CRÉDIT AGRICOLE CACEIS

Risk Warning Related to Futures Contracts Trading

Non-professional clients

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Before entering into a derivative contract (a derivative product, a futures or forward contract, or an option contract), the client (the investor) must assess the risks associated with the use of derivatives contracts. The client must bear in mind that any loss incurred may exceed the amount exchanged (paid or received) or posted as collateral. Losses arising from the use of a derivative product are potentially unlimited and are not proportional to the amount initially invested or exchanged (paid or received).

The client must not enter into derivatives contracts until they have understood the nature of the contract, their obligations and their risk exposure, and have satisfied themselves that the contract they intend to enter into is appropriate to their knowledge and skills, objectives and financial resources.

Although derivatives contracts may be used to limit or hedge a risk, the client is informed that derivatives contracts are not suitable for all investors.

The client's risk exposure may vary depending on the product, the market and the type of transaction. The obligations undertaken and the protection provided by CACEIS Bank and clearing houses vary depending on the product, the market and the type of transaction.

The information available on derivatives contracts is not always complete or exhaustive. Certain derivatives contracts are tailored to clients, which may significantly alter their characteristics (the specific terms of a derivatives contract take precedence over its standard terms).

CACEIS Bank does not provide investment advice, financial analysis or portfolio management services as defined under French regulations.

The principal risks associated with financial instruments are as follows:

1. Leverage

When an investor enters into a derivatives contract, they must post collateral and/or exchange (pay or receive) a premium. The amount posted as collateral or exchanged as a premium represents only a fraction of the value of the derivatives contract.

Since derivatives contracts involve substantial leverage, a relatively small movement in the price of the underlying may have a relatively significant impact on the funds or the value of any other collateral deposited by the investor. The effect on the investor may be favourable or unfavourable. If the market moves unfavourably, the investor may lose not only the entire initial margin deposit but also additional amounts, as the investor must then provide an additional deposit and meet margin calls. Further collateral payments may be required at very short notice (sometimes during a trading session) to maintain the investor's position. If the investor fails to meet margin calls within the required time, CACEIS Bank may liquidate their position. Following liquidation, the investor remains liable for any debit balance on their account.

Losses may therefore substantially exceed the amount of collateral initially deposited with the clearing house or the premium exchanged.

2. Liquidity and price fluctuations

Derivatives markets may be illiquid. If market liquidity is insufficient, the investor may be unable to close out all or even part of a derivatives position when they wish to do so. In addition, the spread between the bid price and the ask price of a particular contract may be relatively wide.

Derivatives markets may experience substantial price fluctuations, which depend on numerous factors that are difficult to predict.Liquidity and prices are affected not only by supply and demand but also by certain unpredictable events, such as economic, environmental, political and weather events.

The impact of these events on the liquidity and price of a derivatives contract increases as its expiry date approaches.

3. Orders designed to limit a loss (limit order, stop-loss order)

The trading arrangements on derivatives markets allow investors to place limit orders and stop orders, the latter being designed to limit losses resulting from market fluctuations. The use of such orders does not guarantee that losses will be limited to the intended amounts. Depending on market conditions, there is a risk that such orders will not be executed at the intended time or price, or that they cannot be executed at all.

4. Commissions, fees and taxes

All costs associated with a derivatives transaction reduce the investor's profit or increase their loss. In addition to the commissions agreed between the broker and the investor, fees are payable to exchanges and clearing houses. Before entering into a transaction, every investor must be fully informed of all the fees and costs they will have to pay.

Payments made and received are subject to applicable taxes. Investors are advised to consult a professional on these matters.

