

# Disclosure Notice

## Introduction.

Trading 212 is the trading name of the following entities:

- (a) FXFlat Bank GmbH ("**Trading 212 DE**"), which is authorised and regulated by the German Federal Financial Supervisory Authority ("**BaFin**") (BaFin ID number 10109603) and is the company which will provide to you the CFD Services as specified in the CFD Terms and the execution-only Share Dealing Services as specified in Section A of the Invest Terms; and
- (b) Trading 212 Markets Ltd ("**Trading 212 CY**"), which is authorised and regulated by the Cyprus Securities and Exchange Commission ("**CySEC**") (Licence number 398/21) and is the company which will hold your assets and facilitate FX transactions for settlement purposes as specified in Section B of the Invest Terms.

Any reference in this Disclosure Notice to "**Trading 212**", "**Company**", "**we**", "**us**", and "**our**", shall mean the specific entity providing the relevant service, as detailed in the CFD and Invest Terms. Any reference to "you" and "your" shall mean you as a customer of Trading 212.

We are committed to:

- a. providing a high standard of client service; and
- b. maintaining our reputation for credibility and accountability.

We welcome feedback on our service at any time. If you are dissatisfied with our services, please give us the opportunity to fix the problem. Should you feel dissatisfied with any aspect of our service, your first action should be to contact our Customer Service Team at [info@trading212.com](mailto:info@trading212.com).

The following Disclosure Notice provides you with information about the nature and risks of certain investment types, how we identify, monitor, manage and where applicable disclose

conflicts of interest that may arise from time to time and how you can submit complaints and our processes for dealing with such complaints. This Disclosure Notice is divided in the following sections:

- (a) **Section I** – Risk Disclosure
- (b) **Section II** – Conflicts of Interests
- (c) **Section III** – Complaints Procedures

All words and phrases highlighted and not defined in this Disclosure Notice, shall have the same meaning as defined in our Invest Terms and CFD Terms (as applicable).

## Section I – Risk Disclosure

This section provides you with information about the nature and risk of certain investment types. It does not explain all the risks or how the risks relate to your personal circumstances. If you have any doubt whether or not our products are appropriate for you, you should seek professional advice before trading.

Trading 212 DE provides the opportunity for investment and dealing in the following products:

- a. Contracts for differences ("**CFDs**") on financial assets including shares, bonds, indices, exchange traded funds ("**ETFs**"), commodities and currency pairs ("**Forex**"); and
- b. Transferable securities ("**Equities**"), including shares, fractional shares, ETFs and Undertakings for Collective Investments ("**UCITS**").

Even though our offerings are suitable for both retail and professional clients, be aware that by investing in or dealing in any of the above you are risking your capital and you may not get back as much as you originally invested.

### 1. Risk Warnings Related to CFDs.

#### 1.1. General Risks

CFDs are financial instruments that are traded on margin, enabling investors and traders to participate in the movement of shares and index prices without having ownership of the underlying asset.

Trading in CFDs may not be suitable for all investors due to its high risk and complex nature. You may lose all or most of your initial payment and may be required to make additional payments. You shall be responsible for your own trading decisions. If you are in any doubt, you should seek independent advice.

CFDs are highly risky due to the speculative and volatile markets in these products and the leverage (margin) involved. Trading these products may result in the loss of the entire funds you deposited in the account. We are required by law to notify retail clients about the percentage of Retail Clients who have lost money trading CFDs with us during the last 12 months. This disclosure will be made available on our website: [www.trading212.com](http://www.trading212.com). You must carefully consider your financial circumstances and risk tolerance before trading CFDs. CFD trading is an activity that carries a high risk to your capital. Don't use money you can't afford to lose.

You should only consider trading in CFDs if:

- a. you have extensive experience trading in volatile markets,
- b. you fully understand how they operate, including all the risks and costs involved,
- c. you are aware that the greater the leverage, the greater the risk,
- d. you understand that your position(s) can be closed whether or not you agree with our decision to close your position(s),
- e. you have high-risk tolerance and the capability to absorb losses if they occur, and
- f. you have sufficient time to manage your investments on an active basis.

If you do not have access to the internet and cannot access the Website, please notify the customer service team. If requested, we shall provide you with a hard copy document that contains a description of some of the risks involved in trading CFDs.

Trading in CFDs relies on the price movement (appreciation and depreciation) of underlying instruments. You are therefore exposed to similar but magnified risks to holding the underlying instruments. The value of the underlying instruments may go up and down. Due to the use of leverage, CFD trading carries a higher degree of risk than ordinary share dealing and may not be suitable for everyone.

The trading you conduct on our Trading Platform is not conducted on an exchange or a market and is not cleared on a central clearinghouse. The CFD transactions are contracts with Trading 212 DE as your counterparty.

## **1.2. Leverage**

CFDs offer various levels of leverage. Before trading, we shall ask you to make an initial deposit. Each CFD product we offer has a margin requirement. Based on this requirement and your initial deposit, you shall be able to trade a contract value in excess of your funds. For example, a margin requirement of 5% would enable you to trade contracts 20 times as large as your deposit. Fluctuations in asset prices will therefore be magnified many times. This can work for or against you as a small price movement against you may result in a larger profit or loss respectively. Using leverage or margin means that you may lose the entire funds you have actually deposited in your account if the price of the CFD moves significantly against you.

## **1.3. Margin Rates**

Trading 212 DE reserves the right to adjust margin requirements for each of our products and have the right to change or increase its Margin Requirements at any time: In order to protect the firm and all of our clients, we may modify Margin Requirements for any or all clients for any open or new positions at any time, in our sole discretion. If we increase our margin requirements, it may prevent you from adding positions or hedging existing positions if you have insufficient equity. If margin requirements increase on your existing CFDs, you will have to deposit additional equity in advance or your positions may be liquidated. This may result in your margin requirement increasing. You may therefore be required to deposit additional funds to maintain existing positions.

