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Risk Disclosure

EC Markets is a trading name of **EC Markets Group Ltd**, a company incorporated in England and Wales (no. 07601714) with trading address, Parksworth House, **30 City Road, London, EC1Y 2AY**. EC Markets Group Ltd is authorised and regulated by the Financial Conduct Authority (FRN: 571881). Web: www.ecmarkets.co.uk
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Introduction

EC Markets is providing you with this risk information to outline the risks associated with investment products, which you may invest in through services we have provided to you. **We provide different accounts for our different services:**

- Share Dealing services are provided through either a General Invest Account, Stocks and Shares ISA or SIPP account.
- Spread bets are provided through a Spread Betting Account
- Contracts for difference (‘CFDs’) are provided through a CFD Account

Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. The vast majority of retail client accounts lose money when trading spread bets and CFDs. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.

All financial instruments involve an element of risk. The value of your investment may fall as well as rise and you may get back less than your initial investment.

Please ensure you familiarise yourself with both the General and Specific Risks relevant to your account. (Sections 1-3 below).

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You must ensure you fully understand the risks involved before making a decision to enter into a CFD or Spread bet (a ‘Contract’) with us, or to buy or sell an instrument using our Share Dealing services (a ‘Transaction’). If you have any doubt about the risks involved with your account, you should not trade and seek professional advice.

This Risk Disclosure provides a general description of the risks of the products that you are able to trade, bet, or invest in using your EC Markets accounts and the services provided by EC Markets.

This Risk Disclosure does not explain all the risks involved in investment products or how such risks relate to your personal circumstances.

If you choose to enter into a Contract or Transaction, or request that we do so on your behalf, it is important that you understand all of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

1. GENERAL RISKS (APPLICABLE TO ALL ACCOUNTS)

1.1 You Must Monitor Your Positions

You must ensure that you monitor all of your positions closely. It is your responsibility to monitor your positions and whenever you have open Contracts or Transactions, you should always be able to access your Account(s).

1.2 Electronic Communications

You will be able to deal and communicate with us electronically (eg via our dealing platform or email in certain situations). It is important to remember that although this type of communication is usually reliable, no electronic communication is 100% reliable or always available. If you choose to deal with us in this way, you should be aware that electronic communications can fail, can be delayed, may not be secure and/or may not reach the intended destination and be aware of the consequences of such a failure.

1.3 EC Markets Services

Any Instructions to deal that are received from you will form a commitment which can only be revoked by you with EC Markets prior consent (that will not be unreasonably withheld) at any time before your instruction to deal is executed.

1.4 Client Money Protections

It should be noted that EC Markets is obligated to keep client money separate under the FCA CASS Rules and in the unlikely event on insolvency clients are protected up to £85,000 via the Financial Services Compensation Scheme.

1.5 Insolvency

If any other brokers involved with your transaction should become insolvent or default, this may lead to your position being liquidated or closed out without your consent. You may also not get back the actual assets that you have invested and may have to accept any available payments in cash. We are happy to provide you with an explanation of the extent to which we will accept liability for any insolvency of, or default by, other firms involved with your transactions.

1.6 Default

In the unlikely event of EC Markets suffering insolvency or financial default and not being able to meet its obligations, we are a member of the UK Financial Services Compensation Scheme (the FSCS) which covers the first £85,000 of any claim to the relevant firm. Whether you are eligible to claim depends on your personal circumstances.

Retail customers will benefit from protection under the FSCS in most cases. Further detail on what would happen in the unlikely situation of insolvency or financial default can be found on the FSCS website.

1.7 Tax

At the time of publishing this disclosure, spread bets are taxed as bets and not as capital gains. This can be advantageous when you make profits. It should be noted, however, that tax treatment may change and is subject to HMRC interpretation in individual cases. EC Markets does not provide tax advice and we advise you to seek independent advice if you are in any doubt as to your tax obligations.

