



Risk Warning Notice

1. Introduction

You are considering dealing with us in financial instruments and investment contracts relating to various financial markets. Unless separately defined in this notice, words and expressions shall have the meanings given to them in the General Terms.

This notice is designed to explain in general terms the nature of and some of the risks particular to our Products. We provide this warning to help you to take investment decisions on an informed basis. However, please note that each Trade will carry its own unique risks which cannot be explained in a general note of this nature.

Our Products carry a higher risk of loss than trading many traditional instruments. For many members of the public trading in our Products is not suitable. It is very important that you should not engage in trading in our Products unless you know, understand and are able to manage the features and risks associated with such trading and are also satisfied that trading in our Products is suitable for you in light of your circumstances and financial resources.

In considering whether to engage in trading our Products, you should be aware of the following risks.

2. Leverage

A high degree of “gearing” or “leverage” is associated with trading our Products. This stems from the margining system applicable to our Products which generally involves a comparatively modest deposit of the overall contract value to open a Trade. This can work for you and against you. A small price movement in your favour can result in a high return on the money placed on deposit; however, a small price movement against you may result in substantial losses, possibly more than the money placed on deposit. Prices can move quickly particularly at times of high market volatility (see below) and, if these price movements are unfavourable to your Trade(s), you could quickly build up significant losses.

If you do not maintain enough funds in your Account to satisfy Margin, we may close any or all of your Open Positions (in some circumstances without warning). If we do this, your Open Positions may be closed at a loss for which you will be liable.

3. Nature of Margined Trades

Our client agreement explains in detail how our Products operate; see our General Terms, Supplemental Terms. Also you should review examples and explanations found on our Website – although these are not part of the Agreement, they provide useful guidance on trading in our Products (and the risks associated with them).

A Trade in one of our Instruments is a Trade based on movements in Our Price. Our Price for an Instrument is set by us but relates to the price of the relevant Underlying Instrument. Whether you

make a profit or loss will depend on the prices we set and fluctuations in the Underlying Instrument to which your Trade relates.

Trades in our Products can only be settled in cash. Trades in our Products are legally enforceable.

In certain circumstances your losses on a Trade may be unlimited. For instance, if you open a position with us by selling the contract in question (a practice known as “shorting a market”) and the price rises, you will make a loss on that Trade and it is impossible to know the limit of your potential losses until you close the Trade or your Open Positions are closed when the Equity in your Account or Sub-account falls below the Used Margin. You must ensure that you understand the potential consequences of a particular Product or Trade and be prepared to accept that degree of risk.

You will not acquire the Underlying Instrument nor any rights or delivery obligations in relation to the Underlying Instrument.

Certain Instruments are quoted and settled in currencies other than your Base Currency. Trading in these Instruments carries the additional risk of currency risk; the exchange rate at the time your Open Positions are closed and converted into your Base Currency may be less advantageous to you than at the time you created the Open Position.

4. Volatility

As mentioned above, whether you make a profit or a loss will depend on the prices we set and fluctuations in the price of the Underlying Instrument to which your Trade relates. Neither you nor we will have any control over price movements in the Underlying Instrument. Price movements in the Underlying Instrument can be volatile and unpredictable.

A feature of volatile markets is “Gapping”, the situation where there is a significant change to Our Price between consecutive quotes. Gapping may occur in fast and falling markets or if price sensitive information is released prior to market opening. The price at which we execute your Orders may be adversely affected if Gapping occurs in the relevant Instrument.

5. Liquidity

A decrease in liquidity (a term which describes the availability of buyers and sellers who are prepared to deal in an Underlying Instrument) may adversely impact Our Price and our ability to quote and trade in an Instrument. If there is a significant reduction or a temporary or permanent cessation in liquidity in an Underlying Instrument, such events may be deemed an Event Outside of Our Control or Market Disruption Event (as applicable) under the General Terms and we may increase Our Price, suspend trading or take any other action we consider reasonable in the circumstances. As a result you may not be able to place Trades or to close Open Positions in any affected Instrument.

6. Dealing Off-exchange

Dealing in our Products is conducted exclusively off-exchange, a type of trading which is also called dealing "over-the-counter" or “OTC”. In dealing with us off-exchange you deal directly with us and we are the counterparty to all of your Trades. There is no exchange or central clearing house to guarantee the settlement of Trades.

If there is anything you do not understand, or if you require clarification on any matter, please contact Customer Support.