Having said the above it is of crucial importance that clients should always monitor their positions. Clients should ensure that their trading accounts are sufficiently funded to avoid any disturbances from possible margin calls and /or stop-outs in their trading activity.

Initial Margin percentages by type of underlying for Retail Clients:

- a. 3,33% of the notional value of the CFD when the underlying currency pair is composed of any two of the following currencies: US Dollar, Euro, Japanese Yen, Pound Sterling, Canadian Dollar or Swiss Franc;
- b. 5% of the notional value of the CFD when the underlying index, currency pair or commodity is:
  - i. any of the following equity indices: Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Börse AG German

Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard & Poors 500 (S&P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard & Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50);

- ii. a currency pair composed of at least one currency that is not listed in point (a) above; or
  - iii. gold;
- c. 10% of the notional value of the CFD when the underlying commodity or equity index is a commodity or any equity index other than those listed in point (b) above; or
- d. 20% of the notional value of the CFD when the underlying is:
- i. a share; or
  - ii. not otherwise listed above.

The above-mentioned margin percentages are applicable to all clients.

## **1.4. Position Monitoring**

It is your responsibility to monitor your Account. We have the right to liquidate your positions without notice in the event of a margin deficiency (stop-out).

You must monitor your Account so that at all times the account contains sufficient equity to meet our Margin Requirements. We do not have to notify you of any failure to meet Margin Requirements prior to us exercising its rights under its Agreement with you, including but not limited to its right to liquidate positions in your account(s).

Should the net value of the account (cash plus running profits minus running losses) fall below 50% of the margin required, we may close some or all of your positions at the current market price. This should not however be taken as a guarantee, and it is your responsibility to ensure that sufficient funds are in your account at all times.

## **1.5. Counterparty Risk**

In relation to CFDs, Trading 212 DE is a counterparty to all your trades. None of our CFD products are listed on an exchange, nor can any rights, benefits or obligations be transferred to anyone else. While we undertake our obligation to provide you with best execution and to act reasonably and in accordance with our published terms and conditions, CFDs opened on your account with us must be closed with us, based on our prices and conditions. CFDs

are contracts with us as your counterparty, and are not traded on a regulated exchange and are not cleared on a central clearinghouse. Thus, exchange and clearinghouse rules and protections do not apply to trading CFDs with us.

## **1.6. Counterparty Credit Risk on CFD Trades**

Since we are the counterparty to your CFD trades, you are exposed to the financial and business risks, including credit risk, associated with dealing with us. That is, in the unlikely event that we were to become insolvent, we may be unable to meet our obligations to you.

Please note that Trading 212 DE is a member of the Entschädigungseinrichtung der Wertpapierhandelsunternehmen ("EdW"), a Federal Government Special Fund established with the Kreditanstalt für Wiederaufbau ("KfW") with the purpose to, according to specific terms and limits, in case Trading 212 DE defaults on its obligations to return the client's Account balance, upon request. If you want to have more information about the Investor Protection Scheme, visit <https://www.e-d-w.de/index-2.html>.

## **1.7. CFDs do not give you any rights in the Underlying Asset**

A CFD secures a profit or a loss by reference to fluctuations in the price of the Underlying Asset, rather than by taking delivery of any Underlying Asset. No CFD transaction shall confer on you any right, voting right, title or interest in any Underlying Asset or entitle or oblige you to acquire, receive, hold, vote, deliver, dispose of or participate directly in any corporate action of any Underlying Asset.

## **1.8. Negative Balance Protection**

Negative balance protection is available to all Trading 212 clients. The Negative Balance Protection limits the maximum losses that a retail client could have. It is designed as a backstop for when the margin close-out rule does not work effectively as a result of a very sudden price movement. By introducing a Negative Balance Protection per account the client can never lose more than the total sum invested for trading CFDs. There can be no residual loss or obligation to provide additional funds beyond those in the client's CFD trading account.

## **1.9. Our rights to adjust, modify and/or Close-Out CFD transactions in the event of a corporate action affecting the Underlying Asset**

In the event of a Corporate Action affecting the Underlying Asset of a CFD (e.g. splits, spin-offs, rights offerings, mergers and acquisitions, etc.):

- a. We may at our sole discretion determine the appropriate adjustment or modification or action to take, if any, and when, with respect to the CFD to preserve the economic equivalent of the rights and obligations of the parties;
- b. As an addition or alternative to the foregoing, we reserve the right at our sole discretion to close out your open CFD position in the Underlying Asset prior to the Corporate Action.

## **2. Risk Warnings related to Shares (Equities).**

### **2.1. General risk warnings**

Shares represent a part ownership in a company. As such, the owner of a share participates in the fortune of the company. If the company does well, the shares are likely to rise in price, but if the company does poorly, the share price is likely to fall. Holders of ordinary shares are the last to be paid in the event of a company becoming insolvent. However, ordinary shareholders also have the potential for returns, in the form of dividends or share price appreciation, provided the company does well and is perceived to be continuing to do well. In extreme cases a company can become insolvent and you may lose all the value of your investment. Share prices are based on supply and demand forces which in many cases depend on perceptions of the companies' future prospects by the market. If in general, market sentiment is pessimistic about a company and their future prospects, the share price will likely fall and therefore, if you sell at that point or if price does not recover, you get back less than you invested.