1.8 Regulatory and Legal Risk

Changes in laws and regulations can materially impact a security or investment in a sector or market. Changes made by the government or regulatory body could increase the costs of operating a business, reduce the attractiveness of an investment and/or change the competitive landscape. This can result in altering the profit potential of an investment.

This risk is unpredictable and may vary from market to market, with emerging markets usually a higher risk than more developed ones. For example, the inadequacy or absence of regulatory measures in emerging markets can give rise to an increased danger of market manipulation, insider trading or the absence of financial market supervision and this can affect the enforceability of legal rights.

2. SPREAD BETS AND CFDs

2.1 Spread Bets and CFDS

Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage, as these products provide you with multiplied, increased exposure to market movements. Leveraged trading can help increase your returns, but it may magnify your losses too — making trading using leverage riskier than without. The vast majority of retail investor accounts lose money when trading spread bets and CFDs. You should consider whether you understand how spread bets and CFDs work; whether entering into a spread bet or CFD will help you meet your financial objectives, and whether you can afford to take the high risk of losing all of your money

2.2 What Are Contracts For Difference? (CFDs)

CFDs are financial instruments that are traded on margin, enabling trading in the movement of shares and index prices without having ownership of the underlying asset. They are not suitable for all investors due to their high risk and complex nature. You will be exposed to losing all or most of your initial payment and may be required to make additional payments. Clients must be responsible for their own trading decisions and if in doubt seek independent advice.

Investing in a CFD carries a high degree of risk because the 'leverage' often obtainable means that a relatively small movement in the market 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. You may need to provide further funds with little or no notice to keep your position(s) open. It is important to remember that your initial investment is comparatively smaller than non-leveraged trades and as such, you should always consider your trade in terms of its full value and downside potential. It is also possible to lose all of the funds in your account.

2.3 What Is Spread Betting?

A financial spread bet is an agreement to exchange the difference between the open and closing value of the bet. When you place a financial spread bet, you are speculating on the direction of future price movements in an underlying instrument and will specify an amount you want to bet on each point movement of the underlying instrument or index.

Investing in a spread bet carries a high degree of risk because the 'leverage' often obtainable means that a relatively small 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. You may need to provide further funds with little or no notice to keep your position(s) open. It is important to remember that your initial investment is comparatively smaller than non-leveraged trades and as such, you should always consider your trade in terms of its full value and downside potential. It is also possible to lose all of the funds in your account.

2.4 BEFORE YOU TRADE CFDs OR SPREAD BETS

CFDs and Spread Bets should only be traded under the following circumstances:

- **You have high-risk tolerance and able to absorb losses if they occur**
- **You fully understand the way in which they operate and fully understand the risks and costs involved**
- **You have extensive experience of trading in volatile markets**
- **You understand that the greater the leverage used, the greater the risk**
- **You have sufficient time to actively manage your investments**
- **You understand that your position can be closed by EC Markets, whether or not you agree with our decision to close your position**

EC markets' spread bets and CFDs are not listed on any exchange. We set the prices and other conditions in accordance with our obligation to provide best execution as set out in our Best Execution policy and to act reasonably and in accordance with our legal and regulatory obligations and the applicable EC Markets' Terms & Conditions. Each CFD or spread bet you open with us results in you entering into a Contract with us.

These Contracts can be closed only with us and are not transferable to any other person.
No Contracts provide any right to the underlying instruments or voting rights.

All Contracts you enter into with us are legally enforceable by both parties.

2.5 No Advice

EC Markets' services are provided on an execution only basis, meaning that we do not provide investment advice in relation to CFDs or spread bets. EC Markets will occasionally provide factual information about a market, information about transaction procedures and information about the potential risks involved and how those risks may be minimised. However, any decision to use our products or services is made by you.

You are responsible for managing your tax and legal affairs. This includes making any regulatory filings and payments and complying with all laws and regulations. We do not provide any regulatory, tax or legal advice. If you are in any doubt as to the tax treatment or liabilities of investment products available through your CFD or spread betting account, you should seek independent advice.

