Risk Disclosure Notice

INTRODUCTION

It is important that as a potential customer that you understand the key risks related to opening an account and trading with, ATC BROKERS LIMITED ("ATC"). This document sets out the key risks to which you may be exposed as a client of ATC when depositing money with the firm and proceeding to execute trades with ATC.

Agreeing to execute and accept ATC's Customer Agreement, this creates a binding contractual relationship between you and ATC. Breach by you of the Customer Agreement may have legal consequences, including, without limitation, that you may become the subject of legal action for breach of contract.

RISK OF LOSS

Trading with ATC involves considerable risk and can result in the loss of some or all of your funds deposited. If you are categorised as a Retail Client, your aggregate liability for all CFDs connected to your Account is limited to the funds invested in your Account. If you are categorised as a Professional Client, you can lose more than the amount invested (such excess loss, the "Shortfall") and you will be required to repay the Shortfall immediately to ATC. The Shortfall could be a substantial amount relative to the size of your initial deposit or the equity in your account, and it could even be multiples of any such amounts. We cannot specify a maximum amount for the loss that you may suffer.

You should only invest funds which you are prepared to risk or lose and the loss of the funds should not have a material impact on your financial circumstances. You should also have additional funds available in case you are liable to make a payment of a Shortfall at any time to ATC.

MARGIN CALLS

If you maintain trade positions in your trading account which exceed your Margin Limit due to adverse movements in your trading positions, you will be required to deposit additional funds immediately in your Account. If you do not do this, some or all of the positions will be closed at ATC's discretion, in order to bring your trade exposures within the Margin Limit.

APPROPRIATENESS

When we take you on as a client, we provide an appropriateness assessment and a recommendation whether trading with ATC is suitable and appropriate for your particular circumstances. We do this by asking you questions concerning your trading history, financial knowledge and experience, and financial resources. Despite this process and the ensuing recommendation, you may still lose money by trading with ATC and you should not regard this appropriateness assessment as a substitute for a disciplined and considered approach to your trading and personal responsibility for your education and appropriate risk-management which may permit you to be successful as a trader.

EFFECT OF LEVERAGE

Trading Foreign Exchange and Contracts for Difference involves the use of "leverage" or "gearing". This means that you can, with use of a small deposit, known as the "margin", place a trade controlling a substantially higher notional value, up to 200 times the size of the margin used for an individual trade. When market prices move, "leverage" has the effect of the change in the value of the trade being magnified or accelerated, relative to other forms of investment activities with which you may be familiar (e.g., when you buy shares or units in funds/ collective investment schemes). As such, small changes in the value of the underlying instruments you are trading may have a large negative impact on the value of your trading account. You may also understand this concept in theory, but there is no substitute for actually seeing how leverage works in practice to see if you are comfortable with this form of trading. It is your responsibility to monitor your positions closely and while you have open contracts you should always be in a position to do so.

MARKET RISKS

All markets can be subject to considerable movements caused by many different reasons. By way of example only, in the Foreign Exchange context, large or extreme price movements can occur due to any country's Central Bank market interventionist measures or the impact of unexpected interest rate decisions; so-called "flash crashes"; other market moving events such as Non-farm payrolls announcements or political or budgetary statements by competent authorities and/or governments. Consequently, prudent traders set stop losses when placing trades to limit their potential losses, but it is important to understand that stop losses are not guaranteed risk-management tools and will not work in certain situations, including but not limited to, the following:

- **Gapping**: The price of an underlying instrument may move by a large amount and there may be no liquidity providers quoting prices at all within a given range around the applicable underlying instrument's spot price (just prior to the market movement) in which case your stop loss will not be filled at the requested level. If this happens, the stop loss will only be honoured on the first available closest quoted price in the market.

- **Currency**: If you trade in a market other than your base currency market, currency exchange fluctuations will impact your profits and losses.

- **Insufficient liquidity**: A stop loss may not be honoured if no market quote exists in the desired amount for a requested stop loss transaction size. An example of this occurs when trying to risk manage a large position for a less liquid currency pair. As above, your stop loss will not be filled at the requested level. If this happens, the stop loss will be honoured on the first available quoted price in the market.

EXECUTION & LIQUIDITY RISKS

Your market order for instant execution may be rejected for several reasons including, without limitation, system latency (the speed of trade execution), volatile market conditions / insufficient liquidity; incorrect order placing by you; or other forces outside of ATC's control (see Force Majeure). Stop and Limit orders may be gapped and filled at the first available market price, thereby reducing their effectiveness from time to time.

