RISK WARNING
for spread betting

This notice is provided to you in compliance with FCA requirements because you are proposing to undertake spread betting in the form of Spread Betting Products such as FX Products (Bets on currencies and precious metals) and/or non-FX Products (Bets on shares, indices, ETFs and futures) with a firm which is carrying on investment business. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in such products.

DF Markets is prohibited under FCA requirements from providing you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. We can give you factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures,

Engaging in FX Products and/or Non-FX Products (in this notice referred to as a „Transaction") carries a high risk to your capital. You should not engage in this form of investing unless you understand the nature of the Transaction you are entering into and the true extent of your exposure to the risk of loss. Your profit and loss will vary according to the extent of the fluctuations in the price of the underlying markets on which the trade is based.

For many members of the public, these Transactions are not suitable. You should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources and investment objectives. In considering whether to engage in this form of investing, you should be aware of the following:

The high degree of „gearing" or „leverage" is a particular feature of this type of Transaction. This stems from the initial financial requirements applicable to such Transactions which generally involve a comparatively modest deposit or margin in terms of the overall market value of the Transaction involved, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your Transaction. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss over and above your initial deposit.

You may be called upon to deposit substantial additional margin, at short notice, to maintain your position. If you do not provide such additional funds, your position may be closed at a loss and you will be liable for any resulting deficit. Your position may be closed, irrespective of whether you have received or not notice for providing additional funds to cover the deficit to the current balance of your account.

The purpose of a Spread Betting Transaction is to secure a profit or avoid a loss by reference to fluctuations in the price of underlying property. In the context of our activities, the Underlying Market may be an exchange rate between two currencies or a bullion. It is an express term of each Spread Betting Transaction that neither you nor us:

- ✓ acquire any interest in or right to acquire or is obliged to sell, purchase, hold, deliver or receive the Underlying Market; and
- ✓ that the rights and obligations of each party under the Spread Betting Transaction are principally to make and receive such related payments.

Transactions with DF Markets are not transacted on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The Transactions structure and rules will be established solely by DF Markets pursuant with FCA Conduct of Business rules.
Where entering into such Transactions, DF Markets must do so under a two-way client agreement (i.e. DF Markets Terms and Conditions and documents incorporated by reference therein) pursuant to the FCA Conduct of Business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that client agreement and report to the FCA if you have reason to believe it is not. As set out in the client agreement DF Markets will automatically add a "stop loss" to positions in respect of certain Transactions (unless agreed otherwise). All market prices quoted by DF Markets include DF Markets' spread. Updated information on the DF Markets' spreads is available on the website.

Gapping (or Slippage) refers to an occurrence whereby the market moves past a Stop Loss level. This may be because the particular Underlying Market has become unusually volatile for a period of time. In such instances the Underlying Market may have stopped trading and may only recommence trading at a price below a Stop Loss level. Where this happens a Stop Loss may not be effective and the Position will be closed at the current DF Markets Quote. Accordingly, where you have an open Position in a volatile market environment you must understand the potential impact of Gapping.

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.

DF Markets may maintain our financial stability by hedging against large trades or significant accumulations of trades. DF Markets is required to hold your money in segregated bank accounts in accordance with the regulations of FCA, but this may not afford complete protection. If you deposit collateral as security with DF Markets, you should ascertain from DF Markets how your collateral will be dealt with.

Your business with DF Markets may be covered by the Financial Services Compensation Scheme („FSCS" or the „Scheme"). Client money will be deposited into a client money bank account opened at an approved bank. In the event that DF Markets were to become insolvent all client money held in the third party bank account would be protected. In the event that the third party bank was to become insolvent you may be entitled to compensation from the Scheme if the third party bank were unable to meet their obligations. This depends on the type of business you undertake, your status, and the circumstances of the claim. Most types of investment business are covered for up to £50,000 (which is the maximum level of compensation). Further information about compensation arrangements is available from the FSCS. You can contact the FSCS by writing to them at 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN, or by emailing them at the email address provided on the Financial Services Compensation Scheme website at www.fscs.org.uk.