2.6 Appropriateness

Before you place a trade on a CFD or spread bet account, we are required to assess whether the product(s) and/or services you have chosen are appropriate for you, and to warn you if, on the basis of the information you provide to us, any product or service is not appropriate. However, it should be noted that you are solely responsible for any decision to open an account and to use our products or services. This Risk Disclosure Notice will help explain the nature of the risks you take when entering into a CFD or spread bet with us. You should contact us prior to placing a trade if you do not understand any of this information and should not enter into any CFD or spread bet if you do not understand the risks involved and the implications of what they might mean for you.

EC Markets' application process will ask for information about your financial assets, earnings and experience. Once you have created an account, you will then be asked to update your financial information annually. We are entitled to rely on the information you provide unless we are aware that the information is manifestly out of date, inaccurate or incomplete. We do not monitor on your behalf whether the amount of money you have sent to us or your profits or losses are consistent with that information, nor do we independently verify your experience beyond the statements you make to us. It is solely up to you to assess whether your financial resources are adequate for your financial activity with us and your risk appetite in the products and services you use.

2.7 Range of Markets

Our contracts are offered across a wide range of underlying markets. Whereas the prices at which you open the Contract is derived from the underlying market, the characteristics of the Contract can vary substantially from the actual underlying market or instrument. Further details of our Contracts are set out within our app.

2.8 Non-Guaranteed Stops

A non-guaranteed stop, when triggered, has the effect of issuing an order from you to us to close your Contract. It is important to note that your Contract is not closed immediately when the stop is triggered. EC Markets will always aim to deal with such orders fairly and promptly but the time taken to fill the order and the level at which the order is filled depends upon the underlying market and the number of client orders triggered. When the market is fast-moving, a price for the level of your order might not be available or the market might move quickly and significantly away from the stop level before it can be filled. Please note that we do not currently offer guaranteed stops.

2.9 Corporate Events

It is EC Markets' policy that we aim not to make a profit from our clients arising from the outcome of corporate events such as rights issues, takeovers, mergers, share distributions or consolidations and open offers. We will always aim to reflect the treatment we receive, (or would receive) if we were hedging our exposure to you in the underlying market. **It is important to note, however:**

- The treatment you receive may be less advantageous than if you actually owned the underlying instrument;
- We may have to ask you to make a decision on a corporate event earlier than if you actually owned the underlying instrument;
- The options we make available to you might be more restricted and less advantageous to you than if you actually owned the underlying instrument; and/or
- Where you have a stop attached to your open share position, the treatment that you will receive from us will always, to the greatest extent possible, aim to preserve the economic equivalent of the rights and obligations attached to your Contract with us immediately prior to the corporate event taking place.

2.10 Going Short on Individual Share CFDs

Going short on an individual share via a CFD or spread bet carries some additional risks. **These risks include but are not limited to:**

- Forced buy-back due to changes in regulatory or stock-borrowing conditions;
- Imposition of, and increase in, borrowing charges over the lifetime of the Contract; and/or
- The obligation to take the other side of purchase opportunities (eg rights issues) afforded to clients who are long on the same stock. This might result in the obligation to go further short at unfavourable market prices.

You should also be aware that corporate events affecting obligations of short sellers, such as but not limited to rights issues, open offers and scrip dividends can often be announced at very short notice, leaving no opportunity (or choice) to close contracts out and avoid participation.

2.11 General Trading Risks
It is important that you understand the risks associated with trading in the relevant underlying market, even though the characteristics of your contract will vary from those of the underlying instrument or market. This is because fluctuations in the price of the underlying market will affect your instruments and the profitability of your trades. Spread bets and CFDs are financial products that allow you to speculate on price movements in underlying markets and although the prices at which you trade these products are set by us, our prices are derived from the underlying market. Please see Section 3 for more details.

2.12 Past Performance
Past performance is not an indication of future performance. The value of investments can go down as well as up.

