

Risk Warning Notice – CFD and Spot Forex Trading

This Risk Warning Notice cannot and does not disclose all risks and/or other significant aspects of cfd and spot forex trading. You should not engage in cfd or spot forex trading unless you understand the nature of cfd and/or spot forex trading, how they work, how you make profit or loss and the extent of your exposure to risk and loss. In particular you have to realize that your losses can be unlimited and no deposit or other amount/value you have placed (such as Initial Margin (we also call this Margin) or Variation Margin) will limit your losses. You should be sure that cfd and spot forex trading is suitable for you in view of your personal circumstances and financial position.

Although cfd and spot forex trading can be utilized for the management of investment risk, cfd trading and spot forex trading is unsuitable for many investors.

If you are in doubt seek professional advice.

General Information

When you engage in cfd or spot forex trading you are placing a trade in relation to movements of prices. Prices relate to prices of the underlying product. Prices can be changed at any time, in particular with regard to changes in the underlying product to which the prices are related to.

Whether you make profit or loss depends on how the price has moved between the time you opened your trade and the moment you closed your trade.

Cfd and spot forex trading carries a high degree of risk. The “gearing” or “leverage” available in cfd and spot forex trading (i.e. the funds required at the start compared to the size of trade you can place) means that a small deposit (we call this Initial Margin or Margin) can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in size of profit or loss and can work against you as well as in your favor.

Cfd and spot forex trades are subject to payment of Variation Margin. If the market moves against you, you may be called to pay substantial additional Variation Margin at short notice to maintain your open positions. If you fail to do so within the time required, your open positions may be closed at a loss and you will be responsible for the all losses.

Your losses may be unlimited. You may lose all amounts you deposited such as Initial Margin (we call this Margin as well) or Variation Margin. You have to cover all losses you sustain as well as all other amounts payable such as interest and costs. If you decide to engage in cfd and/or spot forex trading, you must be prepared to accept this degree of risk.

No credit is granted to you. Neither a variation margin credit allocation nor an initial margin credit allocation can represent a credit facility and neither of them will limit your losses or liability. The amount you are prepared to risk should include any variation margin credit allocation and any initial margin credit allocation.

Cfd and spot forex trades can only be settled in cash.

As mentioned above, prices relate to prices of the underlying product; however, you do not acquire the underlying product nor any rights or delivery obligations in relation to it.

Cfd and spot forex trades are not traded on or under the rules of a recognized or designated investment exchanges. Consequently, engaging in cfd and/or spot forex trading may expose you to substantially higher risks than investments which are traded at exchanges.

Cfd and spot forex trades are legally enforceable. Meaning that the broker can take legal actions to recover money you owe him.

The potential for profit or loss from transactions on foreign markets or in foreign currency denominated contracts may be affected by fluctuations of foreign exchange rates.

Moving interest rates may affect whether you make a profit or a loss.

Markets

You can only engage in cfd and/or spot forex trading on the markets the broker makes available; he can change those markets.

Collateral

If you deposit collateral with the broker, he will agree with you in writing how that collateral will be dealt with.

Charges

The terms and conditions of the broker show all charges you have to pay. Be aware that charges may be taken as additional spread as well.

Volatility

The markets the broker offers (and his prices) are derived from related underlying products. He has no control over movements in them; movements in those products may be volatile and unpredictable. Those movements will affect prices, whether or not you can open and/or close a trade and the price at which you can do so.

Under certain trading conditions it may be difficult or impossible to close an open position. This may occur, for example, if the price of the underlying product rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

Orders

You can use orders to limit your losses, but the only type of order guaranteeing to limit your loss to an agreed execution price is a guaranteed stop loss order. For all other orders, the price at which they may be executed is not guaranteed and so the extent to which they may limit your loss is not guaranteed either; for example, movements in the underlying product may make it impossible to execute your order at the agreed execution price.

Please note that for all orders (including guaranteed stop loss orders) you may sustain a loss (which your order is intended to limit) in a very short period of time.

The terms and conditions of the broker explain how order placing works; it is in your own best interest to make sure you understand how orders are operated before you place such an order.

Compensation

The broker is covered by the Financial Services Compensation Scheme. If you are an eligible claimant, you may be entitled to compensation from the scheme if the broker cannot meet his obligations. This depends on the trade concerned, the circumstances of the claim and the rules of the scheme. In general, eligible claimants are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.