

RISK DISCLOSURE STATEMENT

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and Options. In light of the risks, you should undertake such transactions only if you understand the nature of the futures contracts and Options (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and Options contracts is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

RISKS ASSOCIATED WITH FUTURES CONTRACTS

1. Effect of leverage or gearing

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that the transactions are "leveraged" or "geared". A relatively small market movement will have proportionately larger impact on the funds you have deposited or will have to deposit-- this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the futures broker to maintain your position. If the market moves against your position or margin levels are increased you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss as you will be liable for any resulting deficit.

2. Risk reducing orders or strategies

The placing of certain orders (e.g. "stop-loss" orders, where permitted under the business rules of an exchange company) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

3. Terms and conditions of the contracts

You should ask the broker with which you deal with about the terms and conditions of the specific futures contracts with which you are trading and associated obligations (e.g., the circumstances under which you may become obligated to make or take delivery of the underlying instrument of a futures contract and, in respect of future contracts that are eligible exchange traded Options or futures Options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying instrument or state of affairs that is the subject of the futures contract.

4. Suspension or restriction of trading and pricing relationship

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold Options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying that is the subject of a futures contract and the futures contract, may not exist. This can occur when, for example, the absence of an underlying reference price may make it difficult to judge "fair" value.

5. Deposited cash and securities

You should familiarise yourself with the protections accorded to money or other securities you deposit, particularly in the event of a futures broker's insolvency or bankruptcy. The extent to which you may recover your money or securities may be governed by specific legislation or local rules in some jurisdictions, securities which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

6. Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

7. Currency risks

The profit or loss in transactions in foreign currency-denominated contracts will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

8. Trading facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or future brokers. Such limits may vary - you should ask the futures broker with which you deal with for details in this respect.

9. Electronic trading

Trading on an electronic trading system may differ not only trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the systems including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

10. Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade, you should inquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the futures broker with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

11. Off-Exchange Transactions

In some jurisdictions, and only then in restricted circumstance, futures broker are permitted to effect off-exchange transactions. The futures broker with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.

ADDITIONAL RISKS ASSOCIATED WITH OPTIONS

12. Variable degree of risk

Transactions in Options carry a high degree of risk. Purchasers and sellers of Options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the Options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of Options may offset or exercise the Options or allow the Options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying instrument. If the option is on a futures contract, the purchaser will acquire a long position or short position (as the case maybe) in relation to the futures contract, with associated liabilities for margin. If the purchased option expire worthless, you will suffer a total loss of your investment (which is the option premium) in addition to incurring transaction costs. If you are contemplating purchasing deep-out-of-the-money Options, you should be aware that the chance of such Options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing Options. Although the premium received by a seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying instrument. If the option is on a futures contract, the seller will acquire a position in the futures contract with associated liabilities for margin. If the option is "covered", for example by the seller assuming a corresponding long position in the underlying that is the subject of the option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.