Fixed Income, Currency and Commodity ('FICC')

RISK DISCLOSURES

Risk Disclosure Statement

This Risk Disclosure Statement does not disclose all of the risks and other significant aspects of trading in FICC products such as bonds, futures and options and other investment products. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Please read this Risk Disclosure Statement carefully, and ask questions and take independent advice as you consider appropriate.

SECTOR/ASSET-SPECIFIC RISKS

This section lists some common risk factors relating to geographical areas, industry and/or asset type applicable to a particular investment product.

Different investments carry varying levels of risk depending on the geographical region and industry sector in which they are based. You should make yourself aware of these specific risks prior to investing. No investment guarantees a positive return and you could get back less than you invested.

Additionally, the underlying assets of some products, for example structured notes, generally use complex hedging techniques through the use of derivative products. Underlying investments in emerging markets are generally less well regulated than the UK. There is an increased chance of political and economic instability with less reliable custody, dealing and settlement arrangements. The market(s) can be less liquid. If product is affected by currency exchange rates, the investment's value could either increase or decrease in response to changes in those exchange rates. These investments therefore carry more risk.

Investors should ensure they read all relevant information in order to understand the nature of such investments and the specific risks involved.

Bonds issued by major governments and companies will be more stable than those issued by emerging markets or smaller corporate issuers; in the event of an issuer experiencing financial difficulty, there may be a risk to some or all of the capital invested. Any historical or current yields quoted should not be considered reliable indicators of future performance.

Exchange Traded Funds (ETFS)

ETFs are investment funds, traded like shares which hold assets such as shares, commodities or bonds. They normally closely track the performance of a financial index, and as such, their value can go down as well as up and you may get back less than you originally invested. Some ETFs rely on complex investment techniques, or hold riskier underlying assets, to achieve their objectives and therefore you should always ensure you read the documentation provided to ensure you fully understand before you invest the risks you are taking on.

Bonds

Bonds are loans to a government or company. They are also known as debt investments, and cover the categories of Debt Securities and Fixed Income Investments. Generally, they will be more stable than share-based investments but in some circumstances (particularly when interest rates are changing) they can be more volatile. Bonds issued by major governments and companies are generally more stable than those issued by emerging markets or corporate issuers, and in the event of an issuer experiencing financial difficulty there may be a risk to some or all of the capital invested.

Complex Products

Some products (such as Hedge Funds, Structured Products, Warrants and Venture Capital Trusts) are defined as complex. There is no single definition for complex products but products that fit into this category are generally those where:

- there is an actual or potential liability greater than the amount invested for the client; or the product is a derivative or has derivatives embedded in it; or there are limited opportunities to sell the product; or adequate comprehensive information is not generally available on the product.

These types of products carry additional risks to those described above for the other categories of investments and you must note the additional risk warnings that accompany these products. In some cases this category of investment may not be offered to some investors without undertaking further enquiries.

Structured Products

Structured products are a group of financial instruments with varying terms, payout and risk profiles usually incorporating one or more derivatives. They may give a time-limited or absolute right to acquire or sell one or more types of investment or may otherwise be based on a range of underlying assets including commodities, hedge funds, equities and foreign exchange. Alternatively, they may give rights under a contract for differences which allow for speculation on the fluctuation in value of property of any description or an index, such as the FTSE 100 index (together the "underlying investments"). Structured products may provide access to markets where a direct investment in the underlying investment is not possible or desirable and may help to diversify a portfolio. The investor has no right to the underlying investment and in certain cases no right to a dividend or other distribution.

Structured products take many different forms involving a potentially unlimited combination of underlying investments, derivatives and payout features. It is not therefore possible to detail every risk associated with structured products, but the key risks may include the following: Issuer or counterparty risk (where a party to the product is unable to meet its obligations); capital at risk (return of capital invested not guaranteed); liquidity (where market conditions make it difficult to trade the product) and; gearing (where there is a high degree of leverage in the product).

Currency Risk

Investments denominated in a currency other than sterling or ones that undertake transactions on foreign markets, which include the financial markets of developing countries (emerging markets), may expose you to greater risks caused by fluctuations in foreign exchange rates. This can adversely affect the value of your return and the value of your investment. Investments in emerging markets are exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political factors.