

## Risk Warning Notice

This is the Risk Warning Notice of London Capital Group Ltd (LCG).

This notice is provided to you in compliance with the Financial Conduct Authority's (FCA) requirements because you are proposing to undertake dealings in financial instruments in the form of Spread Bets and/or CFDs with LCG. The purpose of this notice is to help you understand the nature and risks of our products and services, however, this notice does not and cannot disclose or explain all of the risks and other significant aspects involved in dealing in such products. You should take sufficient time to read all the relevant information provided to you, including this Risk Warning Notice, our Terms and Conditions, Order Execution Policy and the information on our website and platforms.

### Investment products

Engaging in investment products such as Spread Bets and/or CFDs (in this notice referred to as "Transactions") carries a high risk to your capital as prices may move rapidly against you. 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 and your losses could exceed your initial deposit. If you are in any doubt you should seek independent professional advice.

The purpose of these Transactions is to secure a profit or avoid a loss by reference to fluctuations in the price of the underlying market. In the context of our activities, the underlying instrument may be a single security, a basket of securities, a securities Index, an exchange rate between two currencies, a treasury product, a bullion, a commodity or such other investment as we may from time to time agree in writing.

It is an express term of each Transaction that:

- neither party acquires any interest in or right to acquire or is obliged to sell, purchase, hold, deliver or receive the underlying instrument; neither party acquires any voting rights in relation to the underlying instrument; and
- that the rights and obligations of each party under the Transaction are principally to make and receive such related payments.

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. You should ensure you monitor your positions closely and always have access to our platforms when you have open positions or pending orders.

### Costs and charges

Before you enter into a Transaction you should make sure you have read and understood our costs and charges. Our costs and charges can be found on our website.

### Appropriateness

For many members of the public, these Transactions are not suitable. You should, therefore, consider carefully whether they are suitable for you in the light of your circumstances and financial resources and investment objectives. In considering whether to engage in this form of investing, you should be aware of the high degree of "gearing" or "leverage" associated

with these types of investment products. 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.

Although our platforms have features that are designed to help minimise your risk of loss, none of these are guaranteed and you should not rely on them.

Before we open an account for you, we will make an assessment of whether you have sufficient knowledge and experience to understand the risks involved in spread betting and/or CFD trading based on the information you provide to us. We will inform you if as a result of our assessment we consider that our products and services may not be appropriate for you. If we give you such a warning you should then refrain from trading with us. If you nonetheless wish to trade with us, you should use the demo account to acquaint yourself with our products and fully understand the risks involved.

### **Not Advice**

We provide our services on an execution only basis. We do not provide investment, tax, legal, regulatory or financial advice. Any information we provide to you is purely factual and does not take into account your personal circumstances (for example your available funds and risk appetite). We may give you 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. Any decision to use our products is solely your decision, therefore you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, financial, legal, regulatory, tax or similar matter before dealing with us.

### **OTC products**

Transactions with LCG are not transacted on a recognised or designated investment exchange, they are an off –exchange, or “over-the-counter” (OTC) derivative which is non-transferable. This means you enter into Transactions directly with us and that those Transactions can only be closed with us. Accordingly, they may expose you to greater risks than exchange transactions because your ability to open and close Transactions is solely dependent on our platforms being able to accept orders from you and to execute them. For example, if you wish to close the position earlier than the time at which it would otherwise automatically expire, you will have to close it at LCG’s quotation which may reflect a premium or discount to the Underlying Market. When the Underlying Market is closed, LCG’s quotation can be influenced by the weight of other client’s buying or selling with LCG. You will have to close any position with the same provider with whom it was originally entered into.

All Transactions are legally binding and enforceable by both parties.

## Gapping

Gapping (or Slippage) refers to an occurrence whereby the market moves past a Stop Loss level. This may be because the particular underlying market has become unusually volatile for a period of time. In such instances the underlying market may have stopped trading and may only recommence trading at a price below a Stop Loss level. Where this happens a Stop Loss may not be effective and the Position will be closed at the current LCG Quote. Accordingly, where you have an open Position in a volatile market environment you must understand the potential impact of Gapping.

Foreign and emerging markets will involve different risks from UK markets. In some cases risks will be greater for example where those markets are less well supervised, have greater or more rapid market fluctuations or when those markets are less liquid. The potential for profit or loss from transactions on foreign and emerging markets or in foreign currency denominated markets will also be affected by fluctuations in foreign exchange rates.

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 trading is restricted or suspended.

## We cannot guarantee protection of your money

LCG is required to hold your money in segregated trust accounts in accordance with the regulations of FCA, but this may not afford complete protection, for example if the bank that we use becomes insolvent. If you deposit collateral as security with LCG, you should ascertain from LCG how your collateral will be dealt with.

## Financial Services Compensation Scheme

Your business with LCG may be covered by the Financial Services Compensation Scheme ("FSCS" or the "Scheme"). In the event that LCG were to become insolvent all client money held in the third party client money bank account would be protected. In the event that the third party bank was to become insolvent you may be entitled to compensation from the Scheme if the third party bank were unable to meet their obligations. This depends on the type of business you undertake, your status, and the circumstances of the claim. Most types of investment business are covered for up to £50,000 (which is the maximum level of compensation). Further information about compensation arrangements is available from the FSCS.

You can contact the FSCS by writing to them at 10<sup>th</sup> Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU, or by emailing them at the email address provided on the Financial Services Compensation Scheme website at [www.fscs.org.uk](http://www.fscs.org.uk).

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