



RISK DISCLOSURE STATEMENT

1. Introduction

- 1.1. Trading in commodity and financial futures and options involves considerable financial risk. The statement below has been approved by Dubai Gold & Commodities Exchange (“DGCX”) and Dubai Multi Commodities Centre (“DMCC”) and presents an overview of the risks. It does not disclose all the risks or other significant aspects of trading commodities and financial futures and options on DGCX. Should you wish to understand the risks involved in more detail, please refer to the educational material available from DGCX. You are requested to read this statement, and sign the attached acknowledgement and return it to Gulf Brokers DMCC (the “Company”) through whom you will trade on DGCX.
- 1.2. Trading in commodities and financial futures and options is not suitable for many members of the public. Before you sign a Client Agreement with the Company and commence trading on DGCX you should consider carefully whether trading in commodity futures or options is appropriate for you (or your company), in light of your experience, objectives and financial resources. In doing so you should obtain a clear understanding of the nature of the contracts (and contractual relationships) into which you will be entering.

2. Commodity Futures

- 2.1. Margin Trading and the Effect of “Leverage” or “Gearing”

The amount of initial margin that you are required to deposit before trading on DGCX represents a relatively small proportion of the value of the futures contract. Accordingly, futures transactions are “leveraged” or “geared” and an apparently small movement in the underlying commodity price may have large impact on the funds you have deposited or will have to deposit. While this leveraging may work in your favour if you correctly anticipated the

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direction of a price movement, it can equally work against you in the converse scenario. The risk/return profile of the 'leveraging effect' facilitates potentially large profits but also, large losses.

2.2. If the market moves against your position or if initial margin requirements are increased by Dubai Commodities and Clearing Corporation ("DCCC") because of increased market volatility, you may be called upon by the Company to pay additional funds at short notice in order to maintain your position. Even if you are subject to foreign exchange control rules, it is still your responsibility to ensure that you are able to meet any margin calls that may be made by the Company. If you fail to comply with such a request, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2.3. Loss- limiting Orders or Strategies

Placing orders, such as a "stop-loss" order, intended to limit losses to a predetermined amount, may not achieve their purpose because market conditions, such as high volatility or lack of liquidity, may make it impossible for your order to be executed. Strategies using "spread" positions (such as "long" and "short" in different delivery months for a commodity, or in different, but related, commodities) may be at least as risky as outright "long" or "short" positions.

3. Commodity Options

3.1. Options on Futures

Options traded on DGCX are "Options on Futures" which means that, upon exercise by the buyer, both the buyer and seller of the option acquire a position in the underlying DGCX commodity futures contract. This will entail the risks and liabilities for margin as described above.

3.2. General Risks

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Aside from the risks described in Paragraph 4.1, options transactions may carry a high degree of risk. Both buyers and sellers of options should be sure that they understand the nature of the option contract (“put” or “call”) that they propose to trade and the associated risk/return profiles in different market scenarios. When buying an option you should calculate the extent to which the value of an option contract must increase for your position to be profitable, taking into account the price of the option (the “premium”) and all transaction costs. There is no daily mark-to-market on Option position. Buyer of an option has the liability limited to the premium plus transaction costs related to option. Seller of an option has limited profit in the form of premium received but has unlimited liability.

3.3. Buying Options

A buyer of an option contract may “close out” the position by entering into an equal and opposite position in the same option series. Alternatively, he may allow the option to expire worthless or he may exercise the option. If the option expires worthless the buyer will lose his total investment (the premium plus transaction costs).

3.4. Selling Options

Selling an option contract generally entails considerably greater risk than buying an option contract. Although the seller receives the option premium, he may incur a loss substantially greater than that amount (possibly unlimited) if the market moves unfavourably. At the same time, in this scenario, the seller is liable for additional margin and consequential liquidation of his position if a margin call is not met within the specified time. As noted above, if the buyer exercises the option the seller will acquire a commodity futures contract with associated liabilities and risks.

4. **Additional Risks Common to Both Futures and Options**

4.1. Contract Terms and Conditions

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If unsure you should always contact the Company to provide you with further information about the terms and conditions of the specific DGCX commodity futures or options contracts that you propose to trade and any associated obligations, such as the circumstances under which you may be obliged to make or receive delivery of the underlying commodity (especially were you to keep long or short open positions in a contract when it enters into the tender period) or, in the case of options, the declaration date.

4.2. Suspension or Restriction of Trading

Sometimes it may not be possible for an open futures or options position to be closed out, even at a loss. This may be due to market illiquidity or because of the operation of DGCX rules relating to limit moves or “circuit breakers”.

4.3. Electronic Trading

Trading on DGCX occurs on an electronic trading system. As a result, you are exposed to risks associated with failure of hardware, software or communications systems. The result of any of these failures may be that your order is not executed in accordance with your instructions or, is not executed at all.

4.4. Deposited Cash or Collateral

Although the Company abides by DGCX rules that oblige it to provide some protections for cash and collateral deposited with the Company, nevertheless, particularly in the event of insolvency or bankruptcy these protections may not apply. In such cases the extent to which you may recover such cash or collateral will depend on relevant legislation in the jurisdiction where you or the Company is located. However, you will not have any direct recourse to DGCX/DCCC for recovery in such circumstances.

4.5. Commissions and Other Charges

Before commencing to trade, you should carefully study all commissions, fees and other charges for which you will be liable on the Company's website. These charges will be payable

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regardless of the outcome of your trading, and will decrease your net profit or increase your loss.

4.6. Currency Risks

All futures and options contracts traded on DGCX are settled in US dollars. If the asset base or income stream that you are using to support your DGCX trading is denominated in any other currency, you effectively have an exposure to fluctuations in exchange rates.

5. **Additional Risks Related to Trading of Single Stock Futures**

5.1. Single Stock Future (SSF) Risk

DGCX does not list or trade cash equities as primary exchange. The underlying equity to the Single Stock Futures will be listed in the underlying country which could potentially lead to additional risk elements which should be carefully considered before engaging in trading the SSF contracts.

5.2. Pricing Disparities

You should be aware of the risks associated with delays in disclosure information wherein under certain market conditions; the prices of SSF Contracts on DGCX may not maintain their expected relationships to its underlying security prices. These pricing disparities could occur due to a variety of reasons and have an impact of both positions and active orders in SSF Contracts. These conditions include but are not limited to:

1. delay in the information availability about the corporate action announcement or associated price-sensitive news in the underlying security,
2. the primary market for the underlying securities is closed or halted;
3. Single Stock Futures contract or underlying securities is illiquid in either DGCX or primary market.

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This brief statement cannot capture all of the risks and other aspects associated with trading in the commodity and financial futures & options market. You should be aware and understand and consider carefully whether trading in commodity futures and options is appropriate for you, (or your company), and in light of your experience, objectives and financial resources.

6. Risk Disclosure Statement Acknowledgement

The undersigned hereby acknowledges that he/she/they have received a copy of the DGCX Risk Disclosure Statement and that they have read and understood it.

Signature	
Print Name	
Date	

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