DECLARATION OF INVESTMENT RISK dated January 1st, 2024

1. General provisions

1.1. The subject of this Declaration (hereinafter referred to as "Declaration") is to inform the Client about the most important, yet not all risks related to trading in over-the-counter (OTC) Financial Instruments.

1.2. The various types of risks described in the Declaration are appropriate for both retail and professional customers as well as eligible counterparties.

1.3. The Declaration forms an integral part of the Regulations for the provision of services to execute orders to purchase or sell securities and property rights, keep securities and property rights accounts and cash accounts by XTB Limited. ("General Terms of Business– OTC Market", "TOB"). The terms used in the Declaration with the use of capital letters shall have the meaning as specified in the TOB.

2. Risk elements in relation OTC Market, OMI and Fractional Stocks

OTC Market

2.1. Trading in Financial Instruments which value is based i.e. on securities, futures, currency exchange rates, cryptocurrency exchange rates, prices of raw materials, commodities, stock exchange indices or prices of other Underlying Instruments involves specific market risk related to the Underlying Instruments.

2.2. Specific market risk for a particular Underlying Instrument includes, in particular, the risk of political changes, changes in economic policy, as well as other factors which may considerably and permanently influence the conditions and rules of trading and valuation of a particular Underlying Instrument.

2.3. In case of the high volatility or limited liquidity of the market for the Underlying Instrument, XTB may increase, without prior notice, the Spread on OTC Market Financial Instruments. In particular, liquidity on Underlying Instruments is largely limited during the opening phase of the market on Sunday at 11:00 p.m. and in consequence XTB commences trading with an increased level of Spread. Standard Spread values are restored as fast as the liquidity and the volatility of the underlying market allows. Usually this process takes not more than 10-20 minutes, however, in cases of limited liquidity or large volatility the process may take longer.

2.4. For Financial Instruments quoted with variable Spread (floating Spread) chosen by the Client point 2.3 shall not apply and Spread is variable and reflects the market price of an Underlying Instrument. Such a variable Spread is a part of market risk and may negatively influence overall costs associated with the Transaction.

OMI

2.5 Trading in OMI involves numerous risk elements, in particular:

a. issuer's risk;
b. the risk of political and economic changes;
c. liquidity risk;
d. currency risk;
e. other types of risks not listed in the Declaration.

2.6 Additional types of risks associated with the particular OMI are usually described in prospectuses, information memoranda and regulations of particular Organized Markets.

2.7 Information on historical returns on OMI is no guarantee that the same results now or in the future will be achieved and should not be considered as a forecast of achieving such results.

FRACTIONAL STOCKS

2.8 The Fractional Stock is the Client's right to the fraction of a stock listed on the Organised Market, acquired by XTB on its own account and held by XTB in trust for the benefit of the Clients. Under the trust relationship, the Client is entitled to a fraction of the stock the Fractional Stock regards. This means that the formal owner of the stock is XTB and the Client is entitled to the economic benefits resulting from holding of such a stock. Fractional Stocks are not a Financial Instrument separate from the stock.

2.9 Trade in Fractional Stocks consists in origination and expiry of the trust relationship between the Client and XTB. It is not an Organised Market trade.

2.10 Trade in Fractional Stocks entails a particular market risk that is identical to the market risk regarding Stocks. The risk elements include:

a. issuer's risk,
b. risk of political-legal and economic changes,
c. currency risk,
d. other types of risk not specified in the Declaration.

2.11 In the case of investment in Fractional Stocks, consideration must be given also to additional types of risk regarding specific Financial Instruments (stocks) that are usually described in prospectuses, information memoranda and terms and conditions of specific Organised Markets.

2.12 Information on historical rates of return on stocks refer to Fractional Stocks and do not guarantee achieving the same results currently or in the future and they should not be deemed a forecast of such results.

