

PROVIDENCE INVESTMENTS

NOVEMBER 2025

Providence Investments

RISK DISCLOSURE POLICY

Company No 228292 | Licence No GB25205262

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1. Risk Disclosure Notice

- a. Before we provide you with our services and/or products, it is imperative that you carefully review the Risk Disclosure Policy. By proceeding to open an account with us, you confirm your awareness and understanding of the associated risks.

2. Introduction

- a. The statements below are designed to inform all Clients and Prospective Clients (hereinafter referred to as “you,” “your,” or “the Client”) about the risks involved in trading on financial markets. It is crucial to understand the potential losses that such risks may entail. This document is an integral component of the Client Agreement established between you and Providence Investments (referred to as “we,” “us,” or “the Company”). Any undefined terms herein shall first follow the definitions provided in the Client Agreement or, where applicable, the standard definitions used within the financial industry. The purpose of this document is to provide guidance and highlight the significant risks involved when trading in financial instruments, given the extensive range of possible scenarios.
- b. The regulatory authority, in issuing a license to the Company, does not guarantee the reliability or financial stability of the products offered or those on which the Company provides services. Additionally, any statements or opinions expressed by the Company are not endorsed by the regulatory authority.
- c. All Clients and Prospective Clients engage with the Company entirely at their own risk and will not be safeguarded by any statutory compensation schemes or customary legal protections under any circumstances.
- d. Particularly, debt and fixed income securities and public and private equities may not be suitable for all investors.
- e. Prior to engaging in the products or services provided by the Company, you are

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strongly encouraged to seek independent advice regarding the suitability of such investments and their associated risks, or consult other professionals as necessary.

3. Risk statements

- a. Engaging in any trading activity involving financial instruments should only be undertaken if you fully understand the risks associated with each specific product. Familiarizing yourself with the characteristics of the products and services is essential before commencing trading.
- b. Be aware that trading activities may result in profits or losses, potentially leading to the loss of part or all your invested funds. Online trading carries significant risks, as outlined below.
- c. Before entering into a Client Agreement or placing an order, you should carefully evaluate whether investing in a specific instrument aligns with your financial situation and resources. The Company does not guarantee any form of profit or return at any stage of the relationship.
- d. Decisions to trade using the products and services offered by the Company must be based solely on your independent evaluation of their features, risks, and benefits.
- e. The Company does not offer advice of any nature, including legal, tax, or investment advice, beyond general information provided to clients.
- f. You should only risk amounts you are prepared to lose. Before engaging in trading, consider your experience and knowledge regarding financial instruments and seek independent advice or consultation if needed.
- g. Do not fund your account with money you cannot afford to lose. Any funds used to trade, including those obtained through credit, loans, or other facilities, carry inherent risks. Losses incurred during trading must still be repaid, along with any associated interest or charges, further increasing your financial exposure.

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- h. You acknowledge and accept the significant risks associated with trading financial instruments. You affirm your financial capability to assume these risks and bear the loss of your entire account balance if necessary. Any adverse effects on your financial situation or lifestyle are solely your responsibility, and you agree to hold the Company harmless from any resulting liabilities.
- i. Trading in financial instruments is conducted on a cash settlement basis, and you acknowledge and accept this condition.
- j. You agree that trading does not confer any rights to the underlying instruments or assets.

4. Effect of leverage

- a. Leverage trading, also referred to as "margin trading," allows you to execute trades exceeding the initial funds deposited as margin. This mechanism grants investors access to larger amounts of capital, enabling them to amplify their market exposure beyond their initial investment. Margin represents the deposit required to sustain active positions in the market, while a margin call refers to the request for additional funds to compensate for potential losses.
- b. When engaging in margin trading, even minor fluctuations in market prices can have a significant impact on your trading account due to the amplified effect of leverage.
- c. Leverage trading can result in substantial profits if market movements align with your expectations. However, you must also consider that adverse market trends may lead to the total loss of your initial margin. In such cases, you might need to provide additional margin funds to sustain open positions, a situation commonly referred to as a "Margin Call."
- d. It is your sole responsibility to ensure the timely deposit of sufficient margins. You acknowledge that you are fully accountable for all associated risks, financial

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resources used, and the trading strategy you employ.

- e. Many financial instruments experience significant intraday price fluctuations. As such, you must carefully weigh the potential for profit against the equally substantial likelihood of loss.
- f. Margin trading entails a high level of risk to your capital and is, therefore, not suitable for all investors.
- g. Given that losses from margin trading can be unlimited, you should ensure access to adequate financial resources to manage any unfavorable price movements or market volatility related to the margined product or financial instrument being traded.
- h. To manage exposure and mitigate risk, you may implement strategies such as:
 - i. Utilizing “stop-loss” or “limit” orders to minimize potential losses while leveraging. It is essential to note that stop-loss and limit orders are not guaranteed. Market gaps may result in these orders being executed at a less favorable price, potentially leading to losses that exceed your invested capital.
 - ii. Opting for lower leverage levels to increase your margin requirement, thereby reducing the temptation to take on positions that exceed your comfort level. This approach also allows you to recognize potential margin closeouts sooner.
 - iii. Continuously monitoring your account(s) and open positions.
 - iv. Employing "Expert Advisors" to assist with trading decisions.

