Appendix No. **2**
to the Client Service Regulations

Brokerage Company “Rioni Capital”

DECLARATION

on Risks Related to Day Trading and the Client’s Aggressive Market Strategy

TBILISI
2025

This Declaration on Risks Related to Day Trading and the Client's Aggressive Market Strategy (hereinafter – the Declaration) constitutes an appendix to and an integral part of the Client Service Regulations (hereinafter – the "Regulations") of the brokerage company "Rioni Capital" (hereinafter – the Company).

This Declaration describes the risks associated with day trading and the Client's aggressive market strategy and is intended for Clients holding a **Pattern Day Trader** account. The purpose of this Declaration is to warn the Client about possible losses associated with day trading and the Client's aggressive market strategy.
Day trading and aggressive market strategies may be classified as high-risk trading behavior if the portfolio's transactional activity, the frequency of opening/closing positions, and risk parameters correspond to the criteria defined by the Company's internal risk models.
The Broker is authorized, within the framework of the risk management system, to assess the portfolio's risk profile for the purpose of identifying risky strategies.

1. Day trading and aggressive trading strategies are characterized by high volatility, rapid opening and closing of positions, sharp price movements, execution delays and market gaps, which may result in significant and rapid financial losses.

2. Risks related to day trading and aggressive trading strategies include:
- **High volatility and rapid price movements** – day trading may result in significant and rapid financial losses due to high market volatility, price gaps and execution delays;
- **Increased credit and margin risk** – the use of leverage increases the likelihood of Margin Call and Margin Close-Out. Risks increase especially in cases of frequent position changes and insufficient control of collateral levels;
- **Technological and operational risks** – system delays, high load on trading platforms and infrastructural events may prevent closing a position at the expected price;
- **Low predictability of results** – aggressive day trading strategies require experience, high concentration and a thorough understanding of risk models. In practice, the majority of users incur losses when engaging in frequent day trading;
- **High transactional costs** – frequent operations increase total commissions and may significantly amplify the Client's financial losses.

3. For accounts that do not meet the minimum capital requirement of **USD 25,000**, the Broker shall prevent any further day trading activity after three (3) day trades within five (5) business days, in order to:
avoid classifying Clients who do not meet the minimum capital requirement as Pattern Day Traders, which may result in the imposition of restrictions on the Client's account.

4. Before deciding to choose an aggressive trading strategy and obtain qualification for a Pattern Day Trader account, the following factors should be taken into account:
4.1. For the purposes of this Declaration, a **"day trading strategy"** means a general trading strategy characterized by the Client's regular submission of both purchase and sale orders for the same securities within one trading day.
4.2. Day trading can be extremely risky. As a rule, day trading is not suitable for persons with limited resources, limited investment capital or trading experience, and low risk tolerance. You should be prepared to lose the entire amount of funds used in day trading. In particular, day trading should not be financed with retirement savings, student loans, mortgages, funds reserved for emergencies, or funds set aside for purposes such as education or home purchase, nor with funds required to cover living expenses.

In addition, some data indicate that investing less than **USD 50,000** significantly reduces a day trader's ability to make a profit. Of course, investing **USD 50,000 or more** in no way guarantees success.

4.3. Be cautious of promises of large profits from day trading.
You should be wary of advertisements or other statements that emphasize the potential for large profits from day trading. Day trading may also result in large and immediate financial losses.

5. Day trading requires in-depth knowledge of securities markets, trading techniques and strategies. In striving to earn profits from day trading, you must compete with professional, licensed traders operating in the market. Prior to engaging in day trading, it is necessary to have appropriate experience.

6. Day trading requires knowledge of the Broker's operations. You must be familiar with the Broker's business practices, including the functioning of the Broker's order execution systems and procedures. Under certain market conditions, it may be difficult or even impossible to quickly liquidate your position at a reasonable price. This may occur, for example, when the stock market suddenly declines or when trading is halted due to breaking news or unusual trading activity.
The more volatile the asset, the more likely execution problems may arise. In addition to ordinary market risks, you may incur losses due to system failures.

7. Day trading will result in significant commission expenses even if the value of a single transaction is low. Day trading involves aggressive trading and, as a rule, you pay commissions on all transactions. The total daily commission you pay for transactions will either increase your losses or significantly reduce your profits.

8. In the case of systematic intraday trading or use of aggressive strategies, the Broker is authorized to apply risk-mitigation measures in relation to the Client's portfolio, including:
- limiting the number of intraday operations;
- prohibiting short selling and margin operations;
- restricting access to instruments with high volatility;
- transferring the portfolio to a more conservative Risk Group.

These restrictions are applied to ensure protection of the Client and compliance with the requirements of the Risk Management System (RMS).

9. Margin trading and short selling (short selling) within day trading strategies increase credit and margin risk and may result in losses exceeding the Client's initial investment.
The use of leverage may lead to Margin Call and Margin Close-Out, especially under conditions of frequent position changes and insufficient collateral.

Everything stated above is intended to recommend that the Client carefully consider, taking into account the Client's investment objectives and financial capabilities, whether the risks related to day trading and the Client's aggressive market strategy are acceptable.
This Declaration is not intended to prevent the Client from executing such transactions; it is intended to assist the Client in their assessment.
The Client must ensure that the above information is clear and, if necessary, obtain clarification from *Rioni Capital* ***or from a consultant specializing in the relevant matters.***