2.13 Fractional Stocks may bear credit risk, i.e. the risk regarding solvency of XTB acting as a trustee.

3. Risk concerning Financial Instruments

3.1. Risk concerning contracts for difference (CFD)

CFD is a derivative financial instrument that enable to earn on the changes in the prices of underlying assets. CFD is a contract concluded between two parties, where two parties commit themselves to settle the difference of the opening and the closing prices in this contract, which results directly from changes in prices of assets, to which a contract applies. Such assets may be shares, bonds, indices, interest rates, commodities, currencies or cryptocurrencies. When making a CFD transaction, the client invests in a derivative financial instrument based on the prices of currencies, prices of cryptocurrencies, futures contracts or shares and does not make thereby a transaction on the underlying instrument, which is the basis for quotation of the derivative financial instrument. Thanks to the leverage, CFD enables Clients to enter into transactions involving significant amounts with the involvement of relatively small amounts of cash.

Example regarding investments in 1 CFD based on the EUR/GBP currency pair exchange rates by a retail customer

In order to start the investment, it is enough to invest a capital in the amount of for example 5% of the face value of CFD. In such a case, the Investor may trade financial instruments worth 20 times more than the invested capital. In practice, this means that with the abovementioned financial leverage, the change in the value of a financial instrument by 1 percentage point may result in a profit or loss (depending on the direction of the change) in the amount of 20% of the funds invested.

Positive scenario

We purchase (buy) 1 CFD on a EUR/GBP currency pair quoted at GBP 4.00. In the case of this financial instrument, the multiplier (position value) is 100,000, so the nominal value of the contract is GBP 400,000 (GBP 4.00 x GBP 100,000 = GBP 400,000). Deposit collected under the abovementioned transaction is 5% of the nominal value of the contract, that is GBP 20,000. An increase by 1% from GBP 4.00 to GBP 4.04 results in a profit on an account in the amount of GBP 4,000 : (4.04 - 4.00) x GBP 100,000.00 = GBP 4,000.

Negative scenario

We purchase (buy) 1 contract for a EUR/GBP currency pair quoted at GBP 4.00. In the case of this financial instrument, the multiplier (position value) is 100,000, so the nominal value of the contract is GBP 400,000 (GBP 4.00 x GBP 100,000 = GBP 400,000). Deposit collected under the abovementioned transaction is 5% of the nominal value of the contract, that is GBP 20,000. The more than 1% drop in the price from GBP 4.00 to GBP 3.95 results in a loss on an account in the amount of GBP 5,000 : (4.00 - 3.95) × GBP 100,000.00 = GBP 5,000.
CFD is of non-standardized nature. This means that the particular types of CFD may vary significantly in terms of the specifications.

CFD contracts may be unsuitable for a long-term investor. If the client holds the Open Position on CFD for a longer period of time, the related costs increase.

To learn more about the CFD derivative instrument, XTB recommends the Client opening a demo account before opening the real account.

Financial leverage risk

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

3.1.2. Due to the leverage effect and how quickly the Client can earn profits or incur losses, it is important that the Client always monitors its Open Positions and does not invest any funds it cannot afford to lose.

3.1.3. The Margin deposited by the Client may secure only part of the nominal amount of the Transaction, which might result in high potential profit but also in the risk of heavy losses for the Client. In certain circumstances the losses might amount to whole financial resources gathered on particular Client's Accounts.

Price volatility risk and liquidity risk

3.1.4. Investing in CFD is connected with the Client's market risk resulting from price volatility. The above risk is particularly important in the case of investment in CFD with the above presented leverage. Groups of financial instruments are characterized with very different levels of volatility. Instruments with very high (often unjustified) volatility and the entailed high risk of loss are CFD instruments based on cryptocurrencies.

3.1.5. A particular type of risk is the occurrence of so-called price gaps. This means that the market price of the underlying instrument increases or decreases, in such a way that there are no intermediate values between its initial price and the final price. For example, if before the opening of the market, the market price of underlying instrument X was 100, and at the opening, the first quoted price of this instrument was 120, all the Client Transactions (Orders) will be made at the first available market price - i.e. for example at 105.

