InteractiveBrokers

RISK DISCLOSURE STATEMENT FOR TRADING CFDs AND FOREIGN CURRENCIES ("FOREX") WITH INTERACTIVE BROKERS IRELAND LIMITED ("IBIE") FOR PROFESSIONAL CLIENTS

This Risk Disclosure Statement is provided to you in compliance with requirements under MiFID II. It provides a general description of the nature and risks of trading CFDs and Forex with IBIE.

This Risk Disclosure Statement does not disclose all of the risks and significant aspects of trading CFDs and Forex. However, it is designed to give you an understanding of the major risks that you need to consider. You should not engage in trading CFDs and Forex with IBIE unless you understand their nature and the extent of your exposure to risks.

The value of financial instruments may fall as well as rise. When investing in financial instruments, there is a risk that you may lose some or all of your original investment. You should consider whether investing in financial instruments is suitable for you in light of your individual circumstances and taking account of your investment objectives, experience and financial position.

A. Introduction: IBIE may offer trading in Contracts for Differences ("**CFDs**") on shares, indexes, foreign currencies and/or other Underlying Products. IB IE may also offer spot trading of foreign currencies, ("**Spot Forex**") including on a leveraged basis (in this document, Spot Forex and foreign currency CFDs collectively are referred to as "**Forex**"). This document describes the characteristics and risks of trading CFDs and Forex.

B. **CFDs:**

1. **Trading Of CFDs Is Risky And You May Lose:** CFD trading is highly risky due to the speculative and volatile markets in these products and the leverage involved. Trading these products may result in loss of funds greater than you deposited in the account. You must carefully consider

your financial circumstances and risk tolerance before trading CFDs, and you should not trade CFDs unless you are an experienced investor with a high-risk tolerance and the capability to sustain losses if they occur. Trading shares of stock or exchange-traded funds without using margin is less risky than trading leveraged CFDs on shares or indexes.

2. **No Investment, Tax Or Trading Advice:** IBIE does not provide investment, tax or trading advice. Our service is "execution only", meaning we are only acting on your instructions and will not advise you on any transaction, nor will we monitor your trading decisions to determine if they are appropriate for you or to help you avoid losses. You should obtain your own financial, legal, taxation and other professional advice as to whether CFDs are an appropriate investment for you.

3. **CFDs Are Not Traded On A Regulated Exchange And Are Not Cleared On A Central Clearinghouse:** CFDs are contracts with IBIE as your counterparty, and are not traded on a regulated exchange and are not cleared on a central clearinghouse. Thus, exchange and clearinghouse rules and protections do not apply to trading CFDs with IBIE.

4. **You Are Subject To Counterparty Credit Risk On CFD Trades:** Since IBIE is the counterparty to your CFD trades, you are exposed to the financial and business risks, including credit risk, associated with dealing with IBIE. That is, in the unlikely event that IBIE were to become insolvent, it may be unable to meet its obligations to you.

5. **CFDs Do Not Give You Any Rights In The Underlying Product:** A CFD is to secure a profit or avoid a loss by reference to fluctuations in the price of the Underlying Product, rather than by taking delivery of any Underlying Product. No CFD transaction shall confer on you any right, voting right, title or interest in any Underlying Product or entitle or oblige you to acquire, receive, hold, vote, deliver, dispose of or participate directly in any corporate action of any Underlying Product.

6. **CFD Markets Are Diverse, Speculative And Volatile:** We may offer CFDs on a range of Underlying Product Types (e.g., shares, indexes and currency pairs) and each of the Underlying Product Types has risks that are specific to that type, for example with regard to the range and speed of price fluctuations and market liquidity. You should make sure you understand the specific risks of the Underlying Product Type before you trade the related CFDs. Derivative markets such as markets for CFDs can be highly volatile. The prices of CFDs may fluctuate rapidly and over wide ranges and will be influenced by, among other things, the market price of the Underlying Product of the CFD, the earnings and performance of the company or companies whose shares comprise the Underlying Product or a related index (for CFDs on shares and indexes), the performance of the economy as a whole, the changing supply and demand relationships for

the Underlying Product or related instruments and indexes, governmental, commercial and trade programs and policies, interest rates, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

7. **Example of Leverage and Margin Losses on CFDs:** Using leverage or margin means that you may lose more than you have actually deposited in your account if the price of the CFD moves significantly against you. For example, if you purchase a CFD position on shares of ABC and the total value of the CFD position is EUR 50,000, and if the Margin Requirement is 20%, you will be required to deposit EUR 10,000 as margin. If the value of the CFD position in ABC then drops to EUR 35,000, you will have lost your original EUR 10,000 deposit, plus an additional EUR 5,000, which you will be required to pay to IBIE (this excludes commissions, spreads and financing costs). Margin Requirements can vary significantly by Underlying Product Type, and by the specific Underlying Instrument. IBIE determines Margin Requirements in its absolute discretion based on the historical volatility of the Underlying Product Type and Instrument and other factors.
   Historical volatility cannot be relied upon to accurately predict future volatility and you face the risk of losing your deposit, or more than your deposit, regardless of the level of margin requirement.