The value of your investments and the level of any income from them can go down as well as up. You may not get back the full amount you have invested. You should also remember that past performance of shares is not an indication of how those Investments might perform in the future.

Certain investments may not be readily realisable. You may have difficulty selling these investments at a reasonable price, and in some circumstances, it may be difficult to sell them at any price.

Foreign markets will involve different risks from EEA markets, and in some cases, the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign-denominated contracts will also be affected by fluctuations in foreign exchange rates.

## **2.2. Dividend Payment Not Guaranteed**

Some shares pay a dividend, either semi-annually or quarterly. A dividend is an amount of money, determined by the company's Board of Directors, which is a distribution of the company's profits. Established, profitable companies tend to pay dividends and have a good record of providing a steady stream of dividend payments. Periods of economic difficulty may, however, interrupt such dividend payment for even the most established shares. Younger, less established companies that are building a business tend to retain their profits for re-investment. These are called "growth" companies as their business strategy is to grow their business rapidly.

## **2.3. Dealing/Administrative Costs**

Commissions and charges levied by us or third parties will reduce potential profit you can make or increase the level of loss. Before you begin to trade, you should understand all commissions and charges for which you will be liable.

## **2.4. Market Gapping**

This is a sudden shift in the price of an instrument or its underlying from one level to another. It can happen at any time, but occurs most frequently when the market closes at one level but reopens at another. This can cause unexpected losses.

## **2.5. Non-readily Realisable Investments**

We may arrange or enter into transactions in non-readily realisable investments. These are investments in which the market is limited or could become so. You may have difficulty



selling such an investment at a reasonable price and, in some circumstances. It may be difficult to sell it at any price. Do not invest in such investments unless you have carefully thought about whether they are suitable for you.

## **2.6. Past Performance**

You should be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

## **2.7. Dealing in Securities which may be Subject to Stabilisation**

We, and/or our representatives, may from time to time carry out transactions on your behalf in securities subject to stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

## **2.8. Liquidity Risk in Shares**

Shares are available in companies of different sizes, industrial sectors, geographical locations, and on different stock markets. Liquidity is an important risk factor when investing in individual equities and is generally driven by the market capitalisation (total value of issued shares) of the company and current market conditions. Liquidity levels can change rapidly and lack of liquidity often restricts trading in equities with smaller market capitalisations (known as mid cap and small cap).

## **2.9. Information on Overseas Investments**

Information on overseas investments is not as readily available to the public and the financial pages of the national press give little coverage of the subject. Different time zones also mean that you will not always be able to get a real time price for overseas stocks during your relevant trading day. When investing in overseas markets, currency fluctuations need to be taken into account. A gain or loss made on the performance of a stock can easily be offset by a movement in the currency exchange rate. Alternatively a gain or loss on a stock could be compounded to make an even larger one.

## 2.10. Price Volatility

The price of individual shares can fluctuate considerably and can appreciate or decline rapidly. Shares can also remain in decline over long time periods. Share prices rise and fall according to the health of the company and general economic and market conditions. Individual share price rises and falls can be significant. Stock market investments tend to be more volatile than investments in most bonds.

## 2.11. Penny Shares

Shares purchased on the Alternative Investment Market (AIM) (especially those known as 'penny shares') carry a higher degree of risk of losing money than other shares. This is because the requirements on companies that are listed on AIM are less stringent than those for companies with a full market listing. There is also usually a wider spread between the buying price and the selling price of these shares and if they have to be sold immediately, you may get back less than you paid for them due to a lack of liquidity. The price of these shares may change quickly and they may go down as well as up. It may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed.

## 2.12. Settlement

In many market places (for example shares traded on the London Stock Exchange) settlement takes place by the counterparties simultaneously matching shares traded with cash being given. In other market places (for example those where CFDs are traded), you, on making an initial investment, put up a sum of cash (the margin) which represents a percentage of the value of the investment. If the price of the investment subsequently fluctuates, you may be called upon to put up extra cash (a margin call).

## 2.13. Investment Transfers

With respect to Investment Transfers, please be aware of the following risks:

- **Lack of Cooperation from the Other Investment Provider:** Investment Transfers require cooperation by the other investment provider. Investment Transfers cannot be performed where the other investment provider does not cooperate or does not facilitate in-specie transfers.

- **Incomplete or Delayed Transfers:** Investment Transfers do not follow standard settlement practices. While Trading 212 CY will do its best to process Investment Transfers within 30 calendar days, there may be administrative delays or errors.
- **Tax Implications:** The transfer of client assets to an investment provider based in a different country, may have tax implications. For example, you may trigger capital gains or losses when moving securities, which can result in tax liabilities. It is important you understand the local tax implications and consult with a tax advisor if necessary.
- **Fractional Shares:** As mentioned in our Invest Terms, please be aware that Trading 212 CY is not able to facilitate Investment Transfers of fractional shares. Fractional shares will need to be liquidated first to cash. This will be at your own initiative, and you will be able to withdraw the proceeds via the standard withdrawal processes. Please note that the other investment provider may not offer fractional shares or may charge fees and charges to facilitate future purchases of fractional shares.
- **Market Risk:** The market value of your securities can change between the time you initiate the transfer and when it is completed. You will not be able to sell any Investments that are part of an Investment Transfer and you will be exposed to market risk, as a result of which you may gain or lose value during the transfer process.

### 3. Risk Warnings Related to Fractional Shares.

Fractional shares cannot be traded on public exchanges and are illiquid and unrecognised outside our trading platform. You can only liquidate them when they are sold through us and they cannot be transferred to another broker unless they are sold.

