

General Risk Disclosure

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Introduction

This Risk Disclosure Notice ("**Notice**") applies when you enter an agreement to open an Interactive Brokers (U.K.) Limited ("**IBUK**") Account and receive certain services from IBUK and Interactive Brokers LLC ("**IBLLC**"). The Notice is intended to give you a general description of the nature and risk inherent to a range of financial instruments and services that may be available to you as a client of ours, as well as more general risks associated with investment markets.

If you are classified as a Retail Client, please pay close attention to this Notice. Retail Clients typically have less experience, knowledge, and expertise than Professional Clients or Eligible Counterparties. It is essential that you carefully read and fully understand the risks described below.

Part A: General Risks

Investing involves risks. The value of your investments and any income they generate can go up or down. This means you might not get back the full amount you originally invested.

Key points to understand:

No Guarantees: There is no guarantee that your investment will make a profit.

Market Changes: The value of investments can change for reasons beyond your control, including (but not limited to):

- Changes in demand or supply for the investment.
- Shifts in how people view the investment.
- Changes in the prices of related investments.
- Major political or economic events.

Past Performance: Just because an investment did well in the past does not mean it will do well in the future.

Concentration Risk: If your IBUK account is not well-diversified, you may face concentration risk. This means your portfolio could become overly dependent on one or a small number of investments, which may increase the overall risk of loss. Diversifying your investments can help reduce this risk.

Correlation Risk is the chance that the relationship between two assets or variables might not be what you expect. Correlation shows how the price of one asset changes in relation to another. If this relationship changes, your portfolio could become riskier than planned. It is important to understand how assets in your portfolio are linked to manage risk.

Volatility is a statistical measure of how much an investment's value fluctuates over time. Investments with higher volatility are typically riskier, as their values are subject to larger and more frequent price swings.

Regulatory and Legal Risks happen when laws or rules change in ways that affect your investment. These changes could make an investment illegal or change how it is taxed, which might lower your returns or increase your losses. These risks are hard to predict and can be caused by politics, the economy, or other circumstances beyond your or our control.

Additionally, there are three general types of risks you should understand before investing in financial instruments: **Market Risk**, **Liquidity Risk**, and **Credit and Default Risk**. These

categories represent broad areas of potential exposure and should be carefully considered when managing your portfolio.

A.1 Market Risk Overview

Market risk refers to the potential for financial loss due to adverse movements in market prices and rates. This includes fluctuations in equity prices, interest rates, currency exchange rates, and commodity prices.

Risk Type	Description	Potential Impact
Interest Rate Risk	The risk that changes in interest rates will affect the value of investments.	• Decrease in bond prices when interest rates rise. • Potential losses if bonds are sold during rising rate periods. • Indirect effects on other financial instruments.
Inflation Risk	The risk that inflation erodes the real value of investment returns. If inflation outpaces returns, purchasing power declines.	• Reduced real returns on investments. • Loss of purchasing power over time.
Exchange Rate Risk	The risk that currency fluctuations affect the value of investments when converted back to the base currency.	• Unfavourable exchange rate movements can reduce profits. • Potential for gains or losses due to currency volatility.
Emerging Markets Risk	The risk associated with investing in emerging markets, which typically have less transparency, lower liquidity, and weaker regulatory frameworks than developed markets.	• Higher price volatility due to geopolitical events and market reactions. • Increased exposure to political and economic instability.

A.2 Liquidity Risk Overview

Liquidity risk is the risk of being unable to buy or sell an investment when desired or trade an instrument. Delays in executing trades can impact the price at which an asset is bought or sold. Additionally, illiquid, or low-volume instruments can be complex to value or lack reliable pricing information. The risk may exist at the time of investment or develop over time.

Risk Type	Description	Potential Impact
Instrument Terms	Specific terms and conditions of certain instruments may limit tradability.	• Difficulty selling the asset when needed. • Potential delays in trade execution.
Lack of Public Listing	Instruments not publicly traded or listed on an exchange are harder to sell.	• Limited market access. • Reduced opportunities to exit positions.
Negative Market Developments	Adverse market conditions can lead to decreased trading activity and reduced liquidity.	• Difficulty executing trades.

