

RISK DISCLOSURE AND WARNING NOTICE

GLEX Limited

Investment Dealer License SEC-2.1B, Mauritius

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1. INTRODUCTION

Contracts for Difference (hereinafter "CFDs") are complex financial instruments offering no capital protection and no guaranteed return. Trading outcomes are significantly amplified due to leverage. Trading CFDs may not be appropriate for all investors. Clients must fully understand the nature of these products and associated risks before initiating any trading activities. Clients should trade only with amounts they can afford to lose and must remain fully aware of potential risks involved.

This Risk Disclosure and Warning Notice serves informational purposes only. It is not marketing material and does not constitute any solicitation to trade. Clients are encouraged to seek professional independent financial, legal, or tax advice prior to trading to ensure their personal circumstances and risk tolerance are appropriately considered.

2. SCOPE OF RISK DISCLOSURE

This Risk Disclosure and Warning Notice (hereinafter referred to as the "Risk Disclosure Document") clearly and objectively outlines the general nature of the risks associated with trading Contracts for Difference (CFDs). Clients should not commence CFD trading unless they fully understand these risks. It is important to note that the Risk Disclosure Document cannot possibly describe all potential risks and aspects associated with CFD trading, nor can it address the personal circumstances of every individual client. Clients must therefore ensure that any decision to trade CFDs is made based on a thorough and informed understanding.

Clients are strongly encouraged to seek independent professional financial, legal, or tax advice before initiating trading activities.

Clients are advised to carefully review this document in conjunction with the Client Agreement and General Business Terms, both of which are available on the Company's website.

3. RISKS ASSOCIATED WITH CFD TRANSACTIONS

3.1 Use of Leverage

Leverage in CFD transactions allows clients to gain exposure to underlying assets with a relatively small upfront investment, known as margin. While leverage can significantly amplify potential profits, it equally magnifies potential losses, making it a "double-edged sword". Even minor market fluctuations can lead to substantial gains or significant losses. Clients may incur considerable losses if market movements go against their positions.

However, retail clients benefit from negative balance protection, provided by the Company, meaning they cannot lose more than the balance available on their trading accounts.

Clients are strongly encouraged to actively monitor and manage their risks, utilizing available risk management tools such as stop-loss orders and proper risk exposure limits. Negative balance protection reduces, but does not eliminate, the possibility of losing the entire amount invested.

3.2 Credit and Insolvency Risk

When trading CFDs, clients enter into over-the-counter (OTC) transactions. Positions opened with the Company cannot be offset or closed through another entity. OTC transactions inherently carry higher risk compared to transactions executed on regulated markets, such as traditional exchanges, because there is no central counterparty to mitigate credit risk. As a result, each party involved assumes direct counterparty credit risk.

In the event of the Company's insolvency or default, clients' open positions may be liquidated or closed without their prior consent. Clients are strongly advised to carefully evaluate and assess the Company's financial stability and solvency before initiating any trading activities.

3.3 Market Risk

CFDs are significantly influenced by various market events, including governmental, agricultural, commercial, and trade policies and programs; national and international socioeconomic and political developments; natural disasters; and other unforeseen events. These factors can substantially impact the price and availability of underlying assets. Depending on the underlying asset of each CFD contract, clients may encounter various market risks such as interest rate risk, commodity risk, equity risk, foreign exchange risk, among others.

Market conditions can be unpredictable, potentially leading to substantial financial losses. Clients must carefully evaluate their investment objectives, experience level, knowledge, and overall risk tolerance before participating in CFD trading. Additionally, clients are advised to consistently monitor market conditions to proactively manage their exposure to market risks.

Crypto-Asset Specific Risks

Crypto-assets may exhibit extreme volatility, fragmented liquidity, and non-stop trading hours, increasing gap, execution, and slippage risks.

3.4 Volatility Risk

Volatility risk can significantly affect CFD positions, as heightened volatility results in substantial price fluctuations, potentially increasing both profits and losses.

Clients must understand and acknowledge that under abnormal or highly volatile market conditions, the execution time for their orders and instructions may be prolonged. Additionally, previously placed orders, including stop-loss orders, might be executed at less favorable prices than expected during periods of increased volatility.

Clients are advised to take volatility into consideration when planning trading strategies and managing risk exposure.

3.5 Foreign Exchange/Currency Risk

Clients must be aware of currency risk. It is possible to buy or sell CFDs denominated in a currency other than the base currency of your trading account. In such scenarios, fluctuations in foreign exchange rates can materially impact realized profits or losses. Additionally, clients are exposed to currency risk if they perform deposits or withdrawals in a currency different from the account currency.

Clients are strongly advised to regularly assess the potential impact of currency fluctuations and, where appropriate, utilize currency risk hedging strategies to mitigate these risks.

3.6 Liquidity Risk

Liquidity risk refers to the possibility that certain underlying assets may lack sufficient liquidity or may not be readily tradable within specific time periods. This can lead to losses that are difficult to prevent or mitigate. Under such circumstances, the bid-ask spread may widen significantly, resulting in higher transaction costs.

