Futures Risk Disclosures

Futures are complex instruments and come with a high risk of losing money rapidly due to leverage. You should consider whether you understand how futures work, and whether you can afford to lose more than your original investment.

This document presents the specific risks associated with Futures trading. We recommend that you save a copy for future reference.

Key Risks to Customers

Futures are complex derivative products and come with a high risk of losing money quickly due to the fact the margin deposit required to open a futures position is a fraction of the nominal value of the contracts being purchased. Trading on margin magnifies your gains and losses, so small price changes in the underlying product can result in large losses or gains. It is therefore possible that you may lose more than your deposit in a trade.

The underlying assets of Futures may include, amongst other things, indices, commodities, and foreign exchange. The markets of these products can be volatile, which means the prices of the products can change rapidly and are therefore unpredictable.

In certain circumstances, including where there are volatile market conditions, it may be difficult or impossible to liquidate or limit a Futures position (i.e. by entering into an offsetting position). If you cannot liquidate your position in a Futures contract, you may not be able to realise a gain in the value of your position or otherwise prevent losses from being incurred. This inability to liquidate could occur, for example, if trading is halted due to unusual trading activity in either the futures contract itself or the underlying asset. Even if you can liquidate your position, you may be forced to do so at a price that involves a large loss.

There is no maximum loss. In some circumstances you may be required to make further payments to cover the losses that you have incurred as a result of trading Futures. The total loss you could incur may therefore exceed the amount invested as initial margin and may result in us closing out other positions to cover such losses (as is detailed further below).

The product is listed for trading on a futures market and there is no committed liquidity offered by market makers or the Exchange. Therefore, liquidity depends only on the availability of buyers and sellers in the market. Regular trading activity observed at one point in time does not guarantee regular trading at any other point in time.

Placing stop loss orders will not always limit your losses to the intended amount, as market conditions may make it impossible to close your position at the stop price.

In some circumstances, the price of a Futures contract may not maintain the anticipated relationship to the prices of the underlying index or commodity.

You should only trade Futures if:
(a) you have sufficient and relevant knowledge about or experience in, trading in volatile markets;
(b) you understand how Futures work (including all associated risks and costs) and are aware that the use of margin creates greater risks;
(c) you are trading with money you can afford to lose;
(d) you have a high-risk tolerance;
(e) you want to gain short term exposure to a product/market;
(f) you understand that there are situations where we will be able to close out your transactions without giving you notice or by giving you very short notice;
(g) you understand that we can change margin requirements at our sole discretion (including in relation to open positions), and that we may give you very short notice of changes to margin requirements or due to an Exceptional Event we may not be able to give you notice at all. We will exercise our right to change margin requirements in accordance with Applicable Law;

All futures contracts traded on the Exchange are cleared in accordance with applicable U.S. law. In the unlikely event of the Exchange's default, you may suffer losses depending on the facts and circumstances relating to the insolvency.

If a third-party exchange member becomes insolvent, pursuant to the Commodity Futures Trading Commission regulations, the trustee of the insolvent exchange member will attempt to move your funds and any open positions to an alternative third-party exchange member. You may suffer losses to the funds being held at the insolvent third party exchange member depending on the facts and circumstances related to the insolvency.