



Risk Disclosure

Artsmrkts LTD

SCHEDULE 2

Complex Products – General Risk Disclosure Notice

This notice is provided to you in compliance with Artsmrkts Rules. This notice does not disclose all of the risks and other significant aspects of derivatives products such as futures and options. **You should not deal in derivatives unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position.**

Different derivative 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:

- (a) *Contracts for Difference (CFD)* can be likened to futures which can be entered into in relation to Currency. However unlike other futures and options, these contracts can only be settled in cash. Investing in a CFD carries risks similar to investing in a future or an option and you should be aware of these. Transactions in CFD may also have a contingent liability and you should be aware of the implications of this as set out in paragraph (c) below.
- (b) *Investing in Rolling Spot Forex/ FX CFD* carries similar risks as investing in futures and you should be aware of these. Transactions in Rolling Spot Forex/ FX CFD may also have a contingent liability and you should be aware of the implications of this as set out in paragraph (d) below. In addition to standard industry disclosures contained in these Terms, you should be aware that **currency trading is some of the riskiest form of investment available in the financial markets and is only suitable for sophisticated individuals and institutions. Given the possibility of losing an entire investment, speculation in the foreign exchange market should only be conducted with risk capital funds that if lost will not significantly affect your personal or institution's financial wellbeing.**

If you have pursued only conservative forms of investment in the past, you may wish to study currency trading further before continuing an investment of this nature. **You must also realise that the limited risk in making investments in Rolling Spot Forex/FX CFDs, CFDs, futures and options means you could lose the entire option investment should the option expire worthless and you can lose more than what is held in margin in your Account.** If you wish to continue with your investment, you acknowledge that the funds you have committed are purely risk capital and loss of your Investment will not jeopardise your style of

iving nor will it detract from your future retirement program. Additionally, you fully understand the nature and risks of currency investments and your obligations to others will not be neglected should you suffer investment losses.

- (c) *Foreign markets.* Foreign markets involve different risks from your domestic markets. In some cases, risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency will be affected by fluctuations in foreign exchange rates. Such enhanced risks include the risks of political or economic policy changes in a foreign media, which may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency.
- (d) *Risk reducing orders or strategies.* The placing of certain orders (e.g. “stop loss” or “stop limits” orders) that are intended to limit losses to certain amounts may not, always be effected because market conditions or technological limitations may make it impossible to execute such orders. Strategies using combinations of positions such as “spread” and “straddle” positions, may be just as risky as or even riskier than simple “long” or “short” positions.
- (e) *Prices.* The prices posted on the Trading System may not necessarily reflect the broader market. We will select closing prices to be used in determining Margin requirements and in periodically marking to market the positions in customer accounts. Although we expect that these prices will be reasonably related to those available on what is known as the interbank market, prices we use may vary from those available to banks and other participants in the interbank market. Consequently, we may exercise considerable discretion in setting margin requirements and collecting margin funds.
- (f) *Weekend risk.* Various situations, developments or events may arise over a weekend (Friday 20.00 GMT - Sunday 18.00 GMT) when the currency markets generally close for trading, that may cause the currency markets to open at a significantly different price from where they closed or Friday afternoon. Our customers will not be able to use the Trading System to place or change orders over the weekend and at other times when the markets are generally closed. There is a substantial risk that stop-loss orders left to protect open positions held over the
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weekend will be executed at levels significantly worse than their specified price.

- (g) *Electronic trading.* Trading in OTC contracts through the Trading System may differ from trading on other electronic trading systems as well as from trading in a conventional or open market. Customers that trade on an electronic trading system are exposed to risks associated with the system including the failure of hardware and software and system down time, with respect to the Trading System, the individual customer's systems, and the communications infrastructure (for example the internet) connecting the platform with customers.
- (h) *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. You may sustain a total loss of the Margin you deposit with us to establish or maintain 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 the 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 into the contract. Contingent liability transactions, which are not traded on or under the rules of a recognised or designated investment exchange, may expose you to substantially greater risks.
- (i) *Collateral.* If you deposit collateral as security, you should ascertain how your collateral will be dealt with. 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.
- (j) *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 dealing spread), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.
- (k) *Insolvency.* Any insolvency or default 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. Additionally you transfer full ownership and title to a portion or all of the money you deposit with us representing an amount necessary to secure your open positions or cover your actual or future contingent or prospective obligations (which will be calculated daily in our sole discretion based on your daily open positions and trading and which may be greater than the Margin required to maintain your open positions, as market conditions may dictate) such that you will not have a proprietary claim over that portion or any of your money and that portion or any of your money will not be segregated and you will rank only as a general creditor of us with respect to any claim for the payment of such portion of the above described money you deposit which may therefore be irrecoverable In the event of any insolvency or default.

You should only engage in CFD, Rolling Spot Forex/ FX CFD, futures or options trading if you are prepared to accept a high degree of risk and in particular the risks outlined in this General Risk Disclosure Notice. You must be prepared to sustain the total loss of all amounts you may have deposited with your firm as well as any losses, charges (such as interest) and any other amounts (such as costs) we incur in recovering payment from you.