5. Obligations of the seller and the buyer

Depending on the market, entering into a derivatives contract may entail the payment of a sum of money or an obligation either to deliver or to accept delivery of the underlying instrument, at the applicable price in accordance with prevailing market conditions.

a. Obligation to deliver

The seller of a futures or forward contract or of a call option contract may be required to deliver a predetermined quantity of the underlying in accordance with the rules of the relevant market and clearing house, unless they discharge their obligation by closing out their position before the delivery date. In particular, the trading terms require the seller to deliver the underlying in accordance with the contract specifications. Failure to fulfil this obligation may expose the seller to additional costs and certain penalties.

b. Obligation to take delivery

Unless they discharge their obligation by closing out their position before the delivery date, the buyer of a futures or forward contract or the seller of a put option contract must accept delivery of the underlying instrument and pay for it in accordance with the rules of the relevant market and clearing house. The amount payable may exceed the collateral initially deposited with the clearing house.

For commodities, the buyer may be required to arrange the necessary storage and transport and to bear costs that may be very substantial. If the buyer is neither an end user of commodities nor a trader in commodities of that type, they may encounter difficulties in storing or selling the commodity and may be unable to use the commodity purchased themselves. The buyer is also exposed to the risk of a loss on selling that commodity on the spot market.

The collateral deposited by the buyer of a future or forward contract serves solely as security and does not constitute partial performance of their obligations.

6. Option contracts

There are many types of options. Their characteristics and the resulting obligations may differ considerably. In particular:

Buying options: Buying options may be less risky than selling options. If the price of the underlying moves unfavorably for the buyer, the buyer may allow the option to expire, with their maximum loss limited to the premium paid. However, the risk is also linked to the underlying. For example, if the buyer

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purchases an option on futures or forward contracts and exercises that option, they will enter into a new derivatives contract with the associated risks, including those described in this document.

Selling options: Selling an option is much riskier than buying an option. The client may have to meet margin calls to maintain their position, and their potential loss may substantially exceed the premium received. By selling an option, the seller undertakes to buy or sell the underlying if the option is exercised, at prices that may differ substantially from market prices at the time of exercise.The seller of a call option may have less exposure if they hold the underlying (a covered option) than a seller who does not hold the underlying (an uncovered option), the latter being exposed to potentially unlimited losses. Only clients with the necessary knowledge and experience may sell options, particularly uncovered options. Before trading an option, clients are advised to familiarise themselves with all the details and risks associated with that option.

7. Derivatives and the spot market

It is important to understand the relationship between derivatives contract prices and spot market prices. Although market forces may bring derivatives market prices and spot market prices for a given underlying into alignment, thereby eliminating any differences at the delivery date, numerous market factors (including supply and demand) may cause differences to persist.

8. Nonfungibility of contracts

Before placing an order for a product and choosing a market, the client must carefully consider the market and its history, particularly its liquidity.

A client who is unable to liquidate a position in one market may wish to offset its effects by entering into other derivatives contracts (including contracts traded outside organised markets). The client must then bear in mind that the new obligations they undertake may not fully offset their previous obligations.

9. Foreign and emerging markets

The client is informed that certain risks are specific to foreign and emerging markets. At the client's request, CACEIS Bank will provide details of the risks and safeguards specific to each foreign market and explain the extent of CACEIS Bank's liability in the event of default by the correspondent broker through which transactions are executed. Gains or losses on transactions carried out on foreign markets or on contracts denominated in foreign currencies are subject to exchange rate fluctuations. In some cases, a transaction may be affected by specific exchange control regulations that may prevent or delay execution or the repatriation of the related currencies.

10. Clearing houses

On most markets, the execution of a transaction by CACEIS Bank (or by the correspondent broker acting on the client's behalf) is guaranteed by a clearing house. The operating arrangements and scope of the guarantee provided may vary from one clearing house to another and may not fully protect the client in the event of default by CACEIS Bank or another party involved in the transaction.

11. Risk of default or insolvency

The default or insolvency of CACEIS Bank or another party involved in the transaction (for example, a correspondent broker) may result in the liquidation or closing out of the client's positions without their prior consent. In some cases, the client may not recover the assets deposited as collateral and may be offered cash compensation. At the client's request, CACEIS Bank will provide a detailed explanation of its obligations.

12. Commitment of clients falling within the category of non-professional clients

The retail client undertakes towards CACEIS Bank to trade commodity derivatives contracts exclusively for hedging purposes.