on computer for administration, marketing and risk assessment purposes. We

will also disclose your personal information to THE PRIME BROKER/CUSTODIAN for the purposes of providing our services to you. We may also disclose your personal information to third party credit reference agencies in order to search their files. Such credit reference agencies will record the search.

By signing the KAPWEALTH LIMITED Account Opening Form, you consent to your personal information being used in this manner. If you do not wish your information to be used for marketing purposes, please inform us accordingly.

16.3 We may use, store or otherwise process personal information provided by you or us in connection with the provision of the services for the purposes of providing the services, administering your account or for purposes ancillary thereto, including, without limitation, for the purpose of credit enquiries or assessments.

16.4 The information we hold about you is confidential and will not be used for any purpose except as stated in these Terms. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature may be used in the following circumstances:

- I. where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over us (or any associate);
- II. to investigate or prevent fraud or other illegal activity;
- III. to any third party in connection with the provision of services to you by us;
- IV. for purposes ancillary to the provision of services or the administration of your account, including, without limitation, for the purpose of credit enquiries or assessments;
- V. if it is in the public interest to disclose such information; or (vi) at your request or with your consent.

16.5 By signing these Terms, you will be consenting to the transmittal of your data outside of the EU/EEA for the purposes outlined above.

16.6 In accordance with the Record Retention Statement below, you will not be at liberty to request the destruction or deletion of any record pertaining to yourself unless we are required to do so by force of law or other regulatory requirement. Under the Data Protection Act 1998 (the Act), or any subsequent legislation such as GDPR, and in order to facilitate our communications with you and our running of your affairs, you consent to our recording relevant personal information on our firm's computer system and when necessary disclosing such information to third parties in carrying out your instructions. We will supply to you at your request, on payment of a standard fee, a copy of the data relating to you and will provide you with a description of the data and the purposes for which it is processed, and with details of the source of the data and any potential recipients of the data. In the first instance, you should direct any such request to us. You should let us know if you think any information we hold about you is inaccurate, so that we may correct it.

16.7 We may contact you about our products and services which we believe may interest you, unless you inform us otherwise in writing.

16.8 You agree we may record all telephone calls without your specific consent. These recordings shall remain our sole property and you agree that they will be conclusive in the case of any dispute that may occur.

16.9 In accordance with the legal and regulatory requirements, we will retain your records, for a minimum period of six years following the termination of any relationship between us. This period may be extended by force of law, regulatory requirement or agreement amongst us.

## **17. COMPLAINTS PROCEDURE**

Should you have a complaint regarding the product or service you have received, and the matter cannot be resolved with the person you are dealing with, you should direct your complaint in writing to:

The Compliance Officer, C/O Jellyfish Ltd, Kapwealth, 28th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG

or by email at: [compliance@kapwealth.com](mailto:compliance@kapwealth.com)

We will endeavour to resolve your complaint as quickly as possible, but in any event will acknowledge receipt of your letter within five business days. Our letter will include a summary of our internal complaints procedure in the form of a Complaints Procedure Leaflet. Upon resolution of the complaint we will send you a final response letter, which sets out the nature of the resolution and any applicable remedy.

If for any reason you are not satisfied that your complaint has been resolved fairly then, provided you are an 'eligible complainant' you are entitled to refer the matter to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR or telephone 0845 080 1800.

A leaflet detailing the procedure will be provided to you in our final response.

An eligible complainant is defined in the FCA Rules as a private individual, a business with a group annual turnover of less than £1 million, a charity with a total annual income of less than £1 million or a trust with a net asset value of less than £1 million. You must have an expression of dissatisfaction that involves allegations of financial loss, material distress or material inconvenience.

## **18. CHARGES**

Commission Rates and Charges – Before you begin to trade, you should ensure that you are fully aware of all commissions and charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value and not simply as a percentage of your initial payment.

18.1 Our charges will be in accordance with our published commission rates and charges in effect at the time the charges are incurred, there will be an “other charge” for each contract to cover settlement/compliance costs. A copy of our published commission rates and charges has been notified to you at or before the time the charge is incurred. You agree that we can deduct these charges from your account with us.

18.2 In addition to our charges you will be responsible for payment of any stamp and other duties, taxes of whatsoever nature, impositions and fiscal charges (in each case wherever in the world imposed), brokerage clearing and settlement fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable or incurred by us on your behalf: and any applicable value added tax or similar charge.

18.3 We may impose certain additional charges as set out in our published rates which you shall be liable for in the event that you fail to comply with your obligations under these Terms. In particular, if you default in paying any amount when due, interest will be payable by you at the rate specified in our published rates, and in addition you will be charged for each letter concerning your breach of your obligations.

