

RISK WARNING

For Pelican Exchange Ltd and London & Eastern LLP

CFDs (Contracts For Differences)

CFDs involve a high level of risk and in some cases you may be liable for a greater amount than originally invested. You should not deal in CFDs unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position.

Trading in CFDs is a high risk trading vehicle so you should only deal in CFDs if you fully understand the associated risks. The risk warnings below give a brief summary and we would recommend that you seek independent advice if you are unclear on any specific points.

Leverage

CFDs involve a high level of leverage. This means that losses on trades are multiplied by the leverage ratio. It is therefore possible that a quick succession of losing trades could result in significant capital erosion. You should be aware that the commission is paid on the amount of leveraged exposure and not on the margin requirement.

Interest

Daily interest payments are required to support long positions that are held overnight; these will be automatically debited from your account. It is advisable not to keep these positions open for any longer than is necessary and to be aware of the ongoing cost implications.

Non-Guaranteed Stop Losses

Whilst we will use "Stop Loss" orders to minimise your downside, it is important to know that these are NOT guaranteed. Therefore if there is illiquidity, slippage or the market gaps up or down your exit price could be significantly away from your intended Stop Loss price.

Deposit and Margin Requirements

CFDs are leveraged products, this means that in order to open a position you do not need to fund the whole position; instead you need to put up a deposit or "margin". Margin requirement is the deposit required to maintain each open trade on your account. To open a trade you must have sufficient trading resources on your account to cover the margin requirement applicable to that trade. Sufficient net equity must then be maintained in order to keep that trade open.

If the market moves against you, you may be called upon to pay substantial additional monies or margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Futures

Transactions in futures involve the obligation to make, or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

Options

There are many different types of options with different characteristics subject to different conditions:

Buy option involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges.

Put Option, the risk involved is considerably greater than buy options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of any premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you do not own the underlying asset (known as "uncovered call options") the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

FX

Transactions in Foreign Exchange contracts carry a high degree of risk, and may not be suitable for all investors. The "gearing" or "leverage" often obtainable in Foreign Exchange trading means that a relatively small market movement can lead to a proportionately much larger movement in the value of your liability.

Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money

that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek expert advice if you have any doubts.

Advisory client

As an Advisory client, you will need to give final consent to execute all trades. Therefore, Pelican Exchange Ltd will not be held liable for any investment decisions you undertake as ultimately you as an investor will have the final decision on all trades.

All recommendations will be made on the basis of market information available at the time. Therefore if you have any concerns about a particular recommendation then you should not proceed with the transaction. If you do proceed or have given your consent to proceed then it will be assumed that you were entirely happy with the transaction at the time.

Execution Only client

As an Execution Only client, any decisions on investments are purely your own choice and Pelican Exchange Ltd will not provide any advice on these investments. We will only execute transactions on your behalf. You will therefore be responsible for any losses from the investments chosen. Please ensure you fully read and understand the risks involved in any decision you make. If you have any doubt whether any investment is suitable for you, you should obtain expert advice.