LYNX ANLEGEN MIT VORSPRUNG

German Risk Disclosure (English)

Important Information on Loss Exposures in Respect of Forward Exchange Transactions

Dear Customer,

In forward exchange transactions, the profit potential is confronted with a high loss exposure. Any investor who wishes to conclude a forward exchange transaction must have been informed of the risks beforehand.

A. General Information on Loss Exposures in Respect of Forward Exchange Transactions

The German Stock Exchange Act (Börsengesetz) provides in Section 53, sub-section 2 that we inform you of the following risks:

- Forfeiture or depreciation

The rights you acquire under forward exchange transactions may forfeit or depreciate as the rights conferred under such transactions are in any case limited in time. The shorter the time limit, the greater your risk may be.

- Incalculable losses

Your loss exposure in commitments under forward exchange transactions may be indeterminable and may also include your entire property, beyond the collateral furnished by you.

- Missing hedging opportunities

It is possible that transactions by which risks under forward exchange transactions entered into shall be excluded or limited (closing transactions) will not be concluded at all or only be concluded at a price meaning a loss for you.

- Additional loss potential in respect of borrowings or as a result of currency fluctuations.

Your loss exposure will increase if you make use of a credit facility for your forward exchange transactions. The same applies to forward transactions where your liabilities or claims are denominated in a foreign currency or a unit of account (e.g. ECU).

B. Risks in the individual types of transactions

I. Purchase of options

1. Purchase of an option on securities, currencies or precious metals

<u>The transaction:</u>
If you purchase an option on securities, currencies or precious metals, you acquire the claim for delivery or acceptance of the underlying instrument at the price already fixed when purchasing the option.

<u>Your risk:</u>

Changes in the price of the underlying instrument, such as e.g. the stock on which your option is based, may reduce the value of your option. In the case of a call option, such depreciation will be triggered by price losses, whereas in the case of a put option, price gains of the underlying instrument will trigger a depreciation. If such depreciation occurs, it will in each case be disproportionate in relation to the changes in the price of the underlying instrument, so that your option may even be worthless. Your option may, however, also depreciate if the price of the underlying instrument does not change, as the value of your option is co-determined by other price determinants (such as the maturity or the frequency and intensity of price fluctuations of the underlying instrument. Due to the limited maturity of an option, in such case you cannot rely on the price of the option recovering in good time. If your expectations as to the market development are not come up to and you therefore waive the exercise of the option or fail to exercise it, your option will expire worthless at the end of its maturity. In such case, your loss will be composed of the price paid for the option plus the costs incurred by you.

2. Purchase of an option on financial futures

The transaction:
When purchasing an option on financial futures, you acquire the right to enter into a contract on terms fixed beforehand, by which contract you undertake to purchase and sell, for example, securities, currencies or precious metals for forward delivery.

Your risk:
First, such option is also subject to the risk mentioned under no. 1 above. However, after exercising the option, you run new risks; these new risks are dependent on the financial futures contract then entered into and may be considerably higher than your original risk - i.e. the price paid for the option. Then, you will incur the additional risks under the forward exchange transactions with forward settlement described below.

II. Sale of options and forward exchange transactions with forward settlement

1. Sale with forward delivery and sale of a call option on securities, currencies or precious metals

The transaction:
As a seller for forward delivery, you assume the obligation to deliver securities, currencies or precious metals at an agreed purchase price. As seller of a call option, you will assume that obligation only if the option is exercised.

Your risk:
In case of a price increase, you must nevertheless effect delivery at the price agreed before, and that price may be considerably lower than the current market price. If the underlying instrument which you have to deliver is already in your possession, you will no longer enjoy the advantage of increasing market prices. If you wish to acquire the underlying instrument only at a later point in time, the current market price may be considerably higher than the price agreed in advance. That price difference represents your risk. The loss exposure cannot be determined in advance, which means that it is theoretically unlimited. The loss exposure may exceed the collateral furnished by you to a considerable extent in the event that you do not possess the instrument to be delivered but only wish to acquire it at maturity. In such case, you may incur considerable losses, as - depending on the market situation - you may be forced to purchase at a very high price or to effect cash settlement payments in case an acquisition of the instrument is rendered impossible for you.

