



**Risk Disclosure Notice**

**CWG Markets Ltd**

## Risk Disclosure Notice

### 2 General Information

- 2.1 You should only engage in CFD, Spread Betting or Rolling Spot Forex if you are prepared to accept a high degree of risk and in particular the risks outlined in this Notice. As a Professional Client and Eligible Counterparty, you must be prepared to sustain a loss in excess of all amounts you have deposited with us as well as any losses, charges (such as interest) and any other amounts (such as costs) we incur in recovering payment from you.**
- 2.2 This Notice does not disclose all the risks and other significant aspects that may exist when trading in the financial markets, and before opening an account with us, we will make an assessment of whether the services are appropriate for you, and notify you where we do not deem the services appropriate for you; however, it is your responsibility to ensure that you fully understand the nature of the transactions you are entering into and the extent of your exposure to risk before opening an account with us.
- 2.3 Before entering into any transaction with us, you should furthermore be satisfied that the contract is appropriate for you in the light of your knowledge and experience. In the event you have any doubts in respect of the risks or appropriateness of any investment, please seek professional advice from an independent financial advisor.
- 2.4 Should you decide to open an account with us, it is important that you remain aware of the risks involved with the services provided hereunder; that you have adequate financial resources to bear such risks; and that you monitor your open positions carefully at all times. The value of the investments can increase and fall, and any income from them is not guaranteed. When trading margined transactions, it is possible to lose your initial investment with us and your entire account balance. You should only trade with funds that you can afford to lose. It must also be noted that past performance is not a guide to future performance.

### 3 Execution Only

- 3.1 Our services enable you to trade in financial products in the relevant markets via the internet and trading platform on an execution-only basis. We will therefore not provide you with any form of investment and/ or tax advice, or advice you on the merits of a particular transaction. Any decisions on investments are purely your own decision. In the provision of the services, we are not required to assess the suitability for you of the services provided or offered to you.
- 3.2 Please therefore ensure you carefully read and understand the risks involved in any trading decision you make. If you have any doubt whether an investment is suitable for you, you should obtain independent expert advice.

### 4 Contingent Liability Transactions

- 4.1 Contingent liability transactions, such as contract for differences (CFDs), rolling spot forex and other financial products traded on margin will require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 4.2 If you trade in CFDs or other products traded on margin you may sustain a total loss of the margin you deposit to establish or maintain an open position. In the event the market moves against you, as Professional Client or Eligible Counterparty you may be called upon to pay substantial additional funds or margin at short notice to maintain the open position with us. If you fail to do so within the time required, your open position may be liquidated at a loss.
- 4.3 Contingent liability transactions entered into by you, that are not traded on or under the rules of a recognised or designated investment exchange (such as rolling spot forex transactions, may expose you to substantially greater risks).
- 4.4 Before you commence trading, you should obtain details of all 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 obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific monetary terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

### 5 Rolling Spot Forex

- 5.1 Transactions in rolling spot forex contracts carry a high degree of risk and may not be suitable for all investors. The “gearing” or “leverage” often obtainable in rolling spot forex trading means that a relatively small market movement can lead to a proportionately much larger movement in the value of your liability. Before deciding to trade rolling spot forex contracts you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. Margined currency trading is one of the riskiest forms of investment available in the financial markets and is only suitable for experienced

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individuals and institutions. Given the possibility of losing an entire investment, speculation in the precious metals or 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.

### **6 Contracts for Difference**

- 6.1 By transacting in CFDs, you are subject to a higher level of risks than the risks associated with transactions in traditional shares. You may not get back the amount initially invested and may be required to make additional payments by way of margin payments on a frequent basis.
- 6.2 You should not deal in CFDs 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. Although CFDs can be utilised for the management of investment risk, it may not be suitable for some investors.
- 6.3 Spread Bets are a form of a CFD. However, unlike other futures and options, these contracts can be settled in cash. Transactions in CFD or a Spread Bet may also have contingent liability and you should be aware of the implications of this as set out in Section 16 in this Notice.

### **7 CFDs settled in cash**

- 7.1 Investing in a CFD carries the same risks as investing in a future, option or other derivative product. Transactions in CFDs may also have a contingent liability (as elaborated on above) and you should be aware of the implications of this.

### **8 Volatile Markets and Closed Markets**

- 8.1 Various situations, developments or events may arise when the markets for the underlying instruments are closed for trading. These events may cause the CFD markets to open at a significantly different price from when the CFD markets were closed (gapping). There is a substantial risk that stop orders left to protect open positions held over the periods when the CFD markets are closed, will be executed at levels significantly worse than their specified price.
- 8.2 Under certain trading conditions it may be difficult or impossible to liquidate an open 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.

### **9 Non-Guaranteed Stops**

- 9.1 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.