3.1.6. The client is exposed to liquidity risk, which means that the client may not be able to cash the investment or may be forced to incur significant additional costs in order to cash the investment earlier, especially if there is a limited liquidity on the market of the underlying instrument, i.e. there are not enough transactions.

Counterparty risk

3.1.7. Considering that XTB is the place of the execution of Orders as the other party to the Transactions, the Client is exposed additionally to the counterparty's credit risk, which means the risk of full or partial default by XTB arising from the Transaction prior to the final settlement of cash flows related to this Transaction. Upon the Client's request, XTB will provide additional information on the consequences of such a way of executing Orders.

Tax risk

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

3.1.9. XTB does not provide tax advising services.

Currency and transaction risk

3.1.10. Transactions concluded by the Clients are subject to real-time translation to the Client's account currency. An unfavorable change of the market exchange rate translated to the account currency can have a negative effect on the transaction result.

3.1.11. XTB offers two types of orders: instant and market. Instant mode orders are always executed at the price specified by the Client or, if the market conditions preclude it, are rejected. In the case of the market orders, the order is performed at the best possible market price for the Client. In exceptional cases, the market order can be also rejected (e.g. lack of funds in the account, exceeding the maximum exposure in the account, wrong price). The market orders can be executed at a price other than the price at the time of order placement.

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

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

The described situation may result in incurring a higher loss on the transaction than initially assumed and may be limited through use of the awaiting orders.

Political and legal risk

3.1.13. Unexpected events of political and legal nature may have a material effect on the CFD instrument quotation rates which can translate to decreased liquidity, lack of possibility to conclude transactions or occurrence of price gaps.

3.2 Risks related to OMI (Stocks)

Stocks constitute equity securities that give their holders certain corporate and property rights (e.g. the right to participate in the general meeting of shareholders, the right to a dividend, the right to participate in the distribution of assets in the event of the company's liquidation). Organized trading involves dematerialized stocks. Stocks may be subject to high volatility of quotations, both in a short-term and long-term horizon. A fall in the market value of stocks may cause a loss of part of the invested capital, and in extreme cases (such as the company's bankruptcy) its total loss.

Shares are issued for an indefinite period, and therefore the rights arising from them are not limited in terms of time. In the case of investments executed abroad, the laws or regulations applicable in a given place of order execution may provide for additional rights related to the stock or rules for the execution of orders.

Shares are a financial instrument whose quotations can be characterised by high volatility. The key factors contributing to the volatility of stock quotes are the company's capitalization and the free float (the number of free floating shares).

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

Adverse conditions:
The market price of the shares is GBP 100 and goes down by 15%, i.e. by GBP 15. The loss on such investment is GBP 15. The upper limit of the loss may not exceed the value of the initially invested capital.

Positive scenario
The main factor affecting the risk of investing in stocks is the financial condition of the issuer. In a situation where the company achieves positive financial results, the price of its stocks or the Client's share in the company's profit may increase along with the increase in the value of the company.

Negative scenario
The main factor affecting the risk of investing in stocks is the financial condition of the issuer. If the financial situation of the company deteriorates (e.g. due to the drop in the sales of products or services and the resulting decrease in profits) the market value of the company may go down as well (even leading to its bankruptcy). In such a situation, the value of the company's stocks will decrease. In the case of acquisition of shares without the use of funds from the loan, the investor's return rate may reach a minimum of -100% (if the company goes bankrupt and it becomes impossible to recover even a part of the invested amount), i.e. the entire invested capital may be lost.

