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The Declaration on the general risks related to the trading in securities market

The purpose of this Declaration is to provide you with information about main risks related to the trading in securities market. Please note that this Declaration does not cover all risks existing in securities market due to the diverse nature of situations.

In general, risk is defined as the probability of losses in financial transactions as the result of adverse effects of various factors. Please find below the main risks that will be related to your trading in the securities market.

I. **System risk**

System risk affects several financial institutions and arise from their reduced ability to perform functions or services. It is difficult to assess system risk due to the high degree of interaction and interdependence of financial institutions, however, realized system risk can affect all financial market participants.

II. **Market risk**

Market risk arise from unfavorable changes of the market prices (value) of your financial instruments as well as from unfavorable changes of political situations, an abrupt devaluation of the national currency, a crisis of the government debt market, banking and currency crisis, force majeure of mainly natural and military character. It leads to an eventual decrease in profitability or even losses. Depending on the chosen strategy, the market (price) risk will result in increasing (decreasing) price of financial instruments. You should be aware that the value of your financial instruments may become high or low, and that its income in the past does not necessarily mean its income in the future.

Please pay special attention to the following market risks:

1. Currency risk

Currency risk arises from an unfavorable change of the exchange rate of the ruble against foreign currency, which may create an inflationary impact (decrease in real purchasing power) on your income from the possession of financial instruments, resulting in a reduction of a part of the income, as well as eventual losses. Currency risk can also affect liabilities on financial instruments related to foreign currency or foreign financial instruments, which can lead to losses or difficulties in their settlement.

2. Interest rate risk

Interest rate risk arises from an unfavorable change in the interest rate that affects the exchange rate value of fixed income instruments. Interest rate risk may be triggered by a mismatch in the terms of repayment claims and liabilities, as well as by an unequal degree of the change of interest rates on claims and liabilities.

3. Bankruptcy risk of the issuer

Bankruptcy risk of the issuer represents the risk of an abrupt fall in the share price of a joint-stock company, which is recognized as insolvent, or in the anticipation of such insolvency.

To mitigate market risk, you should carefully consider the choice and diversification of financial instruments. In addition, you should carefully read terms of business with your advisor in order to assess the costs associated with the ownership and trading in financial markets, make sure that they are acceptable to you and do not deprive you of the expected income.

III. Liquidity risk

Liquidity risk is defined as the risk of decreased ability to sell financial instruments at the required price as the result of the decreasing demand. In particular, liquidity risk can be realized in losses associated with a significant reduction of the value of financial instruments when there is a need to sale them quickly.

IV. Credit risk

Credit risk is the risk of possible defaulting of contractual and other obligations assumed by other persons in connection with your trading.

Credit risks include the following risks:

a. Default risk on bonds and other debt securities

This is a possible insolvency of the issuer of debt securities, which will lead to the default or decrease of the probability to repay it on time and in full.

b. Counterparty risk

Counterparty risk is the risk of a third party defaulting its obligations to you or your broker or advisor. Your broker or advisor should take measures to mitigate the counterparty's risk, but you cannot exclude it completely. The counterparty's risk is particularly high for a trading in non-organized market without the participation of clearing organizations that assume the risks of default.

You should be aware that although your broker and/or your advisor act in your best interests on their own behalf, you are responsible for the risks that they take because of such actions, including the risk of default or improper performance of obligations of third parties to your broker and/or advisor. You should keep in mind that in all cases, the client's funds are kept in a bank account, and you bear the risk of bankruptcy of the bank in which they are kept. Evaluate where exactly the assets you have transferred to the broker or manager will be stored, and whether you are ready to perform operations outside the centralized clearing infrastructure.

Your investment advisor is a member of NAUFOR, and you can appeal to it in case of violation of your rights and interests. State regulation and supervision of the activities of issuers, professional participants in the securities market, exchanges and other financial institutions is carried out by the Central Bank of the Russian Federation, to which you can also appeal in case of violation of your rights and interests. In addition, you have the right to seek protection in courts and law enforcement agencies.

V. Legal risk

Legal risk is associated with possible adverse effect of the enforcement of laws or regulations, standards of self-regulatory organizations that regulate the securities market, or other sectors of the economy, which may lead to negative consequences for you.

Legal risk also includes the risk of change of tax rules, rates, cancellation of tax deductions and other changes in tax laws that may have negative consequences for you.

