

You are considering entering into Foreign Exchange (FX) and Contracts for Difference (CFDs) transactions on a margined basis. These products carry a high degree of risk and are not suitable for all investors.

This notice provides you with information about the risks associated with trading our products, but it cannot explain all of the risks. If you are in any doubt you should consult a third party professional advisor. It is important that you fully understand the risks involved before deciding to open an account and before you enter into any transactions.

We recommend you open a free demo account at <http://www.swissquote.eu/trading/download-demo> and review the educational material on our website at <http://www.swissquote.eu/education/> before opening a live account.

We will not make an assessment as to the suitability of these products for you, therefore you should ensure margin trading suits your own investment objectives and personal circumstances.

This Notice is provided by the Company ("we", "us") to the Customer ("you", "your"). The following statements are intended to make you aware of and disclose to you some of the potential risks in respect to trading on the financial markets.

Gearing and Leverage

Trading on margin means you only have to deposit a small percentage of the overall value of your position. This is known as Gearing or Leverage, and under Margin Trading conditions even small market movements may have great negative impact on your Trading Account. If the market moves against you, you may sustain a total loss greater than the funds deposited and you are responsible for all losses on your account.

At all times during which you have open positions, you must ensure that your account balance remains adequately funded. Therefore, if the market moves against you, you may need to provide us with substantial additional funds, at short notice, to maintain your open positions. If you do not do this, we will be entitled to close positions on your account. You will be responsible for any losses incurred in us doing so.

Position Monitoring

You should ensure you are able to monitor positions on your account at all times, as you are solely responsible for this. We are not responsible for monitoring positions on your account.

Over The Counter Transactions (OTC)

FX and CFDs are OTC, or off-exchange transactions. While some OTC markets are highly liquid, transactions in OTC products may involve greater risk than investing in on-exchange products because there is no exchange market on which to close out an Open Position. This means that market liquidity cannot be guaranteed and 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.

Trading our products does not entitle you to any right to the underlying instruments or, in the case of CFDs referenced to shares, to voting rights.

Sudden market movements, known as gapping may occur, causing a dramatic shift in the price of an underlying from one level to another. Gapping may occur when the underlying market is closed, meaning the price on the underlying market may open at a significantly different level, and at a less advantageous price for you.

OTC transactions can be very volatile, meaning that prices may fluctuate widely during any particular trading day. Consequently, you must ensure you monitor your account, maintain the required level of margin and be in a position to send additional funds to us at short notice.

All positions are transacted on a principal to principal basis. When you open a position with us, you can only close this position with ourselves.

Liquidity

Liquidity risk is the risk that you will not always be able to obtain an appropriate price when selling an asset, due to a lack of liquidity in the market. When financial instruments are impossible to sell or can only be sold with difficulty and at a sharply reduced price, the market is said to be illiquid.

Execution Risk

Execution risk is associated with the fact that trades may not take place immediately. When you request execution of an order, it is possible that the market price could have changed between order placement and execution time, and therefore we cannot guarantee that the price requested will be the same as the price that the order is executed and confirmed

To limit losses, we provide the opportunity to choose 'stop loss' limits. These automatically close your position when it reaches a price limit of your choice. There are however circumstances in which a 'stop loss' limit is ineffective - for example, where there are rapid price movements, or market closure.

Foreign markets

Trading on foreign markets will involve different risks from the UK 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 be affected by fluctuations in foreign exchange rates.

Country risk can also arise if a country restricts trading, for instance by imposing economic sanctions or currency restrictions.

Execution Only Services

We will provide you with an execution only service, and will not provide you with advice. Therefore you should seek independent advice if necessary. We will not carry out a suitability assessment, and you should familiarise yourself with all aspects of the products you wish to trade and the associated risks. You are responsible for all investment decisions and you are liable for any profit or loss on your account.

Commissions and charges

Before entering into any transaction, you should make yourself aware of all commissions and other charges that may apply. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should ensure that you understand what such charges are likely to amount to.

Our commissions and charges are displayed on our website.

Electronic Trading

Our products are offered primarily via the internet, offering you the opportunity to trade and communicate with us via electronic means. Although electronic communication is often a reliable way to communicate, no electronic communication is entirely reliable or always available. If you choose to deal with us via electronic communication, you should be aware that electronic communications can fail, can be delayed, may not be secure and/or may not reach the intended destination.

If you are using Expert Advisors, we can take no responsibility for their reliability or efficiency.

Derivatives

Derivatives are financial instruments for which the price is derived from other assets (underlyings) such as equities or precious metals and are often composed of different elements, which sometimes makes them difficult to understand. Derivatives can require an additional outlay of capital over and above the original investment. The obligation to make margin payments can amount to many times the purchase price of the investment.