CREDIT & SYSTEMIC RISKS

ATC transacts with third party banking institutions to hold client money. The insolvency of any of these third party entities may cause the insolvency of ATC may delay the return of client moneys to you. Note however that ATC attaches the greatest importance to client money protection and has taken steps to protect client funds. [In general, individual and small company clients of ATC, being a UK designated investment business, should benefit from protection of up to £85,000 per individual client (and up to £170,000 for joint accounts) for cash deposits from the Financial Services Compensation Scheme in the event of a client money shortfall due to ATC's insolvency or winding up.]† ATC is also required to hold a statutory amount of regulatory capital as a financial buffer to mitigate the adverse financial effects of its insolvency and/or winding up on its clients.

In some instances, the rules applicable to a market on which an underlying product is traded may grant wide powers to clearing houses or other bodies, organisations and companies which, if exercised, might adversely impact upon your positions or your ability to carry out transactions.

ATC RISK MANAGEMENT CHANGES

ATC may be required at any time and without notice to amend the terms on which certain instruments may be traded or traded at all to protect the firm against over-concentration of risk. For example, initial or variation margin may be increased, certain underlying instruments may become prohibited at all or your account's Margin Limit may be increased. When this happens, clients shall be notified in writing and this may result in you being required to close some or all of your open positions, possibly at a loss.

REGULATORY RISK

Competent authorities may prohibit certain transactions outright or otherwise bans on specific trade positions. Regulatory bodies may exercise their statutory discretion to compel the firm to cease trading which will result in your positions being closed or alternatively, you and/or the firm may be prevented from closing or risk managing your position or the firm may even be prevented from notifying you that such events have taken place for a given period of time. You are likely to suffer loss in any of these situations.

Competent authorities may also impose increasingly onerous compliance & reporting obligations, licensing fee, regulatory capital or other operational requirements on the firm which may, in severe circumstances, result in the firm ceasing to trade. The firm takes a prudent approach to its liquidity and capital requirements to mitigate this risk.

TECHNOLOGY RISK & FORCE MAJEURE

If the firm's own technology or that of its liquidity counterparty or any third party infrastructure on which its operations are dependent, including, without limitation, its data centre servers or commercial broadband as well as back-up providers or systems for essential infrastructure, suffers a fault for whatever reason, you may suffer loss as a result.

If an extraordinary event outside the control of you or the firm occurs, known as an Act of God or force majeure event, which includes, without limitation, war, strike, riot, crime, hurricane, flooding, earthquake, volcanic eruption, which prevents the firm from fulfilling its contractual obligations to you (each, a "Force

Majeure Event”), your positions may be closed or may be unable to be managed for a period of time. You may suffer loss as a result of a Force Majeure Event occurring.

Trading online has a number of risks associated with it.

EXECUTION ONLY / NO ADVICE OR FIDUCIARY RELATIONSHIP

Clients of ATC are self-directed investors executing on an execution-only basis. This means that the firm is not your advisor or acting in any fiduciary capacity for you. You are responsible for the trades you place, how you monitor the trades and any losses that result from this activity. As set out in the Customer Agreement, the firm shall not be liable for any losses you incur due to the results of your trading activities.

NATURE OF TRANSACTIONS & PRICING – SYNTHETIC OTC DERIVATIVES / NO OWNERSHIP INTEREST IN ANY UNDERLYING INSTRUMENTS

All transactions you execute with ATC are synthetic derivative transactions. This means that you have no ownership interest whatsoever in any underlying instrument you are trading. Your rights are contractual only to receive any profit owed to you and your obligations are to pay any losses you incur as a result of your contractual relationship with ATC.

This type of contractual relationship is known as an “over-the-counter” or “OTC” contractual relationship which means that you have a private contractual with ATC only. The prices quoted to you reflect the prices which ATC receives from its liquidity counterparty and the underlying market liquidity providers. The prices are not quoted on any stock or derivatives exchange and therefore will be different from any other provider of equivalent derivative instruments.

Whilst ATC will provide best-execution for its client transactions, you have no guarantee that your quoted prices will be the best-available market prices at any time.

TAX CONSEQUENCES

Trading with ATC may have tax consequences for you in the jurisdictions in which you pay tax. ATC does not provide any tax advice; you are responsible for all and any tax consequences of your trading activities with ATC.

MARKET EVENTS & CORPORATE ACTIONS

Other than third-party information sources which ATC may provide from time to time (such as market event calendars) and without any liability for having done so, ATC will not advise you that any significant market news is pending or has occurred, nor will ATC convey any corporate actions or other notifications from underlying single stocks, including, without limitation, any information concerning rights issues, dividends, share splits, mergers, etc.

†Refer to www.fscs.org.uk for further information as detailed rules apply.