VI. Operational risk

This risk is associated with losses incurred by you as the result of violations of internal procedures of your investment advisor, errors and misconduct of its employees, failures of IT systems that belong to your investment advisor, its partners, infrastructure organizations, including the exchange, clearing organizations and others. Operational risk may eliminate from or have negative impact on operational performance and as the result may bring you eventual losses.

Please read the agreement carefully and assess to which risks, including the risks of any technical failure, you and your investment advisor are exposed.

VII. Risks associated with the acquisition of foreign securities

Transactions with foreign securities have general risks associated with operations on the securities market with the following particulars:

System risk

In the case of foreign securities, systemic risks of the Russian stock market are supplemented by similar system risks of the country where the relevant foreign securities are issued or traded. The main factors affecting the level of system risk in general include the political situation, the peculiarities of national legislation, currency regulation and the probability of their change, state financial situation, the presence and degree of development of the financial system of the country of the entity liable for a foreign security.

The level of system risk can be influenced by many other factors, including the likelihood of restrictions on investment in certain sectors of the economy or the likelihood of a momentary devaluation of the national currency.

The generally accepted integrated assessment of system risk of investments in foreign securities is the “sovereign rating" in foreign or national currency assigned to the country in which the Issuer is registered by the international rating agencies Moody's, S&P, Fitch IBCA. However, it should be noted that the ratings are only benchmarks and may not correspond to the real present situation.

In the case of foreign depositary receipts, in addition to the risks associated with the Issuer of the receipts, it is necessary to take into account the risks associated with the Issuer of the underlying foreign securities.

Currently, the legislation allows Russian investors, including those who are not qualified, to purchase foreign securities admitted to public placement and (or) public circulation in the Russian Federation both abroad and in Russia, and also allows the registration of rights to such securities by Russian depositories. However, there are also risks of changes in regulatory approaches to ownership and operations, as well as to the accounting of rights to foreign financial instruments, which as a result and in the contrary to the investor's plans there may be a need for their alienation.

Legal risk

When purchasing foreign securities, you should be aware that they are not always analogues of Russian securities. In any case, the rights granted under them and the rules for their implementation may differ significantly from the rights under Russian securities.

The possibility of judicial protection of rights on foreign securities may be significantly limited by the need to apply to foreign judicial and law enforcement agencies under the established rules, which may differ significantly from those in force in Russia. In addition, when dealing with foreign securities, the investor in most cases will not be able to rely on the protection of their rights and legitimate interests of the Russian authorities.

It is necessary to take into account the risk of tax and legal consequences associated with possible transaction taxes, stamp duties, duties and other mandatory payments that may be required when trading foreign securities in accordance with the legislation of the Issuer.

Information disclosure

Russian law allows disclosure of information in respect of foreign securities under the rules applicable abroad and in English. The client should assess his / her ability to analyze the information in English and whether he / she understands the differences between the financial reporting rules adopted in Russia, International financial reporting standards or the financial reporting rules under which the information is published by the Issuer of foreign securities.

In addition, Russian market operators and / or brokers may translate certain documents (information) disclosed by a foreign issuer for your convenience. In this case, the translation can be perceived only as auxiliary information to officially disclosed documents (information) in a foreign language. Always consider the possibility of mistakes made by the translator, including those related to the possible different translations of the same foreign words and phrases or the lack of a generally accepted Russian equivalent.

VIII. **Risks associated with the conclusion of contracts that are derivative financial instruments, the underlying asset of which are securities of foreign issuers or indexes calculated on such securities.**

The purpose of this Declaration is to provide you with general information about the main risks associated with the conclusion of contracts that are derivative financial instruments, the underlying asset of which are securities of foreign issuers or indices calculated on such securities (hereinafter referred to as derivatives with a foreign underlying asset). The conclusion of these contracts is associated with risks that are typical for all derivative financial instruments, as well as specific risks due to the foreign origin of the underlying asset

Risks associated with derivative financial instruments.

These instruments are not suitable for all clients. Moreover, some types of derivative financial instruments carry a higher level of risk than others. Thus, when buying an option contract, the losses will not exceed the amount of paid bonuses, remuneration and expenses associated with their commission. In terms of risk, the sale of option contracts and the conclusion of futures contracts, forward contracts and swap contracts are comparable - with relatively small adverse price fluctuations in the market, the risk of significant losses is possible, while in the case of the sale of futures and forward contracts and the sale of options to buy (call options) unlimited losses.