The risk of price volatility

3.2.1. A price drop below the investor's purchase price:

a) Specific risk - factors directly related to the company trigger a price change (factors dependent on the company);
b) Financial results - there is a strong correlation between the quality and the amount of financial results and changes in stock prices. The weaker the financial results, the higher the probability of the rate drop and the greater volatility of quotations;
c) Capitalization of the company - the volatility of quotations is negatively correlated with the capitalization of the company. Lower capitalization usually means higher volatility of quotations;
d) Free float - the number of shares in a free float which are not held by significant entities with qualifying holdings. Any decline in free float causes a drop in liquidity and an increase in the volatility of quotations.

Liquidity risk

3.2.2. It consists in the inability to sell or buy securities in the short-term, in a substantial volume and without significantly affecting the level of market prices. In the case of low turnover, the risk of price volatility increases.

Market risk

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

Political and legal risk

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

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

Industry risk

3.2.6. Overvaluation or undervaluation of stock prices may result from companies' business and economic conditions specific to a given group of companies. These may include: unfavourable financial conditions for the industry, competition, a drop in the demand for products resulting in deterioration of the issuer's economic situation, and unmeasurable factors related to specific behaviour of investors (groups of investors) resulting from popular investment trends.

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

1) the risk of fluctuations in the currency in which stocks are traded in relation to the zloty,
2) the risk of having limited (delayed) access to information,

3) the legal risk related to the issuance and holding of stocks under a governing law and jurisdiction other than Polish.

Tax risk

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

3.2.8. We do not provide any tax advisory services.

Exchange risk

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

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

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

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

3.3. Risks related to ETFs

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

Example

Favourable conditions

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

Adverse conditions

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

Positive and negative scenario

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

Macroeconomic risk

3.3.1. The market is sensitive to domestic and global macroeconomic indicators, i.e. interest rates, the unemployment rate, economic growth rate, commodity prices, inflation level, and the political situation. If such indicators tend to be unfavourable or there are concerns about their future values, this may cause (mainly foreign) financial institutions to withdraw from the local capital market. And this, in turn, may lead to a fall in stock prices on the stock exchange.

The risk of imitation error

3.3.2. The purpose of an ETF fund is to accurately represent the behaviour of a specific index (before taking into account different types of fees and costs, excluding management costs). In practice, however, there are always differences (usually relatively insignificant) between the rate of return of the ETF and the rate of return of the replicated index.

Market risk

3.3.3. Prices of individual instruments of an ownership nature (i.e. financial instruments representing ownership rights to a given company, such as, for example, stocks or depositary receipts) listed on the exchange market depend on the overall market situation.

Risk of the underlying instrument

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

Risks of special circumstances

3.3.5. The risk of liquidation - in accordance with the applicable law, the ETF fund may be liquidated - as a result of the occurrence of circumstances stipulated in legal provisions or the issuer's decision.

3.3.6. The risk of change of the investment policy - the ETF fund may change its investment policy in the course of its operation.

3.3.7. The risk of removal of the ETF from the stock exchange - the fund may be withdrawn from stock exchange trading, which would significantly impede trading in this financial instrument.

3.3.8. Liquidity risk - it consists in an inability to buy or sell an instrument without a significant impact on its price.

Currency risk

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

Tax risk

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

Exchange risk

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

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

3.3.13. A price gap arises when the quotation market is opened at a price significantly different than the market closing price on the previous quotation day. In such a case, the activated pending orders will be executed at the market price after the market opening.
3.3.14. The above-described situation may result in the incurring of higher losses on transactions than initially assumed and limited through the use of pending orders.

Political and legal risk

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

3.4. Risks related to Fractional Stocks

3.4.1. If you trade in Fractional Stocks, you invest in the trust right to a fractional part of a stock. Therefore, you are not the owner of the stock and the stock is not registered in your securities account (Investment Account). The formal owner of the stock is XTB and you are entitled to the economic benefits resulting from holding of the fraction of such a stock. Investing in Fractional Stocks, you invest in a fraction of stocks listed on the Organised Market or another market specified by XTB.

3.4.2. The stocks the Fractional Stocks regard are acquired, held, stored and sold by XTB in trust for the benefit of the Clients.

