CMC Markets Canada Inc.
Risk Warning Notice for CFDs
April 2019

CMC Markets Canada Inc. ("CMC Markets Canada"), whose registered office is at Suite 2915, 100Adelaide Street West, Toronto, Ontario M5H 1S3, is a registered investment dealer in all of the provinces and territories of Canada, a derivatives dealer in Quebec and a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and of the Canadian Investor Protection Fund ("CIPF"). In this document, CMC Markets Canada is referred to below as "we", "us" or "our".

CMC Markets Canada is committed to treating you fairly. In this notice, we provide you with information to help you understand the nature and risks of our contracts for difference ("CFDs") and our services.

CMC Markets Canada is required by its applicable regulator to provide clients with a description of certain risks involved with trading in financial derivative products.

This Risk Warning Notice is provided to our clients resident in Canada and/ or such jurisdictions as CMC Markets Canada may determine in its sole discretion ("client" or "you") because you are proposing to undertake dealings with CMC Markets Canada in CFDs under our Terms of Business.

Trading CFDs is not suitable for everyone and requires the financial ability and willingness to accept the high risks inherent in such an investment. You should carefully consider whether trading CFDs is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. No assurance can be given that you will receive a return of your capital or any profit thereon.

Our CFDs can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions. You can lose more than any investment and you may be required to make further payments. The higher the leverage (where applicable) involved in a Trade, the higher the risks involved.

You should not enter into Trades with us unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in CFDs and other financial derivative Products. You should take sufficient time to read all the relevant information that we provide to you, including this risk warning notice, our CFD Terms of Business, our Order Execution Policy Summary for CFDs, and the information on our website and platform. In light of the risks, you should undertake to trade CFDs only if you understand the nature of the Product and contractual relationships into which you are entering and the extent of your exposure to risk. Engaging in these types of Trades can carry a high risk to your capital. You should not engage in trading CFDs and other financial derivative Products unless you understand the nature of the Trades you are entering into and the true extent of your exposure to the risk of loss. You should also be satisfied that the Products are suitable for you in the light of your circumstances and financial position.

Different Products involve different levels of exposure to risk and in deciding whether to Trade in such instruments you should be aware of the following points:

1. General.

1.1 Although CFDs and financial derivative Products can be utilised for the management of investment risk, some of these Products are unsuitable for many clients as they carry a high degree of risk. The "gearing" or "leverage" often obtainable in trading CFDs and financial derivative Products means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your position, and this can work against you as well as for you. Such Trades will have to be margined, and you should be aware of the implications of this, which are set out below.

1.2 Trading CFDs allows you to have exposure to securities with a relatively small cash collateral deposit. Furthermore, if you choose to fund the margin requirements using borrowed funds, their effective leverage can reach excessive levels. Clients should note that losses can exceed the amount of margin outlaid in some circumstances. **Therefore, you may sustain losses greater than the margin deposit required to establish and maintain a CFD position**.

1.3 You should be aware that CMC Markets Canada also has the right (whether with or without prior demand, call or notice, and in addition to any other rights it may have under the Terms of Business) to close out all or part, as CMC Markets Canada reasonably considers appropriate, of a client's open positions.

2. Derivative markets are speculative and volatile.

2.1 Derivative markets can be highly volatile. The prices of CFDs and the underlying instruments may fluctuate rapidly and over wide ranges, and may reflect unforeseeable events or changes in conditions, none of which can be controlled by a client. The prices of CFDs will be influenced by, among other things, changing supply and demand relationships, governmental, agricultural, commercial and Trade programs and policies, national and international political and economic events and prevailing psychological characteristics of the relevant underlying marketplace. Market conditions (e.g. liquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any CFD or underlying instrument because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. Further, normal pricing relationships between the underlying instrument and the CFD may not exist. The absence of an underlying reference price may make it difficult to judge fair value.

3. Foreign markets.

3.1 Foreign markets will involve different risks from Canadian markets and in some cases those risks will be greater than those typically associated with Canadian markets. These risks can impair our ability to generate Prices. The potential for profit or loss from Trades relating to foreign markets will also be affected by fluctuations in foreign exchange rates and you should consider how such fluctuations may affect you before entering into a Trade.

