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Derivatives Risk Warning Notice

This notice does not disclose all of the risks and significant aspects of derivative products such as futures, options and contracts for differences.

You should not deal in derivatives unless you understand the nature of the contract you are entering into and the extent of the exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position. Certain strategies, such as a "spread" position or a "straddle", may be as risky as a simple "long" or "short" position.

Whilst derivative instruments can be utilized for the management of investment risk, some investments are unsuitable for many investors. Different instruments involve different levels of exposure to risk, and in deciding whether to trade in such instruments you should be aware of the following points.

Prior to applying for an account the Client should consider carefully whether trading in derivative Financial Instruments and CFDs is suitable for him in the light of his circumstances and financial resources. Trading in derivative financial instruments and CFDs entails the use of “gearing” or “leverage”. In considering whether to engage in this form of trading, the Client should be aware of the following:

What is a CFD?

A CFD is an agreement between a ‘buyer’ and a ‘seller’ to exchange the difference between the current price of an underlying asset (shares, currencies, commodities, indices, etc.) and its price when the contract is closed. Contracts that are provided by the Company and traded in the FOREX market are in fact CFDs.

When the contract is closed, the Client will receive or pay the difference between the closing value and the opening value of the CFD and/or the underlying asset(s). If the difference is positive, the CFD provider pays you. If the difference is negative, the Client must pay the CFD provider.

CFDs might seem similar to mainstream investments such as shares, but they are very different as you never actually buy or own the asset underlying the CFD.

NTFX FOREX ON CLICK

RISKS ASSOCIATED WITH TRANSACTIONS IN DERIVATIVE FINANCIAL INSTRUMENTS AND CFDS (CONTRACTS FOR DIFFERENCE)

The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of the Financial Instruments and CFDs provided by the Company may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the dealing in Financial Instruments and CFDs and accepts and declares that he is willing to undertake this risk.

For many members of the public dealings in Financial Instruments and CFDs will not be appropriate dye to lack of education and / or trading experience in this complex product.

The Client should not engage in any dealings directly or indirectly in Financial Instruments and CFDs unless he knows and understands the features risks involved in them.

The high degree of "gearing" or "leverage" is a particular feature of derivative Financial Instruments.

This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit or 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 the Client's trade.

The Financial Instruments available for trading with the Company are non-delivery spot transactions giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument. If the underlying instrument movement is in the Client's favor, the client may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of the Clients' entire deposit but also any additional commissions and other expenses incurred.

VOLATILITY OF PRICE AND LIMITATION ON THE AVAILABLE MARKET

CFDs are not suitable for 'buy and hold' trading. They can require constant monitoring over a short period of time (minutes/hours/days). Even maintaining your investment overnight exposes you to greater risk and additional cost.

The Financial Instruments and CFDs provided by the Company are derivative securities, where their price is derived from the price of the underlying reference instruments in which the Financial Instruments and CFDs refer to.

Derivative securities/ markets can be highly volatile. The prices of derivative Financial Instruments and CFDs and the Underlying Reference Instruments and Indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company.

Under certain market conditions it can be impossible to execute any type of Clients order at declared price.

Therefore Stop Loss order cannot guarantee the limit of loss.

The prices of derivative Financial Instruments and CFDs will be influenced by, 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.

Transactions in derivative Financial Instruments and CFDs provided by the Company are not undertaken on a recognized exchange, rather they are undertaken on the Company's Trading Platform through the Execution Venue and, accordingly, they may expose the Client to greater risks than regulated exchange transactions. The terms and conditions and trading rules are established solely by the counterparty which in this case is the Company's Execution Venue. The Client can only close an open position of any given Financial Instrument и CFD during the opening hours of the Company's Trading Platform.

OTHER ADDITIONAL OBLIGATION

LIQUIDITY RISK

Liquidity risk affects your ability to trade. It is the risk that your CFD or asset cannot be traded at the time you want to trade (to prevent a loss, or to make a profit).

In addition, the margin you need to maintain as a deposit with the CFD provider is recalculated daily in accordance with changes in the value of the underlying assets of the CFDs you hold. If this recalculation (revaluation) produces a reduction in value compared with the valuation on the previous day, you will be required to pay cash to the CFD provider immediately in order to restore the margin position and to cover the loss. If you cannot make the payment, then the CFD provider may close your position whether or not you agree with this action. You will have to meet the loss, even if the price of the underlying asset subsequently recovers. There are CFD providers that liquidate all your CFD positions if you do not have the required margin, even if one of those positions is showing a profit for you at that stage.