		Widened bid-ask spreads leading to unfavourable pricing.
Concentrated Ownership	Investments held by a small number of investors can be hard to sell without affecting market price.	- Large sales by major holders can trigger price drops. - Limited market for selling the asset.
Limited Market Makers	Few market makers reduce liquidity. For some securitised derivatives, the issuer may be the only market maker with limited obligations.	- Limited trading opportunities. - Inability to sell at desired prices.
Market Crowding	A surge in simultaneous selling by many participants may overwhelm available buyers.	- Price drops due to oversupply. - Inability to exit positions in a timely manner.

A.3 Credit and Default Risks Overview

Counterparty or credit risk arises when a party involved in a transaction cannot meet its financial obligations. In certain situations, this may result in the loss of your invested capital or anticipated returns.

Risk Type	Description	Potential Impact
Insolvency Risk	The risk that we or other parties involved in your transactions become insolvent or default.	- Your positions may be liquidated without your consent. - You may not recover collateral and receive cash instead.
Bail-in Risk	The risk that regulatory authorities act against certain issuers (e.g. banks, investment firms) during financial distress or crises.	- Bonds/debentures could be reduced in value or written off entirely. - Bond/debentures could be converted into equity, diluting ownership. - Terms of bonds/debentures (e.g. maturity, interest) may be changed. - Shareholders could lose their shares.

Part B: Risks relevant to certain types of transactions and arrangements

B.1 Off-exchange transactions

Investing in off-exchange instruments-those not traded on a regulated market or exchange-presents additional risks. These investments may not be settled through a regulated clearing

house, meaning there is no guarantee that market makers will be willing to trade them. As a result, there may be no secondary market for these investments.

Key Risks:

- **Lack of liquidity:** difficulty in buying or selling.
- **Increased difficulty valuing:** harder to assess true market value.
- **Potential access or liquidity restrictions:** limited redemption opportunities.



Important Information: Before entering into Off-Exchange Foreign Currency Transaction, read the [Risk Disclosure Statement for Forex Trading and IB Multi-Currency Accounts](#).

B.2 Collateral

When you deposit collateral with us, its treatment varies depending on the type of transaction and the market. Collateral used for off-exchange transactions may not be protected in the same way as exchange-traded transactions.

Key Risks:

- **Potential loss of collateral identity:** collateral may lose its identity and be replaced by cash in certain scenarios.
- **No guarantee of asset return:** even if trades are profitable, you may not get back the same assets.

B.3 Clearing House Protections

Transactions on exchanges are often guaranteed by clearing houses, but this protection does not usually extend to off-exchange transactions.

Key Risks:

- **There is no guarantee for off-exchange transactions:** off-exchange transactions do not benefit from clearing house protection.
- **Potential exposure to counterparty default:** in case of default, you may not recover assets.

B.4 Contingent Liability Investment Transactions

Some investments require you to make margin payments. If the market moves against you, your assets may be subject to automatic liquidation.

Key Risks:

- **Total loss of margin:** the margin deposited may be lost if the market moves unfavourably.
- **Automatic liquidation:** assets will be liquidated without notice when the margin threshold is reached.

B.5 Gearing or Leverage

Leverage amplifies both potential gains and potential losses. By borrowing money or using derivatives, small price movements can lead to substantial changes in the value of your investment.

Key Risks:

- **Increased price volatility:** your investment may experience larger price fluctuations.
- **Sudden and large losses:** the potential for significant losses if the market moves unfavourably.
- **Risk of losing more than the initial investment:** if leverage magnifies losses, you may owe more than you invested.

B.6 Non-Readily Realisable Investments

Some investments may not be easily tradable or valued, making them harder to buy, sell, or evaluate.

Key Risks:

- **Lack of market liquidity:** difficulty in exiting positions.
- **Difficulty in assessing value:** lack of reliable pricing information.

B.7 Short Selling

Short sales must be executed in a margin account and are subject to our margin requirements. Please refer to Part D for Risks of Margin Trading.

