It is important that you read and understand this risk warning notice before accepting it. Except where expressed otherwise, certain terms used in this risk warning notice have specific meanings as set out in Schedule 3 of the Financial Betting Terms of Business.

CMC Markets UK Plc (referred to below as "CMC Markets", "CMC", "we", "us" or "our") is committed to treating you fairly. In this notice, we provide you with information to help you understand the nature and risks of your Bets, Countdowns and our services. However, this notice does not explain all of the risks and other significant aspects involved in our Bets and/or Countdowns. You should take sufficient time to read all the relevant information that we provide to you before entering into a Bet or Countdown. Please note, Countdowns are not available to Retail Clients. Some products, including Countdowns and Spread Bet Options may not be available on the MT4 Trading System.

Our Products can carry a high risk to your capital as Prices may move rapidly against you, particularly during volatile market conditions. Where we have categorised you as a Professional Client or an Eligible Counterparty, when entering into Bets you can lose more than your investment and you may be required to make further payments. However, where we have categorised you as a Retail Client, you risk losing your Invested Capital. The higher the leverage involved in a Bet, the higher the risks involved. By comparison, where we have categorised you as a Professional Client, your losses from Bets may exceed your initial deposit and your potential losses from Countdowns are limited to the amount of your Stake.

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

For information about the risks that are applicable to you, please see the relevant sections of this notice:

Section A – Risks applicable to all clients.

Section B – Additional risks applicable to Professional Clients and Eligible Counterparties only.

SECTION A – RISKS APPLICABLE TO ALL CLIENTS

1. Our Products may not be appropriate for you.

1.1 We are under a regulatory duty to assess whether our Products and services are appropriate for you. When we process your application to open an Account with us, we will conduct an assessment as to whether you have sufficient knowledge and experience to understand the risks involved in investing in any of our Products based on the information you provide us. We will inform you if, as a result of our assessment, we consider that any of our Products may not be appropriate for you. However, our assessment does not relieve you of the need to carefully consider whether to invest in our Products. Any decision to enter into our Products is entirely at your own risk.

1.2 If we warn you that investing in our Products may not be appropriate for you on the basis of your knowledge and experience, then you should refrain from trading and/or spread betting. If you still wish to enter into Orders, you should only invest once you have acquainted yourself sufficiently with our Products through the demo account available on our Website and understand the risks involved.

2. We do not provide investment, betting, tax, legal, regulatory or financial advice.

2.1 We do not provide investment, betting, tax, legal, regulatory or financial advice relating to investments, our Products or your possible Orders. Any information we provide to you, including any information provided by our client management team, is purely factual and does not take into account your personal circumstances. Therefore, you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, betting, financial, legal, regulatory, tax or similar matter before opening an Account with us or entering into any Bets and/or Countdowns.

3. Our Products are OTC products.

3.1 When you enter into Bets and/or Countdowns (as applicable), you will be entering into an off-exchange (sometimes known as an 'over-the-counter', or 'OTC') contract, which is non-transferable. This means you will enter into Bets and/or Countdowns directly with us, and also that those Bets or Countdowns (as applicable) can only be closed with us. This involves greater risk than investing in a transferable financial instrument traded on a Trading Venue such as a share or dealing in an exchange-traded derivative, because your ability to place Bets and/or Countdowns with us is solely dependent on the Platform and/or our client management team being in a position to accept Orders from you and to execute them. In certain circumstances it may not be possible to open or close Bets and/or Countdowns (see paragraphs 7, 9 and 12 of section A below).

3.2 In addition, all of your Bets and/or Countdowns are settled in cash, and you do not have any rights to any underlying instrument.

3.3 You can only profit from Bets and/or Countdowns through changes in our Prices. This is different from other transferable financial instruments traded on Trading Venues where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

4. We act as a market maker.

4.1 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 Trading Venues.

4.2 In order to form our Prices for our Spread Bet Options, we use a pricing model with inputs from the underlying market, including pricing from other Trading Venues.

4.3 In certain circumstances, we may not be able to use our standard pricing models for example, where market conditions prevent us from doing so. In this case we may revert to other pricing methodologies.

5. Retail Clients may lose their entire Invested Capital when they enter into Bets with us.

5.1 If you are a Retail client when you enter into Bets with us, you risk losing your entire Invested Capital. Although the NG Platform and the MT4 Trading System have features that are designed to help limit your risk of loss, none of these (other than Guaranteed Stop Loss Orders, which are only available on the NG Platform) are guaranteed and you should not rely on them.

5.2 The amount of loss for an individual Bet will be the amount that you owe us when that Bet is closed. Bets 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 you may lose your entire Invested Capital when entering into a Bet.

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

5.4 There are costs associated with betting with us. Depending on the Bets you enter into, and how long you hold them for, we may require you to pay Holding Costs. If you keep Bets open for an extended time, the aggregate Holding Costs may exceed the amount of any profits or increase your loss. Only trade with money you can afford to lose.

