

# Risk Warning



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Authorised and regulated  
by the Financial Conduct Authority.  
FCA Register No: 446677

## Risk Warning

Spread Co Limited is authorised and regulated by The Financial Conduct Authority (FCA), register number 446677. This notice is provided to you in compliance with FCA requirements because you are proposing to undertake dealings in Contracts for Difference (CFDs) and / or Spread Bets. This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in CFDs and Spread Betting. Engaging in these types of transactions can carry a high risk. You should not engage in this form of trading unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss. Your profit or loss will vary according to the extent of the fluctuations in the price of the "underlying markets".

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. In considering whether to engage in this form of trading, you should be aware of the following:

- 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 which generally involves a comparatively modest deposit or 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 good profit, 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 a limited liability contract (place a guaranteed stop loss) with Spread Co, where Spread Co offers such a facility.
- Foreign markets will involve different risks from UK markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign currency denominated markets may be affected by fluctuations in foreign exchange rates.
- You may be called upon to deposit substantial additional margin, at short notice, to maintain your trade. If you do not provide such additional funds within the time required, your trade may be closed at a loss and you will be liable for any resulting deficit.
- CFD and Spread Bet trades will not be undertaken on a recognised or designated investment exchange. During normal market hours and outside normal market hours, Spread Co will execute CFD and Spread Bet orders and trades at Spread Co's price. Spread Co acts as a "market maker" in these CFDs and Spread Bets in and out of market hours (see Spread Co's Terms of Business for market hours.) Closing trades will be traded at the price dictated by the spread quoted at the time of closing, irrespective of the spread at the time of the opening trade, which may be larger or smaller. No guarantee is given as to the spread at the time of closing. All CFD and Spread Bets opened with Spread Co must be closed with Spread Co and cannot be closed with any other entity.
- When entering into such transactions, Spread Co must do so under a two-way customer agreement (Spread Co Terms of Business) pursuant to the FCA Conduct of Business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that customer agreement and report to the FCA if you have reason to believe it is not.
- Prior to placing trades, you should ensure that you understand all charges for which you will be liable.
- CFDs and Spread Bets are higher risk investments than ordinary share dealing, as gearing can lead to unlimited losses. However, to limit potential losses and bring peace of mind, clients trading through Spread Co have access to both a simple stop loss facility and, where Spread Co offers this, a guaranteed stop loss facility. Both simple and guaranteed stop loss facilities are only available at the absolute discretion of Spread Co. For further detail in relation to stop losses please refer to Spread Co's Dealing System. A stop loss order allows you to set a price which if breached will automatically trigger a sell order (for long positions) or buy order (for short positions) to close your current position. This facility is available at Spread Co's discretion when placing the deal either through the online platform or over the telephone.
- With a simple stop loss if the share or index breaches your stop loss then your order will be executed when Spread Co is reasonably able to do so. This may mean the order is executed at less than your stop loss price in the case of a long position or more than the stop loss price in the case of a short position. However you can use a guaranteed stop loss on selected underlying products. As it suggests this is a stop loss order that is guaranteed to be executed at the price you specify, even if the price of the underlying product makes a sudden movement and never actually trades at the price that you specified, your position will still be closed at your chosen price. This may not be the case with a simple stop loss. The guaranteed stop loss facility may be available through Spread Co's on line Dealing System or via telephone on such underlying products as Spread Co determines in its discretion. You may also be required to pay a small premium for the guaranteed stop loss

facility when placing the deal but many would consider this a small price to pay when compared to the cost of an unpredictable loss. It is important to remember that Spread Co allows you to trade certain CFDs and Spread Bets outside of normal market hours. For instance the FTSE 100 Index CFD can be traded between 9am and 5.30pm when the normal market hours are 8am until 4.30pm. The prices quoted for Index CFDs and Spread Bets are Spread Co's prices and are based on 2 market movements. Outside normal market hours the prices are based on the interpretation of how the market may move if it were open. This means simple stop losses and guaranteed stop losses could be triggered outside of normal market hours based on movements in the house price for the index. For specific information about the Spread Co trading hours for each instrument, please refer to the Dealing System.

- 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 trading is restricted or suspended.
- Spread Co is prohibited under its FCA permissions from providing you with investment advice relating to investments or possible transactions in investments or from making investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of 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.
- Spread Co is required to hold your money in segregated accounts in accordance with the regulations of FCA, but this may not afford complete protection.
- If you deposit collateral as security with Spread Co, you should ascertain from Spread Co how your collateral will be dealt with.
- Spread Co's insolvency or default may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash.
- If you have reason to believe that Spread Co is not acting in accordance with representations that it has made to you, the terms of your customer agreement or the rules of the FCA, you should report it to the Financial Conduct Authority Consumer Helpline, 25 The North Colonnade, Canary Wharf, London E14 5HS.