

Risk Warning Notice

(1) This notice is designed to explain in general terms the nature of and some of the risk particular to our products. This notice is provided to you in compliance with requirements laid down by the Financial Conduct Authority (“FCA”) because you are proposing to undertake dealings in Contracts for Differences (CFD) and/or Spread Bets (SB) in the form of trades with a firm that is carrying on investment business as a broker. It cannot disclose all of the risks and other significant aspects involved in dealing in CFDs or SBs in the form of trades.

(2) Engaging in this type of transaction can carry a high risk. As these transactions differ markedly from other types of trading in the financial markets, you should not engage in CFD or SB trading unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. The amount that you may win or lose will vary according to the extent of the fluctuations in the price of the underlying markets on which the trade is based instead of a sum pre-determinable in other types of trading (buying shares for example). Depending on the type of trade you place, your losses may be unlimited. For many people, these transactions are not suitable; you should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources.

(3) In considering whether to engage in this form of trading, you should be aware of the following:

(a) The high degree of “gearing” or “leverage” is a particular feature of this type of transaction. This stems from the margining system applicable to such trades that generally involves a comparatively modest deposit or initial margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your trade. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss.

(b) You may be called upon to deposit substantial additional variation margin, at short notice, to maintain your trade. If you do not provide such additional funds within the time required, your trade may be closed either at a profit or a loss and you will be liable, in the latter instance, for any resulting deficit.

(c) Such transactions maybe undertaken on a recognised or designated investment exchange that may expose you to greater risks than on-exchange transactions. The trading structure and trading rules will be established solely by us. For example, if you wish to close the trade earlier than the time at which it would otherwise automatically expire, you will have to close it at our quotation that may reflect the premium or discount of the “underlying market”. When the underlying market is closed, and if we are able to offer you a price, our quotation can be influenced by the weight of other clients buying or selling with us. You will have to close any trade with us, as we are the counterparty with whom the trade was originally entered into.

(4) Where entering into such transactions, we must do so under a two-way client agreement pursuant to the FCA Conduct of Business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that client agreement and report to us if you have reason to believe it is not.

(5) Prior to you placing any trades, you will either receive from us written confirmation of all transaction or other charges for which you will be liable or we will make these available via our web platform.

(6) As a result of section 412 of the Financial Services and Markets Act 2000, the trades in this case are enforceable and we may be sued by you (if you win) and may sue you (if you lose).

(7) We do not hold your money but have engaged with Pershing Securities Limited (PSL), a subsidiary of Bank of New York Mellon, to hold your money. PSL holds these funds in a client account in accordance with the regulations of the Financial Conduct Authority, but this may not afford complete protection as you are either a Professional Client or an Eligible Counterparty and therefore the retail client money rules do not apply to you.