

**RISK DISCLOSURE STATEMENT FOR FOREX TRADING AND GPS MULTI-CURRENCY ACCOUNTS**

Rules of the U.S. National Futures Association ("NFA") require Global Pacific Securities US Inc ("GPS") to provide you with the following Risk Disclosure Statement:

**RISK DISCLOSURE STATEMENT**

OFF-EXCHANGE FOREIGN CURRENCY ("FOREX") TRANSACTIONS INVOLVE THE LEVERAGED TRADING OF CONTRACTS DENOMINATED IN FOREIGN CURRENCY CONDUCTED WITH A FUTURES COMMISSION MERCHANT OR A RETAIL FOREIGN EXCHANGE DEALER AS YOUR COUNTERPARTY. BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR SUCH TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT.

YOU SHOULD BE AWARE OF AND CAREFULLY CONSIDER THE FOLLOWING POINTS BEFORE DETERMINING WHETHER SUCH TRADING IS APPROPRIATE FOR YOU.

(1) TRADING IS NOT ON A REGULATED MARKET OR EXCHANGE? YOUR DEALER IS YOUR TRADING PARTNER WHICH IS A DIRECT CONFLICT OF INTEREST. BEFORE YOU ENGAGE IN ANY RETAIL FOREIGN EXCHANGE TRADING, YOU SHOULD CONFIRM THE REGISTRATION STATUS OF YOUR COUNTERPARTY.

The off-exchange foreign currency trading you are entering into is not conducted on an interbank market, nor is it conducted on a futures exchange subject to regulation as a designated contract market by the Commodity Futures Trading Commission ("CFTC"). The foreign currency trades you transact are trades with the futures commission merchant or retail foreign exchange dealer as your Counterparty. WHEN YOU SELL, THE DEALER IS THE BUYER. WHEN YOU BUY, THE DEALER IS THE SELLER. As a result, when you lose money trading, your dealer is making money on such trades, in addition to any fees, commissions, or spreads the dealer may charge.

(2) AN ELECTRONIC TRADING PLATFORM FOR RETAIL FOREIGN CURRENCY TRANSACTIONS IS NOT AN EXCHANGE. IT IS AN ELECTRONIC CONNECTION FOR ACCESSING YOUR DEALER. THE TERMS OF AVAILABILITY OF SUCH A PLATFORM ARE GOVERNED ONLY BY YOUR CONTRACT WITH YOUR DEALER.

Any trading platform that you may use to enter off-exchange foreign currency transactions is only connected to your futures commission merchant or retail foreign exchange dealer. You are accessing that trading platform only to transact with your dealer. You are not trading with any other entities or customers of the dealer by accessing such platform. The availability and operation of any such platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your account agreement with the dealer.

(3) YOUR DEPOSITS WITH THE DEALER HAVE NO REGULATORY PROTECTIONS.

All of your rights associated with your retail forex trading, including the manner and denomination of any payments made to you, are governed by the contract terms established in your account agreement with the futures commission merchant or retail foreign exchange dealer. Funds deposited

by you with a futures commission merchant or retail foreign exchange dealer for trading off-exchange foreign currency transactions are not subject to the customer funds protections provided to customers trading on a contract market that is designated by the CFTC. Your dealer may commingle your funds with its own operating funds or use them for other purposes. In the event your dealer becomes bankrupt, any funds the dealer is holding for you in addition to any amounts owed to you resulting from trading, whether or not any assets are maintained in separate deposit accounts by the dealer, may be treated as an unsecured creditor's claim.

(4) YOU ARE LIMITED TO YOUR DEALER TO OFFSET OR LIQUIDATE ANY TRADING POSITIONS SINCE THE TRANSACTIONS ARE NOT MADE ON AN EXCHANGE OR MARKET, AND YOUR DEALER MAY SET ITS OWN PRICES.

Your ability to close your transactions or offset positions is limited to what your dealer will offer to you, as there is no other market for these transactions. Your dealer may offer any prices it wishes, and it may offer prices derived from outside sources or not in its discretion. Your dealer may establish its prices by offering spreads from third party prices, but it is under no obligation to do so or to continue to do so. Your dealer may offer different prices to different customers at any point in time on its own terms. The terms of your account agreement alone govern the obligations your dealer has to you to offer prices and offer offset or liquidating transactions in your account and make any payments to you. The prices offered by your dealer may or may not reflect prices available elsewhere at any exchange, interbank, or other market for foreign currency.