Risk class – definition[1]:

Note: the following classes of risk are indicative. In any given case the investment's value fluctuation may be higher than that indicated below.

Currency	R5
Currency option – buy	R4
Currency option – sell	R5
FX Products	R5
Non-FX Products	R5

Description of the various types of risks

The following description of the various risks in investing is not exhaustive. It covers the most common types of risk and describes their basic features. Other risks, as well as different features of the risks below, may exist even though they are not addressed below. Unless otherwise indicated, the risks set out below are common for all services offered by DF Markets. Beside those risks, the particular financial instrument may involve specific risks.

- **Market risk**
  The market risk is the risk of loss in the value of the investment due to the movements of the market factors - prices of financial instruments, interest rates, currency exchange rates and others. Market prices of investments may vary due to changes in the economic and market environment, the monetary policy of the central banks, the business activity of the issuer companies, the demand and supply on the market of the respective instrument.
- **Interest rate risk**
  This is the risk of changes in the market interest rates having an unfavorable effect on the profit or the value of the instrument. The changes in the interest rate levels may endanger the financial instrument owners with the risk of capital loss. The impact of the risk is different for the different financial instruments.
- **Currency risk**
  Investments in instruments denominated in a foreign currency (other than your Base Currency) may be unfavorably affected by the lowering of the exchange rate of this currency against another. The increase or decrease in the currency exchange rates may cause losses or profits for the financial instruments in the currency in which they are denominated.
- **Liquidity risk**
  The liquidity risk arises in cases where a party interested in selling a given asset is unable to do so because no one on the market is willing to trade this asset. There is demand but no supply, or vice versa.
- **Volatility risk**
  This is the risk connected with the price movements of a given financial instrument. The volatility is high, if the financial instrument is subject to large price fluctuations in a given period of time. The risk of volatility is calculated as the difference between the lowest and highest prices of financial instruments for the given period of time. The risk is represented differently depending on the different classes of financial instruments.
- **Inflation Risk**
  Inflation erodes the real value of investments and changes in the anticipated rate of inflation could lead to capital losses in the investments made.
- **Political and/or Regulatory Risks**
  The value of investments may be affected by uncertainties, such as political developments (domestic and international), changes in government policies, taxation and currency repatriation and restrictions on foreign investment in some of the countries in which you may invest. Further, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which an investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. Foreign ownership restrictions in some markets may mean that corporate actions entitlements may not always be secured or may be restricted.
- **Trading Platform**
  Trading Platform facilities offered by us through our Services are based on and supported by external internet and computer component systems to obtain prices, route your order, execution, matching, registration or clearing of Trades. Our Trading Platform Services may therefore be vulnerable to temporary disruption of failure. Your

[1] **R1** There are no fluctuations in the value of the investment, except the usual risk
R2 Slight fluctuations in the value of the investment (up to 10% annually, but higher fluctuations are possible)
R3 Moderate level of fluctuations in the value of the investment (over 10% annually, where in some cases the complete loss of the invested capital is possible)
R4 Speculative investment, which may lead to the complete loss of the invested capital, because the client strives to take advantage of the high profit potential;
R5 Extremely risky investment, which may involve further financial claims against the investor, in addition to the complete loss of the invested capital.

ability to recover resulting losses may be subject to limits on liability by law, by us or imposed by the system provider, the market and the clearing house. Clients are also exposed to risks associated with our systems including the temporary malfunction and/or failure of internal hardware and software and system down time in relation to DF Markets' Trading Platform, your computer access systems and the communications infrastructure (for example the internet networks) connecting the Trading Platform with Clients. The result of any such system failure may be that your Order may not be executed or executed according to your instructions and we may not be able to keep you informed of your positions and margin requirements during the period of such system malfunction and/or failure and/or downtime.

- **Quotes**

  The quotes posted on our Trading Platform may not necessarily reflect the broader market. Although we expect that these quotes will be reasonably related to those available on what is known as the interbank market, the quotes 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.