3.4.3. If you order acquisition of Fractional Stocks, we can either buy the (whole) stock the Fractional Stock regard on the Organised Market or use a stock we already hold (e.g. in connection with its purchase for the purpose of Fractional Stocks of another Client). In any case, a relationship of holding the fraction of the given stock in trust originates between you and XTB.

3.4.4. If you order sale of Fractional Stocks, we can either sell the (whole) stock the Fractional Stocks regard on the Organised Market or retain it (e.g. to cover the Fractional Stocks of another Client). In any case, a relationship of holding the fraction of the given stock in trust between you and XTB expires.

3.4.5. The Fractional Stock Price is based on the current market price of the given Stock. This allows to earn profit on changes of prices, eliminating the barrier for investment in stocks with high unit price. The financial leverage mechanism is not used for Fractional Stock investments.
3.4.6. The terms of offering Fractional Stocks are the same as for whole stocks. The Client's investment in Fractional Stocks regards the instrument in the form of a stock. Fractional Stocks are not a Financial Instrument separate from the stock. Therefore, subject to the credit risk of XTB (acting as the Client's trustee), the investment risk of the Client in the case of Fractional Stocks is identical as for (whole) stocks. Thus, the provisions of the declaration regarding risks connected with the stocks apply to the Fractional Stocks as well.
3.4.7. As Fractional Stocks are held by XTB as entrusted property, you are additionally exposed to XTB's credit risk. The Applicable Law do not provide for exclusion of stocks held by the trustee from its bankruptcy estate. This means that in case of XTB's bankruptcy, the Clients entitled under Fractional Stocks will not become holds of the fractions of the respective stocks held by XTB on its own behalf, but rather will have claims to the XTB's bankruptcy estate according to the general principles of the law.
3.4.8. Stocks may be characterised with high volatility of quotes, both in short- and long-term perspectives. A decline in the market value of the whole stock may result in a partial loss of the capital invested in the Fractional Stocks and, in extreme cases (e.g. bankruptcy of the company) - its full loss. The main factors affecting volatility of stock quotes are company capitalisation and free float (number of outstanding stocks). The rights resulting from Fractional Stocks are not limited in time.
3.4.9. Trade in Fractional Stocks is executed in fractions with exactness of up to [two / three] decimals (e.g. [0,750 / 0,875] of a stock).

Example

Positive conditions:

The Client acquired a Fractional Stock equal to 0.5 of the whole stock. The market price of one stock is GBP 10,000. The market price of the Fractional Stock is GBP 5,000. If the market price of the stock increases by 10%, the price of the whole stock increases by GBP 1,000. In such a case, the value of the 0.5 Fractional Stock increases by the amount of GBP 500. This means that the Client's profit on that investment is GBP 500 for the 0.5 Fractional Stock. The originally invested capital (GBP 5,000) is increased by the profit related to the stock price increase (GBP 500).

Negative conditions:

The Client acquired a Fractional Stock equal to 0.5 of the whole stock. The market price of one stock is GBP 10,000 and declines by 15%, i.e. by the amount of GBP 1,500. In such a case, the value of the 0.5 Fractional Stock decreases by the amount of GBP 750. The upper limit of the loss cannot exceed the value of the originally invested capital.

Positive Scenario

The risk factors connected with investing in Fractional Stocks are identical to the risk connected with investing in stocks and depend on the issuer's financial standing. If the company has positive financial results, as the value of the company increases, the price of its stocks (and, thus, the value of the Fractional Stock) may increase or the Client's stock in the company's profit can be expected to grow (dividend pay-out).

Negative Scenario

If the financial standing of the company declines (e.g. due to a decline is sales of products or services and, thus, in the level of profit), its market value may decline as well (even resulting in the company's bankruptcy). In such a case, the value of stocks of the given company declines (and so does the value of Fractional Stock). Acquisition of Fractional Stocks (as in the case of acquisition of whole stock) may result in loss of the entire invested capital in the case of bankruptcy of the company and inability to recover even a part of the invested amount. In such a case, the investor's rate of return may reach -100%.