Before the Client begins to trade, he should obtain details of all commissions and other charges for which the Client will be liable and which may be found on the Company's Website. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

To keep your position open, you may have to agree to allow the CFD provider to take additional payments, at their discretion, when required to meet relevant margin calls. In a fast moving, volatile market you can easily run up a large credit card bill in this way.

The value of open positions in the Financial Instruments and CFDs provided by the Company are subject to financing fees. The price of long positions in Financial Instruments and CFDs is reduced by a daily financing fee throughout the life of the contract. Conversely, the price of short positions in Financial Instruments and CFDs is increased by a daily financing fee throughout its life. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's Website.

The Client should take the risk that his trades in Financial Instruments and CFDs may be or become subject to tax and/or any other duty for example because of changes in legislation or his personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of his trades.

MARGIN REQUIREMENTS AND LEVERAGE RISK

CFDs are leveraged products. They offer exposure to the markets while requiring you to only put down a small margin ('deposit') of the total value of the trade. They allow investors to take advantage of prices moving up (by taking 'long positions') or prices moving down (by taking 'short positions') on underlying assets.

Leveraged trading means that potential profits are magnified; it also means that losses are magnified.

The lower the margin requirement, the higher the risk of potential losses if the market moves against you. Sometimes the margins required can be as little as 0.5%. Be aware that when trading using margin, your losses can exceed your initial payment and it is possible to lose much more money than you initially invested.

Clients are required to deposit a Margin with the Company's Execution Venue in order to open a position. The Margin requirement will depend on the underlying instrument of the derivative Financial Instrument, level of leverage chosen and the value of position to be established. The Company will not notify the Client for any Margin Call to sustain a loss making position. The Company's Execution Venue has the discretionary right to start closing positions when Margin Level decreases to 100% , and automatically close all positions at market prices if Margin Level drops below 100%. The Company's Execution Venue guarantees that there will be no negative balance in the account when trading Financial Instruments and CFDs.

VOLATILITY

The markets (and prices) offered are derived from related underlying. The Company has no control over movements in the underlying; movements in the underlying may be volatile and unpredictable. Those movements will affect the Company prices, whether or not it is possible for the Client to open and close a trade and the price at which it can be done. 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 rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

'Stop loss' limits

To limit losses many CFD providers offer you the opportunity to choose 'stop loss' limits. This automatically closes your position when it reaches a price limit of your choice. There are some circumstances in which a 'stop loss' limit is ineffective - for example, where there are rapid price movements, or market closure. Stop loss limits cannot always protect you from losses.

Execution risk

Execution risk is associated with the fact that trades may not take place immediately. For example, there might be a time lag between the moment you place your order and the moment it is executed. In this period, the market might have moved against you. That is, your order is not executed at the price you expected.

Some CFD providers allow you to trade even when the market is closed. Be aware that the prices for these trades can differ widely from the closing price of the underlying asset. In many cases, the spread can be wider than it is when the market is opens

Counterparty risk

Counterparty risk is the risk that the provider issuing the CFD (i.e. your counterparty) defaults and is unable to meet its financial obligations. If your funds are not properly segregated from the CFD provider's funds, and the CFD provider faces financial difficulties, then there is a risk that you may not receive back any monies due to you

OFF-EXCHANGE TRANSACTIONS

It may not always be apparent whether or not a particular derivative is on or off-exchange.

While some off-exchange markets are highly liquid, transactions in off-exchange or "non-transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position.

It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

FOREIGN MARKETS

Foreign markets will involve different risks from you local markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will also be affected by fluctuations in foreign exchange rates.

CONTINGENT LIABILITY TRANSACTIONS

Contingent liability transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options you may sustain a total loss of the margin you deposit with your broker 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 to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Even if a transaction 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 the contract.

Contingent liability transactions which are not traded on or under the rules of a recognized or designated investment exchange may expose you to substantially greater risks than those which are so traded.

COLLATERAL

If you deposit collateral as security with your broker, the way in which it will be treated will vary according to the type of transaction and where it is traded.

There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange.

Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited and may have to accept payment in cash.

COMMISSIONS

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

SUSPENSIONS OF TRADING

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 under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

LIQUIDATION OF POSITION

Positions may be liquidated or closed out without your consent in the event you fail to meet a margin call. Additionally, the insolvency or default of any broker involved in your transaction may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash.