

RISK WARNING NOTICE

It is Henderson Rowe Derivatives (“HRD”) policy that all clients should be provided with the following two-way risk warning notice.

You should not deal in CFDs or other derivatives unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position. Although derivatives can be utilised for the management of investment risk, it may not be suitable for some investors. In deciding whether to trade in CFDs or other derivatives, you should be aware of the following points:

CFDs can only be settled in cash. Investing in a CFD carries the same risks as investing in a future or an option or other derivative product. Transactions in CFDs may also have a contingent liability and you should be aware of the implications of this as set out below.

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in contracts for difference, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of CFDs, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

Derivatives are HIGH RISK and only suitable for those who have either had experience in trading these instruments and / or have the requisite knowledge to make an informed decision. In addition, we suggest that no more than ten percent of someone’s net worth, excluding their principal residence, is allocated as collateral for such HIGH RISK trading activity.

We also differentiate our Derivatives Service as being “SPECULATIVE” in nature. Results are unlikely to be correlated to the general equity (or other) markets and fluctuations in account values will probably be HIGH and sometimes EXTREME.

Most significantly, the effect of “LEVERAGE” or “GEARING” means that small movements in asset prices can result in large profits or losses. It is important to note that with “GEARING” or “LEVERAGE”, actual exposure can be 100 times the collateral amount placed. It is crucial to understand that it is possible to lose considerably more money than that placed as collateral.