8. **IBIE Has the Right to Liquidate Your Positions Without Notice In the Event of a Margin Deficiency:** You must monitor your account so that at all times the account contains sufficient equity to meet IBIE's Margin Requirements. IBIE does not have to notify you of any failure to meet Margin Requirements prior to IBIE exercising its rights under its Customer Agreement with you, including but not limited to its right to liquidate positions in your account(s). Unlike the practice of some other brokers and dealers who allow "grace periods" for margin compliance, IBIE generally will not issue margin calls; generally will not allow a grace period for you to meet intraday or other margin deficiencies; and is authorised to liquidate account positions immediately in order to satisfy Margin Requirements, without prior notice. You cannot assume that IBIE's general policy to liquidate positions with a margin deficiency will prevent you from losing more than you have deposited with IBIE. Among other things, markets may "gap" or lose liquidity and IBIE may not be able to close out a position at a price that would avoid losses greater than your margin deposit. Likewise, IBIE may in its sole discretion delay or decide not to liquidate a position with a margin deficit. If you wish to avoid further losses on any CFD position, you must close out the position yourself and you must not rely on IBIE to do so.

9. **IBIE Has the Right to Change or Increase Its Margin Requirements At Any Time:** In order to protect IBIE and all of our clients, IBIE may modify Margin Requirements for any or all clients for any open or new positions at

any time, in IBIE's sole discretion. If we increase our margin requirements, it may prevent you from adding positions or hedging existing positions if you have insufficient equity. If margin requirements increase on your existing CFDs, you will have to deposit additional equity in advance or your positions may be liquidated as described above.

10. **CFDs Carry Liquidity Risk:** IBIE is not obligated to provide quotes for any CFD at any time, and IBIE does not guarantee the continuous availability of quotations or trading for any CFD. IBIE may in its sole discretion cease quoting CFDs and/or cease entering new CFD transactions at any time based on lack of market data, halts or suspensions or errors or illiquidity or volatility in the market for the Underlying Product, IBIE's own risk or profit parameters, technical errors, communication problems, market or political or economic or governmental events, Acts of God or Nature, or for other reasons.

11. **You Will Pay Commissions, Spreads And Financing Charges Among Other Costs Of Trading CFDs:** IBIE will charge commissions on your CFD trades. In addition, you will pay a spread on your CFD transactions, meaning that the price you pay to buy a CFD generally will be some amount higher than the theoretical market value of the CFD and the price you receive when you sell a CFD generally will be some amount lower than the theoretical market value of the CFD. You will also pay financing charges (interest) on your long CFD positions (you may receive a rebate on your short CFDs or pay interest, depending on interest rates). All of these costs will lower the total return (or increase the loss) on your investment in the CFD.

12. **Risk of Foreign Currency Fluctuation:** When you deal in a CFD that is denominated in a currency other than the base currency or currency you have on deposit in your IBIE account, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. Thus, your profits or losses will be further affected by fluctuations in the exchange rates between the account currency and the currency in which the CFD is denominated. IBIE applies a margin "haircut" to reflect this risk, and so the Margin Requirement on the CFD will effectively increase.

13. **Risk of Interest Rate Fluctuation:** Interest rates fluctuate, which will affect the financing charges (or rebates) you will pay (or may receive) on your long (or short) CFD positions. This will also affect your total profits or losses.

14. **Risk of Regulatory and Taxation Changes:** Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on the value of your CFDs, the tax you pay on your CFDs, and the total return on your CFDs.

15. **IBIE Has the Right to Correct Trade Errors:** IBIE can cancel, adjust or close out CFD transactions after confirmation to you to correct errors, including but not limited to CFD transactions executed at a time and price at or near which trades in the market for the Underlying Product were cancelled or adjusted by exchanges or market centers, CFD transactions subject to technical errors in IBIE's platform, and CFD transactions not reasonably related to the correct market price for the Underlying Product or CFD.

16. **You May Be Unable To Short CFDs Or May Suffer Forced Closeout Of An Open Short Position:** Depending on regulations, stock loan and borrow market conditions, or other factors, short sales of CFDs on shares and indexes may or may not be allowed depending on the Underlying Product. Further, IBIE reserves the right, at any time in its sole discretion, to close out your open short CFD transaction.

17. **IBIE's Rights To Adjust, Modify And/Or Close-Out CFD Transactions In The Event Of A Corporate Action Affecting The Underlying Product:** In the event of a Corporate Action affecting the Underlying Product of a CFD on shares or indexes (e.g., splits, spin-offs, rights offerings, mergers and acquisitions, etc.): i) IBIE in its sole discretion will determine the appropriate adjustment or modification or action to take, if any, and when, with respect to the CFD to preserve the economic equivalent of the rights and obligations of the parties; ii) As an addition or alternative to the foregoing, IBIE reserves the right in its sole discretion to close out your open CFD position in the Underlying Product prior to the Corporate Action.

