

RISK DISCLOSURE STATEMENT FOR CLIENTS ENGAGED IN FINANCIAL MARKET ACTIVITIES

General Information on Risks

1. This Risk Disclosure Statement for clients engaged in financial market activities (hereinafter the "Disclosure Statement") contains the description of risks that may arise when conducting activities in the financial market through or with the assistance of "ROQ Capital" OJSC (hereinafter the "Company"). The risks described below apply equally to financial instruments issued/registered or circulated in the financial market of the Republic of Armenia, as well as in foreign markets.
2. Transactions in the financial market can result in both returns and financial losses. Past performance and experience do not guarantee future financial results. Financial success achieved by any single entity does not guarantee similar results for others. Therefore, persons are advised not to conclude an agreement on the provision of brokerage and custody services in financial markets (hereinafter the "Agreement") with the Company if they are unfamiliar with or do not fully comprehend the underlying and other potential risks inherent in executing transactions in the financial market.
3. Within the meaning of this Disclosure Statement, the concept of "risks" is understood as the probability of the occurrence of certain events, situations, or processes that lead or may lead to adverse consequences for the Client of the Company. The Client must especially evaluate the risks when executing transactions with financial instruments intended for professional clients.
4. Due to the diversity of the events, situations, and processes mentioned in Clause 3 of this Disclosure Statement, the risks listed herein are not exhaustive and do not disclose all information regarding the risks associated with activities in the financial market.
5. Risks are particularly high in the case of transactions with insufficient coverage. In transactions with insufficient coverage, even minor fluctuations in prices, interest rates, and foreign exchange rates can lead to significant losses due to the effect of borrowing funds (financial leverage).

Specific Types of Risks and Their General Description

6. The execution of transactions in financial markets is associated with the following risks:
 - **Credit Risk:** The risk that the issuer of a security or the counterparty to any concluded transaction will fail to perform their obligations in full or in part.

- **Interest Rate Risk:** The risk of changes in interest rates in the financial market, which may lead to a decline in the value of financial assets.
- **Price Risk:** The risk of changes in prices in the financial market, which may lead to a decline in the value of financial assets.
- **Foreign Exchange Risk:** The risk of changes in currency exchange rates in the financial market, which may manifest as an adverse change in the value of assets or liabilities denominated in a particular currency.
- **Liquidity Risk:** The risk of the inability to liquidate financial assets within a short period at a fair price, or to perform obligations in a timely and proper manner.
- **Inflation Risk:** The risk of a decrease in the real value of investments due to inflation.
- **Operational Risk:** The risk of potential errors or failures during the execution of operations, which encompasses risks conditioned by technical factors (failures of equipment, power supply, internet connection, or other technical disruptions), software factors (disruptions or errors in the operation of software used for executing operations), and human factors (errors or fraud by persons responsible for executing operations).
- **Legal Risk:** The risk of deterioration of the investment environment as a result of the adoption of new legislative acts or amendments to significant legislative acts (including tax regulations). Legal risk also includes the negative consequences of the application of national or international economic sanctions.
- **Criminal Risk:** The risk associated with illegal actions, such as forgery of securities issued in documentary form, fraud, unauthorized access to computer systems, etc.
- **Political Risk:** The risk of an adverse impact of political shocks on the value of investments.
- **Global Economic Risk:** The risk of an adverse impact of global and regional economic crises and economic shocks on investments.

Risks Specific to the Provision of Services via an Electronic Application

7. The risks described below apply equally to the Company's electronic application, as well as to any other software that may be used within the framework of providing services to clients.
8. The Client must take into account that working with software gives rise to risks of its unstable operation due to software disruptions, internet connection fluctuations, equipment malfunctions, improper operation of biometric identification (such as Face ID, Touch ID, or other similar means), and other technical issues.