5.5 If you are a Retail Client when you enter into a Long Spread Bet Option with us, you risk losing an amount equivalent to the Margin. When you enter into a Short Spread Bet Option, your potential loss is unlimited, unless you are a Retail Client, in which case you benefit from Negative Balance Protection, meaning your potential loss is limited to your Invested Capital.

5.6 Your risk will be dependent upon whether you "buy" (i.e. a long Position) or "sell" (i.e. a short position) a Spread Bet Option.

5.7 Buy Bets on Spread Bet Options generally involve less risk than Sell Bets on Spread Bet Options because, if the price of the underlying asset moves against you, you can simply allow the Position to expire. The maximum loss is limited to an amount equivalent to the Margin, plus any commission or other transaction and/or Currency Conversion charges.

5.8 Sell Spread Bet Options entails considerably greater risk than buy Spread Bet Options, as the maximum loss is not capped to any predetermined amount. You may be liable for additional Margin to maintain your Position (and therefore have to post Margin) and a loss may be sustained well in excess of the initial Margin (subject to Negative Balance Protection).

6. Your Bets and/or Countdowns and Positions are at risk of being closed automatically.

6.1 The automatic closure of your Bets, Countdowns and/or Positions by the Platform is intended to prevent you incurring further losses and we may close all Bets, Countdowns, and/or Positions on your Account, not just Bets 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 (if using the NG Platform) or Account Value (if using the MT4 Trading System) closely. The Platform will attempt to notify you when your Account Revaluation Amount or Account Value (as applicable) reaches a specific level, although you should not rely on the Platform giving you this warning. To prevent Account Close-Out, you should keep an amount in your Account that allows sufficient headroom to keep your Positions open in case of sudden changes to the required Margin amount 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.

7. Market circumstances may impact your Bets and/or Countdowns.

7.1 The 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 circumstances may impact on your ability to place an Order for, or close, a Bet and/or Countdown (as applicable) with us, and we may be unable to execute your Orders for Bets where we cannot enter into a corresponding transaction to hedge our own risk. Additionally, when we enter into a corresponding transaction to hedge our risk, this influences the Prices we quote on the 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 in any of our Products and Account. 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. Where CMC offers out of hours trading, this risk still exists and may be exacerbated by limited liquidity in the underlying market during out of hours trading. In periods of price volatility there may not always be an opportunity for you to place an Order for a Bet between two Prices, or for the Platform to execute a Pending Order for a Bet 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 Bet.

7.3 In respect of Spread Bet Options, other factors that can impact the value include but are not limited to, the remaining time to expiry or implied volatility of the underlying asset. This means that even if the value of the underlying asset has not changed, the value of the Spread Bet Option may change (and decrease).

8. The Price of our Products may be different from the Price you see on the Platform and/or the Price provided by our client management team 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 Product is executed at or settled against 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 the 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 the Platform. If such changes occur, the Order is generally executed at the Price applicable when it is executed by the Platform.

8.2 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 Bets and/or Countdowns.

9.1 There is a risk that other circumstances may prevent us from executing Orders, or prevent you from accessing the Platform and/or our client management team, such as system errors or outages. Such circumstances may mean that you are not able to access the 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. Certain Products are more volatile than others and may be even more susceptible to sharp and sudden movements in Price, which could affect the value of your Positions. Therefore, you should ensure that you understand the specific risks of a Product before you place a Bet and/or Countdown 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. Foreign markets add further risks.

11.1 Foreign markets will involve different risks from UK markets and in some cases those risks will be greater than those typically associated with UK markets. These risks can impair our ability to generate Prices. The potential for profit or loss from Bets 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 Bet and/or Countdown.

11.2 In particular, where the relevant Product Currency is different to the relevant Account Currency, Margin requirement, 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.

11.3 Furthermore, Spread Bet Options may incur FX risk in respect of the Margin. For example, where you have a Long Position in a Spread Bet Option where the Product Currency is different to the relevant Account Currency, the Margin will always be quoted in the Product Currency at the prevailing Currency Conversion Rate but the Margin will be converted into the Account Currency at the Currency Conversion Rate at the time that the Margin is posted. Therefore, when the Product Currency and Account Currency differ, you will be exposed to FX risk in respect of the Margin between the time an Order for a Spread Bet Option is executed and the time the Bet is closed or the Spread Bet Option expires.

12. You should not finance your Bets and/or Countdowns on credit.

12.1 You must not rely on being able to redeem borrowed funds with any profits from any Bets and/or Countdowns.

13. Past performance is not indicative of future performance.

13.1 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.

14. We cannot guarantee protection of your money.

14.1 If you are categorised as a Retail Client, money that we hold on your behalf will be held in a segregated client money bank account separate from our own money, although this may not provide complete protection (for example, if the bank that we use becomes insolvent).

