

Risk Disclosure Notice

Introduction

This Risk Disclosure Notice (“Notice”) sets out the necessary information about the risks associated with the products which you may invest in through the Flux Markets trading platform:

- Contracts For Difference (“CFDs”) are provided through a CFD account; and/or
- Spread Bets are provided through a Spread Betting account.

This Notice does not explain all associated risks in CFD investing or Spread Betting nor does it take your personal circumstances into account. CFDs and Spread Bets are complex financial instruments which carry a high risk of losing money rapidly due to leverage, which provides multiplied exposure to changes in the market. This can allow you to realise greater returns but often leads to greater losses.

The vast majority of Retail client accounts lose money when trading in CFDs and Spread Bets.

You should consider whether you can afford to take the high risk of losing your money. All financial instruments carry risk. The value of your investment may fall or rise, and you may get back less than or none of your initial investment.

Before opening an account with Flux Markets for either a CFD or Spread Betting account, you must thoroughly understand and consider all associated risks. Evaluate your financial situation and determine whether you have the necessary resources to absorb these risks. Ensure you are capable of diligently managing your positions.

This document is intended to be relied upon by Retail clients (individuals and corporations) and professional clients and eligible counterparties, with any category-specific risks being indicated as such within the document.

CFDs and Spread Bets

What are CFDs?

CFDs are trades intended to make a profit or avoid a loss based on changes in the value of an underlying asset. Common types include Foreign Exchange CFDs, Commodity CFDs, and Stock Index CFDs. CFDs are settled in cash only.

What are Spread Bets?

Spread Bets enable you to speculate on the direction of price movements of an underlying instrument or index. An agreement is formed between you and Flux Markets to exchange the difference between the opening and closing values of the bet. You also determine the amount to bet per point movement of the underlying instrument or index.



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Risk of CFD and Spread Bets

CFD investing and Spread Betting involve significant risk due to leverage, which amplifies both gains and losses. Even small market movements can lead to substantial changes in your investment's value. While leverage can increase returns, it also heightens the risk of quickly losing your entire account balance, potentially requiring additional funds to maintain open positions. Always consider the full value of your trade and its potential losses, not just your initial investment. **The vast majority of Retail client accounts lose money when trading in CFDs and Spread Bets.**

No Advice

Flux Market's trading platform is provided on an execution-only basis. Flux Markets does not provide investment advice regarding CFDs or Spread Bets. While we may occasionally provide factual information or research recommendations, any decision to use Flux Markets' products or services is entirely your responsibility.

You are solely responsible for all taxation or legal matters (including but not limited to regulatory filings, payments and compliance with relevant laws and regulations). Flux Markets will not provide any advice on these matters and if you are unclear, you should seek independent advice.

Appropriateness

An assessment will be conducted before you can access CFD trading or Spread Betting on the Flux Markets trading platform. This is necessary to ensure that these products are appropriate for you, and to allow us to inform you if they are not suitable based on the information you provide to us at the point of onboarding.

As part of this assessment, Flux Markets may request information about your financial assets and earnings. It is your responsibility to ensure that your financial resources and risk tolerance remain suitable for your trading activities on the trading platform. At the point of placing a trade, you are warranting that you can bear the financial risks associated with trading CFDs and Spread Bets. Any decision to open an account is entirely your own, regardless of the outcome of the assessment. This Notice is intended to help you understand the risks associated with trading CFDs and spread betting. If any part of the information is unclear, do not proceed with opening an account and contact us immediately for clarification.

Furthermore, should you be classified as a professional client or an eligible counterparty, you are required to inform Flux Markets if you no longer qualify as a professional client or an eligible counterparty.

Compulsory Close out of position(s) (Retail clients only)

As a Retail client, Flux Markets is obligated by the Financial Conduct Authority ("FCA") to implement safeguards to prevent you from losing more than the total funds in your account. If your account funds decline to 50% of the total margin requirement for your open positions, Flux Markets will initiate the immediate closure of your positions until your account funds exceed 50% of your total margin requirement.

It is important to note that this action may lead to the forced closure of profitable positions, forfeiting potential future gains. Flux Markets will strive to notify you when your account funds reach your total margin requirement, allowing you time to manage your account to maintain your positions.

However, you should not rely on receiving this notification and should be continually monitoring your positions. Furthermore, it is essential to understand that the funds in your account, which may appear adequate initially, can swiftly become insufficient due to rapidly changing market conditions.

CFD and Spread Bets General Risks

The CFDs and Spread Bets offered by Flux Markets are not listed on an exchange. As a result, all pricing is set by Flux Markets in accordance with the firm's Order Execution Policy found on our website. This complies with Flux Markets' obligation to act reasonably and provide you with best execution.

Whenever you open a trade with Flux Markets, you enter into a legally binding contract with the firm. These contracts do not confer any rights to the underlying instrument or asset, nor do they grant voting rights. Additionally, they are non-transferable to any third party and can only be closed with Flux Markets.

Range of Markets

Flux Markets provides CFDs and Spread Bets across a diverse range of underlying markets such as Forex, Indices and Commodities. While contract prices are derived from these markets, the characteristics of the contracts may differ significantly from the actual underlying instruments. These characteristics include contract size, margin rates, last dealing time, settlement procedures, spreads and currency.