18.4 If we should enter into a transaction on your behalf using the London Stock Exchange SETS trading system or any other trading system which imposes any liability on us (in whatever capacity) we reserve the right to make additional charges to reflect the additional risk we are incurring including (without limitation) a mark-up or mark-down on the price of the investment concerned (that is at a premium or discount to the amount at which we will actually purchase or sell the investment concerned). Should we do so you will be notified at the time and details of any additional charges will be shown on the contract note issued to you.

18.5 In addition to paying any commission and charges due to us you will reimburse us for any costs and expenses which we may incur which are directly attributable to you. These charges may include (without limitation) the costs of providing information to third parties (such as your accountants or auditors), valuations, or our involvement in legal proceedings brought against you.

## **19. RISK WARNING**

### **Risk Warnings – General**

19.1 This notice is provided to you as a Retail Client in compliance with the rules of the Financial Conduct Authority (FCA). (Retail Clients are afforded greater protections under these rules than other clients and you should be aware of your rights of access to the Financial Ombudsman Service and other benefits). Please remember that the price or value of investments can go down as well as up. You may not get back the amount invested. Past performance is not necessarily a guide for future performance.

19.2 Non-Complex Products – Shares, Fixed Interest Bonds and Gilts and Collective Investments are all classified as Non – Complex Products, however like all investment products, they do carry a certain degree of risk.

- (i) Shares – There is an extra risk when buying shares in smaller capitalised companies or unlisted shares (Penny Shares). There is often a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up. Emerging Market Shares may be harder to sell than shares in more developed markets and these companies may not be regulated as strictly. Investing in shares in a specialist sector is considered to be a higher risk strategy as the sector concentration gives exposure to higher volatility.
- (ii) Fixed Interest Bonds and Gilts – Government Bonds or bonds classified by recognised rating agencies as 'AAA' are generally considered to be a 'lower risk' investment, however sub investment or 'junk' bonds, which customarily offer higher interest payments, are issued by companies that are less financially secure and therefore the risk of default is substantially higher.
- (iii) Collective Investments – These include Investment Trusts, Unit Trusts, Exchange Traded Funds (ETFs) and Real Estate Investment Trusts (REITs). When considering an investment into any of these products you should carefully read the key features document prior to making any decision and if necessary consult with a professional investment adviser. The value of an investment into a Collective Investment can fall as well as rise and you may not get back your original investment.

19.3 Complex Products – Futures, Options and Warrants are all classified as Complex Products. Prior to dealing in these products, you should be aware of the nature and level of risk involved and understand that although it is not uncommon for these products to be used for the management of investment risk some of these products are not suitable for all investors. If necessary seek professional independent advice. KAPWEALTH LIMITED will have to be satisfied that the product is suitable for you with regards to your investment objectives, financial circumstances, product knowledge and experience.

- (i) Futures – Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some instances to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in 14.4 below.
- (ii) Options – There are many different types of options with different characteristics subject to the following conditions:-
  - (a) Buying Options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later



exercise the option, you will acquire the future. This will expose you to the risks described under 'futures' (i. above) and 'contingent liability investment transactions'.

(b) Writing Options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset, which you have contracted to sell, (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

(c) Traditional options: Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Certain option markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

(iii) Warrants – A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time-scale then the investment becomes worthless.

You should not buy a warrant unless you are prepared to sustain a total loss of your investment plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a 'covered warrant').

(iv) CFD's / Contract For Difference - A CFD (or Contract For Difference) is an agreement between two parties to settle, at the close of the contract, the difference between the opening and closing prices of the contract, multiplied by the number of underlying shares specified in the contract.

CFDs are traded in a similar way to ordinary shares. The prices quoted by many CFD providers is the same as the underlying market price and the you can trade in any quantity just as you would with an ordinary share, you will usually be charged a commission on the trade and the total value of the transaction is simply the number of CFDs bought or sold multiplied by the market price. However, there are some distinct differences from trading ordinary shares that have made them increasingly popular as an alternative instrument to speculate on the movements of shares or indices.

19.4      Contingent Liability Investment Transactions – Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures or sell options you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. 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 you will be responsible for the resulting deficit. Even if a 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 entered the contract. Save as specifically provided by the Financial Conduct Authority (FCA), KAPWEALTH LIMITED may only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions that are not so traded may expose you to substantially greater risks.

