It is important that you read and understand this Spectre Spreadbet Risk Warning Notice ("Risk Warning Notice"), which applies exclusively to Spectre Spreadbets (i.e.: Fully Margined Bets), 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 Spectre Spreadbet 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 Fully Margined Bets and our services. However, this Risk Warning Notice does not explain all of the risks and other significant aspects involved in our Fully Margined Bets. You should take sufficient time to read all the relevant information that we provide to you before entering into a Fully Margined Bet. Please note that Fully Margined Bets are not available on the MetaTrader 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, when entering into Fully Margined Bets, you can lose all your funding, and you may be required to make further payments. While Fully Margined Bets are not designed to provide access to leverage, there may be situations where your Account Revaluation Amount is less than the required Margin amount from your positions. In this circumstance, you may have access to more exposure than your initial Account Revaluation Amount, increasing the risk.

You should not enter into Fully Margined Bets 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 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 being exposed to 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 our Products. Any decision to engage with our Products is entirely at your own risk.

1.2 If we warn you that any of 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 do so only 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 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 betting, financial, legal, regulatory, tax or similar matter before opening an Account with us or entering into any Fully Margined Bets.

3. Our Products are OTC products.

3.1 When you enter into Fully Margined Bets, 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 Fully Margined Bets directly with us, and also that those Fully Margined Bets 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 Fully Margined Bets 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 Fully Margined Bets.

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

3.3 You can only profit from Fully Margined Bets 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 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 Available Equity when they enter into Fully Margined Bets with us.

5.1 If you are a Retail client when you enter into Fully Margined Bets with us, you risk losing your entire Available Equity. Although the Platform has features that are designed to help limit 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 Fully Margined Bet will be the amount that you owe us when that Fully Margined Bet is closed. While Fully Margined Bets are not designed to provide access to leverage, there may be situations where your Account Value is less than the required Margin amount from your positions. In this circumstance, you may have access to more exposure than your initial required Margin, increasing the risk. In addition, the nature of these products means that you may lose your entire Available Equity when entering into a Fully Margined Bet.

5.3 It is therefore important that you monitor your Fully Margined Bets closely, particularly where you have an open Short Position, as a Short Position may provide you with exposure greater than your required Margin.

5.4 There are costs associated with betting with us. Depending on the Fully Margined Bets you enter into, and how long you hold them for, we may require you to pay Open Position Maintenance Fees and Account Maintenance Fees. If you keep Position(s) open for an extended time, the aggregate Account and Open Position Maintenance Fees may exceed the amount of any profits or increase your losses. Only trade with money you can afford to lose.

5.5 You are liable to pay all fees which are due and payable to us. If you do not, your Fully Margined Bets and Positions are at risk of being closed manually.

5.6 If your Cash balance is insufficient to cover for the fees you owe us, our client management team will attempt to contact you before manually closing your Fully Margined Bets and/or Positions although you should not rely on our client management team giving you this warning.

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

6.1 The automatic closure of your Fully Margined Bets and/or Positions by the Platform is intended to prevent you incurring further losses and we may close all Fully Margined Bets and/or Positions on your Account, not just those which 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. The Platform will attempt to notify you when your Account Revaluation Amount 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 Fully Margined Bets.

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 your ability to place an Order for, or close, a Fully Margined Bet with us, and we may be unable to execute your Orders for Fully Margined 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 exposure to any of our Products and your 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; this risk 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 Fully Margined Bet between two Prices, or for the Platform to execute a Pending Order for a Fully Margined 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 Fully Margined Bet.

7.3 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 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.

7.4 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.

8. Technical risks and other circumstances may affect your Bets.

8.1 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.

9. Different Products pose different risks.

9.1 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 regards 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 an Fully Margined Bet on that Product.

10. Foreign markets add further risks.

10.1 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 Fully Margined 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 Fully Margined Bet.

10.2 Where the relevant Product Currency is different to the relevant Account Currency, 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. You should not finance your Bets and/or Countdowns on credit.

11.1 You must not rely on being able to redeem borrowed funds with any profits from any Fully Margined Bets.

12. Past performance is not indicative of future performance.

12.1 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.

13. We cannot guarantee protection of your money.

13.1 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).

13.2 Full details on how we will treat your money are provided in our Spectre Spreadbet Terms of Business and you should ensure that you have read them carefully before opening an Account with us or entering into any Fully Margined Bet.

14. Tax treatment may vary.

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

15. Access to the Platform via mobile applications.

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

SECTION B – ADDITIONAL RISKS APPLICABLE TO PROFESSIONAL CLIENTS

1. You may lose more than any deposit when you enter into Fully Margined Bets with us.

1.1 When you enter into Fully Margined 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. Although the Platform has features that are designed to help limit your risk of loss, none of these 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.

2. Your Fully Margined Bets and/or Positions are at risk of being closed automatically.

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

2.1.1 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 reaches a specific level, although you should not rely on our client management team giving you this warning; and

2.1.2 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.

3. Market circumstances may impact your Fully Margined Bets.

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

3.2 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.

4. The Price of Fully Margined Bets 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.

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

5. Cryptocurrencies.

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

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

5.3 You should only enter into cryptocurrency Fully Margined Bets if you consider that you have the knowledge and experience of, and fully understand the risks associated with, both spread betting and cryptocurrencies.

6. Access to any additional service.

6.1 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 being expose to our Products.