

Risk Disclosure and Warning Notice

Farlo Markets Ltd · Registration No. 2025-00057 · Top Floor, Rodney Court Building, Rodney Bay, Gros Islet, Saint Lucia

Version 1.0 — Effective 21 July 2026

1. Purpose

1.1. This notice is provided by Farlo Markets Ltd (the “Company”, “Farlo”, “we”) to help you understand the risks of trading contracts for difference (“CFDs”). It does not disclose every possible risk, and it forms part of the Client Agreement. You should read it carefully before opening an account or placing any trade. If you do not understand the risks described here, you should seek independent professional advice before trading.

Trading CFDs carries a high level of risk and can result in the loss of your entire invested capital. You should not trade with money you cannot afford to lose.

2. Nature of CFDs

2.1. A CFD is an agreement to exchange the difference between the opening and closing price of a position on an underlying asset such as a currency pair, metal, energy product, index or cryptocurrency. CFDs are traded over the counter (“OTC”): the Company is the counterparty to your trades, positions can only be closed with the Company, and CFDs are not transferable to any other provider or exchange.

2.2. You never own the underlying asset and have no rights to it. All positions are cash settled.

2.3. CFDs are speculative, short-term instruments. There is no recommended holding period, and they are generally not suitable as long-term investments or for retirement planning.

3. Leverage and Margin Risk

3.1. CFDs are leveraged products. A small initial margin controls a much larger notional position, so even minor price movements are magnified. Leverage amplifies profits and losses equally: a price movement of a fraction of one percent against your position can result in the loss of a large part, or all, of the funds on your trading account.

3.2. Leverage on our platform is dynamic and may reach up to 1:1000 on certain instruments. Maximum leverage is not guaranteed, varies by instrument and conditions, and may be reduced at any time, including on open positions. Higher leverage means higher risk.

3.3. You must maintain sufficient margin to keep positions open. If your margin level falls to the stop-out threshold (30%, unless otherwise published), your positions may be closed automatically and without notice, crystallising your losses. You should not rely on receiving a margin call before a stop out occurs.

3.4. We provide negative balance protection on retail trading accounts, meaning you cannot lose more than the funds on the relevant trading account. However, you can lose everything on that account, including deposits and accumulated profits.

4. Market Risk and Volatility

4.1. Prices of underlying assets can move rapidly and unpredictably in response to economic data, geopolitical events, central bank decisions, liquidity conditions and market sentiment. Volatility can be extreme, particularly around news releases and market opening or closing times.

4.2. Markets can “gap”: prices may jump from one level to another with no opportunity to trade in between, including over weekends and holidays when markets are closed but news continues. Gapping can cause losses substantially greater than anticipated.

4.3. Stop loss orders are not guaranteed. In fast or gapping markets, a stop loss may be executed at a materially worse price than requested (“slippage”), increasing your loss.

5. Instrument-Specific Risks

5.1. **Foreign exchange:** currency markets are affected by macroeconomic policy, interest rates and intervention, and can experience sudden devaluations or regime changes.

5.2. **Cryptocurrency CFDs:** cryptocurrencies are exceptionally volatile and can lose a substantial portion of their value within hours. They trade continuously, are sensitive to regulatory announcements and market manipulation, and reference markets may be fragmented or illiquid. Cryptocurrency CFDs are among the highest-risk instruments we offer.

5.3. **Commodities and energies:** these markets can be affected by supply disruptions, weather, geopolitical events and inventory data, and can be subject to sharp intraday reversals.

5.4. **Indices:** index prices reflect broad market sentiment and can gap significantly on macroeconomic news, particularly at cash-market open.

6. Costs and Currency Risk

6.1. Spreads, commissions (on applicable account types), swap or financing charges on overnight positions, and currency conversion costs reduce your net result and can turn a marginally profitable strategy into a losing one. Swap charges on positions held for extended periods can accumulate significantly. Details are set out in the Key Facts Statement and Contract Specifications.

6.2. Where an instrument or your funding currency differs from your account base currency, exchange rate fluctuations create additional profit or loss unrelated to your trading decisions.

7. Counterparty, Technology and Operational Risk

7.1. As CFDs are OTC products, you are exposed to the Company as your counterparty. The prices and trading conditions applicable to your trades are set by the Company.

7.2. Trading through an electronic platform carries technology risk: hardware or software failure, internet or power interruption, latency, and cyber incidents can prevent you from opening, managing or closing positions. You are responsible for the security of your devices and login credentials.

7.3. In abnormal market conditions, quotation and execution may be suspended or delayed, spreads may widen materially, and leverage may be reduced.

8. No Advice; Past Performance

8.1. We provide execution-only services. Nothing we publish — including market commentary, signals, analytics or educational content — constitutes investment advice or a recommendation. You are solely responsible for your trading decisions.

8.2. Past performance, simulated results and forecasts are not reliable indicators of future results.

9. Legal, Tax and Regulatory Risk

9.1. The tax treatment of your trading depends on your personal circumstances and jurisdiction and may change. You are responsible for your own tax obligations.

9.2. Changes in law, regulation or policy in your jurisdiction or elsewhere may affect the availability of our services, the instruments we offer, or the conditions on which we offer them.

10. Suitability

10.1. CFD trading is intended for clients who understand leveraged products, have a high risk tolerance, can monitor their positions actively, and can afford the loss of the entire amount they deposit. Before trading, consider your investment objectives, financial situation and experience. If in doubt, do not trade, or seek independent advice.

11. Acknowledgement

11.1. By opening an account and trading with Farlo Markets Ltd, you acknowledge that you have read and understood this notice and accept the risks described in it.

12. Contact

12.1. Farlo Markets Ltd, Top Floor, Rodney Court Building, Rodney Bay, Gros Islet, Saint Lucia. Email: support@getfarlo.com. Website: www.getfarlo.com.