

**Contracts for Difference (“CFDs”) are considered high risk, as there is no protection of capital, no guaranteed return and customers can lose more than the amount invested. However, with Fortrade whilst your capital is at risk, you cannot lose more than your Trading Account balance i.e. you are not liable for any further debts. Trading CFDs is high risk, make sure you fully understand the risks involved.**

You should consider the following risks before using our services:

**1) Trading leveraged products involves substantial risk and is not suitable for everyone.**

You should carefully consider whether trading in leveraged products is suitable for you in light of your own financial position and investment objectives.

Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

The inherent concept of CFDs means they are not suitable for an investor seeking an income from their investments as the income from such investments may fluctuate in value in money terms. For an investment in an OTC product, which is not a readily realisable investment, it may be difficult to sell or realise the investment and obtain reliable information about its value or the extent of the risks to which it is exposed.

CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

**2) Trading these products involves the risk of loss as well as the potential for profit.**

Do not invest in CFDs with money you cannot afford to lose. An investment in CFDs carries a high degree of risk to the investor and, due to fluctuations in value, the investor may not get back the amount he has invested.

**Be Aware: You can lose all, but not more than the balance of your Trading Account.**

If the market moves adversely, you risk total loss of your cash, including margins and any additional funds deposited with us to maintain your position. You may be called on to increase your margin (pursuant to clause 8 of the T+C) by substantial amounts at short notice to maintain your position, failing which we may have to liquidate your position at a loss for which you would be liable.

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. 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.

**3) Price movements of these products are influenced by a variety of factors, many of which are unpredictable.**

Price movements of derivative contracts are influenced by interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments intervene from time to time, directly and by regulation, in certain markets, particularly

markets in currencies and interest rate related contracts and derivatives. Such intervention is often intended to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

**4) Certain investment strategies or hedging techniques, including those involving 'spread' positions or 'straddles', may be as risky as taking simple 'long' or 'short' positions.**

Although derivatives can be used for the management of investment risk, some of these products 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 issues set out in this risk warning. However, this risk warning cannot disclose all of the risks and other significant aspects of such derivatives. You should not deal in derivatives unless you understand their nature and the full extent of your exposure to risk and losses. We have no obligation to contact you to advise upon appropriate action in light of changes in market conditions or otherwise.

You acknowledge that following execution of any transaction, you are solely responsible for making and maintaining contact with us and for monitoring open positions and ensuring that any further instructions are given on a timely basis. In the event of any failure to do so, we can give no assurance that it will be possible for us to contact you and we accept no liability for loss alleged to be suffered (or actually suffered) as a result of any failure by you to do so.

**5) Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.**

Trading online, no matter how convenient or efficient, has a number of risks associated with it these include, but are not limited to: error in hardware, software, internet connection or any *force majeure* event (i.e. flood, extreme weather conditions, earthquake, fire, war, insurrection, riot, labour dispute, accident, action of government, communications or power failure or equipment or software malfunction).

Positions opened with us are not traded on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our terms and conditions, and with our order execution policy. Each CFD trade that you open through our Trading Platform results in you entering into a contract with us; these contracts can only be closed with us and are not transferrable to any other person

CFDs do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.

**6) Any gains or losses incurred while trading in a demo environment are not suggestive of results you may achieve when trading on a live platform.**

The "virtual" funds available on the demo platform allow you to familiarise yourself with our Trading Platform, this may not be an indication of your success on the live platform.

## **PRESCRIBED RISK INFORMATION FOR CLIENTS RESIDENT IN CANADA**

Certain securities and derivatives legislation in Canada requires that Fortrade Canada Limited provide the following Risk Information Document for Derivatives to its clients resident in Canada.

This brief document, which is set out below, does not disclose all of the risks and other significant aspects of trading in futures contracts, options or other derivatives. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in derivatives is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

### **FUTURES CONTRACTS**

#### ***(a) Effect of "Leverage" or "Gearing"***

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### ***(b) Risk reducing Orders or Strategies***

The placing of certain orders (e.g. stop loss" order, where permitted under local law or limit orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

### **OPTIONS**

#### ***(c) Variable Degree of Risk***

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures Contracts above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep out of the money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the

market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures Contracts above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## **ADDITIONAL RISKS COMMON TO DERIVATIVES**

### ***(d) Terms and Conditions of Contracts***

You should ask the firm with which you deal about the terms and conditions of the specific futures contracts, options or other derivatives which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest and, in respect of options, expiration dates and restrictions on the time for exercise).

Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### ***(e) Suspension or Restriction of Trading and Pricing Relationships***

Market conditions (e.g. liquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the derivative may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not.

The absence of an underlying reference price may make it difficult to judge "fair" value.

### ***(f) Deposited Cash and Property***

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

### ***(g) Commission and Other Charges***

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

## **(h) Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished client protection. Before you trade you should inquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

## **(i) Currency Risks**

The profit or loss in transactions in foreign currency denominated derivatives (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the derivative to another currency.

## **(j) Trading Facilities**

Most open outcry and electronic trading facilities are supported by computer based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

## **(k) Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

## **(l) Off exchange Transactions**

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

**(m) IIROC Leverage Disclosure**

Fortrade Canada Limited, as a member of the Investment Industry Regulatory Organization of Canada (IIROC) is required to provide the following disclosure to clients seeking to trade in products that involve leverage: "Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines."

\* \* \* \* \*

This Risk Disclosure Statement may be amended or replaced from time to time.

The current version of the Risk Warning Notice is accessible on [www.fortrade.com](http://www.fortrade.com) (the "Fortrade Website").