TRADING 212

Risk Disclosure Notice

RISK WARNING ON CONTRACTS FOR DIFFERENCE (CFDs) AND SHARES (EQUITIES)

This Notice is provided by **Trading 212 UK Ltd.** trading as **Trading 212** ("we")

This Notice provides you with information about the nature and risk of certain investment types. It does not explain all the risks or how the risks relate to your personal circumstances. If you have any doubt whether or not our products are appropriate for you, you should seek professional advice before trading.

We provide the opportunity for investment and dealing in the following products:

- Shares ("equities");
- Contracts for differences on shares, bonds and other securities, on indices, exchange traded funds on commodities, on futures and on currencies ("CFDs").

By investing in or dealing in any of the above you are risking your capital and you may not get back as much as you originally invested.

Contracts for Difference (CFDs)

CFDs are financial instruments that are traded on margin, enabling investors and traders to participate in the movement of shares and index prices without having the ownership of the underlying asset. CFDs are a complex financial product and are not suitable for all investors. If you are unsure of the risks or of whether you have sufficient financial resources or experience to trade these products, you should not begin trading with us. "CFDs" are highly risky due to the speculative and volatile markets in these products and the leverage (margin) involved. Trading these products may result in loss of the entire funds you deposited in the account. We are required by law to notify retail clients about the percentage of Retail Clients who have lost money trading CFDs with us during the last 12 months. This disclosure will be made available on our website: www.trading212.com. ***You must carefully consider your financial circumstances and risk tolerance before trading CFDs.*** **CFD trading is an activity that carries a high risk to your capital. Don't use money you can't afford to lose.**

You should only consider trading in CFDs if:

- you have extensive experience of trading in volatile markets,
- you fully understand how they operate, including all the risks and costs involved,

- you are aware that the greater the leverage, the greater the risk,
- you understand that your position can be closed whether or not you agree with our decision to close your position,
- you have high risk tolerance and the capability to absorb losses if they occur,
- you have sufficient time to manage your investment on an active basis.

Shares

Shares represent a part ownership in a company. As such, the owner of a share participates in the fortune of the company. If the company does well, the shares are likely to rise in price, but if the company does badly, the share price is likely to fall.

- **Insolvency** Holders of ordinary shares are the last to be paid in the event of a company becoming insolvent. However, ordinary shareholders also have the potential for good returns provided the company does well and is perceived to be continuing to do well. In extreme cases a company can fold up and become insolvent and you lose all your investment.
- **Perception Risk** Share price is based on demand which depends on investors perception of the companies' future prospects, and general sentiments, if others are pessimistic about a company, the share price will fall, if you sell at that point or if price does not recover, you get back less than you put in.

Execution Only

We shall not offer you any advice or recommendation regarding the suitability of any investments with us, and nothing we send or tell you should be interpreted as such. We do not provide investment, tax or trading advice. Our service is "execution only", meaning we will not advise you on any transaction, nor will we monitor your trading decisions to determine if they are appropriate for you or to help you avoid losses. You should obtain your own financial, legal, taxation and other professional advice as to whether CFDs or Shares are an appropriate investment for you. We may provide you with factual information in relation to our products, their potential risks, or about the financial markets in general; in doing so we shall not have assessed your individual circumstances.

Leverage

Our products offer various levels of leverage. Before trading, we shall ask you to make an initial deposit. Each product we offer has a margin requirement. Based on this requirement and your initial deposit, you shall be able to trade a contract value in excess of your funds. For example, a margin requirement of 5% would enable you to trade contracts 20 times as large as your deposit. Fluctuations in asset prices will therefore be magnified many times. A small price movement against you may result in a larger loss. Using leverage or margin means that you may lose the entire funds you have actually deposited in your account if the price of the CFD moves significantly against you.

Initial margin percentages by type of underlying for retail customers

(a) 3,33% of the notional value of the CFD when the underlying currency pair is composed of any two of the following currencies: US dollar, Euro, Japanese yen, Pound sterling, Canadian dollar or Swiss franc;

(b) 5% of the notional value of the CFD when the underlying index, currency pair or commodity is:

i. any of the following equity indices: Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Bourse AG German Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard & Poors 500 (S&P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard & Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50);
ii. a currency pair composed of at least one currency that is not listed in point (a) above; or
iii. gold;

(c) 10% of the notional value of the CFD when the underlying commodity or equity index is a commodity or any equity index other than those listed in point (b) above;

(d) 50% of the notional value of the CFD when the underlying is a cryptocurrency; or

(e) 20% of the notional value of the CFD when the underlying is:

i. a share; or
ii. not otherwise listed above.