2.13 Currency
Currency exchange fluctuations will impact your profits and losses if you trade in a market denominated in a currency other than your base currency. For example, if your income or wealth is denominated in UK Pounds Sterling (GBP) and you invest in instruments denominated in other currencies, if the GBP loses value against the currency in which your instruments are denominated in this will diminish the value of your investments in real terms. You may also incur charges as a result of currency exchange. Please see our costs and charges for further details.

2.14 Volatility
Volatility in the price of the underlying market can have a direct impact on your profits and losses. Knowing the volatility of an underlying market can help guide you as to where any Stops should be placed. It should always be noted that volatility can be unexpected and unpredictable.

2.15 Gapping
Gapping is a sudden shift in the price of an underlying market from one level to another. This can be caused by various factors such as economic events or market news and can happen at any time. However, it occurs most frequently when the market closes at one level but reopens at another. When this happens during market close, the price (and derived price) of the underlying market when it reopens can be markedly different from the closing price, with no opportunity in-between to sell your instruments. A non-guaranteed stop will not protect you against the risk of gapping.

2.16 Market Liquidity
EC Markets takes into account the market or markets for the relevant underlying instruments when setting our prices, spreads and the sizes in which we deal. Given market conditions can change significantly in a very short period of time, you may not be able to sell an instrument or close a contract under the same terms as when you purchased or opened it. Under certain trading conditions it may be difficult or impossible to liquidate a position. An example of this is 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.

2.17 Out-of-Hours Markets
There may be nothing against which to measure our quotation during the out-of-hours sessions on index markets. During this time, our quotations reflect our own view of the prospects for a market. This could include referring to price movements in other relevant markets that are open. Business done by other clients may also affect our quotations.

2.18 Leverage

Monitoring your positions is of even greater importance when you have entered into contracts with us because of the effect of leverage. Leverage magnifies the rate at which profits or losses can be incurred and, as a result, it is extremely important that you monitor your positions closely.

Before you are allowed to enter into a contract with us, we will generally require you to deposit money with us — this is called the margin requirement. This margin requirement will usually be a proportion of the overall contract value, for example 10% of the total contract value. This means that you will be using 'leverage' and this can work for or against you; a small price movement in your favour can result in a high return on the margin requirement placed for the contract, but a small price movement against you may result in substantial losses.

At all times during which you have open positions, you must ensure that your account balance (the total of all running profit and losses) is equal to at least the total margin that you are required to have deposited with us. Therefore, if our price moves against you, you may need to provide us with significant additional funds immediately to meet your margin requirement and maintain your open positions. If you do not do this, we will be entitled to close one or more or all of your positions. You will be responsible for any losses incurred as a result.

We are also entitled to increase margin rates at short notice. If we do so, you may be required to deposit additional funds into your account to cover the increased margin rates. If you do not do this, we will be entitled to close one or more or all of your positions.

3. SHARE DEALING SERVICES (EXECUTION ONLY)

3.1 What are EC Markets' Share Dealing Services?

EC Markets' Share dealing services are offered through the following accounts: General Invest Account, Stocks and Shares ISA and SIPPs. These accounts allow you to instruct us to buy or sell financial instruments (Shares and Exchange Traded Products) on your behalf.

All instruments offered by EC Markets through our Share Dealing Services are listed on an exchange, which means that the prices are not set by us. We will act on any instruction that you provide to buy or sell an instrument on your behalf in accordance with our obligation to provide best execution as set out in our Best Execution policy and to act reasonably and in accordance with the applicable Terms and Conditions. We may place your instructions to deal outside of an exchange if this satisfies our order execution policy, which can be found here.

EC Markets' will arrange for the custody of your instruments as part of our service.

All investments purchased by you or transferred by you into your General Invest Account or Stocks and Shares ISA, will be purchased in the name of and/or held by a nominee company selected by us, for the benefit of you.

Investments purchased by you or transferred by you into your EC Markets SIPP Account will be purchased in the name of and/or held by a nominee company selected by us for the benefit of the trustee(s) of your SIPP.