3.2 In particular, where the relevant Product Currency is different to the relevant Account Currency, any Margin requirement, holding costs, realised and unrealised losses or profits will be converted to the Account Currency at the Currency Conversion Rate. Depending on the Currency Conversion Rate and currency fluctuations, this may have an impact on your Account Revaluation Amount and on any eventual profits that you make or losses that you incur.

4. Margin and the effect of leverage in general.

4.1 CFDs and other financial derivative Products are margined, and require you to make a series of payments against the contract value, instead of paying the whole contract value immediately. This means that CFDs can involve significant leverage, which can have the effect of magnifying potential profits or potential losses, and consequently carries significant risk. Where you enter into CFDs and other financial derivative transactions with us, you must maintain sufficient margin on your account at all times to maintain your open positions and we provide you with on-line access to enable you to monitor your margin requirement at all times. We revalue your open positions continuously during each business day, and any profit or loss is immediately reflected in your account and a loss (which may or may not result in a margin call) may require you immediately to provide additional funds to us to maintain your open positions. We may also change our rates of initial margin and/or notional trading requirements at any time, which may also result in a change to the margin you are required to maintain. If you do not maintain sufficient margin on your account at all times and/or provide such additional funds within the time required, your open positions may be closed at a loss and you will be liable for any resulting deficit.

5. You may lose more than any deposit.

5.1 When you transact with us, you risk losing more than the amount (if any) that you deposited with us and you may be required to make further payments. Although our platform has features that are designed to help minimise your risk of loss, none of these are guaranteed and you should not rely on them.

5.2 The amount of loss for an individual Trade will be the amount that you owe us when that Trade is closed. Trades involve leverage (also known as 'gearing' or 'margining'), which means that the effects of small movements in Price are multiplied and may have large impacts on the value of your Positions, both in respect of profits made and losses incurred and the higher the leverage rate, the higher the risk involved. In addition, the nature of leverage means that your losses may exceed the amount of any deposit (if any) that you hold with us when entering into the Trade.

5.3 It is therefore important that you monitor your Trades closely and the rate of leverage utilised. A small movement in Price may have a large impact on your Trades and Account and may result in immediate Account Close-Out.

5.4 There are costs associated with trading with us.

5.5 Depending on the Trades you enter into, and how long you hold them for, we may require you to pay commission and/or holding costs. If you keep Trades open for an extended time, the aggregate holding costs may exceed the amount of any profits or increase your loss.

5.6 If we have agreed to provide you with the sales trader service and have waived or permitted a negative Margin on your Account, this does not restrict your losses or financial liability. You are still liable to pay all losses which are due and payable to us.

6. Closure of your Trades and Positions.

6.1 The closure of your Trades and/or Positions by our Platform and/or our client management team (if we have agreed to provide you with the sales trader service) is intended to prevent you incurring further losses and we may close all Trades and/or Positions on your Account, not just Trades that are making a loss. However, **we do not guarantee such closure and you must not rely on it**. It is your responsibility to monitor your Positions and your Account Revaluation Amount closely. Our Platform and/or our client management team (as applicable) will attempt to notify you when your Account Revaluation Amount or when your Cumulative Risk Limit exceed specified levels, although you should not rely on our Platform and/or our client management team giving you this warning. To prevent Account Close-Out, you should keep an amount in your Account that is sufficient headroom to keep your Positions open in case of sudden changes to the required Margin amount and that you did not exceed your Cumulative Risk Limit resulting from Price movements. It is important to note that an amount deposited into your Account (which appeared to be sufficient) can very quickly become insufficient, due to rapidly changing market conditions.

6.2 Where we have agreed to provide you with the sales trader service, if an Account Close-Out is triggered outside of Canada office hours the relevant Account Close-Out procedure may be delayed. The balance on your Account may be significantly lower by the time we are able to contact you e.g. due to market.