Short selling is the practice of selling borrowed shares in anticipation of a price decline, with the aim of buying them back later at a lower price to make a profit. When applied to derivatives short selling means that you are selling a derivative contract that you do not currently own, with the expectation that its price will fall. The goal is to buy back the shares or the derivative at a lower price in the future, profiting from the price difference. However, if the price of the underlying asset rises instead of falling, you may have to buy back the shares or derivative at a higher price, resulting in a loss. The risk of short selling is that the price can rise indefinitely, leading to potentially unlimited losses.

Key Risks:

- **Unlimited loss potential:** when you short sell shares or derivatives, your losses can be unlimited if the price of the underlying asset increases. Unlike buying an asset, where your loss is limited to the amount you invested, short selling can lead to losses much greater than the initial amount received from selling the shares or derivative.
- **Margin calls:** short selling often requires margin, meaning you borrow money to open the position. If the price moves against you, your position may be closed, often at a loss.
- **Stock recall risk:** borrowed shares can be recalled at any time, forcing a buy-in and potential losses.
- **Dividend and corporate action liability:** short sellers are responsible for paying dividends and other entitlement to lender.
- **Forced buy-ins:** if we cannot locate or re-borrow shares, we may buy back the stock without prior notice, leading to unexpected costs.
- **Market volatility:** derivatives can be extremely sensitive to market changes. Even small price movements in the underlying asset can result in large price swings in the derivative, increasing the risk of unexpected losses. In volatile markets these risks are magnified.
- **Borrowing costs:** short selling involves borrowing the underlying asset (or derivative), which will incur borrowing costs. These costs can add up over time and reduce any potential profits or increase losses.



Important Information: Before engaging in short selling, review the information available on our website [Operational Risks of Short Selling](#) and read the Special Risk of Short Selling in the [Disclosure of Risks of Margin Trading](#).

B.8 Suspension of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at time of rapid price movement if the price rises or falls in one trading session to such an extent that under the rule of the relevant exchange trading is suspended or restricted.

Key Risks:

- **Inability to buy or sell positions:** difficulty to manage risk with losses that may exceed expectations.
- **Stop-loss orders are not executed at the intended price:** even protective strategies like stop-loss orders may fail during extreme market conditions, potentially leading to larger-than-expected losses.

B.9 Day Trading

Day trading refers to the practice of buying and selling the same security within the same trading day. It is typically characterised by the frequent execution of intra-day trades. If you hold a margin account and effect four or more day trades within a five-business day period, you will be flagged as a Pattern Day Trader and required to maintain a certain amount in your margin account.

Key Risks:

- **High risk of financial loss:** be prepared to lose all invested funds.
- **Market knowledge needed:** day trading requires deep understanding of markets and strategies that are typical of professional investors.
- **High costs:** frequent trades generate significant commission expenses reducing potential profits.



Important Information: Before engaging in day trading activity, read the [Day Trading Disclosure Statement](#).

Part C: Special Risks

C.1 Special Risks of Electronic Trading and System Failures

Trading on a digital platform and using automated systems involve significant risks included but not limited to device malfunctions, weak or unstable internet or mobile connections, device or system incompatibility with the trading platform, failures or malfunctions of the trading platforms or automated systems, interruptions caused by maintenance, technical issues, or circumstances beyond our/your control.

We do not guarantee uninterrupted service. In case of a disruption, we will act promptly to restore services, but we recommend establishing alternative trading arrangements to mitigate risks.

Key Risks	Description	Potential Impact
System Failures and Downtime	Electronic trading platforms may experience technical failures, outages, or connectivity issues.	• Inability to open, modify, or close positions. • Missed market opportunities or

		inability to manage risk.
Lack of Alternative Trading Options	If the system fails, there may be no alternative method to place, adjust, or cancel trades.	- Limited ability to manage or hedge portfolio risks. - Exposure to increased and uncontrolled losses.
Delayed or Failed Order Execution	High system traffic or technical issues can delay or prevent order execution.	- Orders may execute at unfavourable prices or not at all. - Stop-loss and other protective orders may fail.
Data Feed Errors	Inaccurate or delayed market data due to system errors can impact decision-making.	Trading decisions based on incorrect data can lead to unexpected losses.
Cybersecurity Risks	Electronic systems are vulnerable to cyberattacks, hacking, or unauthorised access.	Potential for data breaches, account compromise, or monetary loss due to malicious activities.