We will comply in all respects with “best execution” on all orders executed through Trading 212 DE in line with its regulatory requirements. This means that execution will be based on a price no worse than the prevailing bid/offer on the reference exchange as of the time of your order for all full share and fractional share components of a transaction. Any Order greater than one share that includes a fractional share component will be executed in a mixed capacity.

All fractional holdings will be rounded to eight decimal places. For all notional based orders, your transaction will never exceed the order amount. Rounding may also affect your ability to be credited for cash dividends, stock dividends and stock splits. For example, if you own 0.00000001 shares of stock that pays a one cent dividend per share, we will not credit your cash balance a fraction of a cent. In carrying out rounding, we will use reasonable endeavours to get as close as possible to your order, however, we shall not be liable for any loss or damage suffered or incurred by you arising out of or in connection with such rounding, save to the extent directly attributable to our negligence, fraud, wilful default, breach of contract or breach of the Applicable Laws.

On a best effort basis we will facilitate voting rights on a pro-rata basis, however, we cannot guarantee this right. We do not restrict in any way any rights you would otherwise have over the securities and funds in your Trading 212 account, including any fractional shareholdings. There are potential conflicts of interest in connection with fractional transactions and you have consented to this transaction by agreeing to the Invest Terms. You may revoke your consent to such a transaction at any time by written notice to us.

Fractional shares are not transferable. If you close your Account or transfer your Account to another firm, the fractional shares held in your Account shall be liquidated. Similarly, Fractional shares cannot be put into certificate form and mailed. Liquidations of fractional shares may result in additional charges.

## **4. Risk Warnings related to ETNs and ETCs.**

**Trading in ETNs and ETCs entails high risk. You should only invest in financial products that are suitable to your knowledge and experience.**

### **4.1. Exchange Traded Notes**

ETNs are types of debt securities designed to track the total return of an underlying market index or another benchmark. They are often unsecured, meaning that they are not backed up by collateral since they do not hold the underlying asset. ETNs are considered high risk for lenders, as it is unsure whether the borrower will repay the full amount. ETNs can be held to maturity or bought or sold at will. This type of debt instrument has a volatile price and unlike

bonds, it does not pay interest payments. Every ETN has a Key Investor Document (KID), showing the costs, investment policy and risk of the product.

By investing in ETNs, you can lose the full amount invested, including the incurred transaction costs. There is also a risk that the issuer becomes insolvent and is not able to pay out the value of the ETN. The ETN may also not be profitable and unable to pay its transaction costs. Another associated risk is the inability to sell the position in the market at any preferred point in time.

## **4.2. Exchange Traded Commodities**

An ETC is a debt instrument, which follows individual or multiple commodities and it can offer investors the possibility to invest in commodities like gold, oil, metals, energy and livestock. ETCs' value may fluctuate based on price changes of the underlying commodity.

ETC issuers charge fees, which are included in the product and disclosed in the KID. Additional broker fees may also apply. An ETC follows the price of a commodity or commodity index and it does not represent ownership. As such, ETC investors may lose the full invested amount including the incurred transaction costs.

## **5. Risk Warnings Related to Investment Pies**

By using the Investment Pies technical tool, you will be able to generate your own Pies manually to conduct transactions with financial instruments. You will have the ability to select which financial instruments to invest in, what proportion to be invested in which Slice, as well as deciding how much and when to invest. The Pie can be edited or deleted at any point, and all its settings can be amended.

Please note that when using Investment Pies or Autoinvest, any returns are not guaranteed and are an illustration of what the investment results might be. Past performance is not a reliable indicator of future results. This is historical data that does not constitute financial advice, and Trading 212 cannot be held liable for the performance of a Pie.

The Pie Copying tool does not amount to any form of discretionary investment management. Any explanation or information which is available to you as part of Pie Copying or about the performance of a Pie is not intended to be and should not be considered as advice. This information is provided to you solely for informational purposes.

## **6. Risk Warnings Related to Model Pies.**

### **6.1. Market Risk**

Model Pies are exposed to market risk, which may lead to potential investment losses due to changes in the overall market conditions. Fluctuations in share prices and economic conditions can impact the performance of the assets within the Model Pie. Please note that any returns are not guaranteed and are an illustration of what the investment results might be. Past performance is not a reliable indicator of future results. This is historical data that does not constitute investment advice, and Trading 212 cannot be held liable for the performance of a Model Pie.

### **6.2. Model Assumption Risk**

Model Pies are designed based on data provided by third parties and include certain assumptions on asset class returns, correlations and variants. If these assumptions turn out to be inaccurate or if market conditions deviate rapidly, the Model Pie performance may differ. Please note that Trading 212 DE is offering an execution-only service, and you are responsible for your own investment decisions.

### **6.3. Lack of Personalisation and Advice**

Model Pies are designed based on data provided by third parties, for a broad range of investors with different risk tolerance and objectives. They are not personalised to match your specific needs and therefore, they may not align with your unique financial situation, risk tolerance and goals. You are solely responsible for assessing whether the offered Model Pies are the right choice for you and adjusting them as per your preferences.

### **6.4. No Auto-rebalancing**

There is no auto-rebalancing functionality available. You are responsible for selecting a suitable Model Pie and managing it. In case a third party model pie data provider amends the sourced Model Pie Data, we will not be automatically updating the copied Model Pie(s) without your knowledge and consent. Instead, you will be notified each time when certain aspects of your copied Model Pie(s) have been amended, and then you will be able to decide whether to update the chosen Model Pie to its latest version or to keep it as is.

