



Risk Disclosure Notice

You are considering dealing with IG Markets Limited (“we”, “our”, “us”) in Contracts for Difference (“CFDs”) and Rolling Spot Forex (“RSF”). CFDs and RSF are high risk investments, which are not suitable for many members of the public.

This notice provides you with information about the risks associated with CFDs and RSF, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in any doubt you should seek professional advice. It is important that you fully understand the risks involved before making a decision to enter into a trading relationship with us.

If you choose to enter into a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully.

Gearing and Leverage

Before you open a CFD or RSF trade with us we will generally require you to lodge money with us as Margin. Margin will usually be a relatively modest proportion of the overall contract value, 10% of the contract value, for example. This means that you will be trading using ‘leverage’ or ‘gearing’ and this can work for or against you; a small price movement in your favour can result in a high return on the Margin placed for the trade, but a small price movement against you may result in substantial losses.

At all times during which you have open trades, you must ensure that your account balance, taking into account all running profits and losses, is equal to at least the total Margin that we require you to have paid us. Therefore, if our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you do not do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.

You should also be aware that under our customer agreement we are 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 trades.

Unless you have taken steps to place an absolute limit on your losses (for example, by entering into a Limited Risk transaction) it is possible for adverse market movements to result in the loss of the whole of your Margin and more, so that you owe additional money to us. We offer a range of risk management tools to help you to manage this risk.

Need to monitor positions

Because of the effect of gearing and therefore the speed at which profits or losses can be incurred it is important that you monitor your positions closely. It is your responsibility to monitor your trades and while you have open trades you should always be in a position to do so.

CFDs and RSF are over-the-counter (OTC) derivatives

Our CFDs and RSF trades are not made on any exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our customer agreement and with our order execution policy. Each CFD and RSF trade that you open through our trading service (including where you have opened your CFD or RSF trade via our DMA platform) results in you entering a contract with us; these contracts can only be closed with us and are not transferrable to any other person.

This means that you may be exposed to the risk of our default. In this unlikely event, we are members of the Financial Services Compensation Scheme which, in respect of proven and eligible claims, provides protection of 100% of the first £30,000 and 90% of the next £20,000 - a maximum of £48,000 – rising on 1 January 2010 to cover the first £50,000 of any claim.

No right to the underlying

Our CFDs and RSF trades do not provide any right to the underlying instruments or, in the case of CFDs referenced to shares, to voting rights.

No advice

Unless agreed separately in writing, we do not provide investment advice relating to investments or possible transactions in investments. We are permitted to provide factual market information and information about transaction procedures, potential risks involved and how those risks may be minimized, but, any decisions made must be yours.

Appropriateness

Before opening an account for you, we are required to make an assessment whether it is appropriate for you, and to warn you if, on the basis of the information you provide to us, it is not appropriate. Any

decision whether or not to open an account, and on whether or not you understand the risks is yours.

We may also ask you for information about your financial assets and earnings. 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. It is up to you to assess whether your financial resources are adequate and what level of risk to take.

Range of markets

We offer CFDs on a wide range of underlying markets and instruments. Our prices are derived from the underlying markets but the details of our CFDs can vary substantially from those of the actual underlying market or instrument. Full details of our CFDs are set out in the Contract Details, including: contract size; our Margin levels, contract settlement, currency details.

Fluctuations in the Underlying Market

CFDs and RSF are financial instruments that allow you to speculate on price movements in underlying markets. Although the prices at which you trade CFDs and RSF are set by us, our prices are derived from the underlying market. It is important therefore that you understand the risks associated with trading in the relevant underlying market because fluctuations in the price of the underlying market will effect the profitability of your trade. Some such risks include:

currency: if you trade in a market other than your base currency market, currency exchange fluctuations will impact your profits and losses;

volatility: movements in the price of underlying markets can be volatile and unpredictable. This will have a direct impact on your profits and losses. Knowing the volatility of an underlying market will help guide you as to where any Stops should be placed.

gapping: 'gapping,' is a sudden shift in the price of an underlying from one level to another. Various factors can lead to gapping (for example, economic events or market announcements) and gapping can occur both when the underlying market is open and when it is closed. When these factors occur when the underlying market is closed, the price of the underlying market when it reopens (and therefore our derived price) can be markedly different from the closing price, with no opportunity to close your trade in-between. 'Gapping' can result in a significant loss (or profit). A Non-guaranteed Stop will not protect you against this risk whereas a Guaranteed Stop will protect you against the market gapping.

Market liquidity: In setting our prices, spreads and the sizes in which we will deal we take account of the market or markets for the relevant underlying instruments. Market conditions can change significantly in a very short period of time, so that if you wish to close a contract we might not be able to do so under the same terms as when you opened it.

Costs and Charges

Our costs and charges will be provided to you or set out on our website. Please be aware of all costs and charges that apply to you, because such costs and charges will affect your profitability.

Non-guaranteed Stops

When a Non-guaranteed Stop is triggered it has the effect of issuing an order by you to close your position. It is therefore not closed immediately when the stop is triggered. We aim to deal with such orders fairly and promptly but the time taken to fill the order and level at which the order is filled depends upon the underlying market. In fast-moving markets 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 we fill it.

Corporate actions

We do not aim to make a profit from our clients from the outcome of corporate actions such as rights issues, takeovers and mergers, share distributions or consolidations, and open offers. We aim to reflect the treatment we receive, or, would receive were we hedging our exposure to you. However, the treatment you receive may be less advantageous than if you owned the underlying instrument, we may have to ask you to make a decision on a corporate action earlier than if you owned the underlying, or, the options we make available to you might be more restricted and less advantageous than if you owned the underlying.

Electronic Communications

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