Clients should be aware that insufficient liquidity can create challenges in executing orders at desired prices, particularly when trading in large volumes. Clients are advised to carefully assess and monitor the liquidity of underlying assets when planning and executing their trading strategies.

During periods of stress or insufficient market depth, spreads may widen materially, certain order types or execution methods may be limited, and execution may be delayed or paused.

3.7 Technical Risk

Technical risk is an inherent aspect of online trading, encompassing potential issues arising from hardware or software failures, connectivity disruptions, power outages, hacker attacks, network overload, system malfunctions, and other technical factors that may negatively impact order execution and overall trading performance.

Clients are strongly encouraged to utilize reliable hardware, maintain stable internet connections, and install updated antivirus software. Additionally, clients should implement robust risk management strategies, stay informed about trading platform updates, and have contingency plans in place to handle potential technical failures.

Clients must not share their login credentials and should use strong, unique passwords and enable two-factor authentication (2FA) where available to enhance account security.

The Company shall not be liable for any losses incurred due to technical problems arising on the client's side.

3.8 Trading Platform Risk

All client trading instructions are submitted sequentially to the Company's server and executed in the order received. Clients cannot submit a subsequent order until the previous one has been fully executed. If a second order is submitted before the first order is processed, the second order will be automatically rejected. Clients bear full responsibility for any unintended trading operations that may occur if they resubmit an order without first verifying the outcome of the initial submission.

Clients must be aware that closing an order or position window does not cancel a previously submitted order.

Clients acknowledge that only quotations received directly from the Company's server are considered valid. In the event of a connection disruption between the client's terminal and the Company's server, the client may retrieve any undelivered quotations from the terminal's quotation database.

Clients are strongly advised to verify the status of their orders carefully before submitting new orders. The Company's responsibility for issues resulting from connectivity problems is strictly limited as outlined in the relevant Client Agreement.

Quotes displayed by external sources (websites, apps, media) may differ from quotes on the Company's Trading Platform. Only quotes received from the Company's server are binding for execution.

3.9 Communication Risk

Clients face a risk of missing essential communications from the Company if their communication channels are outdated or malfunctioning. It is vital for clients to ensure their contact details are current, accurate, and functional at all times to avoid communication disruptions and related negative consequences.

Clients bear full responsibility for promptly notifying the Company of any changes to their contact information. The Company will not be liable for any losses or other consequences resulting from incorrect, outdated, or incomplete client information.

3.10 Abnormal Market Conditions and Trading Suspensions

Under certain market conditions, it may become difficult or impossible to execute or liquidate positions, or the time required to process clients' orders may significantly increase. Such situations typically arise during periods of rapid price movements, where market prices drastically rise or fall, potentially leading to temporary trading suspensions or restrictions.

Clients should be aware that placing stop-loss orders does not guarantee limiting their losses precisely to the intended amount. Market conditions can prevent the execution of such orders at the specified prices. Additionally, in certain market scenarios, the execution price of a stop-loss order might be worse than the stipulated price, leading to realized losses exceeding the originally expected amounts.

Clients are advised to periodically review and adjust their risk management strategies in light of potential abnormal market conditions. The Company does not guarantee execution of stop-loss orders at the exact stipulated prices.

Weekend and Holiday Gaps

Prices may open with significant gaps after weekends or public holidays. As a result, pending orders (including stop-loss) may be executed at prices worse than requested, increasing realized losses.

3.11 Force Majeure Events

The Company shall not be liable for financial losses resulting from force majeure events. Force majeure refers to extraordinary, unavoidable circumstances beyond the control of the parties involved, which cannot be foreseen, prevented, or eliminated. Such events include, but are not limited to, natural disasters, fires, man-made accidents and catastrophes, utility emergencies, DDOS attacks, riots, military actions, terrorist attacks, uprisings, civil unrest, strikes, and regulatory actions by state and local government authorities.

Clients must immediately inform the Company if a force majeure event impacts their ability to fulfill obligations under any agreement. However, the occurrence of force majeure does not exempt clients from obligations incurred prior to such events.

3.12 Slippage

Slippage refers to the phenomenon where an order is executed at a price different from the one requested by the client. It is defined as the difference between the expected execution price of a trade and the actual price at

which the trade is executed. Slippage can occur at any time but is particularly common during periods of high market volatility.

Slippage does not inherently indicate a negative or positive outcome, as any discrepancy between the intended and executed prices constitutes slippage. The final execution price relative to the intended price can be classified as positive slippage, no slippage, or negative slippage. Consequently, market orders affected by slippage may execute at prices either less or more favorable than initially requested.

The Company cannot guarantee the execution of orders at specific requested prices. Clients should take the possibility of slippage into account when placing orders, particularly during rapid market movements or periods of high volatility.

