RISK WARNING NOTICE FORM

Client Name:____

This notice is provided to you as a private client in compliance with the Cayman Islands Monetary Authority Securities Investment Business Law (2003 Revision) and its accompanying Regulations. Private clients are afforded greater protections under this Law and its accompanying Regulations than other clients, and you should ensure that your broker tells you what these are.

This notice does not disclose all of the risks and other significant aspects of derivatives products such as futures and contracts for differences. You should not deal in derivatives unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position.
Certain strategies, such as a "spread" position or a "straddle", may be as risky as a simple "long" or "short" position.

Whilst derivative instruments can be utilised for the management of investment risk, some investments are unsuitable for many investors. Different instruments 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. Futures

Transactions in futures involve the obligation to **make, or to take, delivery** of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading 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 investment, and this can work against you as well as for you. **Futures transactions have a contingent liability**, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph (6) below.

2. Contracts for differences

Futures contracts can also be referred to as a Contract for Differences. These can be futures on any index, as well as currency and interest rate swaps. However, unlike other futures, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future and you should be aware of these as set out in paragraphs 1 and 2 respectively. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this as set out in the paragraph (6) below.

3. Off exchange transactions

It may not always be apparent whether or not a particular derivative is on or off-exchange. Your broker must make it clear to you if you are entering into an off exchange derivative transaction. While some off-exchange markets are highly liquid, transactions in off-exchange or "non transferable" 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, i.e. these might be securities that are not readily realisable instruments. 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 and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

4. Foreign markets

Foreign markets will involve specific market risks. In some cases the risks will be greater. On request, your broker must provide an explanation of the relevant risks and protections (if any) which will operate in any relevant foreign markets, including the extent to which he will accept liability for any default of a foreign broker through whom he deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

5. Contingent liability transactions

Contingent liability transactions that 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 futures or contracts for differences you may sustain a total loss of the margin you deposit with your broker 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 liable for any 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.

Contingent liability transactions which are not traded on or under the rules of a recognised may expose you to substantially greater risks.

6. Collateral

If you deposit collateral as security with your broker, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised investment exchange, with the rules of that exchange (and associated clearing house) applying, or trading off exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets that you deposited and may have to accept payment in cash. You should ascertain from your broker how your collateral will be dealt with.

7. Commissions and charges

Before you begin to trade, you should obtain all the relevant facts relating to the firm's remuneration attributable to any transaction and details of any 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 written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of futures, 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.

8. Suspension of trading

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 rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

9. Clearing house protections

On many exchanges, the performance of a transaction by your broker (or the third party with whom he is dealing on your behalf) is "guaranteed" by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the client, and may not protect you if your broker or another party defaults on its obligations to you. On request, your broker must explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for off-exchange instruments which are not traded under the rules of a recognised investment exchange.

10. Insolvency

Your broker's insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets that you lodged as collateral and you may have to accept any available payment in cash. On request, your broker must provide an explanation of the extent to which he will accept liability for any insolvency of, or default by, other brokers involved with your transactions.

11. Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the underlying securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of warrants can therefore be volatile. You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a "covered warrant").

Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. Your broker must make it clear to you if you are entering into an off-exchange transaction and advise you of any risks involved.

***<u>Firm:</u>* Spread Co Global Markets Limited**

I/We have read and understood the risk warning notice set out above.

Date ____________________

Signature of Client: __________________________________
Signature of Joint Account Holder: _________________________