General Trading Risks

Despite the varied characteristics between CFDs or Spread Bets and the underlying instrument or market, you need to understand the risks relevant to trading in the underlying market. Both Spread Bets and CFDs are forms of speculation on price movements in an underlying market and whilst the prices at which you trade are set by Flux Markets, they are based off the underlying market, as such changes of price here will directly impact your trades.

Past Performance

It is crucial that you understand that past performance is in no way indicative of future performance for any investment.



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Gapping

Gapping is the term describing a sudden change in the price of a market from one level to another. This can occur when the market is open or closed. If this occurs whilst the market is closed, when the market reopens the price level (which Flux Markets derives the price you trade) could be substantially lower than when the market closed. This means the value of your position will have dropped substantially with no opportunity for you to exit your position.

Market Liquidity

Flux Markets sets prices, spreads, and transaction sizes based on the current market conditions of the underlying assets. Market conditions can change rapidly, so if you want to sell an asset or close a contract, you may not be able to do so on the same terms (i.e., price, size, etc.) as when you first opened it. In some trading conditions, liquidating a position may be challenging or even impossible. This can happen, for example, during fast price movements, when prices rise or fall sharply within a single session, leading to trading suspensions or restrictions by exchange rules.

Out-of-Hours Markets

During out-of-hours trading windows, quotations provided are based on Flux Markets' expectations of the market. At times these may take into account fluctuations in relevant open markets and reflect the activity of other clients trading in the market.

Currency

If you trade in a market that is denominated in a currency other than your base currency, fluctuations in exchange rates will impact your profits and losses. For example, if your assets are denominated in GBP (Pounds sterling) and you have invested in instruments denominated in USD (United States Dollars), a decline in the value of GBP against USD will reduce the real value of your investments. Additionally, you may incur charges due to currency exchange; further details on this can be found in our Costs and Charges Agreement.

Volatility

You should also be aware of the volatility of the underlying market. Knowledge of this will help inform your decisions on where to place stops.

Need to Monitor Positions

Your positions are entirely your responsibility. Therefore, you must closely monitor any open positions you hold, and ensure that you can access your account at all times when you have an open position.



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Electronic communications

Unless specified otherwise, Flux Markets will communicate with you via electronic means. Although electronic communication is generally the most reliable and efficient method, it is not without potential issues. Consequently, you should be aware that electronic communications may occasionally fail, experience delays, or be vulnerable to security breaches.

Our services

Any instruction you provide may only be revoked with the consent of Flux Markets (which shall not be unreasonably withheld) before the execution of the initial instruction.

Over-the-counter Risk

When trading CFDs and Spread Bets with Flux Markets, orders will be executed over the counter (OTC) rather than on a recognized or designated investment exchange. All positions entered must be closed with Flux Markets and cannot be closed with any other entity. OTC transactions may carry greater risks compared to on-exchange transactions, as there is no exchange market to facilitate the closure of open positions. This may result in challenges in liquidating existing positions, assessing their value, or understanding exposure to risk. Additionally, there is no central clearing house, and Flux Markets does not guarantee payment obligations, exposing you to credit risk. Therefore, you must rely solely on Flux Markets for the execution of all transactions in your account and the return of any margin.

Insolvency and Default

Under specific conditions, such as the insolvency or default of any other brokers participating in your transaction, your positions might be closed out or liquidated without your explicit consent. Consequently, there is a possibility that you may not fully recover your invested assets and may need to settle for available cash payments. Upon request, we will furnish you with a detailed explanation regarding the extent to which Flux Markets assumes liability for any insolvency or default by other firms involved in your transactions.

If Flux Markets encounters insolvency or financial default, rendering it incapable of fulfilling its obligations, Flux Markets is affiliated with the UK Financial Services Compensation Scheme (FSCS). This scheme provides coverage for up to £85,000 of any claim against the relevant firm. The eligibility to make a claim depends on the nature of the business and individual circumstances.

Tax

Flux Markets understands that UK tax law imposes capital gains tax on profits derived from trading CFDs, while Spread Bets are generally exempt from such tax. However, this position may change in the future. Furthermore, Flux Markets does not provide tax advisory services of any kind. Therefore, it is recommended that you consult with an independent

Flux Markets is a trading name of Flux Capital Advisory Limited. Flux Markets is authorised and regulated by the Financial Conduct Authority (FCA FRN 822509).

Flux Markets is registered in England & Wales (company number 11472304) with its registered address at 95 Cromwell Road, Second Floor, London, United Kingdom, SW7 4DL.



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tax advisor for any inquiries regarding your tax obligations. In addition, you remain solely responsible for ensuring the payment of any relevant taxes that arise as a result of your trading activity.

Regulatory and legal risk

There is a risk that changes in the regulatory and legal landscape surrounding CFDs and Spread Betting could have a major impact on their attractiveness. The extent of this risk remains uncertain and may differ across markets. In emerging markets, this risk might be more pronounced than in established ones. For instance, inadequate or absent regulatory measures in emerging markets could amplify the risk of market manipulation or insider trading. Furthermore, the absence of financial market oversight may impact the enforceability of legal rights.

By agreeing to Flux Market's Terms of Business, you acknowledge the risks of trading CFDs and Spread Bets. You confirm that you're prepared—both financially and otherwise—to take on these risks, and that losing your entire account balance would not negatively impact your lifestyle.