5. Exchange Risks

- a. Products tied to financial instruments are susceptible to "exchange risk".
- b. Exchange risk, often referred to as "currency risk," arises from unexpected changes in exchange rates—the values at which currencies are traded. These fluctuations can result in financial losses (or gains).

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- c. There is a possibility that adverse exchange rate movements may force you to close a long or short position in a foreign currency at a loss.

6. Liquidity risks

- a. Financial instruments, including debt and fixed income securities and public and private equities, are subject to what is referred to as "liquidity risk".
- b. Liquidity risk occurs when an investor seeking to trade a particular security is unable to do so because no market participants are willing to trade that security at the desired terms. This represents the difficulty of finding buyers or sellers, leading to challenges in executing trades quickly enough to avoid or mitigate losses. It also encompasses the potential risk arising from the limited marketability of an asset, which might delay or prevent its quick sale or purchase.
- c. Securities that are not actively traded are more prone to liquidity risks. Investors in such securities might face difficulties liquidating positions without accepting a considerable discount from the prevailing market price. This type of risk is commonly reflected in a wide gap between bid and ask prices, large fluctuations in price, and may manifest in the following three forms:
 - i. **Bid-Ask Spread:** This represents the potential loss incurred by selling an asset and repurchasing it immediately.
 - ii. **Market Depth:** This refers to the quantity of units traders can buy or sell at the current bid or ask price without significantly affecting the price.
 - iii. **Market Resiliency:** This describes how quickly prices, which may be temporarily inaccurate, revert to their normal levels.

7. Past Performance

- a. Historical performance, predictions, or simulations of financial instruments—

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including but not limited to debt and fixed income securities and public and private equities — do not guarantee or imply future results. It is important to recognize that the value of investments may decrease as well as increase, driven by fluctuations in the market price of the underlying asset.

- b. Different types of investments involve varying levels of risk, and it is impossible to ensure that the future performance of any particular investment, strategy, or product will be profitable or match any previous performance levels. Changing market conditions may render past opinions, data, or strategies irrelevant to the current environment.
- c. Additionally, no information, discussion, or guidance provided by the Company, its employees, directors, officers, or third-party service providers should be interpreted as professional investment advice. Clients are strongly encouraged to consult an independent financial advisor of their choice before making investment decisions.

8. Market Volatility

- a. Financial markets are inherently volatile, and this is reflected in the price fluctuations of our products. Prices may vary significantly, especially during market events such as political developments, economic announcements, elections, or unforeseen force majeure events. During such periods, spreads may widen considerably, impacting your account by increasing the cost of closing positions. Wider spreads can lead to higher equity losses and raise the likelihood of breaching margin requirements.
- b. Extreme market volatility may cause your profit and loss to fluctuate more dramatically than under normal circumstances. This can result in a quicker margin closeout and significantly increase the risk of your account entering negative equity. High leverage accounts are particularly susceptible to such risks during periods of rapid market movement, such as price spikes, crashes, or gaps.

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- c. Gapping is another risk associated with market volatility. It occurs when a trading instrument's price shifts abruptly from one level to another without any intermediary trading activity. This often happens when an asset opens at a price above or below the previous day's closing price. In such scenarios, there may be no opportunity to execute orders between the two price levels. Consequently, stop-loss orders might be triggered at prices that are less favorable than anticipated, potentially resulting in unexpected losses depending on the direction of your trades.

9. Technical risks

- a. The Client accepts responsibility for any financial losses that may occur as a result of failures in information, communication, electronic, or other systems.
- b. The Client understands that access to the Company's systems may be disrupted due to internet-related issues, which could include transmission outages, software or hardware malfunctions, internet disconnections, failures in the public electricity network, force majeure events, or cyberattacks. When trading on an electronic platform, the Client bears the risk of financial loss resulting from:
 - i. Malfunctions or failures in the Client's hardware, software, or internet connection;
 - ii. Improper functioning of the Client's equipment;
 - iii. Incorrect configuration settings in the Client Terminal;
 - iv. Delayed updates to the Client Terminal; or
 - v. Lack of knowledge about the applicable rules and procedures outlined in the Client Terminal's user guide or Help section.
- c. The Company is not liable for any breaches of the Client's personal data, such as email addresses, passwords, login details, electronic communications, or other

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sensitive information if these are accessed by unauthorized third parties due to the Client's negligence or during their transmission between the Company and the Client (or any other party) via the internet, other communication networks, telephone, or postal services. Should the Client discover any unauthorized use of their account, password, or login details, they are obligated to immediately notify the Company both by telephone and in writing.