The above-mentioned margin percentages are applicable for retail clients only.

Professional clients benefit from lower initial margin terms which are available on our website: www.trading212.com.

Settlement

In many market places (for example shares traded on the London Stock Exchange) settlement takes place by the counterparties simultaneously matching shares traded with cash being given. In other market places (for example those where CFDs are traded), you, on making an initial investment, puts up a sum of cash (the margin) which represents a percentage of the value of the investment. If the price of the investment subsequently fluctuates, you may be called upon to put up extra cash (a margin call).

Margin Rates

We reserve the right to adjust margin requirements for each of our products. Trading 212 UK Ltd. has the right to change or increase its Margin Requirements at any time: In order to protect the firm and all of our clients, Trading 212 UK Ltd. may modify Margin Requirements for any or all clients for any open or new positions at any time, in Trading 212 UK Ltd.'s sole discretion. If we increase our margin requirements, it may prevent you from adding positions or hedging existing positions if you have insufficient equity. If margin requirements increase on your existing CFDs, you will have to deposit additional equity in advance or your positions may be liquidated. This may result in your margin requirement increasing. You may therefore be required to deposit additional funds to maintain existing positions.

Position Monitoring

It is your responsibility to monitor your account. Trading 212 UK Ltd. has the right to liquidate your positions without notice in the event of a margin deficiency.

You must monitor your account so that at all times the account contains sufficient equity to meet Trading 212 UK Ltd.'s Margin Requirements. Trading 212 UK does not have to notify you of any failure to meet

Margin Requirements prior to Trading 212 UK Ltd. exercising its rights under its Agreement with you, including but not limited to its right to liquidate positions in your account(s).

Should the net value of the account (cash plus running profits minus running losses) fall below 50% of the margin required, we may close some or all of your positions at the current market price. This should not however be taken as a guarantee, and it is your responsibility to ensure that sufficient funds are on your account at all times.

Market Risk

CFD trading relies on the price movement of underlying financial products. You are therefore exposed to similar, but magnified, risks to holding the underlying assets.

Volatility risk

Markets for CFDs and Shares can be highly volatile. The prices of CFDs and their Underlying Products (shares or indices) may fluctuate rapidly and over wide ranges. The prices of CFDs will be influenced by, among other things, the market price of the underlying product of the CFD, the earnings and performance of the company or companies whose shares comprise the underlying product or a related index, the performance of the economy as a whole, the changing supply and demand relationships for the underlying product or related instruments and indices, governmental, commercial and trade programs and policies, interest rates, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

Also sharp, sudden and unexpected movements in the underlying product’s price, may result in a substantial and magnified profit or loss to you. Markets may not move in a smooth fashion, and price ‘gaps’ may occur with consecutive quotations far apart. There may not always be an opportunity for you to place an order or for our platform to execute an order at the price level which you have selected. One of the effects of this may be that stop loss orders are executed at unfavourable prices, either higher or lower than you may have anticipated, depending on the direction of your trade.

Crypto Currencies Risk

When trading bitcoin and other crypto currencies with Trading 212 you will not own any physical bitcoin and no wallets but speculating on the volatility of the price movements in bitcoin and other crypto currencies via a CFD. Trading bitcoin derivative products can be subject to extreme volatility, much more than traditional currencies and when trading bitcoin and other crypto currencies, it is possible to lose or gain substantial amounts in short periods of time. Trading derivative products can result in loss of your entire deposits.

Currency risk

Where you are trading a product denominated in a currency different from that in which you hold your account, fluctuations in the exchange rate affect your profit and loss.

When you deal in a CFD or Shares that is denominated in a currency other than the base currency or currency you have on deposit in your Trading 212 UK Ltd. account, all margins, profits, losses and financing credits and debits in relation to that CFD are calculated using the currency in which the CFD is denominated. Thus, your profits or losses will be further affected by fluctuations in the exchange rates between the account currency and the currency in which the CFD is denominated. Trading 212 UK Ltd. applies a margin "haircut" to reflect this risk, and so the Margin Requirement on the CFD will effectively increase.

