

Last updated January 09, 2018

## **FOREX RISK DISCLOSURE STATEMENT**

Forex trading involves significant risk of loss and is not suitable for all investors. Increasing leverage increases risk. Before deciding to trade forex, you should carefully consider your financial objectives, level of experience and risk appetite. Any opinions, news, research, analyses, prices or other information contained does not constitute investment advice. Spot gold and silver contracts are not subject to regulation under the U.S. Commodity Exchange Act. Forex accounts are not protected by the Securities Investor Protection Corp. (SIPC).

Ally Invest Forex LLC ("Ally Invest Forex") acts as an introducing broker to GAIN Capital Group, LLC ("GAIN Capital"). Your account is held and maintained at GAIN Capital who serves as the clearing agent and counterparty to your trades. GAIN Capital is a registered FCM and RFED with the CFTC and member of the NFA (NFA ID # 0339826). TradeKing Forex is a member of the NFA (NFA ID # 0408077).

In consideration of GAIN Capital agreeing to enter into Over-the-Counter ("OTC") Foreign Exchange Contracts with you (hereinafter referred to as the "Customer"), Customer acknowledges, understands and agrees that:

**1. Trading Is Very Speculative and Risky.** Foreign Exchange Trading and Spot Metal Trading is highly speculative and is suitable only for those customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of Margin or deposits. Foreign Exchange and Spot Metal Trading and is not an appropriate investment for retirement funds. Customer represents, warrants and agrees that Customer understands these risks; that Customer is willing and able, financially and otherwise, to assume the risks of Foreign Exchange Trading and Spot Metal Trading and that loss of Customer's entire Account Balance will not change Customer's life style.

**2. High Leverage And Low Margin Can Lead To Quick Losses.** The high leverage and low Margin associated with Foreign Exchange Trading and Spot Metal Trading can result in significant losses due to price changes in Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts. Customers must maintain the Minimum Margin Requirement on their Open Positions at all times. It is the customer's responsibility to monitor his/her Account Balance. GAIN Capital has the right to liquidate any or all Open Positions whenever the Minimum Margin Requirement is not maintained. Increasing leverage increases risk.

**3. Prices, Margin And Valuations Are Set By GAIN Capital And May Be Different From Prices Reported Elsewhere.** GAIN Capital will provide prices to be used in trading, valuation of Customer positions and determination of Margin requirements. Although GAIN Capital expects that these prices will be reasonably related to prices available in the interbank market, prices reported by GAIN Capital may vary from prices available to banks and other participants in what is known as the interbank market. GAIN Capital will exercise considerable discretion in setting and collecting Margin. GAIN Capital is authorized to convert funds in Customer's Account for Margin into and from such Foreign Currency and Metal at a rate of exchange determined by GAIN Capital in its sole discretion on the basis of then prevailing money market rates.

**4. One Click Trading And Immediate Execution.** GAIN Capital's automated order entry systems provide immediate transmission of Customer's order once Customer enters the notional amount and clicks "Buy/Sell." There is no "second look" before transmission, and Market Orders cannot be cancelled. This feature may be different from other trading systems. Customer

should utilize the Demo Trading System to become familiar with the order entry process before trading online with GAIN Capital. Customer agrees that by using GAIN Capital's order-entry system, Customer agrees to the one-click system and accepts the risk of this immediate transmission feature.

**5. Telephone Orders And Immediate Execution.** Market Orders executed through the GAIN Capital Trading Desk are completed when GAIN Capital says "deal" or "done." At that point Customer has bought or sold and cannot cancel the Market Order. By placing Market Orders through the GAIN Capital Trading Desk, Customer agrees to such immediate execution and accepts the risk of this immediate execution feature.

**6. Market Recommendations Are Informational, Customer Makes Independent Decisions, And GAIN Capital Is Not An Adviser Or A Fiduciary To Customer.** The market recommendations provided by GAIN Capital do not constitute an offer to buy or sell, or the solicitation of an offer to buy or sell, any Foreign Exchange Contracts, Cross Currency Contracts or Metal Contracts. Each decision by Customer to enter into a Contract or other transaction with GAIN Capital and each decision whether a Contract or other transaction is appropriate or proper for Customer is an independent decision by Customer. GAIN Capital is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that GAIN Capital has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Customer following GAIN Capital's trading recommendations or taking or not taking any action based upon any recommendation or information provided by GAIN Capital.