## **7. Risks Associated to 24/5 Trading.**

There are certain risks associated with trading outside Regular Trading Hours. You must familiarise yourself with these risks and determine whether 24/5 Trading is compatible with your own investment strategy and objectives. You are responsible for informing yourself about the hours of the relevant markets upon which you trade and for determining your own investment strategy. The 24/5 Trading feature does not constitute a recommendation or affirmation that 24/5 trading will be successful or meet your investment needs.

Some risks associated with 24/5 Trading are as follows:

### **7.1. Lower Liquidity**

In 24/5 Trading the amount of orders on the market is usually lower in comparison to Regular Market Hours, because fewer traders are buying and selling stocks. As a result, your orders may take more time to fill, may get filled partially, or in some cases not get filled at all.

### **7.2. Higher Price Volatility**

Due to the lower volume of trades, the prices during 24/5 Trading may become significantly more volatile in comparison to regular market hours. As a result, your orders may get filled at a less favourable price compared to the price you would get during the regular trading session.

### **7.3. Wider Spreads**

A spread is the difference between a stock's buy and sell price. In an environment of lower liquidity and higher volatility, as in 24/5 Trading, spreads may become wider than usual and thus lead to less favourable conditions for buying and selling stocks or other securities.

### **7.4. News Announcements**

Often companies and other institutions release important information outside the Regular Market Hours, such as earnings, buyback of shares, etc. Combined with higher volatility and lower liquidity, this may cause significant price spikes in some stocks during 24/5 Trading and increase risk.

## **7.5. Unlinked Markets**

Prices displayed on our Trading Platform during the 24/5 Trading are not market-based, as the 24/5 trading system is not interconnected with other such systems and may reflect different prices than other concurrently operating 24/5 trading systems, dealing in the same stocks or securities. This may result in you receiving less favourable prices in one 24/5 trading system in comparison to another.

## **7.6. Changing Prices**

The prices of stocks traded during 24/5 Trading may not reflect the prices either at the end of Regular Market Hours, or the regular session opening on the following day. As a result, you may receive less favourable prices during 24/5 Trading.

Please bear in mind that the risks of lower liquidity, higher price volatility and wider spreads during Overnight Trading are higher, compared to Extended Hours Trading.

## **8. Risk Warnings applicable to both CFDs and Equities.**

### **8.1. Execution Only – You trade entirely at your own risk**

The services that Trading 212 DE is offering to you are "execution only", meaning only carrying out your trading instructions. We shall not offer you any advice or recommendation regarding the suitability of any investments with us, and nothing we send or tell you should be interpreted as such. We do not provide investment, tax or trading advice. We will not advise you on any transaction, nor will we monitor your trading decisions to determine if they are appropriate for you or to help you avoid losses. You should obtain your own financial, legal, taxation and other professional advice as to whether CFDs or Equities are an appropriate investment for you. We may provide you with factual information in relation to our products, their potential risks, or about the financial markets in general; in doing so we shall not have assessed your individual circumstances.



## **8.2. Market Risk**

Trading with Shares and CFDs carries the risk of sudden market fluctuation. CFD trading in particular relies on the price movement of underlying financial products. You are therefore exposed to similar, but magnified risks to holding the underlying assets.

## **8.3. Volatility Risk**

Markets for CFDs and Shares can be highly volatile. The prices of CFDs and their Underlying Products (shares or indices) may fluctuate rapidly and over wide ranges. The prices of CFDs will be influenced by, among other things, the market price of the underlying product of the CFD, the earnings and performance of the company or companies whose shares comprise the underlying product or a related index, the performance of the economy as a whole, the changing supply and demand relationships for the underlying product or related instruments and indices, governmental, commercial and trade programs and policies, interest rates, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

Furthermore, sharp, sudden and unexpected movements in the underlying product's price, may result in a substantial and magnified profit or loss to you. Markets may not move in a smooth fashion, and price 'gaps' may occur with consecutive quotations far apart. There may not always be an opportunity for you to place an order or for our Trading Platform to execute an order at the price level which you have selected. One of the effects of this may be that stop loss orders are executed at unfavourable prices, either higher or lower than you may have anticipated, depending on the direction of your trade.

## **8.4. Currency Risk**

Where you are trading a product denominated in a currency different from that in which you hold your Account, fluctuations in the exchange rate affect your profit and loss.

When you deal in a CFD or Shares that are denominated in a currency other than the base currency or currency you have on deposit in your Account, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. Thus, your profits or losses will be further affected by fluctuations in the exchange rates between the Account currency and the currency in which

the CFD is denominated. Trading 212 DE applies a margin "haircut" to reflect this risk, and so the Margin Requirement on the CFD will effectively increase.

### **8.5. Interest Rate Fluctuation Risk**

Interest rates fluctuate, which will affect the financing charges (or rebates) you will pay (or may receive) on your long (or short) CFD positions. This will also affect your total profits or losses.

### **8.6. Regulatory and Taxation Changes Risk**

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on the value of your CFDs or Shares, the tax you pay on your CFDs or Shares, and the total return on the products.

### **8.7. Liquidity Risk**

Under certain circumstances, it may not be possible to close a part of or a whole position at the current price or at all. We are not obligated to provide quotes for any CFD at any time, and we do not guarantee the continuous availability of quotations or trading for any CFD. We may at our sole discretion cease quoting CFDs and/or cease entering new CFD or Shares transactions at any time based on lack of market data, halts or suspensions or errors or illiquidity or volatility in the market for the Underlying product, or our own risk or profit parameters, technical errors, communication problems, market or political or economic or governmental events, Acts of God or Nature, or for other reasons.

