

Trade Nation

Risk Disclosure Notice

This Notice is provided to you by Trade Nation and should be read in conjunction with the Terms and Conditions. Before you start trading with Trade Nation you must carefully consider whether trading in derivatives is appropriate for you based on your personal circumstances, financial objectives, financial needs and trading experience. For many members of the public, these transactions are not suitable: you should therefore consider carefully whether they are suitable for you in the light of your circumstances and financial resources.

Trade Nation offers Over-the-Counter (OTC) products such as Spread Trades and Margin FX collectively referred to as ST products on a variety of financial assets classes including indices, FX, shares, cryptocurrencies and commodities. ST products are speculative products which are not suitable for all investors. ST products are leveraged investments and by investing in them you are exposed to much greater risk of financial loss than other types of conventional investments such as share trading. You may incur a loss which is far greater than the amount you invest. In deciding whether to trade in such instruments you should be aware of the following points:

Appropriateness

Prior to proceeding with the opening of an account for you, we may be required to undertake an evaluation as to whether our products are appropriate for you. If we believe they are not, we shall warn you accordingly.

Counterparty risk

Trade Nation reduces financial exposure by entering into corresponding trades with counterparties. There is a risk that the counterparty defaults on its obligations to us which could impact on our ability to meet our obligations to you. If we default on our obligations, you may become an unsecured creditor in the event of an administration or liquidation, and you will not have recourse to the underlying assets in the event of our insolvency.

Leverage Risk

The high degree of “gearing” or “leverage” is a particular feature of this type of transaction. This stems from the margining system applicable to such trades that generally involves a deposit or initial margin in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your trade. If the underlying market movement is in your favour, you may achieve a profit position, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss unless you enter into a limited liability contract with the firm. The nature of ST Products means that a relatively small move in the price of the underlying instrument to which your ST Product relates can cause an immediate and substantial loss to you, including a loss far greater than the amount of your initial investment.

Order Risk

Orders, other than Guaranteed Stop orders, are not guaranteed so reliance on an order is a risk. It is your responsibility to manage orders. Any order which you have placed and have not cancelled may be filled by us and therefore you may incur losses as a result of that order.

Gapping Risk

Gapping refers to an occurrence whereby our quote moves from one price to the next price, through an order level. This may be because the underlying instrument to which the ST Product relates has stopped trading and recommences trading at a price below or above a stop loss order level or may trade in insufficient size as represented by the size of your order, for Trade Nation to have been reasonably able to place a trade in the underlying instrument. When gapping occurs, orders are executed at our quote based upon the first price that we are reasonably able to obtain in the underlying instrument. Accordingly, where you have an order you must understand the potential impact of gapping.

Market Risk

The ST Products provided by Trade Nation are OTC products. This means that they are not traded on a licensed financial market such as an exchange. Therefore, by trading in OTC products with us you will not have the benefit of some of the advantages of trading on a licensed market, such as having a central clearing house to guarantee our obligations to you.

Dealing Spread Risk

For all ST products we incorporate our fees in the spread. There may be circumstances in which the spread that we charge you to close a transaction maybe greater than the spread that we charged you to open the transaction and vice-versa. In such a scenario you may face greater costs in closing a position than anticipated. Dealing spread may vary depending on trading hours as listed in the Market Information Sheets and are subject to change in times of volatile market conditions.

Operational Risk

Our ST Products are typically traded over the internet which means that you are exposed to the operational risks associated with online trading such as the reliability of your internet connection, the stability of the trading platform and the reliability of network connections and computer hardware. Such systems, trading platform or hardware failure could prevent you from implementing your desired trading strategy and could cause you to suffer loss. In the event of connectivity problems, you can contact us immediately to manage your account by telephone.

Volatility Risk

Financial markets can be very volatile. Unpredictable events can cause the market of an underlying instrument to move rapidly on little to no trading activity. In such circumstances it may become very difficult, if not impossible, to execute your orders according to your instructions or at all, which could cause you to suffer loss. In other circumstances there may be low trading volumes for the underlying instrument to which the transaction relates and Trade Nation , in accordance with the Terms and Conditions, we may limit the size of transactions that we are able to provide, which presents a risk to you fulfilling your desired trading strategy.

No advice

Trade Nation will not provide you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. We may, however, give factual market information or information, in relation to a transaction about which you have enquired, as to transaction procedures, potential risks involved and how those risks may be minimised.

Tax implications

The tax treatment of ST Products and of any profits you make from such trading may be affected by your personal circumstances and can be subject to change. You should seek further advice if necessary.

Client Money

Trade Nation holds your money in segregated bank client accounts in accordance with regulation.