**7. Recommendations Are Based On Personal Judgments And Are Not Guaranteed.** The market recommendations of GAIN Capital are based solely on the judgment of GAIN Capital's personnel. These market recommendations may or may not be consistent with the market positions or intentions of GAIN Capital, its affiliates and employees. The market recommendations of GAIN Capital are based upon information believed to be reliable, but GAIN Capital cannot and does not guarantee the accuracy or completeness thereof or represent that following such recommendations will reduce or eliminate the risk inherent in Foreign Exchange and Spot Metal Trading.

**8. There is no Central Market or Clearinghouse Guarantee of Payment.** Foreign exchange trading with GAIN Capital is not conducted on a regulated market or exchange. Each Contract is a contract directly between GAIN Capital and the Customer. There is no clearinghouse and no guarantee by any other party of GAIN Capital's payment obligations to the customer. Customer must look only to GAIN Capital for performance on all Contracts in Customer's Account and for return of any Margin or Collateral. The insolvency of GAIN Capital or a default by GAIN Capital could cause Customer to lose the value of its Account and to suffer additional losses from Open Positions.

**9. No Guarantees Of Profit.** There are no guarantees of profit or freedom from loss in Foreign Exchange and Spot Metal Trading. Customer has received no such guarantees from GAIN Capital or from any of its representatives. Customer is aware of the risks inherent in Foreign Exchange Trading and is financially able to bear such risks and withstand any losses incurred.

**10. Customer May Not Be Able To Close Open Positions.** Due to market conditions or other circumstances GAIN Capital may be unable to close out Customer's position at the level specified by Customer, and Customer agrees GAIN Capital will bear no liability for failure to do so.

**11. Trading Ahead And Along.** GAIN Capital its personnel and affiliates and various other parties may execute orders at the same or better prices ahead of a Customer Order.

**12. Third Party Agents.** In the event that Customer grants trading authority or control over Customer's Account to a third party (the "Trading Agent"), whether on a discretionary or non-discretionary basis, GAIN Capital shall in no way be responsible for reviewing Customer's choice of such Trading Agent or for making any recommendations with respect thereto. GAIN Capital makes no representations or warranties concerning any Trading Agent; GAIN Capital shall not be responsible for any loss to Customer occasioned by the actions of the Trading Agent; and GAIN Capital does not, by implication or otherwise, endorse or approve of the operating methods of the Trading Agent. If

Customer gives the Trading Agent authority to exercise any of its rights over its Account, Customer does so at Customer's risk. Even though the undersigned grants authority to Trading Agent, client should be diligent and closely scrutinize all account activity. GAIN Capital provides online Account access at [www.gaincapital.com/reports](http://www.gaincapital.com/reports), whereby Client may view their Account Value and Account Activity.

**13. Internet Trading.** Since GAIN Capital does not control signal power, its reception or routing via Internet, configuration of Customer's equipment or reliability of its connection, GAIN Capital shall not be liable for any claims, losses, damages, costs or expenses, including attorneys' fees, caused, directly or indirectly, by any breakdown or failure of any transmission or communication system or computer facility or trading software, whether belonging to GAIN Capital, Customer, any market, or any settlement or clearing system when Customer trades online (via Internet).

**14. Telephone Orders.** GAIN Capital is not responsible for disruption, failure or malfunction of telephone lines.

**15. Quoting Errors.** Should a quoting error occur due to a mistype of a quote or a misquote given by telephone and/or electronic means (including responses to Customer requests), GAIN Capital is not liable for any resulting errors in Account Balances and reserves the right to make necessary corrections or adjustments on the Account involved. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by GAIN Capital, in its sole discretion, of the relevant Currency at the time such an error occurred. In cases where the prevailing market represents prices different from the prices GAIN Capital has posted on our screen, GAIN Capital will attempt, on a best efforts basis, to execute trades on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer Statements. This may or may not adversely affect customer realized and unrealized gains and losses.