Interest Rate Fluctuation Risk

Interest rates fluctuate, which will affect the financing charges (or rebates) you will pay (or may receive) on your long (or short) CFD positions. This will also affect your total profits or losses.

Regulatory and Taxation Changes Risk

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on the value of your CFDs or Shares, the tax you pay on your CFDs or Shares, and the total return on the products.

Liquidity Risk

Under certain circumstances, it may not be possible to close a part of or a whole position at the current price or at all. Trading 212 UK Ltd. is not obligated to provide quotes for any CFD at any time, and Trading 212 UK Ltd. does not guarantee the continuous availability of quotations or trading for any CFD. Trading 212 UK Ltd. may in its sole discretion cease quoting CFDs and/or cease entering new CFD or Shares transactions at any time based on lack of market data, halts or suspensions or errors or illiquidity or volatility in the market for the Underlying product, or Trading 212 UK Ltd.'s own risk or profit parameters, technical errors, communication problems, market or political or economic or governmental events, Acts of God or Nature, or for other reasons.

Counterparty Risk (in relation to CFDs)

In relation to CFDs, we are counterparty to all your trades. None of our CFD products are listed on an exchange, nor can any rights, benefits or obligations be transferred to anyone else. While we undertake our obligation to provide you with best execution and to act reasonably and in accordance with our published terms and condition seriously, CFDs opened on your account with us must be closed with us, based on our prices and conditions. CFDs are contracts with Trading 212 UK Ltd. as your counterparty, and are not traded on a regulated exchange and are not cleared on a central clearinghouse. Thus, exchange and clearinghouse rules and protections do not apply to trading CFDs with Trading 212 UK Ltd.

Counterparty Credit Risk On CFD Trades

Since Trading 212 UK Ltd. is the counterparty to your CFD trades, you are exposed to the financial and business risks, including credit risk, associated with dealing with Trading 212 UK Ltd. That is, in the unlikely event that Trading 212 UK Ltd. were to become insolvent, it may be unable to meet its obligations to you. Please note, however that Trading 212 UK Ltd. is a participant in the UK Financial Services Compensation Scheme ("FSCS"). You may be entitled to compensation from the FSCS in the event we cannot meet our obligations. Eligible clients have assets protected by the Financial Services Compensation Scheme up to £85,000. Further information about compensation is available from the UK

Financial Services Compensation Scheme at www.fscs.org.uk. You are also exposed to the risk of our default. Trading 212 UK Ltd. is a member of the Financial Services Compensation Scheme and in the unlikely event of default, you may have recourse to this scheme. Details of this scheme may be found on the FSCS website www.fscs.org.uk. Trading 212 Ltd.'s clients funds are covered by the Investors Compensation Fund and in the unlikely event of default, you may have recourse to this fund. Details of this fund may be found on the website www.sfund-bg.com.

CFDs Do Not Give You Any Rights In The Underlying Product

A CFD is to secure a profit or avoid a loss by reference to fluctuations in the price of the Underlying Product,rather than by taking delivery of any Underlying Product. No CFD transaction shall confer on you any right, voting right, title or interest in any Underlying Product or entitle or oblige you to acquire, receive, hold, vote, deliver, dispose of or participate directly in any corporate action of any Underlying Product.

Trading 212 UK Ltd.'s rights to adjust, modify and/or Close-Out CFD transactions in the event Of a corporate action affecting the Underlying Product

In the event of a Corporate Action affecting the Underlying Product of a CFD (e.g. splits, spin-offs, rights offerings, mergers and acquisitions, etc.): i) Trading 212 UK Ltd. in its sole discretion will determine the appropriate adjustment or modification or action to take, if any, and when, with respect to the CFD to preserve the economic equivalent of the rights and obligations of the parties; ii) As an addition or alternative to the foregoing, Trading 212 UK Ltd. reserves the right in its sole discretion to close out your open CFD position in the Underlying Product prior to the Corporate Action.

Risk Of Disruption Or Interruption Of Access To Trading 212 UK Ltd.'s Electronic Systems And Services

Trading 212 UK Ltd. relies on computer software, hardware and telecommunications infrastructure and networking to provide its services to Clients, and without these systems Trading 212 UK Ltd. cannot provide the services. These computer-based systems and services such as those used by Trading 212 UK Ltd. are inherently vulnerable to disruption, delay or failure, which may cause you to lose access to the Trading 212 UK Ltd. trading platform or may cause Trading 212 UK Ltd. not to be able to provide CFDor Shares quotations or trading, or may negatively affect any or all aspects of Trading 212 UK Ltd.'s services. Under the Trading 212 UK Ltd. Trading Agreement, you accept the Trading 212 UK Ltd. systems and services "Trading212" and our liability to you is limited.

