

# Risk Warning Notice



**You are being introduced to CMC Spreadbet Plc by Pretium Securities Ltd. Your Spread Betting account will be provided by CMC Spreadbet Plc, who are authorised and regulated by the Financial Services Authority. By completing and submitting this form, you will be applying to CMC Spreadbet Plc. All dealing, administration and settlement in relation to these services is undertaken by CMC Spreadbet Plc. You and CMC Spreadbet Plc, not Pretium Securities Ltd, will be counterparties to each transaction.**

**This notice is provided to you in compliance with requirements laid down by the Financial Services Authority ("FSA") because you are proposing to undertake dealings in contracts for differences in the form of bets with a firm which is carrying on investment business as a financial bookmaker. It cannot disclose all of the risks and other significant aspects involved in dealing contracts for differences in the form of bets.**

**Engaging in this type of transaction can carry a high risk. As these transactions differ markedly from normal bets you should not engage in this form of betting 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 index ("the underlying markets") on which the bet is based instead of a sum predeterminable when a normal bet is placed. For many members of the public 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. In considering whether to engage in this form of betting, you should be aware of the following:**

1. 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 bets 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 your bet. 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 unless you enter into a limited liability contract with the firm.

If you deal on a credit basis, which may amongst other payments cover the initial margin requirements, the extent of your agreed credit facility does not limit your loss or financial liability and you can be subject to margin calls for an amount in excess of your facility. As a consequence, the amount of capital which you are prepared to place at risk should be sufficient to cover your credit limit and the possibility of subsequent margin calls which will only be made once your credit limit has been exceeded.

2. You may be called upon to deposit substantial additional margin, at short notice, to maintain your bet. If you do not provide such additional funds within the time required, your bet may be closed at a loss and you will be liable for any resulting deficit.
3. Such transactions will not be undertaken on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The betting structure and betting rules will be established solely by the bookmaker. For example, if you wish to close the bet earlier than at the time at which it would automatically expire, you will have to close it at your bookmakers quotation which may reflect the

premium or discount of the "underlying market". When the market is closed, your bookmaker's quotation can be influenced by the weight of other clients buying or selling with your bookmaker. You will have to close any bet with the same bookmaker with whom it was originally entered into.

4. When entering into such transactions, your bookmaker must do so under a two way customer agreement pursuant to the FSA rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that customer agreement and report to the FSA if you have reason to believe it is not.
5. Prior to placing any bets, you should receive from your bookmaker written confirmation of all transactions or other charges for which you will be liable.
6. As a result of section 412 of the Financial Services and Markets Act 2000, the bets in this case are enforceable and the bookmaking firm may be sued by you (if you win) and may sue you (if you lose).
7. A limited liability transaction limits the extent of your liability for loss in a transaction to an amount agreed by you prior to entering into such a transaction, but you may sustain such loss in a relatively short time. You should take particular note of this aspect as specified in the terms and conditions of your bookmaker. In particular, you should check whether the limited liability is only guaranteed during normal business hours. You are likely to incur additional costs in this type of transaction and you should obtain from your bookmaker an explanation of these, if they are applicable. Such additional costs may take the form of a specific addition charge, or could be a "hidden cost" because the prices or spread on which these bets are based differ from those applicable to other bets which do not have limited liability.
8. Your bookmaker is prohibited under FSA requirements from providing you with investment advice relating to investments or possible transactions or making investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimised.
9. Your bookmaker is required to hold your money in segregated trust accounts in accordance with the regulations of the Financial Services Authority, but this may not afford complete protection.
10. If you deposit collateral as security with your bookmaker, you should ascertain from your firm how your collateral will be dealt with.
11. If you have reason to believe that the bookmaker with which you deal is not acting in accordance with representations it has made to you, the terms of your customer agreement or the rules of the FSA, you should report it to the FSA, 25 The North Colonnade, CanaryWharf, London, E14 5HS. Tel: +44 (0)20 7676 1000.