Please note: if the underlying instrument which you have to deliver is in your possession, you are protected from losses incurred by an acquisition; however, if these assets are blocked in whole or in part for the duration of your forward exchange transaction (as collateral), you may not dispose of the same during that period of time or prior to the closing of your futures contract, nor can you sell such assets in order to avoid losses in case of decreasing prices.

2. Purchase with forward delivery and sale of a put option on securities, currencies or precious metals

The transaction:
As a purchaser for forward delivery or as seller of a put option, you assume the obligation to purchase securities, currencies or precious metals at an agreed price.

Your risk:
In case of decreasing prices, you must nevertheless take delivery of the purchased instrument at the price agreed before, and that price may be considerably higher than the current market price. That price difference represents your risk. The loss exposure cannot be determined in advance and may exceed collateral furnished by you (if any) to a considerable extent. If you intend to resell the product immediately after taking delivery thereof, you should note that it may be impossible, or very difficult, for you to find a purchaser; depending on the market situation, it is possible that you will only succeed in selling the instrument with a considerable price reduction.

3. Sale of an option on financial futures contracts

The transaction:
When selling an option on a financial futures contract, you assume the obligation to enter into a contract on terms fixed in advance, by which contract you undertake to purchase and sell, for example, securities, currencies or precious metals for forward delivery.

Your risk:
Should the option sold by you be exercised, you run the risk of a seller or purchaser for forward delivery, as set out in Sections 1 and 2 of this Chapter II.

III. Options and financial futures contracts containing a cash settlement

The transaction:
Several forward exchange transactions only contain a cash settlement. These include in particular:

- options and financial futures contracts on an index, i.e. a variable number which is calculated on the basis of a portfolio of securities determined according to certain criteria, and the variations of which mirror the price movements of these securities;

- options and financial futures contracts on the interest rate for a time deposit with a standardized maturity.

Your risk:
If your expectations are not met, you have to pay the difference between the price fixed at the conclusion of the transaction and the current market price at maturity. That difference represents your risk. The amount of the loss suffered by you cannot be determined in advance. It may exceed collateral furnished by you (if any) to a considerable extent.

C. Additional risk under forward exchange transactions

I. Forward exchange transactions containing a currency risk

The transaction:
When entering into a forward exchange transaction in respect of which your commitment or the consideration to be claimed by you is denominated in a foreign currency or a unit of account (e.g. the ECU), or where the value of the underlying instrument is determined thereby (such as in the case of gold), you are exposed to an additional risk.

Your risk:
In this case, your loss exposure is not only linked with the performance of the underlying instrument. Developments on the foreign exchange market can rather cause additional incalculable losses. Currency fluctuations may:

- reduce the value of the purchased option;
- increase the price of the underlying instrument to be delivered by you for the settlement of forward exchange transactions if the same is payable in a foreign currency or a unit of account. The same applies to a payment obligation under the forward exchange transaction to be settled by you in a foreign currency or a unit of account;
- reduce the value or the sales proceeds of the underlying instrument to be taken delivery of or the value of the payment received.

II. Transactions intended to exclude or limit risks

Do not rely upon being able to enter into transactions at any time during the term so as to compensate for, or limit, your risks under forward exchange transactions. Whether or not you have that possibility depends on the market conditions and also on the structuring of your forward exchange transaction. It may be that you will not be in a position to enter into said transactions at all, or only at an unfavorable market price, so that you will incur a loss.

III. Drawing on a credit facility

Your risk will increase if you use a credit facility for the financing of, in particular, the acquisition of options or the performance of your delivery and payment obligations under forward e change transactions. In such case, if the market development is contrary to your expectations, you must – in addition to the loss suffered - also pay interest on the credit facility and redeem the same. You should therefore never start from the assumption that you will be in a position to pay interest and capital in respect of such credit facility from gains achieved under forward exchange transactions. Rather make sure prior to entering into a transaction that your financial situation allows you to pay interest on, or – should the situation arise - redeem, such credit facility at short notice even if you suffer losses instead of gains.

D. Certification in securities

The risks in respect of the transactions described above will not change if rights and obligations are certificated (e.g. in a warrant).

According to Section 53, sub-section 2 of the German Stock Exchange Act (Borsengesetz), this Information Memorandum must be signed by you if you wish to enter into forward exchange transactions.