19.5      Foreign Markets – Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. On request, we will provide you with an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

19.6      Non-Readily Realisable Investments – We may enter into transactions on your behalf in a non-readily realisable investment. These investments are defined as investments that are neither government securities nor listed investments nor those which regularly trade on an exchange. The market in such securities can be, or can become, limited or difficult to dealing. It can therefore be difficult to assess what would be a proper market price for these investments

19.7      Suspensions of Trading – Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the specific price.

19.8 Clearing House Protections – On many exchanges, the performance of a transaction by KAPWEALTH LIMITED (or third party with whom he is dealing on your behalf) is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the client, and may not protect you if KAPWEALTH LIMITED or another party defaults on its duty to you.

19.9 Insolvency – In the event of KAPWEALTH LIMITED or THE PRIME BROKER/CUSTODIAN's insolvency or default, or that of any other brokers involved with your transaction, this may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets, which you lodged as collateral and you may have to accept any available payments in cash. On request, we will provide you with an explanation of the extent to which we will accept liability for any insolvency of, or default by, other firms involved with your transactions.

19.10 PLUS/AIM - KAPWEALTH LIMITED participates in Alternative Investment Market (AIM) and PLUS Market shares, all of which carry a higher degree of risk than blue chip investments and there is always the possibility of losing the capital sum invested. Investment should be restricted to the maximum one can afford to lose. These investments may not be suitable for everyone and if you have any doubt regarding suitability please contact your regular investment adviser. KAPWEALTH LIMITED and/or its connected companies and/or directors or employees and/or members of their families may from time to time have a material interest (including options) in relation to an investment in which we deal on your behalf and may add or dispose of such securities from time to time.

It is more difficult to buy and sell shares in small companies and it may not always be possible to deal. Market Makers operate with a wide spread between buying and selling prices for small companies and this spread and fluctuation in the share price may mean that you do not get back the full amount invested. AIM and PLUS markets are designed primarily for emerging or smaller companies. Both the AIM and Plus Market Rules are less demanding than those of the Official List of the London Stock Exchange. The past is not necessarily a guide to future performance.

#### 19.11 Margin

- I. You shall provide to us and maintain with us such amount of money in respect of and as security for your actual, future and contingent liabilities to us (Liabilities) in such amounts and in such forms as we, at our absolute discretion, may require (Margin). We may change our Margin requirements at any time.
- II. Any requirement for Margin must be satisfied in such currency and within such time as may be specified by us (in our absolute discretion) or, if none is specified, immediately. One Margin call does not preclude another. Margin shall be provided in the form of cash or such other forms as we may agree or accept.
- III. You are responsible for maintaining appropriate arrangements with us at all times for the receipt and communication of information regarding Margin. If you fail to provide Margin to us in the required time, we may automatically close out your open positions and we will be entitled to exercise our rights in accordance with clause 19 below.

- iv. Unless otherwise agreed by us, you charge to us all Margin provided by you to us under the Agreement as a continuing security for your Liabilities under or pursuant to the Agreement (including under every transaction from time to time governed by the Agreement).
- v. You agree to execute such further documents and to take such further steps as we may reasonably require enabling us to exercise our rights or to satisfy any requirement.
- vi. You may not withdraw or substitute any property which is subject to our security interest without our prior consent.

#### 19.12 FX Rollover and Offset Instructions

All positions which remain open from 23:59:45 to 23:59:59 (Online Facility time) will be subject to rollover. All positions which are opened or closed from 23:59:45 to 23:59:59 (Online Facility time) may be subject to rollover. We may charge you a fee in respect of each such position that is rolled over. The fees that we charge will be published on the Online Facility.

- i. In the absence of clear and timely instructions from you, you agree that in order to protect your interests and ours we are authorised, at our absolute discretion and at your expense, at the end of each business day, to close any open position, rollover or offset all or any open position(s), enter into offsetting transactions or to make or receive delivery on your behalf upon such terms and by such methods as we may deem reasonable in the circumstances.
- ii. For the avoidance of doubt, we will not arrange delivery of the subject matter any Product (where applicable) unless we deem it necessary or if we otherwise agreed in writing with you to do so and, accordingly, unless such arrangements have been made by us any open positions (where applicable) shall be closed and the resulting profit or loss credited or debited to your account with us.

