

Risk Warning Notice



## CMC MARKETS UK PLC – RISK WARNING NOTICE

Please understand the risk involved before you open a CFD account.

You are being introduced to CMC Markets UK Plc by Pretium Commodities which is a trading name of Pretium Securities. Your CFD account will be provided by CMC Markets UK Plc, who are authorised and regulated by the Financial Services Authority. All dealing, administration and settlement in relation to these services is undertaken by CMC Markets UK Plc. You and CMC Markets UK Plc, not Pretium Securities, will be counterparties to each transaction.

CMC Markets UK plc ("CMC" or "we" or "us"), whose registered office is at 66 Prescott Street, London E1 8HG, is authorised and regulated by the Financial Services Authority ("FSA") under reference number 173730. This Risk Warning Notice is provided to you because you are proposing to undertake dealings with us in financial derivative products under our CFD Terms of Business.

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in contracts for differences ("CFDs") and other financial derivative products. Engaging in these types of transaction can carry a high risk to your capital. You should not engage in trading CFDs and other financial derivative products unless you understand the nature of the transactions you are entering into and the true extent of your exposure to the risk of loss. You should also be satisfied that the products are 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. If you are in any doubt you should seek independent advice.

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

### 1. General

Although CFDs and financial derivative products can be utilised for the management of investment risk, some of these products are unsuitable for many customers as they carry a high degree of risk. The "gearing" or "leverage" often obtainable in trading CFDs and financial derivative products means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your position, and this can work against you as well as for you. Such transactions may have to be margined, and you should be aware of the implications of this, which are set out in paragraph 3 below.

### 2. Foreign markets

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

### 3. Margin

CFDs and other financial derivative products are margined, and require you to make a series of payments against the contract value, instead of paying the whole contract value immediately. Where you enter into CFDs and other financial derivative transactions with us, you must maintain sufficient margin on your account at all times to maintain your open bets and we provide you with on-line access to enable you to monitor your margins requirement at all times. We revalue your open positions continuously during each business day, and any profit or loss is immediately reflected in your account and a loss (which may or may not result in a margin call) may require you immediately to provide additional funds to us to maintain your open positions. We may also change our rates of initial margin and/or notional trading requirements at any time, which may also result in a change to the margin you are required to maintain. If you do not maintain sufficient margin on your account at all times and/or provide such additional funds within the time required, your open positions may be closed at a loss and you will be liable for any resulting deficit.

### 4. Off-exchange transactions

When trading CFDs and other financial derivative products with us, you will be entering into off-exchange (OTC) derivative transactions. All positions entered into with us must be closed with us and cannot be closed with any other entity. Transactions in off-exchange 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 prices and offer prices need not be quoted by us, and, even where they are, we may find it difficult to establish a fair price particularly when the relevant exchange or market for the underlying is closed or suspended.

### 5. Charges and commissions

Before you begin to trade, you should obtain from us details of all commissions and other charges for which you will be liable which we will usually set out in our Rates Schedule. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. 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.

### 6. 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 for the underlying rises or falls in one trading session to such an extent that trading in the underlying is restricted or suspended.

### 7. Money and Collateral

If you are a retail client then, unless you request otherwise, any money held by us in respect of your margin requirements will be transferred to us to secure your actual or potential obligations to us. It will not be segregated from our money. Money not held by us in respect of your margin requirements will generally be held in a segregated client money bank account, although this may not provide complete protection.

If you are a professional client or eligible counterparty, then any money held by us will be transferred to us to secure your actual or potential obligations to us. If you do not intend to trade with money held with us or use it to meet your margin requirements, then you should request us to transfer this money back to you. Such money will not be segregated from our money and you will rank as a general creditor of CMC Markets UK Plc.

If you deposit collateral as security with us, we may provide you with additional terms and conditions that apply. 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. It is your responsibility to ascertain how your collateral will be dealt with by us.