### **8.8. Risk of Disruption or Interruption of Access to Electronic Systems and Services**

Trading 212 DE relies on computer software, hardware and telecommunications infrastructure and networking to provide its services to Clients, and without these systems we cannot provide the services. These computer-based systems and services such as those used by us are inherently vulnerable to disruption, delay or failure, which may cause you to lose access to our trading platform or may mean we are unable to provide CFD or Shares quotations or trading, or may negatively affect any or all aspects of our services. Under our CFD Terms you accept our systems and services and our liability to you is limited.

## **8.9. Segregated Accounts**

In accordance with the BaFin regulations, all our client funds are held in segregated bank accounts. While Trading 212 DE monitors the creditworthiness of our banks closely and selects them on the basis of robustness and solidity, using only major international banks, this does not mean that they are risk-free. We can provide you with details of which banks we use, on request.

## **8.10. No Guarantees**

Trading 212 does not and cannot guarantee the initial capital of your portfolio or its value at any time or any money invested in your dealings in CFDs or Shares trading.

You unreservedly acknowledge and accept that, regardless of any information which may be offered by us, the value of any Investment may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

You further unreservedly acknowledge and accept that you may run a significant risk of incurring losses and damages as a result of your dealings in CFDs or Shares trading and you accept and declare that you are willing to undertake this risk.

You should not engage in CFD or Shares trading unless you understand the nature of such trading, the nature of the particular transaction you are entering into and the true extent of your exposure to the risk of loss. In order to engage successfully in CFDs or Shares Trading, you should be experienced in dealing in derivatives and understand the geared or leveraged nature of these products.

## **8.11. Uninvested Money Risks**

When you hold Uninvested Money with Trading 212 DE, we may deposit your Uninvested Money with German financial institutions (Term Deposits or Regular Bank Deposits) and/or allow Trading 212 CY to hold it with Qualifying Money Market Funds (QMMFs) on your behalf, and you may be eligible to receive interest from us on Uninvested Money, as per the applicable Invest/CFD Terms.

When we deposit your Uninvested Money with German financial institutions, that can still expose you to certain risks:

### 8.11.1. Regular Bank Deposits

- a. **Inflation:** Inflation risk occurs when the rate of inflation exceeds the interest rate earned, which can result in your money losing value over time.
- b. **Credit risk:** If the financial institution in which your Uninvested Money is deposited becomes insolvent, you may lose (a part of) your money. To manage this risk, Trading 212 DE carefully selects financial institutions and regularly monitors their creditworthiness. Additionally, you may be eligible to recover (a part of) your money from the Investor and Deposit Protection Schemes.

### 8.11.2. Term Deposits

Term Deposits are generally considered low-risk and usually bear a higher interest rate than Regular Bank Deposits. In addition to the risks applicable to Regular Bank Deposits, the following risks need to be considered with respect to Term Deposits:

- a. **Failure:** Where Trading 212 DE holds your money in Term Deposits, this will not affect your ability to withdraw your money or otherwise use it for making Investments under normal circumstances. However, in the event that Trading 212 DE or the financial institution we hold your money with fails, there might be a delay in accessing your money for withdrawal for a period of up to three months.
- b. **Withdrawal delays:** In addition, in the unlikely scenario of a very large number of Trading 212 DE clients withdrawing a significant amount of their Uninvested Money held in Term Deposit accounts or deciding to deposit it in Investments at the same time, it may take us some time to process all of the requests, which could affect the withdrawal periods mentioned in the Invest/CFD Terms.

### 8.11.3. Qualifying Money Market Fund

Where Trading 212 CY holds your Uninvested Money with QMMFs, the relevant units or shares in QMMFs will be considered client assets and will be held as safe custody assets, in accordance with Client Asset Rules. QMMFs are money market funds, managed by a fund manager, that are typically required to maintain a low-risk strategy by investing in financial instruments such as government bonds. QMMFs are generally subject to higher regulatory scrutiny and must meet higher quality standards than other money market funds. Nevertheless, as with any investment, there are certain risks that apply:

- a. **Credit risk:** If the QMMF in which your Uninvested Money is deposited becomes insolvent, you may lose (a part of) your money. To manage this risk, Trading 212 CY carefully selects only highly regulated QMMFs and regularly monitors their creditworthiness.
  
- b. **Management risk:** Performance can be affected by the decisions made by the QMMF's fund manager. Poor investment choices or strategies could result in lower returns or increased risk.
  
- c. **Interest Rate risk:** The value of the securities in a QMMF can be affected by changes in the base interest rates. If base interest rates rise, the value of existing underlying assets, such as bonds (with lower interest rates) might decrease. However, because QMMFs generally invest in shorter-term securities, this risk is lower compared to long-term bond investments.
  
- d. **Liquidity risk:** While QMMFs are designed to be highly liquid, allowing investors to withdraw their money at any time, extreme market conditions could impact this. Under such circumstances, a high number of withdrawal requests could potentially lead to delays.

## Section II – Conflicts of Interest

We have put in place a range of procedures in order to identify, monitor, manage and where applicable disclose conflicts of interest that may arise from time to time. The effectiveness of all these controls is monitored on an ongoing basis and forms part of our Compliance Monitoring Programme.

We place a great emphasis on maintaining a strong compliance culture. This culture is continually reinforced with all staff, and the need always to act in clients' best interest is the cornerstone of our philosophy.

### 1. What is a conflict of interest?

Conflicts of Interest may arise in any area of our business in the course of providing any investment and ancillary services, which may result in benefiting our interests. Conflicts of Interest can arise between various parties, including:

- a. Trading 212 and one or more of its clients;
- b. Trading 212 DE and Trading 212 CY;
- c. A director or an employee and one or more of the firm's clients;
- d. A director or an employee and Trading 212;
- e. Two or more of the Trading 212's clients;
- f. A third-party service provider and Trading 212;
- g. A third-party service provider and Trading 212's client(s); and,
- h. Two or more employees.