3.13 Risks Associated with Local Laws and Regulations

Clients bear full responsibility for ensuring that their trading and non-trading activities comply with the laws and regulations of the jurisdictions in which such activities occur, especially in countries where trading CFDs or related activities might be restricted or prohibited.

Clients must independently verify and comply with applicable local laws in their country of residence or any country from which they conduct trading. The Company shall not be liable for any breaches or violations committed by clients in relation to relevant local legislation.

3.14 Third-Party Risk

The Company may hold clients' funds with third-party financial institutions or other entities. Although the Company exercises appropriate due diligence, skill, and care in selecting these third parties, certain circumstances beyond the Company's control may occur. Consequently, the Company shall not be liable for any losses incurred by clients due to insolvency, bankruptcy, or other analogous failures or proceedings involving such third-party entities.

Clients should recognize and assess the inherent risks associated with placing funds with third parties. Additionally, clients are encouraged to periodically review and familiarize themselves with the financial standing and reliability of these third parties.

In addition to the general risks outlined above, Clients should consider the following specific factors related to margin, financing, and execution.

4. ADDITIONAL DISCLOSURES

4.1 Margin Requirements

Clients are required to maintain minimum margin levels on their open positions at all times. It is the sole responsibility of the clients to continuously monitor their account balances and ensure that sufficient funds are available to support their trading strategies and satisfy margin requirements. Failure to maintain adequate margin may result in the forced liquidation (closure) of positions in the client's trading account.

Clients should not depend on last-minute deposits to meet margin requirements. The Company is not obligated to provide prior notification before liquidating positions due to insufficient margin levels. Clients are strongly

advised to regularly monitor their margin status and proactively ensure their accounts remain sufficiently funded.

4.2 Rights to Underlying Assets

Contracts for Difference (CFDs) do not confer upon clients any ownership rights or other property rights in relation to the underlying assets. Clients should clearly understand that trading CFDs involves financial instruments linked solely to price fluctuations of underlying assets.

Consequently, clients are not entitled to participate in any corporate actions, such as voting rights or dividends associated with the underlying assets.

4.3 Taxation

Clients are advised to obtain independent tax advice, if necessary, to clearly ascertain their tax obligations, including potential liabilities for taxes such as stamp duty or other applicable taxes.

Tax implications may vary significantly depending on each client's individual circumstances, including their jurisdiction of residence. Clients bear full responsibility for the timely payment of all applicable taxes and duties associated with their trading activities.

4.4 Impersonation Risk

There may be instances of fraudulent impersonation of the Company's officers or representatives by unauthorized third parties. Clients must never disclose personal information, including details about their trading accounts, to any individuals claiming to represent the Company without verifying that communications originate from the Company's official contact channels and domains.

Clients are strongly advised to verify the authenticity of all communication, particularly if they receive unsolicited or suspicious contacts. Please note that the Company will never request passwords or sensitive account details via telephone, email, or social media channels.

4.5 Overnight Financing Risk

Positions held overnight may incur financing charges or adjustments as specified in the Contract Specifications. These costs may materially affect realized profit and loss (P/L), especially over longer holding periods.

4.6 Corporate Events and Expiry Risk

Corporate actions (e.g., dividends, splits, mergers) and instrument expiries may result in pricing adjustments, trading suspensions, additional margin requirements, or forced closures at reasonable prices, which can affect realized P/L. See Client Agreement for details.

4.7 Execution Model and Conflicts

Depending on the account type and execution model (STP or principal), pricing and hedging may vary and could entail potential conflicts of interest. Refer to the Client Agreement and General Business Terms for comprehensive disclosures.

IMPORTANT NOTICES

- 1. No Guarantee of Profit:** Past performance is not indicative of future results. No guarantees or assurances can be given regarding the profitability of CFD trading.
- 2. Independent Professional Advice:** Clients are strongly encouraged to seek independent financial, legal, and tax advice before commencing trading activities.
- 3. Regulatory Information:** GLEX Limited is authorized and regulated by the Financial Services Commission (FSC) of Mauritius under license number SEC-2.1B as an Investment Dealer (Full Service Dealer excluding Underwriting).
- 4. Document Availability:** This Risk Disclosure Document should be read in conjunction with the Client Agreement, General Business Terms, and all other related documents available on the Company's website at glexglobal.com.
- 5. Client Responsibility:** It is the Client's responsibility to regularly review the Company's website for updates to this Risk Disclosure Document and related materials.

ACKNOWLEDGEMENT

By opening a Client Account and commencing trading activities with GLEX Limited, the Client confirms:

- Full understanding and acceptance of all risks outlined in this Risk Disclosure and Warning Notice;
- Receipt and review of all related documents available on the Company's website;
- Understanding that CFD trading is highly speculative and may not be suitable for all investors;
- Agreement to trade only with amounts they can afford to lose;
- Acknowledgement that the Company does not provide investment advice and all trading decisions are the Client's sole responsibility.

Version: 2026/001

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This Risk Disclosure forms an integral part of the Client Agreement. Clients must read it together with the General Business Terms and the Risk Warning published on the Company's website.