(5) PAID SOLICITORS MAY HAVE UNDISCLOSED CONFLICTS

The futures commission merchant or retail foreign exchange dealer may compensate introducing brokers for introducing your account in ways which are not disclosed to you. Such paid solicitors are not required to have, and may not have, any special expertise in trading, and may have conflicts of interest based on the method by which they are compensated. Solicitors working on behalf of futures commission merchants and retail foreign exchange dealers are required to register. You should confirm that they are, in fact registered. You should thoroughly investigate the manner in which all such solicitors are compensated and be very cautious in granting any person or entity authority to trade on your behalf. You should always consider obtaining dated written confirmation of any information you are relying on from your dealer or a solicitor in making any trading or account decisions.

FINALLY, YOU SHOULD THOROUGHLY INVESTIGATE ANY STATEMENTS BY ANY DEALERS OR SALES REPRESENTATIVES WHICH MINIMIZE THE IMPORTANCE OF, OR CONTRADICT, ANY OF THE TERMS OF THIS RISK DISCLOSURE. SUCH STATEMENTS MAY INDICATE POTENTIAL SALES FRAUD.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF TRADING OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER.

**PERFORMANCE OF GLOBAL PACIFIC SECURITIES RETAIL CUSTOMER FOREX ACCOUNTS FOR THE PAST FOUR CALENDAR QUARTERS:**

The table below sets forth the percentage of non-discretionary retail forex customer accounts maintained by GPS that were profitable and unprofitable for the past four calendar quarters. The accounts were identified and these statistics were calculated according to the definitions and interpretations set forth by the CFTC and NFA.

Time Period	Number of Accounts	Percentage of Profitable Accounts	Percentage of Unprofitable Accounts
Q4 2021			
Q3 2021			
Q2 2021			

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

### **FURTHER INFORMATION PROVIDED BY GLOBAL PACIFIC SECURITIES:**

A. Overview: Global Pacific Securities Multi-Currency enabled accounts allow GPS Customers to trade investment products denominated in different currencies using a single GPS account denominated in a "base" currency of the customer's choosing. GPS Customers can also use their Multi-Currency enabled accounts to conduct foreign exchange transactions in order to manage credits or debits generated by foreign securities, options or futures trading, to convert such credits or debits back into the Customer's base currency, or to hedge or speculate. GPS foreign exchange transactions offered to retail customers are forex spot transactions.

B. Nature of Your Account and Whether SIPC Covers Foreign Currency: Foreign currency trading at Global Pacific Securities takes place in a securities account. Your GPS securities account is governed by rules of the U.S. Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority. In addition, GPS observes the rules of the National Futures Association in connection with foreign currency trading.

Global Pacific Securities is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC protects cash and securities held with Global Pacific Securities as specified in the Securities Investor Protection Act. SIPC protects cash, including US dollars and foreign currency, to the extent that the cash was deposited with Global Pacific Securities for the purpose of purchasing securities. Whether foreign currency in your GPS account would be protected by SIPC would depend in part on whether the cash was considered to be deposited with Global Pacific Securities for the purpose of purchasing securities, Global Pacific Securities expects that at least one factor in deciding this would be whether and the extent to which the customer engages in securities trading in addition to or in conjunction with forex trading, but, as discussed in section 3 above, funds deposited specifically for forex trading have no regulatory protections under NFA rules or CFTC regulations. For further information, you must contact your own legal counsel or SIPC.

Customer money held in the securities account is subject to Securities Exchange Act Rule 15c3-3 governing customer reserve requirements. Although relevant regulations only require computation of the 15c3-3 reserve requirement and associated segregation of customer funds to be performed weekly, GPS performs such calculations and segregation on a daily basis.

C. General Risk: Customer understands and acknowledges that buying and selling securities, options, futures and other financial products that are denominated in foreign currencies or traded on foreign markets is inherently risky and requires substantial knowledge and expertise. Customers applying for

Global Pacific Securities Multi-Currency enabled accounts represent that they are aware of and understand the risks involved in trading foreign securities, options, futures and currencies and that they have sufficient financial resources to bear such risks.

D. Customer Responsibility for Investment Decisions: Customer acknowledges that GPS representatives are not authorized to provide investment, trading or tax advice and therefore will not provide advice or guidance on trading or hedging strategies in the Multi-Currency enabled account. Customers must evaluate carefully whether any particular transaction is appropriate for them in light of their investment experience, financial objectives and needs, financial resources, and other relevant circumstances and whether they have the operational resources in place to monitor the associated risks and contractual obligations over the term of the transaction. In making these assessments, GPS strongly recommends that Customers obtain independent business, legal, and accounting advice before entering into any transactions.

E. Exchange Rate Risk: Exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions, exposing the Customer to risk of exchange rate losses in addition to the inherent risk of loss from trading the underlying financial product. If a Customer deposits funds in a currency to trade products denominated in a different currency, Customer's gains or losses on the underlying investment therefore may be affected by changes in the exchange rate between the currencies. If Customer is trading on margin, the impact of currency fluctuation on Customer's gains or losses may be even greater.

