

## Risk Warning

ProSpreads Limited (ProSpreads) is authorised by The Financial Services Commission of Gibraltar (FSC). This notice is provided to you in compliance with FSC requirements because you are proposing to undertake dealings in contracts for differences in the form of bets 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 contracts for differences in the form of bets. Engaging in this type of transaction can carry a high risk. As these transactions differ markedly from normal (or "fixed odds") bets, you should not engage in this form of betting unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. The amount that you may win or lose will vary according to the extent of the fluctuations in the price of the underlying markets on which the bet is based instead of a sum pre-determinable when a normal (or "fixed odds") bet is placed.

Spread betting trading typically requires the deposit of a small percentage of the total trade value. As the financial outcome is determined by the price movement on the total trade value, profits and losses can exceed the initial deposit. Make sure you fully understand the risks involved, and take advice if necessary. Spread betting may not be suitable for all customers.

You should also be aware that ProSpreads deems you to possess the experience, knowledge and expertise to make your own investment decisions and properly assess the risks they incur.

Prior to applying for an account you should consider carefully whether spread betting is suitable for you in the light of your circumstances and financial resources. In considering whether to engage in this form of betting, 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 margining system applicable to such bets, which generally involves a comparatively modest deposit or margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your bet. 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.

- You may be called upon to deposit substantial additional margin, at short notice, to maintain your bet. If you do not provide such additional funds within the time required, your bet may be closed at a loss and you will be liable for any resulting deficit.
- Such transactions will not be undertaken on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. The betting structure and betting rules will be established solely by the counterparty. You will only be able to close an open bet of any given contract during the opening hours of ProSpreads, which are detailed in this website. You will have to close any bet with the same counterparty with whom it was originally entered into.
- Where entering into such transactions, ProSpreads must do so under a two-way Customer Agreement and documents incorporated by reference therein) pursuant to the FSC Conduct of Business rules. You should satisfy yourself that dealing is conducted throughout in strict conformity with that Customer Agreement and report to the FSC if you have reason to believe it is not.
- ProSpreads will not provide you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimised.
- ProSpreads is required to hold your money in an account that is segregated from other clients in accordance with the regulations of FSC, but this may not afford complete protection.
- Before you can be accepted as a client, you must acknowledge by signature the declaration on the application form that you have been given written notice by ProSpreads that any spread bet investments you make with the company are not covered by the Gibraltar Investors Compensation Scheme.
- If you have reason to believe that ProSpreads is not acting in accordance with representations that it has made to you, the terms of your Customer Agreement or the rules of the FSC, you should report it in writing to the Compliance Officer, ProSpreads Limited, 3rd Floor, Leisure Island Business Centre, Ocean Village, Gibraltar. If you have not received a satisfactory written reply within 10 working days of our receipt of your complaint, you should report the matter to the Financial Services Commission, PO BOX 940, Suite 943, Europort, Gibraltar, telephone number +350 20040284.

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