It is not desirable to enumerate a definitive list of circumstances in which conflicts could arise; part of staff training in this area is to recognise and remediate or escalate potential conflicts in the course of business. However, to help identify potential conflicts of interest, we have considered a number of areas, including:

- a. circumstances where we could make a financial gain, or avoid a financial loss, at the expense of a client;
- b. where financial or other incentives to favour the interest of one client or group of clients over the interests of another client or group of clients might arise;
- c. where our employees conduct personal account dealing and their positions oppose to clients' positions, particularly in relation to less liquid stocks;

- d. where we may or will receive an inducement from a third party in relation to a service provided to the client or us, in the form of monies, goods or services, other than the standard commission or fee for that service;
- e. where we or a relevant person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- f. where we have information about or have obtained information from one customer that is of relevance to transactions for another customer (for example information which shows one customer may be selling a specific stock and another buying; and
- g. where our employees accept benefits or gifts that could be construed as conflicting with our duties to the client.

Hereby, we have provided a summary of the most prevalent conflicts of interest that may arise and what we are doing to identify and mitigate them.

## **2. Managing and monitoring conflicts.**

Both Trading 212 DE and Trading 212 CY have a number of mechanisms in place to manage potential and actual conflicts, which are summarised below.

### **2.1. Policies and procedures**

In order to identify, analyze and mitigate any possible conflicts of interest, we have embedded policies and procedures throughout our business to ensure conflicts are identified, considered and mitigated. We also run a robust Compliance Monitoring Plan, which includes ongoing monitoring of Conflicts of Interest.

Our employees undergo regular training and receive guidance where conflict situations arise. The management team are responsible for ensuring that their teams have robust controls in place to identify and manage risks which arise. We conduct a Risk Framework and have a register, where we record actual and potential conflicts of interest as well as details of the controls which were put in place to mitigate potential issues.

### **2.2. Supervision**

Where the interests of one team and its clients may conflict with the interests of another team and its clients, the management structure has been separated. We have in place

measures designed to prevent or limit any person exercising inappropriate influence over the way in which services or activities are carried out.

### **2.3. Remuneration**

In order to mitigate any conflicts of interest related to remuneration dissatisfaction, we have a Remuneration Policy which is updated annually. Any direct link between the remuneration of relevant persons (i.e. staff, employees and board members) principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities has been removed. Our staff is remunerated by a combination of:

- a. Basic salary and related benefits;
- b. Discretionary annual bonus.

These take into account individual, team and company performance. No employee will directly benefit from any single trade a client may make.

### **2.4. Payments to third parties**

We may engage with affiliates and/or third parties, either directly or indirectly, for the marketing and promotion of our investment services. We may remunerate such affiliates and/or third parties, on a performance-based model for the referral of new clients. Such a payment is primarily determined by taking into consideration the amount of clients referred directly by the affiliates and/or third parties. The remuneration is due once we are satisfied that our duty to act honestly, fairly and in the best interest of our clients is not compromised.

### **2.5. Gifts & inducements**

In order to dissuade the possibility of gift receiving or inducements from our employees, we have procedures in place about the giving and receiving of gifts or hospitality. Employees must neither solicit nor accept any inducements which may conflict with our obligations to clients, nor offer inducements which could conflict with the recipient's obligations to its own clients.

### **2.6. Outside business interests**

We manage any possible conflicts of interest arising from employees' outside-of-work activities that may arise by requiring all employees to disclose their outside business



interests and directorships. We undertake pre-employment screening exercises in order to ensure that Staff is fit and proper and appropriately qualified.

## **2.7. Personal account dealing**

In order to ensure our employees invest by complying with the relevant regulations and without using any insider information, we have in place restrictions regarding employees' own, personal-account, dealing. All dealing or investment accounts must be approved by the management and copies of contract notes are automatically sent to the Compliance Department.

## **2.8. Dealing & allocation**

In order to ensure that deals cannot be allocated in favour of one group of clients or staff, we operate dealing and allocation procedures which cover dealing fairly and in due turn.

## **2.9. Policy of independence**

Our staff procedures require employees to disregard any material interest or conflict of interest when acting on clients' behalf.

## **2.10. Confidentiality**

Our strict client confidentiality policy ensures that all information relating to clients is retained with the firm and treated as confidential information. Confidential information is only disclosed to those entitled to receive it. Staff is prohibited from using any such confidential information for their own interests.

## **3. Record Keeping.**

The Compliance Department will arrange for the recording of any 'Conflict of Interest' in an appropriate and separate 'Conflicts of Interest' register, and will inform the Risk Management, senior management and Board of Directors of the matter and of any action taken.

The register shall also include an updated version of this Disclosure Notice. The information contained within the register facilitates the effective identification and management of any potential 'Conflicts of Interest'.

## **4. Disclosure of Conflict.**

Stage three in mitigating potential 'Conflicts of Interest' is to be transparent towards the Clients with regard to the identified conflicts that might arise, or are about to arise when conducting business. Possible measurements will be implemented in order to act in the best interest of the Client.

Where a conflict arises and Trading 212 becomes aware of it, it shall take all reasonable steps to address that conflict and, if not possible, shall disclose the conflict to the client prior to undertaking investment business for that client or, if it does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to the conflict.

Trading 212 reserves the right to assess and periodically review, at least annually, and, if necessary, amend this Disclosure Notice and arrangements, at its sole discretion, whenever it deems fit or appropriate, in order to address any deficiencies.

