DECLARATION OF POSSIBLE RISKS FOR THE CLIENT IN FINANCIAL MARKET OPERATIONS

1. This declaration includes a description of the risks that may arise during activities in the financial market.
2. The definitions used in this declaration have the meaning defined in the RA Law "On Securities Market", other laws and regulatory legal acts, the Procedure for the Provision of Brokerage Services (hereinafter referred to as the Procedure) approved by "Cube Invest" CJSC (hereinafter referred to as the Broker) and applied therein, unless otherwise clearly and unambiguously follows from the specific case of application of a specific definition. When interpreting the provisions of this declaration, the definitions defined in the Procedure shall prevail.
3. Other definitions used in this declaration, but not defined in the acts referred to in paragraph 2 of this declaration, shall be interpreted based on the customs of business circulation and international experience in their application.
4. The fact of the Client's acquaintance with this declaration is confirmed by the signing of the Brokerage Service Agreement and the agreement for the maintenance of brokerage accounts with the Broker. The Client acknowledges and accepts the following possible risks when trading in Financial Instruments on the market, as well as other risks that may arise when investing in Financial instruments.
5. Investments in financial instruments are not guaranteed by the deposit guarantee fund.
6. For the purposes of this declaration, the definition of “risks” during activities in the Financial instruments market includes the possibility of certain events, situations or processes occurring that lead or may lead to the loss of the Client’s assets.
7. Due to the variety of events, situations and processes referred to in point 6 of this declaration, the risks listed in this declaration are not exhaustive and do not disclose all information about the risks associated with investments in the Financial instruments market. The purpose of this declaration is to help the Client understand the risks associated with investments in the Financial instruments market, assess their acceptability and realistically assess their own financial capabilities and goals.
8. The purpose of this statement is not encouraging the Client to refuse to invest in the securities market, but to help the Client correctly assess the risks in this area of activity and approach the issues of determining the investment strategy with a high sense of responsibility.
9. The Broker does not guarantee the Client's income from transactions carried out on the Financial instruments market on the Client's orders. The Client independently makes decisions regarding transactions carried out on the Financial instruments market and the choice of investment strategy.
10. Transactions in the financial instruments market may result in financial losses. Prior experience and expertise do not guarantee future financial results. Financial success of others does not guarantee similar results for the Client.
11. When conducting transactions under Margin Trading conditions with insufficient coverage, even relatively small fluctuations in price and exchange rates can significantly affect the Client's trading

account due to the leverage effect. In the event of unfavorable market changes, the client may incur losses, the amount of which is unlimited and may exceed both the amount initially deposited in the brokerage account and any additional amounts that may be deposited in the account to maintain open positions.

12. The Client bears full responsibility for assessing all risks, using financial resources and choosing a trading strategy.

Description of Risks associated with investments

By the relationship between the investor and the risk source:

- immediate – the risk source is directly related to the investor by legal relations.
- mediated – the risk source is not directly related to the investor by legal relations, but the occurrence of adverse circumstances at the risk source causes a chain of successive events, which ultimately leads to the loss of the investor's funds and/or income.

By risk factors:

- **Economic and market** - the risk of adverse economic or market events occurring. It is necessary to mention the following economic and market risks: interest rate, failure of a counterparty to fulfill its obligations and the resulting losses for the investor, such as default, insolvency of the securities buyer, insolvency of the issuer, insolvency of the Broker, fluctuations in market prices, exchange rates, interest rates, etc.
- **Risk of legal changes** - the occurrence of possible losses from investments in securities due to the adoption of new legislative acts or changes in significant legislative acts (including tax). Legislative risk also includes the possibility of losses due to the absence of regulatory legal acts regulating the activities of the securities market. Legal risks also include structural risks of securities, which are associated with the peculiarities of the securities or the terms of issuance and placement. For example, early redemption of securities or redemption under unfavorable conditions for the client, or a broad scope of the issuer's rights related to the revision of such terms. Legal risks also include the securities delisting and the issuer's insolvency.
- **socio-political** – risk of radical political and economic changes in the country (especially changes in the country's political leadership and other bodies), risk of social instability (including strikes), the risk of military operations, the risk of enterprise nationalization, and the risk of state intervention in the activities of regulated enterprises and natural monopolies (including through tariff regulation).
- **Criminal** – risk associated with illegal actions, such as forgery of securities issued in documentary form, fraud, unauthorized access to computer systems, etc. For the investor, this is considered an mediated risk.
- **operational** (technical, technological, personnel) – the risk of direct or indirect losses arising from malfunctions of information, electrical and other systems or errors caused by imperfect market infrastructure (including in the technologies for implementing operations, management,

accounting and control processes, or personnel actions/inaction). The following groups of operational risk can be distinguished:

- information risks
- risks related to the use of electrical and communication systems
- risks associated with the nominal securities accounting system

- **Technogenic** – risks arising from human economic activities, such as accidents, fires, etc.
- **Natural** – risks independent of human activity, such as natural disasters: earthquakes, floods, storms, etc.

The operational risk group also includes potential losses incurred by the client as a result of the Broker's forced closure of the client's position in the case of leveraged transactions.

By types of Financial instruments:

- **share** - ordinary trading operations with shares of companies are considered operations with limited risk, that is, the risk of losses for the client is limited to the amount spent by him/her to carry out operations with shares. However, it is necessary to take into account that in certain circumstances losses may occur in a relatively short period of time. In particular, there are financial risks in the stock market, which represent the risks of real losses due to adverse market factors arising during financial operations. Financial risks are as follows: currency risk, liquidity risk, price risk, issuer insolvency risk.
- **Futures** - when investing in futures, there is a risk of losing a large amount of money in a short period of time, with the potential for losses to be unlimited. The losses can even exceed the initial deposit in the Broker's account. The reason is that futures trading involves the opportunity to open positions on assets of high value with relatively small amounts, which creates both the opportunity to win large amounts with less funds and the risk of losing large amounts of money disproportionate to the investment. If you are unsure about your ability to manage these risks, it is preferable to refrain from trading in securities futures.
- **Option** – options are also classified as risky financial instruments, in which investments and transactions are also associated with risk. The risks specific to buying and selling options also imply the possibility of significant losses in a short time. A person who has purchased an option contract may lose the entire amount paid for the purchased call/put option in a very short period of time or suffer unlimited losses as a result of short selling the option. This risk is due to the nature of the option, namely, that the option is a depreciating asset with a limited duration, and after the expiration date, it can completely lose its value.
- **CFD (Contract For Difference)** - CFDs are also classified as risky financial instruments, where investments and transactions are similarly risky. The risks specific to buying and selling CFDs also imply the possibility of significant losses in a short period. A person who has purchased a CFD contract may lose the entire amount invested in the purchased CFD in a very short period of time. This risk is due to the nature of the CFD financial instrument.

- **Bond** - although bonds are classified as instruments with relatively low risk, like all financial market instruments, they also carry inherent risks, including:
  - Market risk
  - Issuer's insolvency risk
  - Liquidity and other risks.