**16. Creditor Priority in Bankruptcy.** The transactions you are entering into with GAIN Capital are not traded on an exchange. Therefore, under the U.S. Bankruptcy Code, your funds may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts, which receive a priority in bankruptcy. Since that same priority has not been given to funds used for off-exchange forex trading and spot metal trading, if GAIN Capital becomes insolvent and you have a claim for amounts deposited or profits earned on transactions with GAIN Capital, your claim may not receive a priority. Without a priority, you are a general creditor and your claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even customer funds that Company keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors.  
Last Updated on 10/08/2012

## HIGH RISK INVESTMENT NOTICE

Trading is very speculative and risky. Foreign Exchange Trading is highly speculative and is suitable only for those customers who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume losses significantly in excess of margin or deposits. Customer represents, warrants and agrees that Customer understands these risks; that Customer is willing and able, financially and otherwise, to assume the risks of Foreign Exchange Trading and Spot Metal Trading and that loss of Customer's entire Account Balance will not change Customer's life style. The high leverage and low margin associated with Foreign Exchange Trading and Spot Metal Trading can result in significant losses due to price changes in Foreign Exchange Contracts, Cross Currency Contracts and Metal Contracts. Company's margin policies may require that additional funds be provided to properly margin Customer's Account and that Customer must immediately meet such margin requirements. Failure to maintain Margin Balance in an amount equal to or exceeding 25% of initial margin requirement may result in the liquidation of any open positions with resultant loss to Customer.

FOREX IS AN OVER THE COUNTER (OTC) MARKET, MEANING THE FOREIGN CURRENCY TRADING YOU ARE ENTERING INTO IS NOT CONDUCTED ON AN EXCHANGE. AS A MARKET MAKER, GAIN CAPITAL IS THE COUNTERPARTY IN THESE TRANSACTIONS AND, THEREFORE, ACTS AS THE BUYER WHEN YOU SELL AND THE SELLER WHEN YOU BUY. AS A RESULT, GAIN CAPITAL'S INTERESTS MAY BE IN CONFLICT

WITH YOURS. UNLESS OTHERWISE SPECIFIED IN YOUR WRITTEN AGREEMENT OR OTHER WRITTEN DOCUMENTS GAIN CAPITAL ESTABLISHES THE PRICES AT WHICH IT OFFERS TO TRADE WITH YOU. THE PRICES OFFERED MIGHT NOT BE THE BEST PRICES AVAILABLE AND DIFFERENT PRICES MAY BE OFFERED TO DIFFERENT CUSTOMERS.

IF GAIN CAPITAL ELECTS NOT TO COVER ITS OWN TRADING EXPOSURE, THEN YOU SHOULD BE AWARE THAT GAIN CAPITAL MAY MAKE MORE MONEY IF THE MARKET GOES AGAINST YOU. ADDITIONALLY, SINCE GAIN CAPITAL ACTS AS THE BUYER OR SELLER IN THE TRANSACTION, YOU SHOULD CAREFULLY EVALUATE ANY TRADE RECOMMENDATIONS YOU RECEIVE FROM GAIN CAPITAL OR ANY OF ITS SOLICITORS.

Last Updated on 10/08/2012

## **SECONDARY RISK DISCLOSURE**

OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS INVOLVE THE LEVERAGED TRADING OF CONTRACTS DENOMINATED IN FOREIGN CURRENCY CONDUCTED WITH A FUTURES COMMISSION MERCHANT OR A RETAIL FOREIGN EXCHANGE DEALER AS YOUR COUNTERPARTY. BECAUSE OF THE LEVERAGE AND THE OTHER RISKS DISCLOSED HERE, YOU CAN RAPIDLY LOSE ALL OF THE FUNDS YOU DEPOSIT FOR SUCH TRADING AND YOU MAY LOSE MORE THAN YOU DEPOSIT. YOU SHOULD BE AWARE OF AND CAREFULLY CONSIDER THE FOLLOWING POINTS BEFORE DETERMINING WHETHER SUCH TRADING IS APPROPRIATE FOR YOU.

**1. TRADING IS NOT ON A REGULATED MARKET OR EXCHANGE—YOUR DEALER IS YOUR TRADING PARTNER WHICH IS A DIRECT CONFLICT OF INTEREST. BEFORE YOU ENGAGE IN ANY RETAIL FOREIGN EXCHANGE TRADING, YOU SHOULD CONFIRM THE REGISTRATION STATUS OF YOUR COUNTERPARTY.**

The off-exchange foreign currency trading you are entering into is not conducted on an interbank market, nor is it conducted on a futures exchange subject to regulation as a designated contract market by the Commodity Futures Trading Commission. The foreign currency trades you transact are trades with the futures commission merchant or retail foreign exchange dealer as your counterparty. WHEN YOU SELL, THE DEALER IS THE BUYER. WHEN YOU BUY, THE DEALER IS THE SELLER. As a result, when you lose money trading, your dealer is making money on such trades, in addition to any fees, commissions, or spreads the dealer may charge.