Key Takeaway

Reliance on electronic trading platforms carries significant risks, including the inability to access markets during critical times. Always have a risk management strategy in place, acknowledging that system failures may prevent timely actions to protect your investments.

C.2 Special Risks of Voice Trading

You may place orders through the Trading Desk by phone, chat, or other voice or dealer-mediated methods. These workflows are common in bonds and other over-the-counter instruments, but may also be used for certain equity, option, or futures orders depending on order size, liquidity, or market conditions. When you place these orders, the Trading Desk may seek execution through dealers, market makers, or other liquidity providers rather than through a fully transparent electronic order book.

We will exercise our discretion in deciding whether to work any order. This includes deciding which orders we are willing to execute, and when and how to execute all or part of an order. We aim to exercise this discretion reasonably and fairly. However, we are not committed to executing all or part of your order in any particular way. Execution quality and speed depend on the responsiveness and capacity of external dealers and venues, over which we have limited control.

Key Risks	Description	Potential Impact
Less transparent pricing	Prices in voice or dealer-mediated workflows may be based on indicative quotes rather than prices displayed on a fully transparent electronic order book. Quotes may change or be withdrawn before execution.	- Reduced ability to assess whether the quoted price is the best available price. - Less favourable execution price or no execution.

Wider bid-ask spreads	Bid-ask spreads may be wider in voice, dealer-negotiated, or over-the-counter markets than on electronic venues.	• Increased transaction costs. • Reduced investment returns or increased losses.
Information leakage and market impact	Contacting one or more dealers or liquidity providers may signal trading interest to the market.	• Adverse price movement before completion. • Worse execution price or reduced liquidity.
Delayed execution	Voice and dealer-negotiated workflows may take longer because the Trading Desk may need to contact liquidity providers, negotiate size, or confirm firm pricing.	• Market conditions may change before execution. • Unfavourable execution price or no execution.
Price movement before execution	Prices may move between the time you give an instruction and the time a trade is agreed.	• Worse price than expected. • Order may no longer be executable on acceptable terms.
Operational and communication risks	Voice, chat, and dealer-mediated workflows may involve higher operational and communication risks. Misunderstandings about price, size, instrument, order type, or settlement terms may occur, particularly in fast markets.	• Delayed, incorrectly handled, or incorrectly executed trades. • Terms may differ from instructions or expectations. • Errors may still occur despite call or message recording.
Stressed or volatile markets	In stressed or volatile markets, liquidity in over-the-counter and voice-negotiated markets can deteriorate quickly. Dealers may reduce size, widen spreads, or withdraw from quoting altogether.	• Inability to execute. • Execution only at a significantly worse price. • Reduced ability to manage risk.

Key Takeaway



Voice trading and dealer-negotiated orders may involve greater execution, liquidity, pricing, operational, communication, and third-party risks than orders submitted through a fully transparent electronic order book. By using the Trading Desk for voice-executed or dealer-negotiated orders, you accept these risks as part of the normal operation of these markets.

C.3 Special Risks of Algorithmic Orders

Algorithmic trading uses computer programs to automatically buy and sell based on set rules. While it can make trading faster and more efficient, it also comes with certain risks that you should be aware of. These risks include the complexity of the system, potential technical or software failures, and unexpected market changes that could negatively affect trades. It is important that you understand how these automated systems work and their limitations before using them. Additionally, if losses occur due to algorithmic trading, options to recover funds may be limited. To help manage these risks, you should ensure that you have clear guidelines in place for your trades, set limits on potential losses, and regularly review your strategy to make sure it stays aligned with your goals.