7. Market circumstances may impact your Trades.

7.1 Our Platform, and the information provided by our client management team, is dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather market data and similar information. As a result, market circumstance may impact on your ability to place an Order for a Trade or close a Trade with us, and we may be unable to execute your Orders where we cannot enter into a corresponding trade to hedge our own risk. Additionally, when we enter into a corresponding trade, to hedge our risk, this influences the Prices we quote on our Platform and/or through our client management team.

7.2 Financial markets may fluctuate rapidly and this will impact our Prices. Any movements in our Prices will have a direct and real time effect on your Trades and Account.

7.3 One form of price volatility that can happen regularly is 'gapping', where there is a sudden shift in price from one level to another caused (for example) by unexpected economic events or upon the market opening. In periods of price volatility there may not always be an opportunity for you to place an Order between two Prices, or for our Platform and/or client management team (if we have agreed to provide you with the sales trader service) to execute a Pending Order at a Price between those two Prices. Price volatility of this kind can result in your Order being executed at the next available Price and you incurring significant losses if the Price is less favourable on an affected Trade.

8. The Price of a Trade may be different from the Price you see on our Platform when you place an Order.

8.1 As a result of fluctuations in financial markets and/or technical considerations, there is a risk that the Price which you see through your device and/or which is provided by our client management team when you place an Order will not be identical to the Price at which the Trade is executed, and that the corresponding difference puts you at a disadvantage. We attempt to generate Prices on a continuous basis and to have the currently applicable Prices shown on our Platform as quickly as possible. However, technical conditions may lead to a change in the applicable Price between the time an Order is placed and the time it is received by us or executed by our Platform. If such changes occur, the Order is generally executed at the Price applicable when it is executed by our Platform. Such movements in the Prices may either be to your disadvantage or have a favourable impact. You can limit the effect of such movements in Prices by using a boundary (on Orders where this is available) or by applying certain limits to your Order.

9. Technical risks and other circumstances may affect your Trades.

9.1 There is a risk that other circumstances may prevent us from executing Orders, or prevent you from accessing our Platform and/or our client management team, such as system errors or outages. Such circumstances may mean that you are not able to access our Platform and/or our client management team, which may pose a significant risk to the execution of your Orders.

10. Different Products pose different risks.

10.1 We offer numerous Products, which are derived from very different underlying instruments. Each of these Products poses specific risks which can differ widely from other Products, for instance with regard to the range and speed of fluctuations in Prices or with respect to liquidity. Therefore, you should ensure that you understand the specific risks of a Product before you open a Trade on that Product.

10.2 Where a Product is based on multiple underlying instruments (known as a 'basket product'), the risk involved in that basket product will be dependent on its constituents, and similarities in a basket product's constituents can make the basket product riskier. If you choose to use a basket product then you should make sure that you understand the risks involved in: (a) all the different constituents, (b) the overall combination of constituents and (c) how the constituents are given their respective weightings.

11. Off-exchange transactions.

11.1 When trading CFDs and other financial derivative Products with us, you will be entering into off-exchange (**OTC**) derivative transactions, which is non-transferable. This means you will enter into Trades directly with us, and also that those Trades (or '**Positions'**) can only be closed with us. Transactions in off-exchange derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open Position. It may be impossible to liquidate an existing Position, to assess the value of the Position arising from an off-exchange transaction or to assess the exposure to risk. Bid Prices and Offer Prices need not be quoted by us, and, even where they are, we may find it difficult to establish a fair price particularly when the relevant exchange or market for the underlying is closed or suspended.

11.2 In addition, all of your Trades with us are settled in cash, and you do not have any rights to any underlying instrument (including ownership or voting rights in any underlying instrument).

11.3 You can only profit from our CFDs through changes in our Prices, which is different from other assets, such as shares or currencies, where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

12. Charges and commissions.

12.1 Before you begin to Trade, you should obtain from us and read the 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. 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.

