

You are proposing to trade with Alpari (UK) in products that carry a high degree of risk to your capital. These investments are not suitable for all investors and you should ensure you understand all the risks and seek independent advice if necessary. Alpari (UK) is not under an obligation to assess the suitability of these products for your particular circumstances.

1. Risk Warning Notice

This Notice is provided by the Company (“we”, “us”) to the Customer (“you”, “your”). The following statements are intended to make you aware of and disclose to you the potential risk and loss in respect to trading on the financial markets.

This notice cannot disclose all the risks and other significant aspects of foreign exchange and derivative products such as futures, options, Contracts for Differences (CFDs) and Spread Betting. 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 any product is suitable for you in the light of your circumstances and financial position. Certain strategies, such as a “spread” position or a “straddle”, may be as risky as a simple Long or Short position.

Although CFDs, Spread Bets, Forex and 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:

Effect of Gearing and Leverage

1.1. Under Margin Trading conditions even small market movements may have great impact on the Customer’s Trading Account. It is important to note that all accounts trade under the effect of Leverage. The Customer must consider that if the market moves against the Customer, the Customer may sustain a total loss greater than the funds deposited. The Customer is responsible for all the risks, financial resources the Customer uses and for the chosen trading strategy.

Due to the high risk involved in margin trading you should monitor your positions at all times.

It is highly recommended that the Customer maintains a Margin Level (percentage Equity to Necessary Margin ratio which is calculated as $\text{Equity} / \text{Necessary Margin} * 100\%$) of not lower than 1,000%. It is also recommended to place Stop Loss to limit potential losses, and Take Profit to collect profits, when it is not possible for the Customer to manage the Customer’s Open Positions.

The Customer shall be responsible for all financial losses caused by the opening of the position using temporary excess Free Margin on the Trading Account gained as a result of a profitable position (cancelled by the Company afterwards) opened at an Error Quote (Spike) or at a Quote received as a result of a Manifest Error.

High volatile instruments

1.2. Some Instruments trade within wide intraday ranges with volatile price movements. Therefore, the

Customer must carefully consider that there is a high risk of losses as well as profits.

Futures

1.3. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The gearing or Leverage often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also 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. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out below.

Options

1.4. There are many different types of options with different characteristics subject to the following conditions.

Buying options:

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under futures' and contingent liability investment transactions.

Writing options:

If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as covered call options) the risk is reduced. If you do not own the underlying asset (uncovered call options) the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Contracts for Differences and Spread Bets

1.5. Investing in either a CFD or Spread Bet 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.

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 within the time required, your position may be closed at a loss and you will be liable for any resulting deficit.

When you enter into a trade, you are doing so as principal and you enter into a contract with us. These contracts can only be closed by us and are not transferrable to any other person.

Off-exchange transactions in derivatives

1.6. CFDs, Spread Bets, Forex and Precious Metals are off-exchange transactions. While some off-exchange markets are highly liquid, transactions in off-exchange or non transferable 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 the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and Ask 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.

Trading our products does not entitle you to any right to the underlying instruments or, in the case of CFDs or Spread Bets referenced to shares, to voting rights.

Gapping may occur, causing a sudden shift in the price of an underlying from one level to another. Gapping may occur when the underlying market is closed, meaning the price on the underlying market may open at a significantly different level with no opportunity for you to close any open position in-between.

Foreign markets

1.7. Foreign markets will involve different risks from the UK markets. 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 be affected by fluctuations in foreign exchange rates.

Contingent liability investment transactions

1.8. 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.

If you trade in futures, CFDs, Spread Bets or sell options, you may sustain a total loss of the funds you have deposited to open and maintain a position. If the market moves against you, you may be called upon to pay substantial additional funds 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.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

Contingent liability investment transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

Collateral

1.9. If you deposit collateral as security with the Company, 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 the 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. You should ascertain from your firm how your collateral will be dealt with.

Commissions and charges

1.10. Before you begin to trade, you should make yourself aware 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 ensure that you understand what such charges are likely to amount to. Please see our website for details.

Suspensions of trading

1.11. 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 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.

Clearing house protections

1.12. On many exchanges, the performance of a transaction by your firm (or third party with whom it is 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 your firm or another party defaults on its obligations to you. On request, the Company 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.

2. Acknowledgement

Technical risk

2.1. The Customer shall be responsible for the risks of financial losses caused by the failure of information, communication, electronic and other systems.

2.2. While trading via the Client Terminal the Customer shall be responsible for the risks of financial losses caused by:

- (a) Customer's or Company's hardware or software failure, malfunction or misuse;
- (b) poor Internet connection either on the side of the Customer or the Company or both;
- (c) the wrong settings in the Client Terminal;
- (d) delayed Client Terminal updates;

(e) the Customer disregarding the applicable rules described in the Client Terminal user guide¹.

2.3. The Customer acknowledges that at times of excessive deal flow the Customer may have some difficulties to be connected over the telephone with a Dealer, especially in a Fast Market (for example, when key macroeconomic indicators are released).

Abnormal market conditions

2.4. The Customer acknowledges that under Abnormal Market Conditions the period during which the Instructions and Requests are executed may be extended.

Trading platform

2.5. The Customer acknowledges that, with the exception of the Alpari Direct Pro trading platform, only one Request or Instruction is allowed to be in the queue at one time. Once the Customer has sent a Request or an Instruction, any further Requests or Instructions sent by the Customer are ignored and the "Order is locked" message appears until the first Request or Instruction is executed. For Alpari Direct Pro, all Instructions are processed in accordance with the Alpari Direct Pro Terms of Business.

2.6. The Customer acknowledges that the only reliable source of Quotes Flow information is that of the real/live Server's Quotes Base. Quotes Base in the Client Terminal is not a reliable source of Quotes Flow information because the connection between the Client Terminal and the Server may be disrupted at some point and some of the Quotes simply may not reach the Client Terminal.

2.7. The Customer acknowledges that when the Customer closes the order placing/modifying/deleting window or the position opening/closing window, the Instruction or Request, which has been sent to the Server, shall not be cancelled.

2.8. In case the Customer has not received the result of the execution of the previously sent Instruction but decides to repeat the Instruction, the Customer shall accept the risk of making two Transactions instead of one.

2.9. The Customer acknowledges that if the Pending Order has already been executed but the Customer sends the Instruction to modify its level and the levels of If-Done Orders at the same time, the only Instruction, which will be executed, is the Instruction to modify Stop Loss and/or Take Profit levels on the position opened when the Pending Order triggered.

Communication

2.10. The Customer shall accept the risk of any financial losses caused by the fact that the Customer has received with delay or has not received at all any notice from the Company.

2.11. The Customer acknowledges that the unencrypted information transmitted by e-mail is not protected from any unauthorised access.

2.12. The Customer is fully responsible for the risks in respect of undelivered Trading Platform internal mail

1 At the date of this document the information is displayed on http://static.alpari.co.uk/docs/alpari_uk_userguide_metatrader4.pdf

messages sent to the Customer by the Company as they are automatically deleted within 3 (three) calendar days.

2.13. The Customer is wholly responsible for the privacy of the information received from the Company and accepts the risk of any financial losses caused by the unauthorised access of the third party to the Customer's Trading Account.

Force Majeure Event

2.14. In case of a Force Majeure Event the Customer shall accept the risk of financial losses.

Alpari (UK) Limited
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