- d. The Client acknowledges that unencrypted email communication is vulnerable to unauthorized access and may not be secure.
- e. The Client is aware that during periods of high activity, such as significant market movements or the release of key economic indicators, there may be delays or difficulties in establishing telephone communication with the Company's representatives.
- f. The Client also acknowledges that during abnormal market conditions, the processing time for their instructions may be longer than usual.

10. Price and Cost

- a. The prices displayed on the Company's trading platforms are based on the relevant underlying instruments, sourced from third-party liquidity or price providers. may include a mark-up.
- b. Clients engaging in debt and fixed income securities, public and private equities trading may be required to pay commissions or additional fees. These costs are not included in the quoted prices displayed by the Company and are instead charged directly to the Client's account.
- c. The Company may act as the sole counterparty (Principal) for some or all Client trades, and it reserves the right to profit from any Client losses.

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11. Insolvency

- a. The Company implements measures to organize the Client's assets and ownership rights in the event of its insolvency. However, if the Company becomes insolvent or defaults, it may result in positions being closed or liquidated without the Client's prior approval. In some cases, the Client may not recover the exact assets initially provided as collateral and may instead receive payments in cash or another method deemed suitable.
- b. The Client acknowledges that segregated funds will be protected in accordance with the regulations applicable in the relevant jurisdiction at the time. The Company may hold these segregated funds in accounts outside the EU or transfer them to an intermediary broker, settlement agent, or OTC counterparty, either within or outside the EU. The legal and regulatory framework governing such entities outside the EU may differ significantly. In the event of insolvency or a similar failure by these entities, the Client's funds may be treated differently than if held in a segregated account within the EU. The Company does not accept responsibility for the solvency or any actions or omissions of the third parties referenced in this clause.
- c. All funds belonging to Clients are maintained in segregated accounts, distinct from the Company's own funds.

12. Third-Party Risk

- a. To facilitate transactions or meet the Client's collateral obligations (e.g., margin requirements), the Company may transfer funds received from the Client to a third party, such as a bank, payment provider, intermediary broker, market, OTC counterparty, or clearing house. The Company is not responsible for any actions or inactions of such third parties once the funds are transferred.
- b. Funds transferred to a third party may be held in an omnibus account, where the

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Client's funds might be combined with the funds of other clients or the third party. In the event of insolvency or other similar proceedings involving the third party, the Company may only have an unsecured claim on behalf of the Client. The Client is exposed to the risk that the funds received back from the third party may be insufficient to fully meet the Client's claims regarding the relevant account. The Company disclaims all liability for any losses arising from such situations.

13. Local Legal Restrictions

- a. The Company's content, products, and services are not intended for distribution or use by any individual or entity in jurisdictions where such activities would conflict with local laws or regulations or where the Company lacks the required registration or licensing. Individuals or entities subject to such restrictions, whether due to nationality, residency, or other reasons, must refrain from accessing or using the Company's website (www.providence-investments.com).
- b. Furthermore, certain services, entities, or products offered by the Company may not be registered or licensed under the laws governing financial services in specific countries. Users are advised to contact the Company directly to verify the availability of products or services in their jurisdiction.

14. Liability

- a. Within the boundaries of applicable laws and regulations, the Company, including its directors, employees, agents, officers, subcontractors, and sales partners, disclaims all liability for any type of loss or damage (whether direct or indirect) resulting from the content, accuracy, completeness, or other aspects of the website, any linked content, or third-party content. This also includes any errors or omissions on the website, issues related to access or usage of the site, and any inability to use or access the site for any reason.

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- b. To the fullest extent allowed by prevailing laws and regulations, the Company will not be held liable for any loss of profits, revenue, savings, business opportunities, goodwill, or data. Additionally, the Company disclaims liability for incidental or special damages, wasted management time, or any indirect or consequential losses arising from the use of or access to the website. This applies even in cases where the possibility of such losses or damages was disclosed or foreseeable.

15. Communications

- a. The Client accepts full responsibility for any financial losses resulting from either not receiving notifications from the Company or receiving them after a delay.
- b. The Client acknowledges that email communications transmitted without encryption are susceptible to unauthorized access and may lack adequate protection.
- c. The Client is fully responsible for safeguarding any information received from the Company and bears the risk of financial losses caused by unauthorized access to the Client's trading account by third parties. The Client must notify the Company in writing immediately upon becoming aware of any unauthorized access to their account or sensitive information.
- d. Any financial loss arising from a Force Majeure Event will be borne solely by the Client.
- e. The Client assumes all financial and other risks associated with engaging in operations on financial markets that are prohibited or restricted by the laws of their jurisdiction of residence.
- f. All communication between the Client and the Company shall be conducted in good faith and through proper written notifications sent to the most recent address provided by either party, in a timely and professional manner.