Risk Warning Statement

1. INVESTING

1.1 We have set out below a summary of the nature and risks associated with the types of investments that the Client may trade when operating a brokerage account with a forex or CFD broker. This information is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed and there may be others that exist now or which may arise in the future.

1.2 The main general risks associated with investing are as follows:

1.2.1 Past performance is not an indicator of future performance;

1.2.2 The value of investments may go down as well as up;

1.2.3 You are not certain to make a profit. You may make a loss. You may lose your entire investment;

1.2.4 The price or value of investments may fluctuate significantly;

1.2.5 If there are income distributions, they may also fluctuate significantly.

1.3 The investments described below are complex and derivative financial instruments. We are therefore required to make you aware of how they differ from non-complex financial instruments, such as unit trusts or shares, and the risks that they pose to investors.

2. CONTRACTS FOR DIFFERENCES

2.1 Contracts For Differences (CFDs) are financial instruments that allow you to speculate on price movements in underlying markets. CFDs can be compared to futures which can be entered into in relation to foreign exchange or the FTSE-100 index or any other index or share. CFDs must however be settled in cash. The risk profile of CFDs is similar to futures or options. CFDs may also have contingent liabilities, the implications of which are set out at paragraph 6.

2.2 Although the prices at which you bet are set by us, our prices are derived from the underlying market. Fluctuations in the price of the underlying market will therefore effect the profitability of your trade. Some such risks include:

2.2.1 Currency

If you trade in a market other than your base currency market, currency exchange fluctuations will impact your profits and losses;

2.2.2 Volatility

Movements in the price of underlying markets can be volatile and unpredictable. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any stops should be placed.

2.2.3 Gapping

"Gapping" is a sudden shift in the price of an underlying from one level to another. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur both when the underlying market is open and when it is closed. When these factors occur when the underlying market is closed, the price of the underlying market when it reopens (and therefore our derived price) can be markedly different from the closing price, with no opportunity to close your trade in-between. "Gapping" can result in a significant loss (or profit). A non-guaranteed stop will not protect you against this risk whereas a guaranteed stop will protect you against the market gapping.

2.2.4 Market liquidity

Market conditions can change significantly in a very short period of time, so that if you wish to close a contract we might not be able to do so under the same terms as when you opened it.

2.3 When trading, profits or losses can be incurred at high speed therefore it is important that you monitor your positions closely. It is your responsibility to monitor your CFDs and while you have open trades you should always be in a position to do so.

2.4 When a non guaranteed stop is triggered it has the effect of issuing an order by you to close your bet. It is therefore not closed immediately when the stop is triggered. We aim to deal with such orders fairly and promptly but the time taken to fill the order and level at which the order is filled depends upon the underlying market. In fast-moving markets a price for the level of your order might not be available, or the market might move quickly and significantly away from the stop level before we fill it.

3. OPTIONS

3.1 There are many different types of options with different characteristics subject to the following conditions:

3.1.1 Buying options:

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. This would mean, however, losing the entire option investment. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described at paragraph 5.

3.2 Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

4. ROLLING SPOT FOREX

Forex and currency options carry similar risks as investing in a future. Transactions in rolling forex or currency options may also have the added risks of fluctuations in foreign exchange rates and political or economic policy changes in foreign markets. Margined currency trading may also have contingent liability, which is set out at paragraph 6, and is one of the riskiest forms of investment. Rolling spot forex is therefore only suitable for sophisticated individuals. The risk of losing the entire investment means that speculation in the foreign exchange market should be conducted with risk capital funds that if lost will not affect your personal financial wellbeing.

5. FUTURES

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment 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 the value of your investment, and can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph 6.

6. CONTINGENT LIABILITY TRANSACTIONS

Contingent liability transactions (CLTs) are transactions which are margined and may require you to make a series of payments against the purchase price of an investment rather than paying the whole purchase price up front. There is a risk that this margin may be lost or that additional margin may be required if the market moves against you. Failure to do so could result in liquidation of the investment at a loss. In the event an investment is not margined, there may still be contingent requirements to make payment in certain circumstances.

7. INVESTMENTS DENOMINATED IN A CURRENCY OTHER THAN THE BASE CURRENCY OF YOUR ACCOUNT

7.1 We may effect transactions on your behalf in an investment denominated in a currency other than the agreed base currency of your Account (which is the currency in which your Trading Account is valued).

7.2 A movement in exchange rates may have a separate effect, favourable as well as unfavourable, on the gain or loss otherwise experienced on the investment concerned. In addition, if you deposit collateral denominated in one currency, you may be subject to margin calls in circumstances where the obligations secured by such collateral are denominated in another currency (in addition to the risk of margin calls for fluctuations in relative values). Some currencies are not freely convertible and restrictions may be placed on the conversion and/or repatriation of your funds including any profits or dividends.

8. TAXATION

Although investing in CFDs does not involve taking physical delivery of the underlying financial instrument, independent tax advice should be sought by the Client, if necessary, to establish whether the Client is subject to any tax, including stamp duty.

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