



FLORET COMMODITIES (Pvt.) Ltd

Risk Disclosure

RISK DISCLOSURE DOCUMENT

THIS DOCUMENT SHOULD BE READ BY EACH AND EVERY PROSPECTIVE CLIENT BEFORE ENTERING INTO COMMODITY FUTURES TRADING AND SHOULD BE READ IN CONJUNCTION WITH REGULATIONS OF THE NATIONAL COMMODITY EXCHANGE LIMITED ("NCEL").

NCEL has not passed the merits of participating in this trading segment nor has NCEL passed the adequacy or accuracy of this disclosure document. This brief statement does not disclose all of the risks and other significant aspects of trading. In light of the risks, you should undertake such transactions only if you understand the nature of the Futures Contracts (and contractual relationships) into which you are entering and the extent of

your exposure to risk. Risk of loss in trading in Commodity Futures Contracts can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Futures trading thus require not only the necessary financial resources but also the financial and emotional temperament. In case of any consequences or loss in the Futures segment, the Client shall be solely responsible for such loss and the Exchange shall not be responsible for the same and it will not be open for any Client to take the plea that no adequate disclosure was made or he was not explained the full risk involved by the Broker. The Client will be solely responsible for the consequences and no contract can be rescinded on that account.

RISKS INVOLVED IN TRADING IN FUTURES CONTRACTS

Effect of "Leverage" or "Gearing"

The amount of margin is small relative to the value of the Commodity Futures Contract so the transactions are 'leveraged' or 'geared'. Commodity Futures trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in Futures carry a high degree of risk. You should therefore completely understand the following statements before actually trading in Commodity Futures Contracts and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or the whole margin equivalent to the principal investment amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

1. Commodity Futures trading involves daily settlement of all positions. Every day the open positions are marked to market based on the Settlement price. If the settlement price has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to

2. be paid within a stipulated time frame, generally before commencement of trading next day.
3. If you fail to deposit mark to market losses and additional margin by the deadline or if an outstanding debt occurs in your account, the Broker may, without any further notice to the Client, liquidate a part of, or the whole position, in order to bring the margin to the required level. In this case, you will be liable for any losses incurred due to such closeouts.
4. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.
5. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions. V. You must ask your Broker to provide the full details of the Commodity Futures Contracts you plan to trade i.e. the contract specifications and the associated obligations and ensure that your Broker takes no positions without your express written authorization if you deem it necessary.

RISK-REDUCING ORDERS OR STRATEGIES

The placing of certain orders (e.g., "stop-loss" orders, or "stop-limit" orders), which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" positions, may be as risky as taking simple "long" or "short" positions.

Suspension or restriction of trading and pricing relationships

Market conditions (e.g., illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contact month because of price limits or "circuit breakers") may increase the risk of loss due to inability to liquidate/offset positions.

Deposited cash and property

You should familiarize yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property that has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of

distribution in the event of a shortfall. In case of any dispute with the Broker, the same shall be subject to arbitration as per the Regulations of the Exchange.

Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

Trading facilities

The Exchange offers electronic trading facilities, which are computer-based systems for order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or Broker firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

This document does not disclose all of the risks and other significant aspects involved in trading on a Futures market. The Client should therefore study Futures trading carefully before becoming involved in it.

I hereby acknowledge that I have received and understood this risk disclosure statement.

Customer Signature

(If Corporate, or other signatory, then attest with company seal)

Date-Month-Year