## **5. Miscellaneous**

These conflicts of Interest's arrangements are not part of our Invest and CFD Terms and do not seek to impose any obligations on us which we would not otherwise have. Similarly, these conflicts of Interest arrangements ' are not intended to, and do not, create third-party rights or duties that would not already exist if they had not been made available.

## Section III – Complaints Procedures

### 1. Introduction

Should you feel dissatisfied with any aspect of our service, your first action should be to contact our Customer Service Team at [info@trading212.com](mailto:info@trading212.com).

The complaints handling section sets out the method for the submission of complaints by clients and our processes for dealing with such complaints.

### 2. What is a complaint?

We define a complaint as any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service or a redress determination, which:

- a. alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
- b. relates to an activity of that respondent, or of any other respondent with whom that respondent has some connection in marketing or providing financial services or products, which (if the complaint relates to Trading 212 CY) comes under the jurisdiction of the Financial Ombudsman Service.

### 3. How to make a complaint?

Complaints shall be submitted in writing through the normal Customer Support communication channels, namely by sending an email to our Customer Service Team at [info@trading212.com](mailto:info@trading212.com).

To help us respond as quickly as possible, a complaint sent by the client shall include:

- a. the client's name and surname;
- b. the client's username;
- c. the client's account number;
- d. the date on which the issue arose;
- e. the affected transaction numbers, if applicable; and
- f. a clear and logical description of the issue.

Complaints shall not include offensive language directed to either Trading 212 or any of our employees.

Our Customer Support team may contact you directly in order to obtain further clarifications and/or information about your complaint. Your cooperation is required for the handling of the complaint in question.

While our Customer Support team will be able to resolve the majority of queries, you may also refer the query as a complaint to our Compliance Department.

In order to contact the Compliance Department, you should write to [complaints.de@trading212.com](mailto:complaints.de@trading212.com) or:

**FXFlat Bank GmbH**

Bahnstraße 47, 40878 Ratingen  
Germany

setting out the details of your complaint as clearly as possible. The Compliance Department operates independently and will carry out an impartial review of your case, contacting you for more information if necessary. They will endeavour to determine what happened or failed to happen, and assess whether we have acted properly and in accordance with these terms and conditions and regulatory obligations. They may also determine whether any compensation is due.

## 4. Investigation

Upon receipt of your complaint our staff will acknowledge your complaint within five (5) days from the receipt of your complaint and provide you the unique reference number of your complaint. The unique reference number should be used in all your future contact with us, the Financial Ombudsman, BaFIN and/or CySEC regarding the specific complaint.

Whilst our internal procedures allow us up to eight weeks to deal with a complaint, every effort will be made to resolve complaints as quickly as possible.

## 5. Timeframes

We will make every effort to review a Complaint carefully, investigate the circumstances surrounding your complaint and will try to resolve it without undue delay. We shall make

every effort to investigate a complaint and provide the outcome of our investigation within eight (8) weeks from the date the Complaint was submitted to the Company.

During the investigation process Trading 212 will keep the Complainant updated of the handling process of the complaint.

We may contact the Complainant directly (including communication by email or phone) in order to obtain, where needed, further clarifications and information relating to a complaint. We will require full cooperation in order to expedite the investigation and possible resolution of a complaint.

In the event that a complaint requires further investigation and Trading 212 cannot resolve it within eight (8) weeks, we will issue a holding response in writing or another durable medium.

When a holding response is sent, it will indicate the causes of the delay and when the investigation is likely to be completed. In any event, we shall provide the Complainant with the outcome of the investigation no later than four (4) weeks from the issuing of the holding response, depending on the complexity of the case and your cooperation.

Please note that we shall consider a complaint as closed and cease the relevant investigation in case the Complainant fails to respond to us within the period of twelve (12) weeks from the date of the submission of the complaint.

When Trading 212 has reached an outcome, we will inform the Complainant of it together with an explanation of Trading 212's position and any remedy measures Trading 212 intends to take (if applicable).

## **6. External Dispute Resolution**

If the Complainant is not satisfied with the Trading 212's final decision the Complainant may:

If the complaint relates to the Services offered by Trading 212 CY (see Section B of the Invest Terms) submit their complaint to the Financial Ombudsman of the Republic of Cyprus and seek mediation for possible compensation. It is important that you contact the Financial Ombudsman of the Republic of Cyprus within sixteen (16) weeks of receiving a final response from Trading 212 otherwise the Financial Ombudsman of the Republic of Cyprus may not be able to deal with your complaint.

In the unlikely event that the Company was unable to provide you with a final response within twelve (12) weeks time period specified above you may again contact the office of the Financial Ombudsman of the Republic of Cyprus no later than sixteen (16) weeks after the date when we ought to have provided you with our final decision.

**Contact Details of the Financial Ombudsman of the Republic of Cyprus:**

Website: [www.financialombudsman.gov.cy](http://www.financialombudsman.gov.cy)

Email: [complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

Postal Address: P.O. BOX: 25735, 1311 Nicosia, Cyprus

Telephone: +357 22 84 8900

Fax: +357 22 66 0584, +357 22 66 0118

or via the following link: <http://www.cysec.gov.cy/en-GB/complaints/how-to-complain/>

You can also choose to raise a complaint via the [European Commission's Online Dispute Resolution Platform](#). However, since the Financial Ombudsman Service was established to deal with complaints regarding financial service firms based in the Republic of Cyprus, it is likely that you will be referred to the Financial Ombudsman Service, whose details are outlined above.

## 7. Complaints Register

We store all complaints we receive on an internal archive, as quickly as possible, and in an appropriate manner.

We are required to provide BaFin (annually) and CySEC (monthly) with information regarding the complaints we receive via an electronic form.