Key Risks	Description	Potential Impact
Complexity of Algorithmic Orders	Algorithmic orders involve setting various automated trading conditions.	Misunderstanding how these orders work can lead to unexpected trading outcomes.
Technical and Software Errors	Algorithms may have design flaws, bugs, or technical issues.	- Orders may execute incorrectly or at unintended times. - Potential for rapid and significant losses.
Adverse Market Impact	High-speed automated trades can unintentionally affect market prices.	Algorithms may trigger price swings, amplifying market volatility.
Responsibility to Understand	Users are responsible for understanding the functionality of algorithmic orders.	Failure to fully understand order mechanics can result in monetary loss.
Limited recourse for losses	Users of algorithmic orders will be liable for losses related to such orders.	Limited recourse for losses due to algorithmic errors.



Key Takeaway

Algorithmic trading can be powerful but carries significant risks. It is crucial to fully understand how these orders operate and acknowledge that you bear responsibility for their outcomes.

C.4 Special Risks of After-hours Trading

Trading options, futures or other financial products outside regular market hours is speculative and carries significant risks. After-hours trading presents unique challenges including those summarised below.

For more details, please review the [Risk of After-Hours Trading Disclosure](#).

Key Risks	Description	Potential Impact
Lower liquidity	Trading volumes are typically lower after regular market hours, making it harder to execute trades efficiently.	- Difficulty entering or exiting positions. - Less competitive pricing.
Higher volatility	Prices often fluctuate more during extended hours, resulting in greater price swings compared to regular market hours.	- Increased risk of rapid price changes. - Higher potential for losses.
Price discrepancies	After-hours prices may differ from market close prices or next day opening prices.	- Less favourable execution prices. - Potential misalignment with regular market valuations.
Unlinked markets	After hours trading platforms may not be connected, causing price differences across platforms for the same securities.	Inconsistent pricing across trading venues.

		Reduced price transparency.
New announcements	Companies often release important news after-market hours, which can trigger sharp price movements.	- Sudden and unpredictable price swings. - Increased difficulty reacting to market-moving events.
Wider bid-ask spreads	Lower liquidity and higher volatility can widen the gap between bid and ask prices.	- Higher trading costs. - More expensive to enter or exit trades.
Lack of Updated Index Values or Intraday Indicative Values (IIV)	Derivative securities may lack updated index values or IIVs after hours.	- Difficulty assessing true market value. - Challenges in pricing derivative products accurately.
No Index Value Reporting	Exchanges typically do not provide updated index values during after-hours trading.	- Lack of key pricing benchmarks for index-linked products. - Uncertainty in pricing decisions.

Key Takeaway



After-hours trading can offer flexibility but comes with heightened risks due to lower liquidity, increased volatility, and reduced-price transparency. These conditions can result in wider bid-ask spreads, unfavourable pricing, and challenges in managing positions during unexpected market events. You should carefully evaluate your risk tolerance and trading strategies before engaging in after-hours trading and remain aware that rapid market movements may limit your ability to react effectively.

Part D: Risks Applicable to Margin Trading

Margin trading means borrowing money from us to buy securities. The securities act as collateral for the loan. It can also mean trading products like futures or options. You make an initial deposit (called "margin") to cover your obligations. If the value of your positions changes, we can take action, including selling securities or other assets held with us.



Important Information: margin trading involves high risks and can result in losses greater than the amount you have on deposit in your account. Please read the [Disclosure of Risks of Margin Trading](#) carefully before opening a margin account.

Key Risks	Description
Potential for losses beyond deposits	You can lose more funds than you deposit in your margin account.
Forced sale of assets	We may sell your securities or assets to meet margin requirements.
No prior notice of liquidation	We can sell assets without contacting you.

No control over liquidated assets	You cannot choose which securities or assets will be sold to meet a margin call.
Changes in margin requirements	We may increase margin requirements at any time without prior notice.
No extension for margin calls	You are not entitled to an extension if a margin call is made.
Interest on margin loans	Interest on margin loans may fluctuate and reduce your return on investment.
Short Sales in margin accounts	Short sales are subject to margin requirements.