Price Volatility Risk

3.4.10. Decline of the price below the price of purchase by the investor:

a. Specific risk - factors connected directly with the company cause a change in the price of issued stocks, affecting the price of Fractional Stocks (factors depending on the company);
b. Market risk - risks not connected directly with the company may also affect the change significantly. These may be factors related to the given sector in which the company operates (e.g. construction sector), the given domestic market where the company operates or the supraregional or global situation (e.g. Covid-19 pandemic);
c. Financial results - there is high dependency between the quality and value of financial results and the changes in stock prices which refer also to the Fractional Stocks. The lower the financial results, the higher the likelihood of price decline and the higher the volatility of stock quotes and, thus, Fractional Stock quotes;
d. Company capitalisation - the quote volatility is inversely correlated to company capitalisation. Lower capitalisation usually means higher volatility of quotes;
e. Free float – the number of outstanding stocks not held by entities with qualifying holdings. The free float decline results in declines in liquidity and increase in quote volatility.

Market Risk

3.4.11. In the case of Fractional Stocks, the market risk is identical to the risk regarding stocks. It is the consequence of the principles of functioning of the capital market and the shaping of the price according to the principle of equilibrium of demand and supply. The price change may be caused by factors beyond the company's control, resulting from the nature of the financial market. The stock price and, thus, the valuation of the company may be affected also by emotional or psychological factors. It may so happen that their effect on the stock prices is higher than rational factors.

Political and Legal Risk

3.4.12. A change of law may affect the economic situation of entrepreneurs - issuers of stocks - both directly or indirectly and, thus, may affect the stock price, trade liquidity and volume, translating into a proportionate effect on the Fractional Stocks.

3.4.13. Unexpected political and legal events may have a material effect on the prices of instruments and decrease their liquidity, prevent execution of transactions or cause price gaps.

3.4.14. Legal regulations regarding the financial market are subject to continuous changes and evolution. Changes of the law or guidelines of supervisory authorities may force us to limit our offer for the Client. We may be also obliged under the law to close or limit the Client's positions. This may result in full or partial loss of the investment.

Industry Risk

3.4.15. Economic conditions specific for the given group of companies may result in overestimation or underestimation of the stock price. Such conditions include, without limitation: unfavourable financial factors for the industry, competition, decline in demand for products resulting in decline in the issuer's economic situation, unmeasurable factors connected with specific behaviours of investors (groups of investors) resulting from popularised investment trends.

Tax Risk

3.4.16. Trade in Fractional Stocks may give rise to tax obligations on the part of the Client in connection with sale of Fractional Stocks and related proceeds. Similarly, the Client may have tax obligations resulting from gaining other benefits connected with the Fractional Stocks (e.g. dividend).

3.4.17. The tax regulations of the host state of the Client may affect the actually paid-out profit.

3.4.18. We do not provide tax advising services.

Currency Risk

3.4.19. Transactions are subject to real-time conversion into the currency of the Client's account. A disadvantageous change in the market rate may have a negative effect on the transaction result.

Credit Risk

3.4.20. As Fractional Stocks are held by XTB in trust, you are additionally to the credit risk of XTB acting as a trustee. The Applicable Regulations do not provide for exclusion of stocks held by the trustee from its bankruptcy estate. This means that in case of XTB's bankruptcy, the Clients entitled under Fractional Stocks will not become holds of the fractions of the respective stocks held by XTB on its own behalf, but rather will have claims to the XTB's bankruptcy estate according to the general principles of the law.

4. Margin requirements

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

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

5. The risk of occurrence of Force Majeure

5.1. The Client acknowledges that in certain situations in which our normal activity is disrupted by any events of Force Majeure or other events that are beyond our control, execution of the Client's Order might be impossible. In addition, the Client's Order may be executed under conditions less favourable than those provided for in the GTC, the Order's Execution Policy or this Declaration.