## 20. RISK WARNINGS – STABILISATION RULES

This statement complies with Financial Conduct Authority (FCA) rules. KAPWEALTH LIMITED may from time to time carry out transactions in securities on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the following explanation carefully:

20.1 Stabilisation: Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation will be carried out by a 'stabilisation manager' (normally the firm responsible for bringing a new issue to the market). As long as the stabilisation manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to

investors or allotted to institutions, which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

20.2 The Stabilisation Rules: The Stabilisation Rules limit the period when a stabilising manager may subsidise a new issue; fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and require him to disclose that he may be stabilising but not that he is actually doing so. The fact that a new issue or a related security is being stabilised should not be taken as an indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

## **21. GENERAL**

No failure or delay by either of us in exercising any right, power or privilege in these Terms shall operate as a waiver thereof nor shall any single or partial exercise by us of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

21.1 The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

21.2 You consent to our assigning or transferring responsibility for the performance of any of our obligations in these Terms and the rights or benefits hereunder to such transferee as we may determine, provided such transferee shall (if required) be permitted to carry on the same business as us.

21.3 We may also appoint sub-contractors, agents or other parties and otherwise delegate such obligations and functions as we shall be required to perform in accordance with these Terms, as we shall in our absolute discretion determine.

21.4 Your rights under the Terms are personal to you and are not capable of assignation, your obligations under the Terms may not, without our prior written agreement, be performed by anybody else.

21.5 To avoid any misunderstanding;

- (i) in the event of there being any inconsistency between any of these Terms and any relevant rule of the FCA or any exchange or market (including any associated clearing house or clearance system) the relevant rule will take precedence:
- (ii) in these Terms any reference to any statute, subordinate legislation (including without limitation the FCA rules or rules of any exchange or clearing house) shall be to such statute, subordinate legislation or rules as amended or extended from time to time.

21.6 In the event that any provision or any part of any provision of these Terms is held to be unenforceable or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of these Terms but the enforceability of the remainder shall remain unaffected.

21.7 The Contracts (Rights of Third Parties) Act 1999 shall not apply to these Terms and only the parties to it may enforce and benefit from these terms.

21.8 We may amend, suspend and/or terminate any or all of the Services at any time, where reasonably practicable we will give advance notice of this but this may not always be possible and/or practical for business reasons.

21.9 We may employ agents selected by us on any terms which we think suitably appropriate.

## **22. AMENDMENT**

We reserve the right to alter these Terms at any time. Alterations may be made to make it fairer to you, more easily understandable, correct a mistake, cover a development in the service, reflect a change in market conditions or practice, reflect a change in the law or regulation or any code or application of practice, reflect a change in technology, cover a development or change on our service or facilities, ensure good management or competitiveness of our business or for any other reason that we may deem to be valid.

You are deemed to have consented to any alteration that may be effected to these Terms if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect.

## **23. LIMITATION OF LIABILITY**

23.1 Unless caused by our fraud, wilful default or negligence, we will not be liable to you for any loss suffered by you in connection with these Terms; this includes any loss of profits, indirect, consequential or incidental damages, liabilities, claims, losses, awards, proceedings and costs.

23.2 We will not have any liability to you in the event that we do not act on your instructions or are unable to provide any service under these Terms as a result of some factor that is beyond our reasonable control (for example, act of God, failure of computer or related systems, failure of market systems or failure of any third party to provide any service to which these Term relates).

23.3 KAPWEALTH LIMITED shall not be liable for any loss arising other than as a result of its own negligence or wilful default or contravention of FCA rules and, in any event, will not be liable for any indirect or consequential loss (including loss of profit).

23.4 KAPWEALTH LIMITED shall have no liability for any circumstance or failure to provide any service if such circumstance or failure results from any event or state of affairs beyond the control of KAPWEALTH LIMITED, including, without limitation, any failure of communication or computer systems or equipment or the suspension of trading by any exchange or clearing house.

Nothing in these Terms is intended to have the effect of excluding any liability to you, which by law or FCA rules cannot be excluded.

23.5 In the absence of instructions from you, THE PRIME BROKER/CUSTODIAN reserve the right to take any actions, that they consider is appropriate to protect their

interests. If they do so we reserve the right to pass onto you any cost, loss and expenses that may be incurred in their doing so.

## **24. INDEMNITY**

24.1 Subject to our duties and liabilities under the Financial Services and Markets Act 2000 (FSMA) and FCA rules, we shall not be liable for any loss or damage suffered by you in connection with the provision of any services to which these Terms apply except to the extent that such loss or damage results directly from our negligence, fraud or wilful default.

24.2 You agree to indemnify THE PRIME BROKER/CUSTODIAN, and ourselves against any liability or expense which may be incurred in the proper exercise of our powers and duties.

24.3 You agree that the only duties or obligations we owe you are those set out expressly in these Terms and that we do not owe you any other or further duties or obligations (whether arising from the fact that we are acting as your fiduciary or otherwise).

24.4 Nothing in these Terms excludes or restricts any obligation we have to you under the FCA Rules, the Financial Services and Markets Act 2000 or requires you to exempt or indemnify us against any breach by us of any such obligation.

