

OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS INVOLVE THE LEVERAGED TRADING OF CONTRACTS DENOMINATED IN FOREIGN CURRENCY CONDUCTED WITH A FUTURES COMMISSION MERCHANT OR A RETAIL FOREIGN EXCHANGE DEALER AS YOUR COUNTERPARTY. BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR SUCH TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT.

YOU SHOULD BE AWARE OF AND CAREFULLY CONSIDER THE FOLLOWING POINTS BEFORE DETERMINING WHETHER SUCH TRADING IS APPROPRIATE FOR YOU.

**1. TRADING IS NOT ON A REGULATED MARKET OR EXCHANGE – YOUR DEALER IS YOUR TRADING PARTNER WHICH IS A DIRECT CONFLICT OF INTEREST. BEFORE YOU ENGAGE IN ANY RETAIL FOREIGN EXCHANGE TRADING, YOU SHOULD CONFIRM THE REGISTRATION STATUS OF YOUR COUNTERPARTY**

The off-exchange foreign currency trading you are entering into is not conducted on an interbank market, nor is it conducted on a futures exchange subject to regulation as a designated contract market by the Commodity Futures Trading Commission. The foreign currency trades you transact are trades with the futures commission merchant or retail foreign exchange dealer as your counterparty. WHEN YOU SELL, THE DEALER IS THE BUYER. WHEN YOU BUY, THE DEALER IS THE SELLER. As a result, when you lose money trading, your dealer is making money on such trades, in addition to any fees, commissions, or spreads the dealer may charge.

**2. AN ELECTRONIC TRADING PLATFORM FOR RETAIL FOREIGN CURRENCY TRANSACTIONS IS NOT AN EXCHANGE. IT IS AN ELECTRONIC CONNECTION FOR ACCESSING YOUR DEALER. THE TERMS OF AVAILABILITY OF SUCH A PLATFORM ARE GOVERNED ONLY BY YOUR CONTRACT WITH YOUR DEALER**

Any trading platform that you may use to enter off-exchange foreign currency transactions is only connected to your futures commission merchant or retail foreign exchange dealer. You are accessing that trading platform only to transact with your dealer. You are not trading with any other entities or customers of the dealer by accessing such platform. The availability and operation of any such platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your account agreement with the dealer.

**3. YOUR DEPOSITS WITH THE DEALER HAVE NO REGULATORY PROTECTIONS**

All of your rights associated with your retail forex trading, including the manner and denomination of any payments made to you, are governed by the contract terms established in your account agreement with the futures commission merchant or retail foreign exchange dealer. Funds deposited by you with a futures commission merchant or retail foreign exchange dealer for trading off-exchange foreign currency transactions are not subject to the customer funds protections provided to customers trading on a contract market that is designated by the Commodity Futures Trading Commission.

Your dealer may commingle your funds with its own operating funds or use them for other purposes. In the event your dealer becomes bankrupt, any funds the dealer is holding for you in addition to any amounts owed to you resulting from trading, whether or not any assets are maintained in separate deposit accounts by the dealer, may be treated as an unsecured creditor's claim.

**4. YOU ARE LIMITED TO YOUR DEALER TO OFFSET OR LIQUIDATE ANY TRADING POSITIONS SINCE THE TRANSACTIONS ARE NOT MADE ON AN EXCHANGE OR MARKET, AND YOUR DEALER MAY SET ITS OWN PRICES**

Your ability to close your transactions or offset positions is limited to what your dealer will offer to you, as there is no other market for these transactions. Your dealer may offer any prices it wishes, and it may offer prices derived from outside sources or not in its discretion. Your dealer may establish its prices by offering spreads from third party prices, but it is under no obligation to do so or to continue to do so. Your dealer may offer different prices to different customers at any point in time on its own terms. The terms of your account agreement alone govern the obligations your dealer has to you to offer prices and offer offset or liquidating transactions in your account and make any payments to you. The prices offered by your dealer may or may not reflect prices available elsewhere at any exchange, interbank, or other market for foreign currency.

**5. PAID SOLICITORS MAY HAVE UNDISCLOSED CONFLICTS**

The futures commission merchant or retail foreign exchange dealer may compensate introducing brokers for introducing your account in ways which are not disclosed to you. Such paid solicitors are not required to have, and may not have, any special expertise in trading, and may have conflicts of interest based on the method by which they are compensated. Solicitors working on behalf of futures commission merchants and retail foreign exchange dealers are required to register. You should confirm that they are, in fact registered. You should thoroughly investigate the manner in which all such solicitors are compensated and be very cautious in granting any person or entity authority to trade on your behalf. You should always consider obtaining dated written confirmation of any information you are relying on from your dealer or a solicitor in making any trading or account decisions.

