

Risk disclaimer

Umarkets provides access to a range of trading products, including complex derivative products that are traded on margin. Trading derivative products carries a high level of risk and may not be suitable for all investors.

Before trading complex derivative products such as CFDs and FX, you should consider whether you fully understand how they work, and the risks involved and seek independent financial advice if necessary. You should also ensure that you have adequate financial resources to bear such risks. You should not invest money that you cannot afford to lose.

Leverage Trading

CFD's and Margin FX Contracts are leveraged products meaning they require an initial deposit or "margin" to be deposited upfront in order for a position to be opened. The margin represents a small deposit of the overall value of your position. The minimum amount of margin required to open a trade will typically depend upon the underlying instrument you are trading in.

Leverage enables you to gain large exposure to a financial market whilst only putting up a relatively small amount of your capital. This effectively magnifies the scope for gains but also losses. Whilst leverage can work in your favour it can also work against you. Small movements in the market could lead to a proportionately much larger movement in the value of your investment. There is a high risk of losing money rapidly should these small movements go against your position(s). It is advised that risk mitigating tools such as automatic stop losses are applied to positions to minimise potential losses.

CFD's are complex instruments and come with a high risk of losing money rapidly due to leverage. 26% of trading deals can be unprofitable.. You should consider whether you understand how CFDs work, and whether you can afford to take the high risk of losing your money.

Cryptocurrency CFD's

Trading in cryptocurrency CFDs involves significant risks, in addition to the general risks associated with transactions in CFDs. Cryptocurrencies are virtual currencies which are not issued or backed by a central bank or government. They can experience significant price volatility, which in combination with leverage, can place a significant risk of loss to your capital. You should be aware of the risks involved and fully consider whether investing in cryptocurrency CFDs is appropriate for you.

Past and Future Performance

Past performance of any investment is not a guarantee of future results. The value of investments can fall as well as rise and you could get back less money than initially invested. Similarly, any forecasts provided from analytical estimations of financial market situations should not be seen as a reliable indicator of future performance.

Foreign Exchange

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 movement in the market can result in a proportionately larger movement in the value of your investment. Before deciding to trade foreign exchange, you should carefully consider whether you have the appropriate level of experience and risk appetite. You could sustain losses of some or all of your initial investment and therefore you should not invest more money than you can afford to lose.

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 movement in the market can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as in your favour.

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.