24.5 Under no circumstances whatsoever shall we be responsible or liable for any claim, loss, damage, expense, or cost howsoever suffered arising in consequence of any breach, failure to perform or delay in performing any of our obligations to you arising from:

- (i) any matter outside our control;
- (ii) any breakdown in communications whether between us and you or between us and any exchange or any intermediate broker or other third party through whom we are dealing on your behalf or the failure or defective operation of any computer system; and
- (iii) anything done or omitted to be done by us or the performance or the failure or delay in performance of any of our obligations arising from the absence or inaccuracy of any information provided to us by you or on your behalf or any exchange or any intermediate broker or other third party through whom we are dealing on your behalf.

24.6 Under no circumstances will we be responsible or liable for any consequential loss including but not limited to any loss of business opportunity arising directly or indirectly out of or in consequence of anything done or omitted to be done by us or the breach by us of any obligation due to you. Nor shall we be responsible or liable for the tax consequences of any transaction which we may effect for you.

## **25. TERMINATION OF AGREEMENT**

25.1 Either party may terminate this Agreement at any time by giving the other notice in writing, which will be effective immediately.

25.2 Any termination is subject to the settlement of any outstanding transactions and the payment of any charges and other amounts due (which become due and payable immediately). If you request us to re-register or transfer your securities, you will be liable to a fee to cover the cost.

25.3 If you want to close your account and terminate this agreement, you must send us written and signed notification of that. Your account will not be closed merely because there is a nil balance or you have sold all of your investments. If charges accrue on the deposit accounts, you will still be liable for them and we retain the right to debit your deposit account in the usual way.

25.4 We reserve the right to regard an account as dormant and therefore eligible for termination of this agreement if your account fits our dormancy criteria. Please contact us if you require further details of what this means.

25.5 If we exercise our right to end or suspend your use of the service we will not be liable for any losses, which may be suffered by you due to a decrease in the value of your investments between the date you purchased, and the date we sold them.

25.6 In the case of an individual, this Agreement will terminate automatically when we receive notification of your death.

25.7 This Agreement will automatically terminate in the event of KAPWEALTH LIMITED or THE PRIME BROKER/CUSTODIAN entering into insolvency, being convicted of criminal activity or being in material breach of its fiscal responsibilities.

## **26. ENTIRE AGREEMENT**

These Terms are subject to English Law and you agree to submit to the exclusive jurisdiction of the English courts in the case of any dispute regarding them. These Terms set out all of the terms and conditions relating to our provision of these services to you subject to any subsequent amendments that may be notified. You agree that if any part of this agreement is found to be invalid or unenforceable by any court, this will not affect the rest of the agreement, which will remain in full force and effect.



## **ANNEX 1**

### **27. Part I: THE NATURE & RISK OF DESIGNATED INVESTMENTS**

This Annex is intended to give you, in your category as a retail or a professional client, information on, and a warning of, the risks associated with designated investments so that you are reasonably able to understand the nature and risks of the services and of the specific types of investment being offered and, consequently, to take investment decisions on an informed basis. The Annex does not purport to disclose all of the risks and other significant aspects of investment products and services. Please note that this Annex includes, for your convenience, information on some designated investments which are not covered by KAPWEALTH LIMITED's FCA regulatory permissions.

You must not rely on the guidance contained in this Annex as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or other products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created or drafted. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products you should be aware of the guidance set out below.

The value of investments and the income from them can fall as well as rise and you might not get back the original amount invested. This can result from market movements and also from variations in exchange rates between sterling and the currency in which a particular investment is denominated. Past performance is not a reliable indicator of future results.

### **28 Part II: PRODUCTS AND INVESTMENTS**

Set out below is an outline of the major risks that may be associated with certain generic types of Financial Instruments, which should be read in conjunction with Parts III and IV.

#### **1. Shares and Other Types of Equity Instruments**

##### **1.1. General**

A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis à vis its competitors, leading to further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

Shares have exposure to all the major risk types referred to in Part III below. In addition, there is a risk that there could be problems in the sector that the company is in. If the Company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be a certain amount of liquidity risk, whereby shares could become very difficult to dispose of.

## 1.2. Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares. Ordinary shares usually carry a right to vote at general meetings of the issuer.

There is no guaranteed return on an investment in ordinary shares for the reasons set out in 1.1 above, and in a liquidation of the issuer, ordinary shareholders are amongst the last who have a right to repayment of their capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

## 1.3 Preference shares

Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend, the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation.