### **10 Weekend Risk**

- 10.1 Various situations, developments or events may arise over a weekend 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 on Friday afternoon. Our customers will not be able to use the trading platform 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 weekend will be executed at levels significantly worse than their specified price.

### **11 Liquidity Risk**

- 11.1 Trading in the OTC market carries a high degree of liquidity risk. You acknowledge that liquidity risk resulting from decreased liquidity is usually due to unanticipated changes in economic and/ or political conditions. You acknowledge that liquidity risk can affect the general market in that all participants experience the same lack of buyers and/ or sellers. It can also be due to changes in liquidity available to us from our inter-bank liquidity providers. When liquidity decreases, you can expect, at the minimum, to have wider bid/ask spreads as the supply for available bid/ask prices outstrip demand. Decreases in liquidity can also result in a "fast market" conditions where the price moves sharply higher or lower or in a volatile up/down pattern without trading in an ordinary step-like fashion. It is therefore important to note that our prices, bid/ask spreads and liquidity will reflect the prevailing inter-bank market liquidity.

### **12 Electronic Trading**

- 12.1 Trading through the trading platform as an electronic trading system may differ from trading in a conventional or open market.



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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, including without limitation the individual customer's systems and the communication infrastructure connecting the trading platform with the customers.

- 12.2 You understand that by choosing to conduct trading via our trading platform, you assume and accept certain risks as highlighted in our prevailing Terms and for which you agree that neither us nor our third party service providers shall be liable, including but not limited to the risk of: power outages, broken connections, network circuit obstruction or congestion, transmission failures, transmission delays, the risk of delayed communications during period of increased market volatility, delay and/ or rejection by a third party broker involved in your transaction and/ or other occurrences outside our direct control (collectively, "Technical Issues"). You hereby agree to indemnify and hold us harmless with respect to any and all losses you may sustain in connection with any and all of the Technical Issues. In no event will we be liability for your inability to engage in trading via our trading platform and we shall not be responsibility for any losses or missed opportunities by you due to the delay or non-delivery of any order or instruction via the trading platform.

### 13 Risk Reducing Orders or Strategies

- 13.1 The placing of certain orders (e.g., stop-loss orders, where permitted under local law, or "stop-limit" orders), which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions, may be as risky as taking simple "long" or "short" positions.

### 14 Electronic Communication

- 14.1 We offer you the opportunity to trade and communicate with us via electronic means, for example by our trading platform and email. Although electronic communication is often a reliable way to communicate, no electronic communication is entirely reliable or always available. In the event 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.

### 15 Foreign Markets

- 15.1 Foreign markets involve different risks than those in the United Kingdom. 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 also be affected by fluctuations in the foreign exchange rates. Such enhanced risks include the risks of political or economic policy changes, which may substantially and permanently alter the conditions, and price of a foreign currency.

### 16 Collateral

- 16.1 If you deposit collateral as security with us, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange. 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 or equivalent.

### 17 Prices

- 17.1 The prices quoted on the trading platform are independent of prices of other institutions. Therefore, prices reported by us are independent and can differ from prices displayed elsewhere or from other liquidity providers in the interbank market. Differences can result from, but are not limited to, changes in liquidity from interbank market makers, resulting in an unbalanced position or exposure, or differing expectations of price movements. We expect that in most cases the prices provided to you will be in line with the interbank market but we cannot represent, warrant or covenant, explicitly or implicitly, that this will always be the case. Consequently, we may exercise considerable discretion in setting margin requirements and collecting margin deposits.

### 18 Commissions

- 18.1 Before you commence trading, you should obtain details of all commissions and other charges for which you will be liable. In the event any charges are not expressed in monetary terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific monetary terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.



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### 19 Suspensions of Trading

- 19.1 Under certain trading conditions it may be difficult or impossible to liquidate an open position. This may occur, for example, at times of rapid price movement if the price rises or fall in one trading session to such an extent that without limitation under the rules of the relevant exchange, or third-party liquidity provider, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, as market conditions may make it impossible to execute such an order at the stipulated price and your order may be executed at a worse price (slippage).

### 20 Liquidation of Open Positions

- 20.1 Positions may be liquidated or closed out without your consent in the event you fail to meet a margin call warning. Additionally, the insolvency, default or any market condition affecting any broker involved in your transaction may lead to positions being liquidated or closed out without your prior 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.

### 21 Trading via a Fund Manager

- 21.1 We do not take any responsibility for third party fund managers, and you agree to hold us, our employees, agents, officers, directors and shareholders harmless from any losses sustained by you as a result of actions undertaken by such third-party fund managers. Should you grant a third-party fund manager discretionary trading authority, you grant such authority at your sole and full risk.

### 22 Insolvency

- 22.1 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 and unless you are a Retail client or a Professional Client, 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 at 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). 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 ours 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.