

ONE | FINANCIAL MARKETS

Risk Warning Notice

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RISK WARNING NOTICE

1 Introduction

- 1.1 This Risk Warning Notice is provided to you by One Financial Markets (referred to herein as “we”, “us” or “our”) to help you understand the nature and risks of margined transactions.
- 1.2 The notice is supplemental to, and shall form part of, your Agreement with us. If there is any inconsistency between these terms and the remainder of the Agreement these terms shall prevail.
- 1.3 Contracts for Difference (CFDs), margined FX and spread bets are leveraged products which carry a high degree of risk to your capital and may result in you losing more than your initial deposit. Trading these products may not be suitable for all investors and you should fully understand the risks involved before opening an account with us.

2 Risk Warning Notice

- 2.1 This notice is provided to you as a Retail Client in compliance with rules of the FCA. This notice cannot disclose all the risks and other significant aspects of derivative products such as CFDs, margined FX and spread bets. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position.
- 2.2 We will review the information provided in your application form to assess your trading knowledge and experience and will inform you if, as a result of our assessment, we consider that our products may not be appropriate for you.
- 2.2 Although derivative instruments can be utilised 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 following points:

3 Effect of Gearing and Leverage

- 3.1 CFDs, margined FX and spread bets are leveraged products and traded on ‘margin’. This means that you can take a larger trade (‘position’) in the market without having to deposit the full contract value. This can lead to large losses as well as gains. All our products are traded on margin.
- 3.2 Trading a leveraged product also means that a relatively small market movement can lead to a proportionately larger movement in the value of your investment, and this can work against you as well as for you. It is therefore important that you consider the size of your position as well as monitor your trades at all times.

4 Effect of Volatility

We offer a range of underlying instruments and some have wide daily ranges and volatile price movements. Volatility can lead to slippage (or “gapping”) which is when the underlying price moves suddenly from one level to another. There may not always be an opportunity for you to place an order between the two price levels, or for our platform to execute a pending order at a price between those two levels.

5 Off Exchange Transactions

- 5.1 CFDs, spread bets and margined FX are off exchange (‘over the counter’ or ‘OTC’) derivative transactions. This means you enter into trades directly with us and also that those positions can only be closed with us. While some off exchange markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.
- 5.2 In addition, trading our products does not entitle you to any right to the underlying instruments.

6 Foreign Markets

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater, for example where those foreign markets have greater or more rapid market fluctuations or when those markets are less liquid. This can impair our ability to quote prices. In addition, the potential for profit or loss from transactions on foreign markets or foreign denominated contracts will be effected by fluctuations in foreign exchange rates.

7 Contingent Liability Investment Transactions

- 7.1 Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 7.2 If you trade in CFDs, margined FX or spread bets you may sustain a total loss of the money (margin) you deposit to open and maintain a position. If the market moves against you, you may need 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 responsible for the resulting deficit.

8 Commissions and charges

Before you begin to trade, you should understand any commissions and other charges for which you will be liable. If any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should make sure you understand what such charges are likely to mean in specific monetary terms.

9 Suspensions Of Trading

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 under the rules of the relevant exchange, trading is suspended or restricted. 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.

10 Clearing House Protections

On many exchanges, the performance of a transaction by us (or third party with whom we are dealing on your behalf) is guaranteed by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if we or another party defaults on its obligations to you. On request, we must explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments, which are not traded under the rules of a recognised or designated investment exchange.

11 Insolvency

Unless otherwise agreed in writing, we will hold your money in a client bank account separate from our own funds but this may not provide complete protection for example if the bank becomes insolvent.

12 Tax

We do not offer tax advice. The tax treatment of your trading activities depends on your individual circumstances and may be subject to change in future.