## 1.4 Depositary Receipts

Depositary Receipts (ADRs, BDRs, etc.) are negotiable certificates typically issued by a bank which represents a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the Receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower

transaction costs and timely dividend distributions. The risks involved relate both to the underlying share (see 1.1 - 1.3 above) and to the bank issuing the Receipt.

### 1.5 Penny shares

There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up and you might not be able to sell at any price.

## 2. Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security could result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.

The right to subscribe for any of the investment products listed in 1 above or 3 or 4 below which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the pre-determined time-scale then the investment becomes worthless.

If subscription rights are exercised, the warrant holder may be required to pay to the issuer additional sums (which may be at or near the value of the underlying assets). Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying investment product.

A warrant is potentially subject to all of the major risk types referred to in Part III below. You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable

against someone other than the original issuer of the securities, often called a covered warrant). For these instruments, (see 6.3 below).

## 3. Money-Market Instruments

A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower.

Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments (see 4 below), money-

market instruments may be exposed to the major risk types in Part III below, in particular credit and interest rate risk.

#### 4. Debt Instruments/Bonds/Debentures

All debt instruments are potentially exposed to the major risk types in Part III below, in particular credit risk and interest rate risk.

Debt securities may be subject to the risk of the issuer's inability to meet principal and/or interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and other economic factors, amongst other issues. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

#### 5. Units in Collective Investment Schemes

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types referred to in Part III below.

There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

#### 6. Derivatives, Including Options, Futures, Swaps, Forward Rate Agreements, Derivative Instruments For The Transfer Of Credit Risk, Financial Contracts For Differences

The risks set out in 6.1 - 6.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

##### 6.1 Derivatives Generally

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

Derivatives usually have a high risk connected with them, predominantly as there is a reliance on the performance of underlying assets, which is unpredictable. Options or futures can allow a person to pay only a premium to have exposure to the performance of an underlying asset, and while this can often lead to large returns if the investor has made correct assumptions with regard to performance, it could lead to a 100% loss (the premium paid) if incorrect. Options or futures sold "short" or uncovered (i.e. without the seller owning the asset at the time of the sale) may lead to great losses if, depending on the nature of the derivative, the price of the underlying asset falls or rises significantly.

If a derivative transaction is particularly large, or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the Issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a lossmaking contract.

Derivatives can be used for speculative purposes or as hedges to manage other investment risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

## 6.2 Futures/Forwards/Forward rate agreements

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. (See further 1 and 2 of Part IV below).

## 6.3 Options

There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained

in 6.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Traditional options: Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

#### 6.4 Contracts for differences / CFD

Certain derivatives are referred to as contracts for differences (CFD's). These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 6.2 and 6.3 above. Transactions in CFD's may also have a contingent liability and could lose more than initial deposit/investment.

#### 6.5 Swaps

A swap is a derivative where two counterparties exchange one stream of cash flows against another stream.

A major risk of old off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. If party A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

## 7. Combined Instruments

Any combined instruments, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

## 29 PART III: GENERIC RISK TYPES

### 1. General

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the Issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

The risk types set out below could have an impact on each type of investment.

### 2. Liquidity

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back the relevant product.

### 3. Credit Risk

Credit risk is the risk of loss caused by borrowers, bond obligors, or counterparties failing to fulfil their obligations or the risk of such parties credit quality deteriorating.

### 4. MARKET RISK

#### 4.1 General



The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector and economic factors. These can be totally unpredictable.

#### 4.2 Overseas markets

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from the UK markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

#### 4.3 Emerging Markets

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, and regulation found in more developed markets. For example, these markets might not have regulations governing manipulation and insider trading or other provisions designed to “level the playing field” with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives.

#### 5. Clearing House Protections

On many exchanges, the performance of a transaction may be “guaranteed” by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed.

There is, in any event, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange (although unlisted transferable securities may be cleared through a clearing house).

#### 6. Insolvency

The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued

the bond or of the counterparty to the off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

## 7. Currency Risk

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency but may not eliminate completely exposure to changing currency values.

## 8. Interest Rate Risk

Interest rates can rise as well as fall. A risk exists with interest rates that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products.

## 9. Regulatory/Legal Risk

All investments could be exposed to regulatory or legal risk.

Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal.

Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors. For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in

response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

#### 10. Operational Risk

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

### **30 Part IV: TRANSACTION AND SERVICE RISKS**

#### 1. Contingent Liability Investment Transactions

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. 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 you must be responsible for the resulting deficit. Even if a 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 entered the contract.