18. **Risk Of Disruption Or Interruption Of Access To IBIE's Electronic Systems And Services:** IBIE relies on computer software, hardware and telecommunications infrastructure and networking to provide its services to clients, and without these systems IBIE cannot provide the services. These computer-based systems and services such as those used by IBIE are inherently vulnerable to disruption, delay or failure, which may cause you to lose access to the IBIE trading platform or may cause IBIE not to be able to provide CFD quotations or trading, or may negatively affect any or all aspects of IBIE's services. Under the IBIE Customer Agreement, you accept the IBIE systems and services "As-Is" and our liability to you is limited. You must also maintain alternative trading arrangements in addition to your IBIE account for execution of your orders in the event that IBIE's electronic system and services are unavailable.

19. **Risks of After-Hours Trading:** There are special characteristics and unique risks associated with trading in securities at times outside the ordinary trading hours for exchange(s) where the underlying shares are traded. You should familiarise yourself with these risks, review the After-

Hours Trading risk disclosure and determine whether After-Hours trading is appropriate for you in light of your objectives and experience.

C. **FOREX:**

1. **This section describes the characteristics and risks of trading Spot Forex and Forex CFDs through IBIE. If you are trading Forex CFDs through IBIE, the risks described in this section are in addition to the risks described in the section above regarding CFDs.**

2. **BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR FOREX TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT.**

3. **Exchange Rate Risk:** Exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions, exposing you to risk of exchange rate losses. If you are trading Forex using leverage (as with Forex CFDs) the impact of currency fluctuation is greater and you are incurring more risk and the possibility for greater losses.

4. **Nature of Forex Transactions Between You and IBIE:** When you enter into a Forex transaction with IBIE, IBIE is the counterparty to your trade. Forex is not traded on a regulated exchange and is not cleared on a central clearinghouse. Thus, exchange and clearinghouse rules and protections do not apply to Forex trading with IBIE. Since IBIE is the counterparty to your CFD trades, you are exposed to the financial and business risks, including credit risk, associated with dealing with IBIE. That is, in the unlikely event that IBIE was to become insolvent, it may be unable to meet its obligations to you. The IBIE Forex trading platform that you may use to enter Forex transactions is only connected to IBIE and you are accessing the trading platform only to transact with IBIE. You are not trading with any other entities or clients of IBIE by accessing such platform. The availability and operation of the platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your IBIE Customer Agreement.

5. When you enter into a Forex transaction with IBIE, IBIE may hold the risk of acting as counterparty itself or may hedge its risk by entering into an offsetting transaction with one of IBIE's affiliates, with another client that enters quotes into IBIE's system, or with a third party bank or liquidity provider ("**Forex Providers**"). In such transactions, the Forex Provider is not acting in the capacity of a financial adviser or fiduciary to you or to IBIE, but rather, is taking the other side of IBIE's offsetting trade in an arm's length contractual transaction. You should be aware that IBIE or the Forex Provider may from time to time have substantial positions in, and

may make a market in or otherwise buy or sell instruments similar or economically related to, Forex transactions entered into by you. IBIE and its Forex Providers may also undertake proprietary trading activities, including hedging transactions related to the initiation or termination of Forex transactions with IBIE, which may adversely affect the market price or other factors underlying the Forex transaction entered by you and consequently, the value of such transaction.

6. **Prices on IBIE Forex Transactions:** The prices quoted by IBIE to clients for Forex transactions will be determined in IBIE's discretion and/or based on Forex Provider quotes and are not determined by a competitive auction as on an exchange market. Prices quoted by IBIE for Forex transactions therefore may not be the most competitive prices available.

7. **Price Slippage, Order Cancellation and Adjustment:** Prices quoted on IBIE's system generally reflect the prices at which IBIE's Forex Providers are willing to trade. Prices quoted on IBIE's platform reflect changing market conditions and therefore quotes can and do change rapidly. As such, when a client order is received and processed by IBIE's system, the quote on IBIE's platform may be different from the quote displayed when the order was sent by the client. This change in price is commonly referred to as "slippage." IBIE generally will not execute a client order at a certain price unless IBIE is able to trade at that price against one of IBIE's Forex Providers. If a client sends an order for a Forex transaction but client's requested price is no longer available and therefore the order is non-marketable, IBIE will not execute the order then but may place it in IBIE's limit order book in accordance with a client's time-in-force instructions. IBIE may later execute the order if it becomes marketable. Although IBIE attempts to obtain the best price for client orders on Forex transactions, because of the inherent possibility of transmission delays between and among clients, IBIE and Forex Providers, or other technical issues, execution prices may be worse than the quotes displayed on the IBIE platform. To execute your order, IBIE generally engages in back-to-back transactions with one or more counterparties. These counterparties on occasion may cancel or adjust Forex trades with us in the event of market or technical problems. In these cases we may have to cancel or adjust Forex trades that you have executed.