With this in mind, the execution of transactions for the sale of options contracts and the conclusion of futures and forward contracts can only be recommended to experienced investors who have significant financial capabilities and practical knowledge in the application of investment strategies.

This declaration also applies to derivative financial instruments aimed at reducing the risks of other operations on the stock market. Carefully evaluate how your derivative financial instruments relate to the transactions for which you intend to limit the risks, and make sure that the volume of your position in the futures market corresponds to the volume of the position in the spot market that you are hedging.

Market (price) risk
In addition besides **general market (price) risk**, in the case of futures, forward and swap contracts (contracts), the sale of option contracts, there is a risk of adverse changes in the price of financial instruments that are the underlying asset of derivative financial instruments, and the risk in respect of assets that serve as collateral. In the event of an unfavorable price change in a relatively short period of time, there is a risk of losing the collateral for derivative financial instruments.

Liquidity risk
If the investment strategy provides for the possibility of the need to close a position under the relevant contract (or to conclude a transaction with another contract, which reduces the risk under this contract), you should pay attention to the liquidity of the relevant contracts, since closing positions on illiquid contracts can lead to significant additional losses due to their low liquidity. Note that, as a rule, contracts with longer term of execution are less liquid than contracts with shorter terms of execution. If the concluded contract, which is a derivative financial instrument, is illiquid, and there is a need to close a position, it is necessary to consider, in addition to closing a position under this contract, alternative options for eliminating the risk by entering into transactions with other derivative financial instruments or with underlying assets. The use of alternatives may result in less loss. At the same time, difficulties with closing positions and losses in price can lead to an increase in losses compared to ordinary transactions. Your orders aimed at limiting losses may not always limit losses to the expected level, as in the current market situation, it may not be possible to execute such an order at the price you specified.

Restriction of the collateral disposal
The property (part of the property) owned by you, as a result of the conclusion of the contract, which is a derivative financial instrument, will be the security for the performance of your obligations under the contract and the disposal of it, that is, the possibility of making transactions with it, will be limited. The amount of the security changes in accordance with the procedure provided for in the contract (contract specification), and as a result, you may be limited in the ability to dispose of your property to a greater extent than before the conclusion of the contract.

Risk of forced position closure
An unfavorable change in the price may result in the need to deposit additional funds in order to bring the collateral into compliance with the requirements of regulations and the brokerage agreement, which must be done in a short time, which may not be enough for you. In this case, your broker has the right, without your additional consent ,to "forcibly close the position", that is, to conclude a contract that is a derivative financial instrument, or to purchase securities at the expense of your funds, or to sell your securities. This can be done at existing, including unprofitable, prices and lead to losses for you. Forced closing of a position is aimed at risk management. You may incur significant losses despite the fact that after that the change in the prices of financial instruments may take a favorable direction for you and you would have received income if your position had not been closed.

Legal risk
According to paragraph 2 of article 1062 of the Civil Code of the Russian Federation No. 14-FZ dated January 26, 1996 any legal claim related to the participation of citizens in the transactions containing the obligation of the party or the parties of the transaction to pay the sums of money depending on change of prices of goods, securities, the rate of the corresponding currency, size of interest rates, level of inflation or from the values calculated on the basis of set of the specified indicators or from occurrence of other circumstance which is provided by the law and about which it is not known, it will come or not, are subject to judicial protection only if they took place on the stock exchange.

Risks arising from the foreign origin of the underlying asset.
With respect to the underlying asset of derivative financial instruments – securities of foreign issuers and indexes calculated on such securities, the risks of the Russian stock market are supplemented by similar systemic and legal risks of the country where the relevant foreign securities are issued or traded (see risks associated with the acquisition of foreign securities).

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In view of the above, we recommend that you carefully consider whether the risks related to the trading in financial market are acceptable to you, taking into account your investment objectives and financial capabilities. This Risk Declaration is not intended to discourage you from trading in securities market, but to help you to assess the exposure and chose your investment strategy and terms of business with your investment advisor with due care and responsibility.

Make sure that you fully understand this Risk Declaration and, if necessary, seek clarification from your investment advisor or an independent consultant who is an expert in the relevant matters.