You may lose more than your initial deposit. 10% of liquid funds save as specifically provided by the FCA, we will only carry out margined or contingent liability transactions with, or for you, if they are traded on or under the rules of a recognised or designated investment exchange. Transactions which are traded elsewhere may be exposed to substantially greater risks.

#### 2. Collateral

If you deposit collateral as security with your firm, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get

back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from the firm how your collateral will be dealt with.

## 2.1 Effect of absolute title transfer

Where your collateral is subject to total title transfer to us, you should note that:

- (a) the assets cease to be your assets and you will no longer have a proprietary claim over them. They will not be held subject to the rules of the applicable regulator in safe custody (where they are financial instruments) or subject to client money protection (where they are cash). The assets become the firm's assets and as such, can deal with them in its own right;
- (b) you will have an unsecured contractual claim against the firm for re-transfer of equivalent assets; and
- (c) as a result, the assets will not be subject to a trust or otherwise insulated in the firm's insolvency. In such an event, you may not receive back everything so transferred to the firm and you will only rank as a general creditor.

## 3. Short Sales – Only for CFD Options

Short selling is the practice of selling a financial instrument without actually owning it; with the intention of buying it back later at a lower price. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so he will either go into the market to buy the relevant financial instruments for delivery, he will “borrow” the relevant financial instruments under a stock lending arrangement (for further detail on this see 12 below).

Short selling is a technique used by investors who want to try and profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

## 4. Off-Exchange Transactions

The FCA recognises and supervises a number of Recognised Investment Exchanges (RIEs) under the Financial Services and Markets Act 2000. Recognition gives an exemption from the need to be authorised to carry on a regulated activity in the United Kingdom. A list of these exchanges can be found on the FCA website. <http://www.fca.org.uk.org>

Transactions which are traded elsewhere may be exposed to substantially greater risks.

## 5. Limited Liability Transactions

Before entering into a limited liability transaction, you should obtain from us, or the firm through which you are dealing, a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

## 6. Commissions

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 percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

## 7. Suspensions of Trading and Grey Market Investments

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

Transactions may be entered into in:

- (a) a security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) a grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.

There may be insufficient published information on which to base a decision to buy or sell such securities.

## 8. Deposited Cash and Property

You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you

may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which had been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

## 9. Stabilisation

Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a 'stabilisation manager' (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

- (a) limit the period when a stabilising manager may stabilise a new issue;
- (b) fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and (c) require him to disclose that he may be stabilising but not that he is actually doing so.

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, or of the price at which they are prepared to buy the securities.

## 10. Non-Readily Realisable Investments

Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and/or to liquidate your position.

## 11. Euronext LIFFE: Exclusion of Liability

Euronext LIFFE is the derivatives arm of the pan-European stock exchange Euronext.

- (a) Business on the London International Financial Futures ("LIFFE") market operated by LIFFE may from time to time be suspended, restricted or closed for such period as may be determined in the interests of maintaining a fair and orderly market in accordance with the Rules of LIFFE. Any such action may result in your broker, when acting on your

behalf, being prevented from, or hindered in, entering into Transactions in accordance with the Rules of LIFFE.

Inter alia, business on the market may from time to time be suspended or restricted or the market may from time to time be closed for a temporary period or for such longer period as may be determined in accordance with LIFFE's Rules on the occurrence of one or more events which require such action to be taken in the interests of, inter alia, maintaining a fair and orderly market. Any such action may result in your broker, acting on your behalf, being unable to enter into contracts in accordance with LIFFE's Rules.

Furthermore, your broker, acting on your behalf, may from time to time be prevented from or hindered in entering into contracts in accordance with LIFFE's Rules as a result of a failure of some or all market facilities. We would also like to draw the following exclusion of liability to your attention. Unless otherwise expressly provided in LIFFE's Rules or in any other agreement to which the Exchange is party, the broker and the Exchange shall not be liable to you for loss (including any indirect or consequential loss including, without limitation, loss of profit), damage, injury or delay, whether direct or indirect, arising from any of the circumstances or occurrences referred to above or from any act or omission of the Exchange, its officers, employees, agents or representatives under LIFFE's Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives.

(b) LIFFE has a number of powers which, if exercised, may impact upon the brokers' ability to submit an order on behalf of you or which may lead to the cancellation of an order after submission to the LIFFE CONNECT™ Trading Host prior to execution. In particular, in addition to the powers already available to LIFFE (including those in relation to investor protection and proper markets), you should be aware that, in respect of LIFFE CONNECT™:

- LIFFE has the power to suspend our access, or access via a particular ITM or ITMs, following a single warning, and to terminate our access under certain conditions;
- LIFFE will cancel all outstanding orders on our default;
- orders outside the price limits will be rejected automatically by the Trading Host;
- all orders (with the exception of GTC orders) will be cancelled automatically at Market Close or when the ITM under which the order was submitted is logged out without the order being transferred to an alternative ITM;
- all orders (including GTC orders) will be cancelled at close of business on the Last Trading Day of the expiry month to which they relate; and
- all orders (with the exception of GTC orders) will be cancelled automatically if the Trading Host fails.