12.2 Commission, bid/ask spreads, and other transaction fees can have a material adverse effect on a client's market position and ability to break even and, therefore, ultimately affect profits and losses. In order to achieve a net profit on any transaction, the price received upon the sale of the market position must exceed the purchase price by at least the amount of commissions and other fees paid. Trading CFDs may involve frequent purchase and sale transactions, resulting in significant fees and commissions.

13. Suspensions of trading.

13.1 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 for the underlying rises or falls in one trading session to such an extent that trading in the underlying is restricted or suspended.

14. Money Deposited.

14.1 Money deposited with CMC Canada will be segregated from CMC Canada's operating funds. It is important to note, however, that money held in a segregated account may not afford clients absolute protection. Please be advised that a segregated account may not insulate your money from a default by CMC Canada.

15. Past performance is not indicative of future performance.

15.1 You should bear in mind that any past performance, simulation or prediction is not indicative of future performance. Therefore, you cannot and must not make any assumptions as to future performance based on any past performance, simulation or prediction.

16. CMC Markets Canada as Product Issuer and Market Maker.

16.1 CMC Markets Canada, its associates or other persons connected with CMC Markets Canada may have an interest, relationship or arrangement that is material in relation to any CFD entered into with CMC Markets Canada. These conflicts of interest arise because CMC Markets Canada is the issuer of the CFDs to you, and therefore CMC Markets Canada has an opposing interest in the price at which you deal and the subsequent movement in the CFD price.

16.2 CMC Markets Canada is a market maker, not a broker. Our Prices take into account current exchange and market data from various sources. This means that our Prices may not be identical to prices for similar financial instruments or the relevant underlying instrument quoted on an exchange or other regulated market or other trading venues.

16.3 CMC Markets Canada will always act as a principal, not as an agent, for its own benefit in respect of all CFD transactions with you.

16.4 CMC Markets Canada may also conduct transactions as principal in the underlying instruments on which CFDs are based, including shares and futures. In particular, CMC Markets Canada may at its sole discretion, hedge its liability to you in respect of your CFD positions by undertaking transactions in the underlying instruments in the underlying markets. However, CMC Markets Canada has no obligation to do so and is under no obligation to inform you as to whether or not it has done so. These trading activities may affect (positively or negatively) the prices at which you may Trade CFDs.

17. Loss of Funds In the Event of an Insolvency, Bankruptcy or Liquidation.

17.1 There is a risk associated with the solvency of CMC Markets Canada, the counterparty to each CFD. A client may lose part or all of their unrealized gains in an open position or due to the insolvency, bankruptcy or liquidation of CMC Markets Canada. The extent to which a client may be able to bring a claim against CMC Markets Canada may be governed by specific legislation.

18. Changes to Applicable Laws.

18.1 Changes to securities regulatory law, tax law and other laws, government, fiscal and regulatory policies in respect of all or part of the business carried on by CMC Markets Canada may have a material adverse effect on a client's dealings with CMC Markets Canada.

18.2 CMC Markets Canada is a registered dealer in the distribution of CFDs to clients resident in Canada. As a member of IIROC, certain integral features of CFDs offered in Canada through CMC Markets Canada, including the margin percentage applied to CFD positions and the types of underlying instrument, are required to be in compliance with the rules, regulations, policies, member notices and bulletins of IIROC (the "**IIROC Rules**") which may be amended from time to time. Such IIROC Rules may have a materially adverse effect on the scope or attractiveness of CFDs offered to clients resident in Canada.

19. Reliance on the CMC Markets Canada Platform.

19.1 The operation of a client's account is reliant on the continuing operation of, among other things, CMC Markets Canada's Platform, as amended and varied from time to time, internet connectivity, and a client's personal computer and related software. A fault, delay or failure of any of these things could result in delays or failures in respect of CFD orders or a client's account. While CMC Markets Canada will endeavour to provide a client with access to the Platform 24 hours a day, 7 days a week, CMC Markets Canada does not control signal power, its reception or routing via the internet, configuration of a client's equipment or reliability of its connection, therefore, CMC Markets Canada cannot be responsible for any communication failures, distortions or delays experienced when trading CFDs via the Internet. By undertaking transactions on an electronic trading system, a client will be exposed to risks associated with the system, including the failure of hardware and software. A client's ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of a client's total loss.