14.2 Full details on how we will treat your money are provided in our Financial Betting Terms of Business and you should ensure that you have read the Financial Betting Terms of Business carefully before opening an Account with us or entering into any Bet or Countdown.

15. Tax treatment may vary.

15.1 The tax treatment of your financial betting activities depends on your individual circumstances, and may be subject to change in future.

16. Access to the NG Platform via mobile applications.

16.1 The functions that enable you to access the NG Platform via mobile applications are not identical to the functions available to you when accessing the NG 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 the NG Platform and to limit the related risks.

17. Automated Trading (MT4 Trading System only).

17.1 Automated Trading is available via third parties on the MT4 Trading System. You should not enter into Bets using Automated Trading unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

17.2 We do not recommend or endorse any use of Automated Trading and you are responsible for all Bets you enter as the result of using Automated Trading. You are also responsible for ensuring that you have sufficient funds in your Account to satisfy any Bets automatically opened with Automated Trading.

17.3 Automated Trading is only available when you are logged into the MT4 Trading System and connected to the internet. If you are not logged in to the MT4 Trading System and connected to the internet, Automated Trading will not be triggered.

SECTION B – ADDITIONAL RISKS APPLICABLE TO PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES

1. You may lose more than any deposit when you enter into Bets with us, except with an Account with Shield Mode enabled.

1.1 When you enter into Bets 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. This does not apply to an Account with Shield Mode enabled, which is only available on the NG Platform and with which you risk losing your Invested Capital. Although the NG Platform and the MT4 Trading System have features that are designed to help limit your risk of loss, none of these other than Shield Mode and Guaranteed Stop Loss Orders (which, for the avoidance of doubt, are only available on the NG Platform) are guaranteed and you should not rely on them.

1.2 If we have agreed to provide you with an additional service and have 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.

1.3 For the avoidance of doubt, Shield Mode is not available on the MT4 Trading System.

2. Countdowns are OTC products.

2.1 You can only profit from our Countdowns where changes in our Settlement Prices mean your prediction is correct. These are different from other transferable financial instruments traded on Trading Venues where you can profit from real market fluctuations and where you may be entitled to dividends or interest.

3. You may lose your Stake on any Countdown.

You may lose the entire Stake placed on a Countdown if your prediction on that Countdown is incorrect.

4. Your Bets and/or Countdowns and Positions are at risk of being closed automatically.

4.1 In addition to paragraph 6.1 of section A above, if we have agreed to provide you with an additional service:

4.1.1 your Bets and/or Positions may be automatically closed by our client management team. Our client management team will attempt to notify you when your Account Revaluation Amount (if using the NG

Platform) or Account Value (if using the MT4 Trading System) reaches a specific level, although you should not rely on our client management team giving you this warning; and

4.1.2 if an Account Close-Out is triggered outside of UK 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 movements.

4.2 Countdowns will not be closed as part of the process detailed in paragraph 6.1 of section A above.

4.3 Once a Countdown has been entered into, it cannot be closed by you. All Countdowns will be closed and settled by the NG Platform automatically on expiration of the Countdown.

5. Market circumstances may impact your Bets or Countdowns.

5.1 Market circumstances may impact your ability to place an Order for a Bet or Countdown and may also impact our ability to settle a Bet or Countdown on expiry. If an event occurs that prevents the Platform from determining the Price applicable for a Bet or Countdown, we may cancel your Bet or Countdown, or declare it void.

5.2 In addition to paragraph 7.2 of section A above, where we have agreed to provide you with an additional service, in periods of price volatility there may not always be an opportunity for our client management team to execute a Pending Order for a Bet at a Price between two Prices where the Price has gapped.

6. The Price of Bets or Countdowns may be different from the Price you see on the Platform and/or the Price provided by our client management team when you place an Order.

6.1 Fluctuations in financial markets and/or technical considerations will affect Settlement Prices. Paragraph 8 of section A above will apply equally to Settlement Prices.

7. Cryptocurrencies.

7.1 Cryptocurrencies, which are generally unregulated in themselves, are high-risk, speculative investments, which will impact any cryptocurrency Bets that you enter with us. However, spread betting (including Bets) linked to cryptocurrencies are regulated by the FCA in the UK.

7.2 The value of cryptocurrencies, and therefore the value of Bets linked to them, is extremely volatile. They are vulnerable to sharp changes in price due to unexpected events or changes in market sentiment. Bets are leveraged products. Therefore the combination of increased volatility and leverage has the potential to significantly increase your losses if the market moves against you, relative to Bets based on other Products.

7.3 You should only invest in cryptocurrency Bets if you consider that you have the knowledge and experience of, and fully understand the risks associated with, both spread betting and cryptocurrencies.

8. Access to any additional service.

8.1 If we have expressly agreed to provide you with an additional 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 (see paragraph 9 of section A above) 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 investing in our Products.