9. When working with software, there are also risks of errors occurring during the submission of orders, including the risk of data transmission delays resulting from the incorrect display of the time zone or local time in the software, among other risks. If these risks realize, the client may be unable to submit an order through the software for a certain period, the order may be submitted with a delay or may fail to be submitted to the exchange trading platform, and the order may not be executed in accordance with the client's instructions or may not be executed at all. The Client must take into account that the Company bears no liability for the risks specified in this clause if they did not arise through the fault of the Company.
10. When working with software, including when submitting orders through software, there is also the possibility of unauthorized access to the software by third parties. This may manifest through unauthorized access to email, phone numbers, messages, notifications, or other means of identification, or in other forms. By agreeing to submit orders through software, the Client must understand that the internet connection is not a secure channel and must take into account that they bear all risks associated with a potential breach of confidentiality resulting from the use of such a communication channel.
11. In the event that the functional capabilities of the software provided by the Company and/or the software used independently by the client allow the client to submit orders in an automated mode, the Client must take into account that this reduces the Client's control over specific transactions and, if an incorrect investment strategy is chosen by the client, creates a risk of executing a large number of unprofitable transactions (transactions resulting in a loss).
12. When executing transactions through an electronic application, there are also risks of disruptions in the trading terminal of the trade organizer (the exchange). As a result of this risk, if a transaction is executed by the client on the basis of a market order, there is a risk that the transaction will be executed at a price significantly different from the price preceding the moment the order was submitted.

Additional Risks Associated with Transactions with Insufficient Coverage

13. A transaction with insufficient coverage provides an opportunity to conclude it when the available funds are significantly less than the amount required for its execution (for example, a margin purchase, where the client purchases securities using borrowed funds, or a short sale, where the Client sells borrowed securities).
14. In the case of a transaction with insufficient coverage, the impact of interest rate, price, and currency risks on the Client increases significantly, since as a result, it is the entire value of the transaction that, which can multiple times exceed the value of the Client's own funds used in the transaction.

15. When concluding a transaction with insufficient coverage, the client must also take into account that their own funds are used as collateral for the transaction and disposal restrictions may be applied to them, up to a complete prohibition on executing any transaction with them.
16. When concluding a transaction with insufficient coverage, the Client must also take into account that when losses are recorded under the transaction (for example, if the prices of the securities subject to the transaction decrease after a margin purchase, or increase after a short sale), the Company may undertake additional security measures, such as demanding additional collateral (in the form of funds or securities) from the client or forcibly closing the client's position at the price currently available in the market.

Risks Associated with the Use of Artificial Intelligence (AI) Tools

17. Although the use of AI tools offered through the Company's electronic application has numerous advantages, before using AI tools, the client must evaluate all risks associated with the application of AI, including, but not limited to, those mentioned below:
 - **Bias Risk:** AI algorithms learn from data, and if the data is biased, the algorithm may exhibit the same bias, leading to unfair outcomes for users.
 - **Relevance Risk:** AI algorithms rely on data, and if the data is not up-to-date, the output generated by the algorithm will also be obsolete, leading to incorrect results for users.
 - **Complexity Risk:** AI algorithms can be complex and difficult to comprehend even for specialists, which makes it harder to detect and control potential risks.
 - **Error Risk:** AI algorithms are not perfect and can commit errors, which may lead to financial losses for users.
 - **Third-Party Dependence Risk:** To ensure the operation of AI tools, the Company depends on third parties, such as news publications, partners, and market data providers. There is no guarantee that third parties will always operate accurately and in a timely manner, as a result of which incorrect information may be received.
 - **Model Risk:** The models powering AI tools may be updated or modified without prior notice, which may affect the operation of the tool and the accuracy of the results. It is advised not to rely solely on the results of AI tools when making investment decisions.
 - **Linguistic, Contextual, or Interpretational Deviation Risk:** Information generated or processed by AI tools may contain ambiguous meanings or formulations taken out of context, which can lead to varying interpretations or misconceptions of data. Such deviations may arise from linguistic specificities as well as from incomplete or deficient input data, leading to inaccurate conclusions or decisions made by users.