6. Execution time

6.1. In standard market conditions we confirm the Client's Orders within 90 seconds. However, it is not possible in a period when the market is opening or in other situations in which on the particular market there is exceptional volatility of prices of the Underlying Instrument, Financial Instrument (including Financial Instrument to which the Fractional Stock relates or a loss of liquidity, as well as in other situations which are beyond our control.

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

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

7. Price of a Financial Instrument

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

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

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

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

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

8. Equity CFD, ETF CFD,

8.1 In case of taking a short position on part of Equity CFDs or ETF CFDs, XTB shall offset such position with a corresponding short sale of the Underlying Instrument. Such Transactions may generate an additional borrowing costs for a Client, related with borrowing of the Underlying Instrument. The amount of this related cost is beyond control of XTB. Aforementioned costs shall be collected from a Client at the end of Trading Day and shown in Trading Account as swap points and may significantly influence the costs charged for a short position on Equity CFDs or ETF CFDs. Estimated costs of position shall be indicated in the Condition Tables, however, they may be changed with immediate effect depending on borrowing costs of Underlying Instrument.

8.2 In some circumstances, transactions concluded on particular Underlying Instruments on the Underlying Exchange may be cancelled. In such case XTB has the right to cancel relevant corresponding Transaction on Equity CFDs or ETF CFDs with the Client.

8.3 If an Underlying Instrument for the Synthetic Stock, Equity CFD or ETF CFD is being delisted on an Underlying Exchange and at the time of delisting there are still open positions in the relevant Equity CFD or ETF CFD, XTB has the right to close such positions without prior notification of the Client.

8.4 Client should specifically acquaint himself with conditions of trading in Equity CFDs or ETF CFDs described in the TOB and Order's Execution Policy before trading with XTB.

9. Stop out mechanism

9.1. If the Equity or Balance on the Trading Account falls below certain value, XTB may at any time close any of the Client's Open Position ("stop out") in accordance with the rules specified respectively for CFDs in the TOB. Client should specifically acquaint themselves with those rules before trading with XTB. Such a case may also take place in the situation of changing the market value or changing the risk weights for the security of the Client's open positions.

9.2. Stop out mechanism in normal market conditions hedges particular Trading Accounts Balance against falling below the value of the deposited funds.

9.3. Should unfavorable market conditions arise, in particular if a price gap occurs, the execution price of Closing Position with the stop out mechanism may be so unfavorable that the losses suffered may involve the whole Balance on particular Client's Accounts.

10. Terms and conditions of keeping the Account

10.1. Prior to signing the Agreement, you should acquaint yourself with and accept any and all costs and charges related to performance of the Agreement. This applies, in particular, to the costs of keeping and maintaining the Accounts, the costs and commissions related to the conclusion of Transactions and any other fees and commissions we charge in accordance with the Agreement. Provision of the services on particular markets may involve additional costs and taxes. Such costs shall be borne by the Client and may be paid through XTB.

10.2. A Transaction or Order concluded or placed by the Client in Synthetic Stocks, Equity CFDs or ETF CFDs may require us to conclude a hedging transaction in the Underlying Instrument on one or more Underlying Exchanges, with one or more Partners. Therefore, for such Orders or Transactions, we shall be entitled, pursuant to this Agreement, to use on our own account the funds representing the Nominal Value of Synthetic Stocks or Margin deposited on your Account. For this purpose, we are entitled to transfer these funds to our corporate account and provide them to the Partner. This results from the need to provide a security required for the placing of an Order or conclusion of a transaction on the Underlying Exchange or with the Partner. Those funds will still be shown on the Client's Account as the Balance.

