

This notice describes the main risks and other significant aspects of margined foreign exchange trading with IG Markets Inc ("Forex Trading"). This notice does not disclose all of the risks and other significant aspects of Forex Trading and you should not open a Forex Trading account with us unless and until you understand the nature of the contract you are entering into and the nature of the risks involved. You should also be satisfied that the contract is suitable for you in light of your investment experience, objectives, financial resources, tolerance of risk and other relevant circumstances.

Forex Trading simply involves an agreement between you and us to exchange the difference in value of a particular currency pair between the time at which your trade is opened and the time at which it is closed.

Forex Trading is a high risk, geared investment activity and therefore is unsuitable for many members of the public.

In deciding whether to carry out Forex Trading, you should be aware of the following:

1. Forex Trading is geared and carries a high degree of risk

The "gearing" or "leverage" involved in Forex Trading means that a small initial margin payment can potentially lead to large losses as well as gains. A relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

2. Forex Trades are off-exchange derivatives

Forex Trades are not guaranteed by a clearing organization. Forex Trading involves greater risk than an exchange traded derivative because there is no exchange market on which to close out an open position – you are only able to open and close your positions with us.

THE FOREX TRADES YOU ENTER INTO WITH US ARE NOT TRADED ON AN EXCHANGE. UNDER THE U.S. BANKRUPTCY CODE, YOUR FUNDS MAY NOT RECEIVE THE SAME PROTECTIONS AS FUNDS USED TO MARGIN OR GUARANTEE EXCHANGE-TRADED FUTURES AND OPTIONS CONTRACTS, WHICH RECEIVE A PRIORITY IN BANKRUPTCY. SINCE THE SAME PRIORITY IS NOT ACCORDED TO FUNDS USED FOR OFF-EXCHANGE FOREX TRADING, IF WE BECOME INSOLVENT AND YOU HAVE A CLAIM FOR AMOUNTS DEPOSITED OR PROFITS EARNED ON TRADES WITH US, YOUR CLAIM MAY NOT RECEIVE A PRIORITY. WITHOUT A PRIORITY, YOU ARE A GENERAL CREDITOR AND YOUR CLAIM WILL BE PAID, ALONG WITH THE CLAIMS OF OTHER GENERAL CREDITORS, FROM ANY MONIES STILL AVAILABLE AFTER PRIORITY CLAIMS ARE PAID. EVEN CUSTOMER FUNDS THAT WE KEEP SEPARATE FROM OUR OWN OPERATING FUNDS MAY NOT BE SAFE FROM THE CLAIMS OF OTHER GENERAL AND PRIORITY CREDITORS.

3. Forex Trading involves you paying margin

You will be required to place a deposit with us ("margin") before you can open a Forex Trade. If the market moves against you, you will be called upon to pay additional margin at short notice, the amount of which may be substantial. If you fail to pay such additional margin within the required time, your position may be liquidated at a loss and you will be liable for any resulting deficit. Sometimes the resulting deficit will equate to your entire margin deposits with us, and may even result in losses that exceed your margin deposits. Under the terms of our Customer Agreement, we may increase margin levels at any time and such increase will effect any open positions you have in place at the time of the increase.

4. Markets may be volatile and it may be difficult or impossible to liquidate a position

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

5. Non-Guaranteed Stops do not necessarily cap your loss to the intended amount

Placing Non-Guaranteed Stop Order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an Order if the underlying market moves straight through the stipulated price.

6. You must make you own decisions on trading Forex Trading - we do not provide advice

While we will provide information regarding our systems and regarding operational issues regarding Forex Trading, we do not provide market advice or recommendations regarding trades. You are solely responsible for making and implementing all decisions regarding the trading in your account.

7. Our costs will affect your net result

Before you begin to trade, you should obtain details of our Spreads, Interest Adjustments and any other charges for which you will be liable. Where such charges are not expressed in money terms (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.

8. Derivative markets can be highly volatile.

Your Forex Trades and the underlying currencies may fluctuate rapidly and over wide ranges and in reflection of unforeseen events or changes in conditions, none of which can be controlled by you. Your Forex Trades will be influenced by unpredictable events including, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programmes and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

9. One-click Dealing

As a default, your Forex Trading account will have "one-click dealing" enabled. One-click dealing lets you enter a deal size and then, following a single click from you on either Buy or Sell, our trading platform will send the request directly to us for acceptance; you will not be presented with an intermediate screen asking you to check the details of your request to Buy or Sell, nor will you have a chance to cancel your request once you have clicked to Buy or Sell. For these reasons, you should take extra care when one-click dealing is enabled. If you do not wish to have one-click dealing enabled you can change this via the preferences section within the "My Account" area of the dealing platform or by calling our customer services team.

10. Third Party Agents

In the event that you grant trading authority or control over your account to a third party ("Trading Agent"), whether on a discretionary or non-discretionary basis, we will in no way be responsible for reviewing your choice of such Trading Agent or for making any recommendations with respect thereto. We make no representations or warranties concerning any Trading Agent; We will not be responsible for any loss to Client occasioned by the actions of the Trading Agent; and we do not, by implication or otherwise endorse or approve of the operating methods of the Trading Agent. If Client gives the Trading Agent authority to exercise any of its rights over its account, Client does so at his own risk.

11. Additional risks associated with Forex Options

Your Forex Trading account will allow you to trade Forex Options if you so choose. Forex Options involve risks beyond those risks set out above. Please ensure you understand the following before trading Forex Options with us:

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.

Purchasing a Forex Option: where you purchase a Forex Option you may suffer a total loss of premium (plus transaction costs) if that option expires worthless. This risk reflects the nature of a long foreign currency option or an asset that tends to decline in value over time. The price of the underlying currency must either rise above the strike price for a call (or fall below the strike price for a put) by an amount in excess of the sum of the premium and all other costs incurred in entering into and exercising the option for you to realize a profit on the transaction. 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, as applicable, a long or short Forex position. If you acquire such a Forex position, you will be responsible for the associated liabilities for margin (see the section on Margin above). If the purchase 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) a Forex Option: The risks of selling (writing) a Forex Option are greater than the risks of purchasing one. You will be exposed to full price risk on the Forex Option; consequently, the risk of loss can be unlimited. 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 unfavorably. 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 Forex positions. If you acquire such a Forex position, you will be responsible for the associated liabilities for margin (see the section on Margin above). If the option is "covered" by the seller holding a corresponding position in the underlying currency or a Forex position or another Forex Option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

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