Key Takeaway



- **Significant Risk of Losses:** you can lose more than your initial deposit in a margin account.
- **Liquidation:** be prepared for forced sales of assets if your positions fall below margin requirements.
- **Interest Costs:** margin loan interest costs can reduce your returns, and rates may fluctuate.
- **Short Sales:** short sales require margin accounts and are subject to specific margin rules.

D.1 Portfolio Margin Trading

Portfolio margin accounts offer a risk-based approach to margin requirements, potentially allowing for greater leverage compared to traditional margin accounts. Margin requirements are calculated based on the overall risk of the portfolio rather than individual positions, which may result in lower margin requirements for well-hedged portfolios and higher requirements for riskier positions. Portfolio margin accounts are subject to eligibility requirements. Greater leverage can amplify both gains and losses, and market volatility may result in rapid changes to margin requirements.



Important information: Before engaging in portfolio margin trading, read the [Portfolio Margin Risk Disclosure Statement](#).

Part E: Financial Instruments Risks

E.1 Broad Range of Financial Instruments

Equities or Shares, Mutual Funds, Fixed Income Products, Structured Products, Warrants, and Commodities are a broad range of financial instruments that investors use to build and diversify their portfolios. Each of these products offers distinct characteristics, with values influenced by factors such as market performance, economic conditions, or specific underlying assets.

While these instruments offer diverse ways to gain exposure to markets, they also come with specific risks, and it is crucial that you understand the potential for both rewards and losses before engaging in any of these products.

Key Takeaway



- Always ensure you fully understand the risks involved before making an investment.
- Refer to our detailed **Risk Disclosure Documents** for each instrument for more details on specific risks.

Instrument Type	Description	Key Risks
Equities or Shares	Shares represent ownership in a company, allowing you to benefit from price increases and dividends (though neither is guaranteed). Dividends are paid at the company's discretion. If a company goes bankrupt, you could lose most or all your investment.	Market Fluctuations: share prices are influenced by company performance, market conditions, and industry trends. Insolvency Risk: if a company goes bankrupt, you could lose most or all your investment. Volatility: shares are generally more volatile than other investments like bonds, meaning their price can fluctuate significantly.
Fractional Shares	Fractional shares allow you to own a portion of a stock or ETF, providing flexibility in investment size.	Liquidity: fractional shares cannot be traded on public exchanges and can only be bought or sold through our platform. Transferability: these shares cannot be transferred to another broker unless sold first. Ownership & Custody: you own fractional shares, and we act as the custodian. No physical certificates are provided. Dividends & Corporate Actions: you receive dividends based on fractional ownership, but you cannot vote on corporate actions. Tax Considerations: consult a tax advisor regarding taxation on gains from fractional shares.
	Important Information: Before trading Fractional Shares, make sure you fully understand the risks involved and refer to the Fractional Share Trading Disclosure.	

Penny Shares	Penny shares are low-priced stocks, often from smaller companies, which are more volatile.	High Risk: penny shares typically have a significant difference between buying and selling prices. If you need to sell quickly, you may receive much less than you paid. Liquidity: these shares can be harder to sell due to low trading volumes.
	Important Information: Before trading Penny Shares, make sure you fully understand the risks involved and refer to the Penny Stock Trading Risk Disclosure.	

Instrument Type	Description	Key Risks
Money Market Instruments	Money-market instruments involve short-term loans (often to governments) with fixed interest rates, usually lasting 6 months or less.	Although low risk, they are sensitive to changes in interest rates and liquidity.
Mutual Funds	Mutual funds pool assets from multiple investors and invest in a variety of securities (e.g., stocks, bonds, or real estate).	Asset-Specific Risks: the risk depends on the underlying investments and the level of diversification. Market Risk: the value of the fund can go up or down depending on how the underlying assets perform.
	Important Information: Before trading, make sure you fully understand the risks involved and refer to the Interactive Brokers General Disclosure on Mutual Funds.	
Exchange Traded Funds (ETFs) and Exchange Traded Products (ETP)	ETFs and ETPs are investment funds traded like shares, typically tracking a benchmark index. They can invest in a variety of assets, such as stocks, bonds, and commodities.	Market fluctuations: the value of ETFs and ETPs can fluctuate with market movements. Complexity: some ETFs and ETPs employ complex strategies and may invest in riskier assets.
	Important Information: Before trading, make sure you fully understand the Risk Disclosure for Trading Leveraged, Inverse, and Volatility-Based ETPs.	