It is important to note that you may not have the voting rights that you would have had if you held the investment in your own name, as investments will be held in the name of a nominee company.

3.2 Share Dealing Services — General Risks

All financial investments involve an element of risk. The value of any investment you make through our Share Dealing services may fall as well as rise and you may get back less than your initial investment. Past performance is not an indication of future performance.

The risks you are exposed to will vary according to the instruments you instruct us to buy and sell on your behalf.

It should be noted that stock market investments can be volatile in the short term and should be held for the medium to long term.

You should be aware that: Physical shares admitted to trading on a regulated market and many Exchange Traded Funds (ETFs) are not high risk financial products; and Exchange Traded Commodities (ETCs) and certain ETFs are considered high risk financial products (normally due to their use of derivatives) and are not appropriate for many retail clients.

Currency exchange fluctuations will impact your profits and losses if you trade in a market denominated in a currency other than your base currency. For example, if your income or wealth is denominated in UK Pounds Sterling (GBP) and you invest in instruments denominated in other currencies, if the GBP loses value against the currency in which your instruments are denominated in this will diminish the value of your investments in real terms. You may also incur charges as a result of currency exchange. Please see our costs and charges for further detail.

Liquidity Risk: It may be difficult or impossible to liquidate a position under certain market considerations. This may occur, for example, at times of rapid price movement, such as 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.

3.3 No Advice

All EC Markets' services are provided on an execution only basis. This means we do not provide investment advice in relation to Share dealing services or products available for you to trade through our Share dealing services, including Shares or ETFs. We may at times provide factual information about a market, information about transaction procedures and/or information about the potential risks involved and how those risks may be minimised. However, any decision to use our products or services is ultimately made by you.

You are responsible for managing your tax and legal affairs including making any regulatory filings and payments and complying with applicable laws and regulations. We do not provide regulatory, tax or legal advice. If you are in any doubt as to the tax treatment or liabilities of investment products available through your General Invest Account, EC Markets ISA or SIPP, you should seek independent advice. It is also important to remember that tax laws and regulations can change at any time.

3.4 Appropriateness

The majority of instruments available through our Share dealing services are considered 'non-complex' and are not considered high risk financial products.

Certain Exchange Traded Products (ETPs), SPACs, non-UK/EU funds, and a selection of other product types are considered high risk financial products. Therefore, where we make these available to you we are required to make an assessment of whether these products are appropriate for you, and to warn you if necessary, based on the information you provide to us, that they are not appropriate. This will usually be done before you are able to invest in high risk products. However, the decision to open an account and to use our products or services ultimately remains yours.

This Risk Disclosure Notice will help explain the nature of the risks you take when you use our Share Dealing Services. If you do not understand any of this information please contact our customer services department prior to trading. You should not use our Share Dealing Services if you do not fully understand the risks involved and what they might mean for you.

During the EC Markets application process, we will ask you for information about your financial assets, earnings and experience. We do not monitor on your behalf whether the amount of money you have sent to us or your profits or losses are consistent with that information, nor do we independently verify your experience beyond the statements you make to us. It is solely up to you to assess whether your financial resources are adequate for your financial activity with us and to assess your risk appetite in the products and services you use.

INVESTMENT SPECIFIC RISKS

3.5 Shares

Shares/equities represent a part of a company's share capital. How much of the company you own depends on the number of shares you own in relation to the total number of shares that are currently issued.

Shares are mainly bought and sold on regulated exchanges (such as the Main Market of the London Stock Exchange) and their values can go down.

With smaller companies, there is an additional risk of losing money involved when shares are bought or sold. There can also be a large difference between the buying and selling price of these shares meaning that if they are sold immediately, you may get back much less than you paid for them.

Shares in companies that are incorporated in emerging markets may also be harder to buy and sell than shares in companies in more developed markets. Emerging market shares may also not be regulated as strictly.

