MATADOR PRIME

GENERAL DESCRIPTION OF THE FINANCIAL INSTRUMENTS AND RISKS

1. CONTRACTS FOR DIFFERENCES, FOREIGN EXCHANGE SWAPS, FOREIGN CURRENCY FORWARD CONTRACTS AND OTHER DERIVATIVES.

1.1. Description of CFD.

A contract for difference (**CFD**) is an agreement made between two parties to exchange, at the closing of the contract, the difference between the opening and closing price of the underlying traded asset, multiplied by the number detailed in the contract. The multiplying effect is realized through the notional value of the contract and the value size of the security deposit, which is required from the clients.

CFD may be based on currencies, indices, commodities, securities, derivatives and others.

1.2. Leverage effect.

One of the features of CFDs is that they are financial instruments with high leverage effect. The leverage effect in CFD transactions is realized through the ratio of the notional value of the contract and the value size of the security deposit.

For every CFD transaction the amount of the security deposit, which may be (pursuant the leverage effect selected by the client) as low as 1.00% of the notional value of the CFD, is the amount of money at risk for the client. Thus the amount of the security deposit might be considered to be the amount invested by the client.

For example, if the security deposit is 1.00% of the notional value of the contract, then the magnitude of any profit/loss of 1.00% from the CFD notional value, will increase up to 100% (respectively profit/loss) from the amount invested (the security deposit).

Therefore, even a small relative change in the value of the price of the underlying asset (exchange rate, level of index, price of a commodity, price of securities and derivatives) may result in a bigger relative change profit/loss for the client.

1.3. Risks related to CFD.

The clients of Matador Prime need to understand the risks, related to CFDs and the trading of CFDs, before they involve in trading/investing with this financial instrument. In general, the risks related to CFDs include, but are not limited to the counterparty risk, market risk, risks from the leverage effect, liquidity risk, risk of close-out and technical risks. Each of these risks and the risk factors, which generate them are described below.

Counterparty risk

A counterparty is the person or company on the other side of a financial transaction. The counterparty for our clients for transactions with CFDs is the Liquidity provider. The counterparty risk is the risk that the Liquidity provider may fail to fulfil their obligations to our clients. This may happen because the Liquidity provider falls into financial difficulties.

In order to mitigate the counterparty risk, Matador Prime is very cautious in selecting the Liquidity providers. In order to be selected as a Liquidity provider for our clients, an investment intermediary must be a regulated entity (at least at the level of regulation of Matador Prime), be well capitalized and with excellent market and operating reputation.

Risk of inability of Liquidity provider to generate prices and execute orders

The ability of the Liquidity provider to generate prices and execute orders is dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which it gathers data. It may happen that the Liquidity provider is not able to execute the orders of the clients of Matador Prime or is not able to quote prices for CFDs (for example, it may not be able to enter into a corresponding transaction to hedge its own risk, or the market liquidity is restricted). Therefore, market circumstances may impact on the ability of the clients of Matador Prime to place an order or close a trade with the Liquidity provider.

Market risk - Volatility of prices/ Index levels/ Exchange rates

Market conditions may fluctuate rapidly. Therefore, the market prices are volatile in nature. The market price in this document is used as a term, which represents both the currency exchange rates, index level, prices of commodities, securities and derivatives. As the CFD is an agreement of the difference between the opening and the closing prices, volatility of market prices will have direct effect over our clients' accounts.

One form of price volatility that can happen regularly is called gapping. This occurs where there is a sudden shift in price from one level to another. This can be caused, for example, by unexpected economic events or market announcements, particularly where these occur outside trading hours. There may not always be an opportunity for our clients to place an order between the two price levels, or for the platform to execute an open order at a price between those two levels. Certain markets also have limited trading hours which can impose a significant risk to our clients' ability to place orders and close transactions outside the market trading hours.

Risks from the leverage effect

Due to the Leverage effect presented above, investors may face big losses within a short period of time. The invested amount for a CFD is the amount of the security deposit, which is relatively small to the notional value of the contract. In the same time the effective market exposure for the investor is with the magnitude of its notional value. Therefore, any market move will have a relatively greater effect over the client's capital than if the client has opened position directly in the underlying asset, with the same value as the notional value of the CFD.

Liquidity risk

Market conditions have effect over many financial transactions and may increase the risk of losses. When there are not enough trades being made in the market for an underlying asset, an existing CFD can become illiquid. At this point the Liquidity provider for CFD may require additional security deposit amount or may close contracts at inferior prices. Due to the rapidly changing nature of financial markets, the price/level of a CFD can fall/increase before the client's trade can be executed at a previously agreed upon price. This situation is also known as Gapping (see also "Market risks" above). This means the holder of an existing contract would be required to take less than optimal profits or cover any additional losses.

Risk of close-out of an open position

At all times, the client's account value amount must be above the close-out level, otherwise all open positions of the client may be closed by the Liquidity provider. Matador Prime does not guarantee that the Liquidity provider will close the position/-s of any of our clients, therefore the clients must not rely on it. It is the responsibility of the client to monitor their positions closely and clients will be able to monitor their account value and account revaluation amount through the electronic platform.