## 6. TRANSACTIONS IN FOREIGN EXCHANGE OPTIONS ARE HIGH RISK

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Not all options strategies may be suitable for you and some options strategies may expose you to very significant potential losses. You should calculate the extent to which the value of the options must change for your position to become profitable, taking into account the premium and all transaction costs.

All options we offer are cash settled and cannot result in physical delivery. They are European style options which can be closed out at any point up until the last trading time that the contract is available for trading. The price of an option will vary based on, among other factors, the difference between the strike price and the current spot price, the volatility of the underlying market and time to expiry.

WHEN YOU SELL AN OPTION, THE DEALER IS THE BUYER. WHEN YOU BUY AN OPTION, THE DEALER IS THE SELLER. A retail foreign exchange dealer's quotation for an option may reflect their own expectations for future changes in volatility or other factors and can differ greatly from equivalent contracts traded between other parties.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results in a cash settlement. If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ('writing' or 'granting') an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the premium. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to settle the option in cash. If the option is 'covered' by the seller holding a corresponding position in the underlying instrument or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

You can download a copy of the Characteristics & Risks of Standardized Options from the OCC at <https://www.theocc.com/about/publications/character-risks.jsp>

Exotic options expose the purchaser or seller to greater complexity and additional risks over standard options. A knock-out option is an exotic option where the payoff depends on whether the underlying contract has reached or exceeded a predetermined price. The purchaser is exposed to the risk that the option is immediately exercised at zero if the underlying contract is bid (in the case of calls) or offered (in the case of puts) at or beyond the option's knock-out level. This would result in the purchaser suffering a total loss of their investment, consisting of the option premium plus transaction costs.

Before trading any option, you should ensure that you have understood the specific risks and contract terms applicable to each type of option you wish to trade. Options contracts may not be available for trading during the same hours as the underlying spot market.

## 7. CURRENCY RISKS

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

## 8. COMMISSIONS AND OTHER CHARGES

Before you begin to trade, you should obtain a clear explanation of all commissions, fees, and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

## 9. PERFORMANCE OF NON-DISCRETIONARY RETAIL FOREX CUSTOMER ACCOUNTS

For the calendar quarter ending March 31, 2021, there were 9,101 active non-discretionary trading accounts of which 27% were profitable and 73% unprofitable.

For the calendar quarter ending June 30, 2021, there were 8,888 active non-discretionary trading accounts of which 31% were profitable and 69% unprofitable.

For the calendar quarter ending September 30, 2021, there were 8,457 active non-discretionary trading accounts of which 31% were profitable and 69% were unprofitable.

For the calendar quarter ending in December 31, 2021, there were 8,095 active non-discretionary trading accounts of which 27% were profitable and 73% were unprofitable.

For the calendar quarter ending March 31, 2022, there were 7,401 active non-discretionary trading accounts of which 29% were profitable and 71% were unprofitable.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

FINALLY, YOU SHOULD THOROUGHLY INVESTIGATE ANY STATEMENTS BY ANY DEALERS OR SALES REPRESENTATIVES WHICH MINIMIZE THE IMPORTANCE OF, OR CONTRADICT, ANY OF THE TERMS OF THIS RISK DISCLOSURE. SUCH STATEMENTS MAY INDICATE POTENTIAL SALES FRAUD.

THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF TRADING OFF-EXCHANGE

## ADDITIONAL RISK DISCLOSURE STATEMENT

FOREIGN CURRENCY TRADING IS HIGHLY SPECULATIVE AND RISKY. IT IS ONLY SUITABLE FOR THOSE CUSTOMERS WHO UNDERSTAND, AND ARE WILLING TO TAKE ON, THE FINANCIAL AND OTHER RISKS INVOLVED, AND WHO HAVE THE RESOURCES OR ASSETS TO WITHSTAND LOSSES THAT MAY BE SIGNIFICANTLY GREATER THAN ANY MARGIN OR DEPOSITS YOU HAVE MADE.

YOU SHOULD SEEK INDEPENDENT ADVICE ABOUT THE RISKS INVOLVED IF YOU ARE UNSURE WHETHER FOREIGN CURRENCY TRADING IS SUITABLE FOR YOU.

You represent, warrant and agree that you understand these risks; that you are willing and able, financially and otherwise, to assume the risks of trading foreign currency and that loss of all your funds deposited with IG will not significantly impact your lifestyle or financial situation.

The high leverage associated with trading foreign currency can result in significant losses due to price changes, especially during periods of volatility in the underlying market. IG's margin policies may require that additional funds be provided immediately without prior notification. Failure to maintain the required margin amounts may

FOREX IS AN OVER THE COUNTER (OTC) MARKET, MEANING THE FOREIGN CURRENCY TRADING YOU ARE ENTERING INTO IS NOT