Segregated Accounts

In accordance with the FCA (Trading 212 UK Ltd.) and FSC (Trading 212 Ltd.) regulations, all our client funds are held in segregated trust accounts. While we monitor the creditworthiness of our banks closely and select them on the basis of robustness and solidity, using only major international banks, this does not mean that they are risk-free. We can provide you with details of which banks we use, on request.

Further Risk warnings concerning Shares

Dividend payment not guaranteed

Some shares pay a dividend, either semi-annually or quarterly. A dividend is an amount of money, determined by the company's Board of Directors, which is a distribution of the company's profits. Established, profitable companies tend to pay dividends and have a good record of providing a steady stream of dividend payments. Periods of economic difficulty may, however, interrupt such dividend payment for even the most established shares. Younger, less established companies that are building a business tend to retain their profits for re-investment. These are called "growth" companies as their business strategy is to grow their business rapidly.

Dealing/administrative costs

Commissions and Charges levied by ourselves or third parties will reduce potential profit you can make or increase the level of loss. Before you begin to trade, you should understand all commissions and other charges for which you will be liable.

Shares deposited as Collateral

If you deposit collateral as security with us, 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 where or how you are trading. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken and even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from us how your collateral will be dealt with.

Market gapping

This is a sudden shift in the price of an instrument or its underlying from one level to another. It can happen at any time, but occurs most frequently when the market closes at one level but reopens at another. This can cause unexpected losses.

Non-readily realisable investments.

We may arrange or enter into transactions in non-readily realisable investments. These are investments in which the market is limited or could become so. You may have difficulty selling such an investment at a reasonable price and, in some circumstances. It may be difficult to sell it at any price. Do not invest in such investments unless you have carefully thought about whether they are suitable for you.

Past performance

You should be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

Dealing in securities which may be subject to stabilisation

We, and/or our representatives, may from time to time carry out transactions on your behalf in securities subject to stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

Liquidity risk in shares

Shares are available in companies of different sizes, industrial sectors, geographical locations, and on different stock markets. Liquidity is an important risk factor when investing in individual equities and is generally driven by the market capitalisation (total value of issued shares) of the company and current market conditions. Liquidity levels can change rapidly and lack of liquidity often restricts trading in equities with smaller market capitalisations (known as mid cap and small cap).

Information on overseas investments

Information on overseas investments is not as readily available to the UK public as for UK companies and the financial pages of the national press give little coverage of the subject. Different time zones also mean that you will not always be able to get a real time price for overseas stocks during the UK trading day. When investing in overseas markets, currency fluctuations need to be taken into account. A gain or loss made on the performance of a stock can easily be offset by a movement in the currency exchange rate. Alternatively a gain or loss on a stock could be compounded to make an even larger one. Liquidity considerations are similar to UK shares.

Price volatility

The price of individual shares can fluctuate considerably and can appreciate or decline rapidly. Shares can also remain in decline over long time periods. Share prices rise and fall according to the health of the company and general economic and market conditions. Individual share price rises and falls can be significant. Stock market investments tend to be more volatile than investments in most bonds.

Penny Shares

Shares purchased on the Alternative Investment Market (AIM) (especially those known as ‘penny shares’) carry a higher degree of risk of losing money than other UK shares. This is because the requirements on companies that are listed on AIM are less stringent than those for companies with a full market listing. There is also usually a wider spread between the buying price and the selling price of these shares and if they have to be sold immediately, you may get back less than you paid for them due to a lack of liquidity. The price of these shares may change quickly and they may go down as well as up. It may also be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed.

Fractional Shares

Fractional shares cannot be traded on public exchanges and are illiquid and unrecognised outside our trading platform. You can only liquidate them when they are sold through us and they cannot be transferred to another broker unless they are sold. Voting proxies cannot be facilitated on fractional shares and you cannot be provided with shareholders documentation for fraction of a share. There are potential conflict of interests in connection with fractional transactions and you have consented to this transaction by agreeing to the terms of business. You may revoke your consent to such transaction at any time by written notice to us.