Instrument Type	Description	Key Risks
Fixed Interest or Bonds	Bonds are debt securities issued by a borrower (issuer), promising to pay back the nominal value at maturity.	Market Fluctuations: bond prices fluctuate daily, but if held to maturity, they typically return the nominal value, unless the issuer defaults.

		Interest Rate Risk: rising interest rates can cause bond prices to fall. Inflation Risk: inflation can erode the purchasing power of bond returns. Credit Default Risk: if the issuer defaults, repayment may be delayed or reduced.
	Important Information: Before trading, make sure you fully understand the Risk Disclosure Statement for Trading Bonds.	
Structured Products	Structured products are investment products linked to the performance of various assets, such as stocks, indices, or other financial instruments.	Issuer Credit Risk: structured products are subject to the credit risk of the issuer. If the issuer defaults, you may lose your initial investment. Complexity: these products can be complex, and returns are based on the underlying assets.
	Important Information: Before investing, review the Risk Disclosure Statement for Trading Structured Products.	
Warrants	A warrant gives you the right to purchase shares or other securities from the issuer within a set period.	Volatility: the price of a warrant can swing dramatically with slight changes in the underlying asset's price. Expiry: warrants have an expiry date; if not exercised, they become worthless. Total loss risk: you should only invest in warrants if you are prepared to lose your entire investment.
Commodities	Commodities are physical assets (like gold or oil) or commodity-linked products, subject to market fluctuations.	Market sensitivity: commodities are influenced by political, economic, environmental, and seasonal factors. Volatility: commodity prices can be highly volatile, and you may face delivery of the underlying asset in some cases.

E.2 Derivatives

Derivatives are financial instruments whose value is based on an underlying asset. Trading in derivatives involves higher risks than directly investing in the underlying asset. Since the value of a derivative depends on the future value of underlying assets, even small price movements in the assets can lead to significant changes in the value of the derivative, amplifying both gains and losses.

Instrument Type	Description	Key Risks
Futures	Futures contracts involve an obligation to buy or sell the underlying asset at a future date or to settle the position with cash.	High degree of risk due to leverage (gearing): a small initial deposit can lead to large gains, but also large losses. Market movements: even small market movements can result in substantial changes in the value of the positions. Margin requirements: additional funds may be needed if the position moves unfavourable. Liquidations: open positions are subject to liquidation without notice when margin requirements are not met.
	Important Information: Before investing in Futures contracts traded on regulated U.S. exchanges, read the Disclosures and Supplement for Security Futures Trading and review the Standardized Risk Disclosure for Security Futures Contracts.	
Options	Trading options involves buying or selling the right to buy or sell an asset at a predetermined price. Risk varies depending on whether you buy or sell options.	Buying options is generally less risky than selling options. If the price of the asset moves against you, you can let the option expire. Your maximum loss is the premium you paid, plus any fees or charges. Call Options on Futures: if you buy a call option on a futures contract and choose to exercise it, you will own the futures contract. This brings additional risks linked to futures trading and contingent liability investment transactions (see above). Selling (writing) options is much riskier than buying them. You might have to pay more

		money (margin) to keep your position open. Losses can be much higher than the premium you received. When you sell an option, you legally agree to buy or sell the asset if the buyer exercises the option, no matter how much the market price has changed. Types of Options: - Covered options: risk is lower if you own the underlying asset. - Uncovered options: risk is much higher, potentially unlimited, if you do not own the underlying asset. Only experienced investors should sell uncovered options.
	Important Information: Before investing in Options, read the Characteristics and Risks of Standardized Options and review the exchange disclosures summarised in the Options Disclosure. You should also review the Disclosure Regarding IB's Procedure for Allocating Equity Option Assignment Notices that describes our procedure for allocation of exercise notices.	