

IV. RISK DISCLOSURE STATEMENT

In considering whether to trade in high risk over-the-counter or off-exchange currencies and spot currencies, options or derivatives where there exists a substantial amount of price volatility and financial leverage, you should read, understand, and seriously consider all of the following real risk factors which you are certain to encounter.

1. Trading in currencies and currency derivatives involves an extremely high degree of risk of loss and is not suitable for many investors. Investors can and frequently do lose all or part of the money they deposit. Because of the volatile nature of currency prices, the market price and, consequently, the value of your assets can rise and fall sharply without notice. The use of leverage and/or options can substantially increase your risk of loss. Deposit only money you can afford to lose.

2. As the result of an adverse price movement, or other factors, you may sustain a total loss of your initial deposit and any additional funds that you deposit. You may also be subject to losses that exceed the amount deposited at CFD Capital Markets when trading in certain leveraged products or short (opening sell) options. The use of leverage generally causes the value of your market position to change at a greater rate than that of the underlying asset, substantially increasing the risk of loss. Only the assumption of risk of loss gives rise to the opportunity to profit.

3. Option trading is a zero-sum game; for every dollar of profit there is a dollar of loss. Some studies have shown that more than eighty-five percent of small investors who trade options ultimately lose money. An option is an extremely complicated trading vehicle that carries substantial risks that are not inherent to the trading of the underlying asset. For example, options lose value with the passage of time (time-decay); options are generally not fully responsive to the price movement of the underlying asset (delta). Option profitability is substantially dependent on the exercise (strike) price of the option relative to the underlying market price. An option with a strike price which is deep out-of-the-money is ordinarily unlikely to ever become profitable. Short (opening sell) options have unlimited risk; long (opening buy) options have risk that is limited to the amount of the premium. You should familiarize yourself with the specific and systematic risks, terminology, and workings of long and short call and put options before depositing money for options trading.

4. No trading system has ever been devised that can consistently produce profits. It is only the assumption of risk of loss that gives rise to the opportunity to profit. Some academics theorize that at any given time the current market price of a currency (or other liquid asset) reflects all known information about that currency, and any future price movement is an absolute uncertainty, completely random in nature. Past price performance is not necessarily predictive of future results. The trade recommendations of brokers, traders, and analysts represent only their opinions and are normally insignificant in the face of the overall market.

5. Placing certain types of orders, such as stop-loss or stop limit orders, which may be intended to limit the amount of loss, may not be effective because price movement or market conditions can make it impossible to execute such orders at the desired price. Strategies utilizing spreads and/or straddles may have as much risk as simple long or short positions. It may be difficult or impossible to execute orders and offset or liquidate open market positions due to market liquidity and/or operations failures. Seasonal factors affecting the market price of various energy products are generally factored into the price well in advance and cannot be profited from.

6. Commissions, bid/ask spreads and other transaction fees can have a substantial adverse effect on your market positions' ability to break even, and, therefore, your ultimate profitability or loss. In order for you to achieve a net profit on any transaction, the price received upon the sale of the market position must exceed the purchase price paid by at least the amount of any commissions and other fees paid. Trading currencies and/or options

may involve frequent purchase and sale transactions, resulting in significant fees and commissions. Commission charges and other such fees increase the risk of loss and can account for all or part of trading losses. Generally, to calculate your breakeven price, total all commissions, bid/ask spreads and fees, divide by the unit quantity involved in the transaction, and then add the result to the buy price or subtract it from the sell price.

7. There is a risk associated with the solvency of the executing broker and/or the market-maker and/or the counterparty to your transactions. There is no governmental or private institution or party which regulates or assures performance on open positions in the over-the-counter and/or off-exchange currency market, nor is your brokerage firm, executing broker, market-maker and/or counterparty to your positions insured against default or insolvency. You may face the risk of loss of unrealized gains in open position and all funds in your account due to the failure, inability or refusal to perform on currency or derivative transactions, or the insolvency, bankruptcy or liquidation of the executing broker firm, market-maker or counterparty.

8. Your account transactions are off-exchange and over-the-counter, made with international counterparties in many cases outside of the jurisdiction of your country and are not subject to your country's government regulation. Foreign marketplaces may have regulations that differ significantly from those in your country, and may afford substantially less customer protection. In some off-exchange currency or derivative product markets it may be difficult or impossible to liquidate an existing position, assess its value, determine its fair price, or evaluate the exposure to risk. No party, including your broker or the executing broker, is required to quote bid and offer prices on currencies or derivative products.

9. Significant conflicts of interest exist between you and your introducing brokerage firm, dealer and/or counterparty. For example, the dealer may, and frequently will, act as counterparty and take the other side of transactions you place for your account. Your brokerage firm may seek to fill your order(s) while at the same time attempting to secure the best transaction price for itself. A conflict exists because the introducing brokerage firm and/or clearing firm stand to gain from increased trading activity in your account which generates increased brokerage commissions and/or trading fees. Both the introducing brokerage and dealing principal are free to engage in any currency or derivative transaction, capacity or activity that either deems appropriate, despite whether it may present an apparent, potential or actual conflict of interest with you. The dealer, clearing firm, market-maker and/or counterparty are not your fiduciary and have no responsibility to act in your best interest except for trade execution and account cashing.

10. Trading in off-exchange currencies or currency derivatives on an electronic trading system (ETS) may differ significantly from non-electronic trading environments. 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(s) is either not executed according to your instruction or is not executed at all.

11. You should have sufficient knowledge and experience in financial and investment matters as to be capable of understanding and evaluating the risks and merits of trading in currencies and/or derivatives thereof. If you lack such knowledge and experience, or do not understand currencies or currency derivatives, you should seek the advice of a qualified attorney or trained financial advisor before depositing any money for trading purposes.

12. This brief statement cannot disclose all of the risks and other significant aspects of trading in currencies and/or currency derivatives. You should, therefore, carefully study and understand all aspects of the account, the market, and the trading vehicle, prior to depositing any money. If you do not understand any part of this Risk Disclosure Statement or the Customer Account Agreement, seek the advice of a qualified attorney or trained financial advisor.