10.3. In some cases we provide our services also through custodians or brokers. The principles governing their services are laid down in the regulations applicable to those entities. The Client should be aware that due to this fact the Client's rights might be regulated differently than as provided for in the laws applicable in the Client's country of residence. If we deposit Financial Instruments, recorded on the Client's Trading Account, on a collective account maintained for us by the Custodian, we are the holders of the collective account. The holder of the Trading Account (the Client) shall be entitled to the Financial Instruments recorded on such a collective account in amount specified by us in the Trading Account. Financial Instruments of Trading Accounts' holders are kept separately from financial instruments of the Custodian or XTB. If, for any reason, it is not possible to keep the Financial Instruments of the Trading Accounts' holders separately, we shall be obliged to notify the Clients of that fact forthwith. The Stocks the Fractional Stocks regard will be kept by XTB on its own behalf but for the benefit of the Clients in a manner ensuring their separation from the Financial Instruments of XTB kept on its own behalf and on its own account as well as Financial Instruments of the Depositary and Financial Instruments of other Clients.

10.4. In the cases described in clauses 10.2 or 10.3 above, we shall be responsible for the selection of the Custodian or the Partner on the basis of:

a) legal provisions;
b) regulations;
c) market regulations, market customs or market practices prevailing on a given market;
d) binding acts issued by public or corporate institutions, market operators or other market participants pursuant to the law, regulations, customs, and practices referred to in clauses a-c, in particular resolutions, decisions, motions, directives or instructions, whether addressed to particular units or to the general public, applicable to the Agreement, hereinafter referred to as "**Applicable Provisions**", subject to the other provisions of the Agreement.

10.5. Subject to the Applicable Provisions, we shall not be responsible for improper provision of services by a Custodian, Broker or Partner. This applies in particular to depository and brokerage services, if non-provision or improper provision of services results from circumstances we are not responsible for. The Terms and conditions of the services provided by the Custodian or Partner are based on provisions applicable to the Custodian or Partner.

10.6. Keeping the Clients' Financial Instruments or funds at the Custodian or Partner, or transfer of the funds to a corporate account of XTB involves increased risk. The risk is associated with the fact that business continuity of the Custodian, Partner or XTB can be interrupted (risk of bankruptcy, liquidation, breach or termination of the Agreement).

11. Technological limitations and Beta Services

11.1. Signing a binding Agreement shall mean that you are aware of and accept specific technological features of the Trading Platforms and Trading Accounts we provide. These features involve in particular the manner of operation of the Trading Account, the manner of Orders' execution, possible limitations to the access to the Accounts through electronic means (such limitations can arise due to malfunctioning of services provided by third parties that supply telecommunications tools, hardware or software). You shall bear any and all consequences and costs arising from lack of access to the Accounts or restricted ability to execute Transactions via electronic means and telephone - if such are caused by reasons beyond our control.

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

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

12. Other essential information

12.1. **Unless otherwise stipulated, we do not cooperate with any entities. This applies to natural persons and organizational entities, acting for XTB or on their own account, which directly or indirectly provide brokerage activities such as: investment advice, portfolio management or other similar services.**

12.2. **We do not authorize any other entity or person to accept any cash deposits or any other assets from the Client on our behalf. You should at all times deposit the funds necessary to conclude the Transactions only on the Cash Account specified in accordance with the Agreement.**

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

12.4. **Unless stipulated otherwise, you shall conclude the Transactions directly with us and may not act as an agent or proxy of any other person. You may not authorize any person to conclude the Transactions on your behalf, unless we give our consent thereto.**

12.5. **Unless explicitly specified otherwise, any Instructions you place with us shall be considered as your own independent investment decisions. You should always make your investment decisions based on your own judgment. We do not provide any investment advisory services.**

13. Final provisions

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

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

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

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

13.5. You hereby represent that your financial standing is stable and enables you to invest in Financial Instruments (including Fractional Stocks).

13.6. Any guarantees as to making a profit on Financial Instruments (or on Fractional Stocks) are false.

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