For the purposes of this paragraph 11, the terms "GTC order", "ITM", "Last Trading Day", "LIFFE CONNECT™", "Market Close" and "Trading Host" shall have the meanings ascribed to them in the LIFFE Rules.

## 12. Stock Lending/Repo's

The effect of lending (or repo'ing) securities to a third party is to transfer title to them to the borrower (or repo purchaser) for the period that they are lent (or repo'ed). At the end of the period, subject to default of the borrower (or repo purchaser), the lender (or repo seller) receives back securities of the same issuer and type. The borrower's (or repo purchaser's) obligation to transfer equivalent securities is secured against collateral (which is usually transferred by a title transfer mechanism pursuant to market standard agreements). There is, accordingly, credit risk. Lending (or repo'ing) securities may affect your tax position.

### 13. Strategies

Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

## 31 PART V: PROFESSIONAL DISCLOSURES

This Part V of the KAPWEALTH LIMITED Risk Warning on Investment Products will not apply to you unless you have been classified as a Professional Client.

We may provide you with services in relation to all types of financial instruments, including:

- transferable securities
- money market instruments
- units in collective investment undertakings
- options, futures, swaps, forward rate agreements and any other derivative's contracts relating to:
  - o commodities, whether cash and/or physical settled and whether or not traded on a regulated market and/or MTF
  - o climatic variables, freight rates, commission allowances or inflation rates or other official economic statistics
- derivative instruments for the transfer of credit risk
- financial contracts for differences
- other derivative contracts

We will send you a confirmation of each transaction undertaken for you promptly after entering into that transaction with or for you. We will promptly send you the essential information concerning the execution of the order.

**RISK ASSESSMENT:** In deciding to deal with us in such product generally, and in any particular case, you will have already assessed the risks involved in those products and in any related services and strategies which, in any particular case may (as relevant) include any of, or a combination of, the following:

- credit risk



- market risk
- liquidity risk
- interest rate risk
- FX risk business, operational and insolvency risk
- the risks of OTC, as opposed to on-exchange, trading, in terms of issues like the clearing house 'guarantee', transparency of prices and ability to close out positions • contingent liability risk
- regulatory and legal risk

In relation to any particular product or service there may be particular risks which are drawn to your attention in the relevant terms sheet, offering memorandum or prospectus.

You must not rely on the above as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed above. Where you are unclear as to the meaning of any of the above disclosures or warnings, we would strongly recommend that you seek independent legal or financial advice. REGULATED: The services that we provide are regulated by the FCA and a copy of their rules and regulations are available for inspection at: [www.fca.gov.uk](http://www.fca.gov.uk) or on request at our offices during normal business hours.

Where applicable, any term used in these Terms and Conditions of Business has the meaning given to it by the Financial Conduct Authority (FCA) Rules.

COOKIES, MONITORING and TRACKING: We may use cookies or IP address tracking devices on the Online Facility to administer the Online Facility, store password and usernames, to monitor visits to pages on the Online Facility on this and other occasions from your terminal, to personalise the Online Facility service to you and to track and facilitate browsing through the Online Facility. A cookie is a piece of data stored on your hard drive containing information about you relating to the use of the Online Facility. IP addresses may be linked to your personal data and by tracking these addresses, we would be obtaining such personal data. Access to the Online Facility is conditional on acceptance by you of any cookies and IP address tracking devices described in and for the purposes explained in this clause. By accepting the Agreement, you acknowledge that you understand the broad nature of cookies and IP address tracking devices and the purposes for which they will be used by us.

WARNING: Failure to provide sufficient information to KAPWEALTH LIMITED Securities regarding your knowledge or experience, investment objectives, attitude to risk, financial situation and investment preferences will mean that KAPWEALTH LIMITED cannot determine if the relevant financial instrument / product or service is suitable for you.

RISK WARNING NOTICE: All investments contain an element of risk and what you get back may be less than you invested. Tax treatment depends on your individual circumstances and may be subject to change in the future. If in any doubt please seek further independent advice.

T: 0203 4167750

E: [info@Kapwealth.com](mailto:info@Kapwealth.com) W: [www.Kapwealth.com](http://www.Kapwealth.com)