**2. AN ELECTRONIC TRADING PLATFORM FOR RETAIL FOREIGN CURRENCY TRANSACTIONS IS NOT AN EXCHANGE. IT IS AN ELECTRONIC CONNECTION FOR ACCESSING YOUR DEALER. THE TERMS OF AVAILABILITY OF SUCH A PLATFORM ARE GOVERNED ONLY BY YOUR CONTRACT WITH YOUR DEALER.** Any trading platform that you may use to enter off-exchange foreign currency transactions is only connected to your futures commission merchant or retail foreign exchange dealer. You are accessing that trading platform only to transact with your dealer. You are not trading with any other entities or customers of the dealer by accessing such platform. The availability and operation of any such platform, including the consequences of the unavailability of the trading platform for any reason, is governed only by the terms of your account agreement with the dealer.

**3. YOUR DEPOSITS WITH THE DEALER HAVE NO REGULATORY PROTECTIONS.** All of your rights associated with your retail forex trading, including the manner and denomination of any payments made to you, are governed by the contract terms established in your account agreement with the futures commission merchant or retail foreign exchange dealer. Funds deposited by you with a futures commission merchant or retail foreign exchange dealer for trading off-exchange foreign currency transactions are not subject to the customer funds protections provided to customers trading on a contract market that is designated by the Commodity Futures Trading Commission. Your dealer may commingle your funds with its own operating funds or use them for other purposes. In the event your dealer becomes bankrupt, any funds the dealer is holding for you in addition to any amounts owed to you resulting from trading, whether or not any assets are maintained in separate deposit accounts by the dealer, may be treated as an unsecured creditor's claim.

**4. YOU ARE LIMITED TO YOUR DEALER TO OFFSET OR LIQUIDATE ANY TRADING POSITIONS SINCE THE TRANSACTIONS ARE NOT MADE ON AN EXCHANGE OR**

MARKET, AND YOUR DEALER MAY SET ITS OWN PRICES.

Your ability to close your transactions or offset positions is limited to what your dealer will offer to you, as there is no other market for these transactions. Your dealer may offer any prices it wishes, and it may offer prices derived from outside sources or not in its discretion. Your dealer may establish its prices by offering spreads from third party prices, but it is under no obligation to do so or to continue to do so. Your dealer may offer different prices to different customers at any point in time on its own terms. The terms of your account agreement alone govern the obligations your dealer has to you to offer prices and offer offset or liquidating transactions in your account and make any payments to you. The prices offered by your dealer may or may not reflect prices available elsewhere at any exchange, interbank, or other market for foreign currency.

**5. PAID SOLICITORS MAY HAVE UNDISCLOSED CONFLICTS.**

The futures commission merchant or retail foreign exchange dealer may compensate introducing brokers for introducing your account in ways which are not disclosed to you. Such paid solicitors are not required to have, and may not have, any special expertise in trading, and may have conflicts of interest based on the method by which they are compensated. Solicitors working on behalf of futures commission merchants and retail foreign exchange dealers are required to register. You should confirm that they are, in fact registered. You should thoroughly investigate the manner in which all such solicitors are compensated and be very cautious in granting any person or entity authority to trade on your behalf. You should always consider obtaining dated written confirmation of any information you are relying on from your dealer or a solicitor in making any trading or account decisions.

FINALLY, YOU SHOULD THOROUGHLY INVESTIGATE ANY STATEMENTS BY ANY DEALERS OR SALES REPRESENTATIVES WHICH MINIMIZE THE IMPORTANCE OF, OR CONTRADICT, ANY OF THE TERMS OF THIS RISK DISCLOSURE. SUCH STATEMENTS MAY INDICATE POTENTIAL SALES FRAUD. THIS BRIEF STATEMENT CANNOT, OF COURSE, DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF TRADING OFF-EXCHANGE FOREIGN CURRENCY TRANSACTIONS WITH A FUTURES COMMISSION MERCHANT OR RETAIL FOREIGN EXCHANGE DEALER.

For the calendar quarter ending December 31, 2017, there were 33,885 active non-discretionary trading accounts of which 33% were profitable and 67% unprofitable. For the calendar quarter ending September 30, 2017, there were 34,138 active non-discretionary trading accounts of which 32% were profitable and 68% unprofitable. For the calendar quarter ending June 30, 2017, there were 34,911 active non-discretionary trading accounts of which 31% were profitable and 69% unprofitable. For the calendar quarter ending March 31, 2017, there were 33,636 active non-discretionary trading accounts of which 36% were profitable and 64% unprofitable.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.