3.6 Exchange Traded Funds (ETFs)

ETFs are open ended collective investment schemes ('CIS') that trade throughout the day like a share on the secondary market (i.e. through an exchange). Each ETF seeks to track a benchmark and holdings are not altered in rising or falling markets, so when the benchmark falls in value, the ETF will too. ETFs can be physical or synthetic. Physical ETFs are where the fund invests directly in the underlying assets that comprise the index and synthetic ETFs are where the fund gains exposure to the index by entering into a swap agreement with a counterparty.

You should ensure you read the Terms & Conditions carefully before deciding on an investment. The value of ETFs can fall as well as rise, and you could get back less than you initially invest. It is your responsibility to ensure that you fully understand the contents of the documentation provided and if in any doubt should seek professional advice. Do not trade if you do not have a full understanding of the product in question.

The risks of an ETF depend on the benchmark the ETF seeks to track (i.e. what the ETF is invested in). For example, ETFs investing in emerging markets will often be subject to higher levels of volatility than those invested in more established markets. Likewise, the price of ETFs which invest in bonds will likely change if interest rates do. ETFs that focus in specific areas, such as a specific country or sector may display greater volatility than those tracking the wider market and so are considered higher risk than more diversified ETFs. However, there are no guarantees that a particular ETF will have the same characteristics as the benchmark index and the returns will therefore vary from that the relevant benchmark.

The use of derivatives within some ETFs means that these products may not be appropriate for many investors. This is because their characteristics may differ more widely from the benchmark index and are therefore considered higher risk. When purchasing an ETF through a General Invest Account, Stocks and Shares ISA or SIPP Account, you do not have any right to the underlying instruments.

If there is no liquid market it may not be possible to trade units or shares in ETFs. If there is low liquidity in the market then you may not be able to buy or sell units at what would be considered a fair price.

Income that you receive from investing in an ETF may vary with the dividends or interest paid by the underlying investments and so could fall as well as rise.

Further details of the ETFs offered are set out in our app.

3.7 Exchange Traded Commodities

ETCs are non-Collective Investment Scheme exchange traded products and as such, are generally subject to less regulation than ETFs. This means that if you chose to invest in ETCs you might have less investor protection, So you should consider whether these are the correct investments for you. ETCs follow the price movement of an underlying asset (usually the price of a commodity) and can gain a wide range of market exposure without the cost of investing directly. ETCs can be physical or synthetic. Physical ETCs are where the fund invests directly in the underlying assets that comprise the index.

Synthetic ETCs are where the fund gains exposure to the index by entering into a swap agreement with a counterparty.

ETC characteristics can vary substantially from the underlying market to which they provide exposure. As with shares, the value of your investment can go down as well as up and you might not get back the original amount you invested. Derivative use within some ETCs means that the products may be high risk and not appropriate for many investors.

If there is no liquid market it may not be possible to trade shares in ETCs. If there is low liquidity in the market then you may not be able to buy or sell units at what would be considered a fair price.

Purchasing ETCs through a General Invest Account, Stocks and Shares ISA or SIPP Account does not give you any right to the underlying instruments.

3.8 Stocks and Shares ISA

The value of investments in a Stocks ISA can fluctuate due to market conditions, as is the case for all equity instruments. This means that the value of your assets may rise and fall, and there is a risk you may not receive back the amount that was originally invested.

Stock markets can be volatile, meaning that prices often experience significant short-term fluctuations. The value of investments can therefore be impacted, resulting in potential losses.

Some investments are less liquid, meaning they cannot be easily bought or sold without an effect on their price. As a result, it can at times be challenging to sell these investments and you can potentially sustain losses.

3.9 Cash ISA

The Cash ISA interest rate that is offered on deposits may not keep pace with inflation, meaning that the purchasing power of your savings account could decrease over time.

The Cash ISA interest rate is variable - depending on applicable law, market conditions, base rate changes and EC Markets' policy. If the interest rate decreases, the return on the amounted invested may be lower than expected.

3.10 SIPP

Additional SIPP information can be found within our SIPP Key Facts document.