

RISK WARNING

Date	Reviewer	Amendment	Version
21/08/2016	SY	Creation – identical to website version. Under review.	1.0

This Risk Warning is intended to inform you of the risks associated with trading in over-the-counter products, such as foreign exchange, foreign exchange options, options on foreign exchange, foreign exchange forwards, contracts for difference, options on contracts for difference, bullion, options on bullion and any other over-the-counter product offered by ADS Securities LLC (“**ADSS**” or “**we**” or “**us**”) from time to time (“**OTC Instruments**”), however, this Risk Warning is not exhaustive of all risks.

GIVEN THE LEVERAGE INVOLVED IN TRADING IN OTC INSTRUMENTS, A RELATIVELY SMALL MARKET MOVEMENT CAN HAVE A PROPORTIONATELY LARGER IMPACT ON THE FUNDS DEPOSITED INTO YOUR ACCOUNT. YOU COULD SUSTAIN A TOTAL LOSS OF ALL FUNDS IN YOUR ACCOUNT AND MAY BE REQUIRED TO DEPOSIT ADDITIONAL FUNDS, SHOULD YOUR ACCOUNT REALISE A NEGATIVE BALANCE. SINCE THE POSSIBILITY OF LOSING YOUR ENTIRE CASH BALANCE DOES EXIST, SPECULATION IN OTC INSTRUMENTS SHOULD ONLY BE CONDUCTED WITH RISK CAPITAL YOU CAN AFFORD TO LOSE.

In deciding whether to trade in OTC Instruments, you should be aware of the following:

1. Risk of Loss for OTC Instruments Acknowledgment

1.1 By placing Orders on the System or by entering into Transactions through the System, you acknowledge that you have reviewed the content of this Risk Warning in its entirety and understand the risks involved in the trading in OTC Instruments. You further acknowledge and understand that such instruments are speculative, involve a high degree of risk, involve the use of leverage and are appropriate only for persons who can assume the risk of losses which can exceed their original deposit. Since the possibility exists that you could sustain a loss of more than your initial investment, you should not invest money that you cannot afford to lose. You should not trade OTC Instruments unless you understand the nature of the contract you are entering into, your risk appetite, your risk exposure and your financial position.

You undertake to ADSS that you are willing and able, financially and otherwise, to assume the risk of trading in OTC Instruments. Further, you acknowledge that you understand the nature of the OTC Instruments you are entering into and the true extent of your exposure to the risk of loss. You have determined that trading in OTC

Instruments is suitable for you in light of your circumstances and financial position and you agree not to hold ADSS responsible for any Losses arising from Transactions entered into on your behalf.

If you have any doubts, you should seek independent advice.

2. No Guarantees

2.1 You acknowledge that guarantees of profits or freedom from losses in trading OTC Instruments are impossible and that you have no separate agreements with ADSS or any member of the ADSS Group regarding the trading in your Account, including any agreement that purports to guarantee profits or limit losses in your Account. You agree to immediately notify us in writing to compliance@ads-securities.com if anyone, including your Referral Agent and/or Account Manager, proposes such an agreement to you relating to any of your Account or if anyone makes any representations concerning your Account that differs from the Account Statement provided to you by ADSS.

3. No Advice

3.1 At all times, ADSS shall deal with you on an execution-only basis. ADSS shall not provide you with any tax advice or advice on the merits or suitability of you entering into any Order or Transaction. You undertake that all trading decisions are made by you and are done in reliance solely under your own judgment and at your own risk. You must rely on your own judgment and information before trading and, where necessary, seek independent advice. It is your responsibility to be aware of all Terms, conditions, rules and regulations that govern a market, the instruments offered by ADSS, or the underlying security of any instrument offered by ADSS.

All opinions, news, research, analysis, prices or other information contained on the System, Secure Access Website, Website or distributed to you by ADSS or any of the ADSS Group are provided as general market commentary and does not constitute investment advice, nor a solicitation or recommendation for you to buy or sell an instrument.

4. No Suitability Reviews

4.1 The information collected on the Application for Opening a Margin Trading Account is used by ADSS as a method to pre-screen clients as part of the account opening process and is not used to determine your general investment needs or objectives. ADSS is not required to, and does not, make any determination as to the suitability for you to trade any instrument offered by ADSS.

5. Prices

5.1 Although we expect our pricing will be reasonably related to that of the interbank market, prices we use may vary from those available to banks and other participants in the interbank market. Consequently, we may exercise discretion in setting margin requirements and collecting margin. Prices reflected on the charts are for information purposes only, as the prices shown may be raw pricing and are not necessarily tradable prices. Further, the charts only reflect the bid price and not the ask price.

6. Risk Reducing Orders or Strategies

6.1 The placing of certain orders such as “stop loss orders” and “stop limit orders” which are intended to limit losses on a position may not always be effective because market conditions may make it impossible to execute such Orders at your requested price. Further, it is possible for your Order to be executed several pips away. Strategies using combinations of positions such as “spread” and “straddle” positions may be just as risky as simple “long” or “short” positions. The use or non-use of strategies is entirely at your own risk.

7. Positions Held in Closed Markets and Market Gaps

7.1. Various situations, developments, news releases or events may arise after the market is closed or over a weekend, which may cause the markets to open at a significantly different price from where the market closed. You will not be able to place or modify pending Orders or Transactions (either via the System, Secure Access Website or telephone) over the weekend, on certain holidays and any time when the market for any Instrument is closed. You are, however, able to place pending Orders which will be sent for execution upon the market open in accordance with ADSS’s Execution Policy. There is substantial risk involved in leaving open positions, including stop loss orders, open during weekends and holidays, as there is a higher possibility of a market gap over the weekend and your order may be executed at a price significantly worse than your requested price. Further, your Account could experience a margin call at the market open if there is not sufficient Margin to maintain your Transaction(s) after or during a market gap.

8. “Hedged” Positions

8.1 Your Margin Requirements can be affected by many factors, including spread widening during times of low liquidity, cut-off time or extraordinary market conditions. If you carry both long (buy) and short (sell) Open Positions in the same instrument and same amount, your Account equity will be affected by the spread. This practice is risky as even though you are “hedged” you still have spread risk which can lead to the closure of both Open Positions and additionally any commissions due to

us. If your margin utilization is higher than 0.00 you are exposed to this risk.

9. Risk Associated with Internet-based Trading System

9.1 There are risks associated with utilizing an internet-based trading System, including but not limited to, the failure of hardware, software and/or internet connection. ADSS is not responsible for communication failures or delays made through the internet or when placing Orders through the System. ADSS employs a back-up systems and redundancies in addition to a contingency plan in order to minimize the possibility of System failures and disruptions.

10. Opinions, News, Research and Educational Materials

10.1 All information that is contained on ADSS's website or is provided to you by ADSS is being provided as general market commentary or compilation of market information and does not constitute investment advice or a solicitation or recommendation from ADSS to you. ADSS and the ADSS Group are not liable for any Losses which may arise directly or indirectly from the use of or reliance on such information.