Close monitoring of positions is very important for clients, because they might need to make immediate additional payments to add to the security deposit, in order to avoid a close-out by the Liquidity provider.

To prevent closure of their positions, our clients should deposit a sufficient amount of money into their accounts to cover any potential losses or costs from their trades. It is important to note that even an amount that a client has previously deposited and which appeared to be more than sufficient at the time, can very quickly become insufficient due to the rapidly changing market conditions.

1.4. Risk associated to all foreign exchange derivatives.

There is a high degree of risk associated with trading in foreign exchange, and any such investment should be made only after careful consideration of the risks associated with such a transaction. No person should consider trading more than they can comfortably afford to lose.

Market Risk / Volatility Risks

The currency markets are speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for currencies can change rapidly and are affected by a variety of factors, including interest rates, corporate flows, and general trends in the overall economy. Government or central bank actions can have a profound effect on currency exchange rates as well.

In addition, a variety of other factors that are inherently difficult to predict such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade, or military conflicts can also have significant effects on the markets. No assurance can be given as to when or whether adverse events might occur that could cause significant and immediate loss in value to Client's account. Even in the absence of such events, trading foreign exchange can quickly lead to large losses. Such trading losses could sharply reduce the value of Client's account and Client's ability to continue trading in the market.

Exchange Rate Risks

The exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions. In case the Client's investment is denominated in a currency other than the Client's home currency, the Client is exposed to exchange rate losses in addition to the inherent risk of loss from trading the offered strategy.

Liquidity Risks

Foreign exchange contracts traded in an over-the-counter market means that there is no centralized exchange or pricing mechanism to disseminate prices. In order for transaction to be initiated, the counterparty must make a market by quoting a bid and ask price for its various offered foreign exchange contracts in order for such a transaction to occur. It is possible that the counterparty may not be willing or may not be able to quote a bid and ask price during a fast moving market. If this occurs, it may be impossible for the client to liquidate a position. Foreign exchange prices have occasionally moved drastically in a matter of moments as a result of counterparties widening the gap or spread between the bid and the ask price of certain contracts under times of exceptional market stress.

In addition, even if contract prices are being quoted, Matador Prime may not be able to execute trades at favourable prices if there is little or no liquidity available in the contracts being held for Client's account.

Leverage and Margin Risks

A foreign exchange position can be established with margin as low as 2% of the total value of the contract. Thus, a small movement in the price of the underlying currencies can result in a substantial change in the value of Client's margin deposit and may result in immediate and substantial losses to the Client's account. Although the use of leverage can substantially improve the return on invested capital, it may also increase any losses which the Client' account may experience, and it is possible that the Client's account could lose most, or even all of its total capital due to the effects of leverage combined with price volatility. The risk of leveraged trading and the requirement to make additional margin deposits are generally within defined limits and in some instances will not be required by foreign exchange counterparties; however, these risks can never be eliminated entirely.

Frequency of Trading

The Forex trading, due to the finite duration of contracts, the high degree of leverage that is attainable in trading those contracts, the general volatility of currency prices and markets, among other things, typically involves a much higher frequency of trading and turnover of positions than may be found in other types of investments. Enhanced position turnover may add to Client's accounts overall trading costs. Due to increased turnover costs Client's account may require abnormally high returns to be achieved in order to become profitable.

Technical risks

There is a risk that other circumstances may prevent Matador Prime from executing orders or prevent our clients from accessing our platform. These include, for example, system errors and outages, maintenance periods, internet connectivity issues and failures of third parties on whom our clients or we are dependent (for example, internet service providers or electricity companies).

In order to mitigate such technical risks and circumstances Matador Prime has business continuity measures in place. However, we cannot control and influence third parties, on which our clients are directly dependent. Therefore, in some circumstances, dependent on third parties, our clients may not be able to access the electronic platform. Such technical risks and other circumstances can pose a significant risk to our clients' ability to place orders and close already opened positions.

2. SECURITIES, TRADED ON REGULATED MARKETS.

When Matador Prime provides services for securities, traded on regulated markets, including stocks (shares), bonds, or other securities, it will provide to its clients the prospectus for each issue of securities or will advise and inform its clients how to find the prospectus. The prospectus is the document, which contains explanation of the characteristics and risks of the offered securities.

Transactions in financial instruments generally involve exposure to a combination of the following risk factors: market risk, credit risk, settlement risk, liquidity risk, operational risk and legal risk. There can be serious market disruptions if economic, political, or other unforeseen events affect the global currency markets. In addition to these types of risk there may be other factors such as accounting and tax treatment issues that clients should fully consider.

The client may undertake financial and other liabilities as a result from transactions with financial instruments, including unpredicted liabilities and additional costs to the transaction costs.

The client may ask Matador Prime for additional information and clarification on the financial instruments risks.