F. Currency Fluctuation: When Customer uses the foreign exchange facility provided by GPS to purchase or sell foreign currency, fluctuation in currency exchange rates between the foreign currency and the base currency could cause substantial losses to the Customer, including losses when the Customer converts the foreign currency back into the base currency.

G. Nature of Foreign Currency Exchange Transactions Between Customer and GPS: When Customer enters into a foreign exchange transaction with GPS, GPS, as the counterparty to Customer's trade, may effectuate that transaction by entering into an offsetting transaction with one of GPS's affiliates, with another customer that enters quotes into GPS's system, or with a third party bank (GPS's "Forex Providers"). In such transactions, the Forex Provider is not acting in the capacity of a financial adviser or fiduciary to Customer or to GPS, but rather, is taking the other side of GPS's offsetting trade in an arm's length contractual transaction. Customer should be aware that the Forex Provider may from time to time have substantial positions in, and may make a market in or otherwise buy or sell instruments similar or economically related to, foreign currency transactions entered into by Customer. GPS' Forex Providers may also undertake proprietary trading activities, including hedging transactions related to the initiation or termination of foreign exchange transactions with GPS, which may adversely affect the market price or other factors underlying the foreign currency transaction entered into by Customer and consequently, the value of such transaction.

H. Prices on the GPS Forex Platforms: The prices quoted by GPS to Customers for foreign exchange transactions on GPS's IdealPro platform will be determined based on Forex Provider quotes and are not determined by a competitive auction as on an exchange market. Prices quoted by GPS for foreign currency exchange transactions therefore may not be the most competitive prices available. For purposes of maintaining adequate scale and competitive spreads, a minimum size is imposed on all IdealPro orders (USD \$25,000 as of September 2021 but this is subject to change at any time). Orders below the minimum size are considered odd lots and limit prices for these odd lot-sized orders are not

displayed through IdealPro. Retail leveraged forex orders for odd lot-sized orders are generally executed within 1 pip of the best bid and best offer of the Interbank spread (NBBO).

However, if the best quote for such orders is more than 1 pip outside of the NBBO, GPS will generally route the order to execute against a bank or dealer bid or offer regardless of the order size in order to get an improved price. Customers may also enter a Request for Quote ("RFQ") on the system. GPS will charge transaction fees as specified by GPS for foreign currency exchange transactions. GPS' Forex Providers will try to earn a spread profit on transactions with GPS (differential between the bid and ask prices quoted for various currencies).

(本黄色显示段好象与 GPS 实在不符)

I. Price Slippage: Order Cancellation and Adjustment: Prices quoted on GPS's system generally reflect the prices at which GPS's Forex Providers are willing to trade. Prices quoted on GPS's system reflect changing market conditions and therefore quotes can and do change rapidly. As such, when a Customer order is received and processed by GPS's system, the quote on GPS's platform may be different from the quote displayed when the order was sent by Customer. This change in price is commonly referred to as "slippage." GPS generally will not execute a Customer order at a certain price unless GPS is able to trade at that price against one of GPS' Forex Providers.

If Customer sends an order for a forex transaction to GPS's system but Customer's requested price is no longer available and therefore the order is non-marketable, GPS will not execute the order then but will place it in GPS's limit order book in accordance with Customer's time-in-force instructions. Other customers can then trade against this order when it becomes the National Best Bid and Offer ("NBBO") or GPS may execute the order if it becomes marketable based on prices received from GPS's Forex Providers.

If Customer sends an order for a forex transaction to GPS' system and the current price is more favorable for Customer than what Customer requested in the order, the order will generally be executed at the available better price.

Although GPS attempts to obtain the best price for Customer orders on forex transactions, because of the inherent possibility of transmission delays between and among Customers, GPS and Forex Providers, or other technical issues, execution prices may be worse than the quotes displayed on the GPS platform.

To execute your order, Global Pacific Securities engages in back-to-back transactions with one or more counterparties. These counterparties on occasion may cancel or adjust forex trades with us in the event of market or technical problems. In these cases we may have to cancel or adjust forex trades that you have executed.

J. Other Risks: There are other risks that relate to trading foreign investment products and trading foreign currencies that cannot be described in detail in this document. Generally, however, foreign securities, options, futures and currency transactions involve exposure to a combination of the following risk factors: market risk, credit risk, settlement risk, liquidity risk, operational risk and legal risk. For example, there can be serious market disruptions if economic or political or other unforeseen events locally or overseas affect the market. Also, the settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds

must be considered when computing the cost of trades across multiple markets. In addition to these types of risk there may be other factors such as accounting and tax treatment issues that Customers should consider.