20. Access to our Platform via mobile applications.

20.1 The functions that enable you to access our Platform via mobile applications are not identical to the functions available to you when accessing our Platform via a desktop computer. This may limit the information that you are able to see at any particular time and adversely affect your ability to take quick and reliable actions on our Platform and to limit the related risks.

21. Reliance on Third Party Data Providers.

21.1 In addition, CMC Markets Canada is dependent upon third party data providers to supply real-time market prices and other information necessary for the operation of its business. As with the reliance on the Platform, the operation of a client's account is reliant on the continuing operation of these third party data providers. Any interruption in or cessation of services by any third party information provider could have a material adverse effect on a client's ability to open and close positions.

22. Access to the sales trader service.

22.1 If we have expressly agreed to provide you with the sales trader service, we will do our best to make the client management team available when required by you. However, during periods of high demand and due to other circumstances outside of our control we cannot promise that you will always be able to access a member of the client management team. This may prevent you from taking quick actions and increases the risk associated with Products.

23. Execution Only Dealer and No Advice Provided.

23.1 CMC Markets Canada is an execution only dealer and does not provide any investment advice or recommendations regarding the purchase or sale of any CFD. Therefore all trading decisions made by a client should be done so in reliance solely on the client's own judgment and at their own risk. Clients must rely on their own judgment and information before trading and, where necessary, seek independent advice.

23.2 All opinions, news, research, analysis, prices or other information sent by email or contained on the Platform or the website of any of CMC Markets Canada's affiliates or through external third party sources are provided as general market commentary and do not constitute investment advice.

23.3 We do not provide investment, tax, legal, regulatory or financial advice relating to investments or possible Trades in investments. Any information we provide to you is purely factual and does not take into account your personal circumstances (for example, information about trading processes or minimising potential risks). 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 trading with us.

24. You should not finance your Trades with us on credit.

24.1 You must not rely on being able to redeem borrowed funds with any profits from Trades with us.

25. IIROC Leverage Disclosure.

25.1 CMC Markets Canada, as a member of IIROC is required to provide the following disclosure to clients seeking to Trade in Products that involve leverage: “Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.”

PRESCRIBED RISK INFORMATION FOR CLIENTS

Certain securities and derivatives legislation in Canada requires that CMC Markets Canada Inc. provide a Risk Information Document for Derivatives to clients.

This information, which is set out below, does not disclose all of the risks and other significant aspects of trading in futures contracts, options or other derivatives. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in derivatives is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

FUTURE CONTRACTS.

(a) Effect of "Leverage" or "Gearing"

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

(b) Risk reducing Orders or Strategies

The placing of certain orders (e.g. a stop loss order, where permitted under local law or limit orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

OPTIONS.

(c) Variable Degree of 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. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures Contracts above). 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 that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures Contracts above). If the option is "covered" by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

ADDITIONAL RISKS COMMON TO DERIVATIVES.

(d) Terms and Conditions of Contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures contracts, options or other derivatives which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest and, in respect of options, expiration dates and restrictions on the time for exercise).

Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(e) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. liquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the derivative may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not.

The absence of an underlying reference price may make it difficult to judge "fair" value.

(f) Deposited Cash and Property

You should familiarize yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be prorated in the same manner as cash for purposes of distribution in the event of a shortfall.

(g) Commission 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.

(h) Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished client protection. Before you trade you should inquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(i) Currency Risks

The profit or loss in transactions in foreign currency denominated derivatives (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 derivative to another currency.

(j) Trading Facilities

Most open outcry and electronic trading facilities are supported by computer based component systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary; you should ask the firm with which you deal for details in this respect.

(k) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system, including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all. Your ability to recover certain losses which are particularly attributable to trading on a market using an electronic trading system may be limited to less than the amount of your total loss.

(l) Off-exchange Transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks.

Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules.

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This Risk Warning Notice may be amended or replaced from time to time and is accessible on www.cmcmarkets.ca.