

Risk Warning

Before you apply to begin trading with our partners, you must carefully consider whether using CFDs is appropriate for you in the light of your circumstances and financial position. You should be aware that margin trading is a high risk geared investment strategy and we do not consider it suitable for many members of the public. You should not deal in CFDs unless you understand the nature of the contract you are entering into and the extent of your exposure to risk from that contract.

CFDs involve different levels of exposure to risk and, in deciding whether to trade in such instruments, you should be aware of the following points:

- Trading in CFDs carries a high degree of risk. The “gearing” or “leverage” involved in trading CFDs means that a small initial margin payment can potentially lead to large losses. The geared nature of CFDs also means that CFD trading can carry greater risks than conventional share trading, which is generally not geared.
- A relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.
- Most CFDs are off-exchange derivatives. This might be considered to involve greater risk than an on-exchange derivative as there is no exchange market on which to close out an open position – you are only able to open and close your positions with us.
- Foreign markets will involve different risks to International markets. The potential for profit or loss from CFDs relating to a foreign market or denominated in a foreign currency will be affected by fluctuations in foreign exchange rates. It is possible to incur a loss if exchange rates change to your detriment, even if the price of the instrument to which the CFD relates remains unchanged.
- CFDs are contingent liability transactions which are margined and require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately, and they may only be settled in cash.
- You may sustain a total loss of the margin that you deposit with us to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice. If you fail to do so within the required time, your position may be liquidated at a loss and you will be liable for any resulting deficit. You will be deemed to have received a notice requiring the payment of such funds, even if you are not at home or do not receive the messages we leave for you, if the notices are delivered to your nominated contact points.
- Even if a CFD is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered into the contract.
- Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that trading in the underlying market is suspended or restricted.
- A Limited Risk CFD limits the extent of your liability, but you may sustain the loss in a relatively short time. Placing a Non-Guaranteed Stop Order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an Order if the underlying market moves straight through the stipulated price.
- We will not provide you with personal financial product advice relating to CFDs and we will not make CFD recommendations of any kind. The only advice we will give you will be as to how CFDs work.

- Our insolvency or default may lead to your positions being liquidated or closed out without your consent. While in such circumstances any deposits lodged with us would be totally protected as they are held on trust, any unrealised profits may not be fully recovered and you would rank as an unsecured creditor of ours in relation to such unrealised profits.
- The obligations to you under the Customer Agreement and the CFDs are unsecured obligations, meaning that you are an unsecured creditor of ours.

Derivative markets are speculative and volatile

Derivative markets can be highly volatile. The prices of CFDs and the underlying securities, currencies, commodities, financial instruments or indices may fluctuate rapidly and over wide ranges and in reflection of unforeseen events or changes in conditions, none of which can be controlled by you. The prices of CFDs will be influenced by unpredictable events including, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

Do not invest in derivatives with money you cannot afford to lose. An investment in derivatives carries a high degree of risk to the investor, and which due to fluctuations in value, the investor may not get back the amount he has invested. With certain transactions clients may not only lose what they have invested at the outset but may incur a liability to pay further unspecified amounts at a later date.

The inherent concept of Derivatives means that they are not suitable for an investor seeking an income from his investments because the income from such investments may fluctuate in value in money terms. For an investment in an OTC product, which is not a readily realisable investment, it may be difficult to sell or realise the investment and obtain reliable information about its value or the extent of the risks to which it is exposed.

The value of investments denominated in foreign currencies may diminish or increase due to changes in the rates of exchange. Derivatives are therefore only suitable for those customers who fully understand the market risk and have previous trading experience. It is advisable to seek independent advice if necessary.