



THE CURRENCY COMPANY

OANDA CORPORATION RISK DISCLOSURE STATEMENT

IMPORTANT -- READ CAREFULLY: OANDA believes that its customers should be aware of the risks involved in entering over-the-counter contracts for foreign currency (“foreign currency contracts”). The following is a brief summary of certain considerations that you should take into account when deciding whether to trade in foreign currency contracts. This Risk Disclosure Statement (the “Statement”) is not meant to be all-inclusive; rather it is intended to highlight certain more significant factors and special risks related to foreign currency contracts.

In order to open and operate an FXTrade account with OANDA Corporation, you must indicate that you have read and understood this Statement. Please read this Statement in its entirety. You must sign this Statement below in order to trade foreign currency contracts with OANDA.

When you enter into a foreign currency contract with OANDA, you will be entering into a privately negotiated contract with OANDA, as principal. OANDA may, in turn, enter into “back-to-back” transactions with others. OANDA includes its mark-up in the price it quotes to you. These foreign currency contracts are not executed on an exchange and are not cleared on a central clearing organization. They are obligations of OANDA and you will not be afforded the regulatory and financial protections offered by exchange-traded contracts. Both you and OANDA are obliged to perform their respective obligations under each transaction in accordance with its terms. The terms of each foreign currency contract are set out in OANDA’s Customer Agreement, which applies to every transaction you enter into with OANDA.

In entering into foreign currency transactions you should understand that OANDA is acting solely in the capacity of an arm’s length contractual counterparty to you in connection with the transaction and not in the capacity of your financial advisor or fiduciary. Accordingly, you should not regard any transaction proposal, suggested hedging strategies or other written materials or oral communications from OANDA as investment recommendations or advice or as expressing OANDA’s views as to whether a particular transaction is suitable for you or meets your financial objectives. Moreover, any market or quote that OANDA makes for you may be based solely on markets or quotes that are made or quoted to OANDA by the counterparties with which it does business. Such quotes or markets may not represent the best quotes or markets available to you or OANDA from other sources and OANDA undertakes no obligation to obtain competitive quotes or markets from other counterparties.

This brief Statement does not disclose all of the risks and other significant aspects of trading in foreign currency contracts. In light of the risks, you should trade in foreign currency contracts only if you understand the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in foreign currency contracts is not suitable for many members of the public. You should consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. Most importantly, do not invest money that you are not in a position to lose.

Transactions in foreign currency contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the foreign currency contracts contract so that transactions are “leveraged” or “geared”. A small market movement will have a proportionally larger impact on your position. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and any additional deposits made to maintain your position.

OANDA’s trading system is designed to automatically liquidate all open positions if your margin deposit is in jeopardy so that you cannot lose more than the funds you have on deposit in your trading account. To limit your losses OANDA encourages you to employ such risk-reducing strategies as “stop-loss” or “stop-



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limit” orders, but you should be aware that market conditions may make it impossible to close out your order at the level specified.

There are risks associated with utilizing an Internet-based trade execution software application including, but not limited to, the failure of hardware and software. While OANDA maintains back up systems and contingency plans to minimize the possibility of system failure, OANDA does not control signal power, reception, routing via the Internet, configuration of your equipment or the reliability of your connection to the Internet. The result of any failure of the foregoing may be that your order is either not executed according to your instructions, or is not executed at all.

Your trading account is not insured under any state or Federal insurance program or by any other entity. You should therefore familiarize yourself with the protections accorded money or other property you deposit for foreign currency contracts. The extent to which you may recover your money or property may be governed by specific legislation or trading rules. 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, in the unlikely event OANDA were to become insolvent and you have a claim for amounts deposited or profits earned on transactions with OANDA, 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 OANDA keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors.

BY SIGNING BELOW YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED A COPY OF THIS RISK DISCLOSURE STATEMENT AND THAT YOU HAVE READ AND UNDERSTAND IT. YOU FURTHER REPRESENT, WARRANT AND AGREE THAT YOU UNDERSTAND THE ABOVE-MENTIONED RISKS AND ARE WILLING AND ABLE, FINANCIALLY AND OTHERWISE, TO ASSUME THE RISKS OF FOREIGN CURRENCY TRADING.

(PRINT NAME)

(DATE)

(SIGNATURE)