APPENDIX I – Risk Warning Notice

This notice is supplementary to the terms of business for professional clients for investment business which you may receive from time to time (the "Terms").

1. GENERAL

This notice is provided to you, as a professional client, in compliance with Sec. 31 para. 3 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*).

The value of investments and the income from them may fluctuate resulting in profits and losses. There is no guarantee that you will get back the amount initially invested. The value of investments may be affected by a variety of factors, including economic and political developments, interest rates and foreign exchange rates, as well as issuer-specific events.

Investments denominated in currencies other than your base currency carry the risk of exchange-rate movements. A movement in exchange rates may have a separate effect, unfavourable as well as favourable, on your gains and losses. Hedging techniques may, in certain circumstances, be limited or not be successful.

The market for some investments may be restricted or illiquid. There may be no readily available market and from time to time there may be difficulty in such investments or obtaining reliable information about the value and extent of risks associated with such investments.

2. SHARES

Buying shares will mean that you will become a member of the issuer company and participate in its economic risk. Holding equity securities will generally entitle you to receive any dividend distributed by the issuer out of profits.

Holding equity securities will generally expose you to more risk than debt securities as remuneration is tied more closely to the profitability of the issuer.

Dealing in equity securities may expose you to risks including but not limited to:

Credit Risk:
As a shareholder, you hold an ownership interest in a company. Consequently, your investments may be rendered worthless in particular by the company's insolvency.

Price Risk:
Shares are mostly traded on public stock exchanges. Generally, prices are established daily on the basis of supply and demand. Investments in shares may lead to considerable losses. The risk of losses is usually higher for smaller companies as the prices are more volatile.

The price of a share is subject to specific risks associated with the issuer and to general risks associated with the equity market and the general and economic market. Moreover, irrational factors (such as investors sentiment, rumours, public opinion) may influence the price risk.

Liquidity Risk:
The liquidity or tradability of shares may be limited in the case of shares with a narrow or illiquid market. Where shares are quoted on different exchanges, it may lead to differences in the tradability in various exchanges. Trading on various stock exchanges can also result in exchange rate risks and additional exchange costs.

3. BONDS

Bonds are negotiable debt instruments issued by a company or government body to creditors whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt, interest rate as well as the terms and conditions of repayment are determined in advance. The bond yield is composed of the interest on the capital and any differences between the purchase price and the price achieved upon sale or redemption of the bond. The interest rate payments on the bonds may be either fixed for the entire duration or variable linked to reference rates (e.g. LIBOR).

Dealing in bonds may expose you to risks including but not limited to:

Credit Risk:
There is always the risk that the debtor is unable to pay all or part of his obligations, e.g. in the case of the debtors insolvency. The credit standing of the debtor must therefore be considered in an investment decision. A number of factors may also result in the deterioration of the issuer's solvency during the credit period. The value of a bond may also fall in the event of a default or reduced credit rating of the issuer.

Generally the higher the rate of interest, the higher the perceived credit risk of the issuer.

Interest Rate Risk:
Uncertainty concerning interest rate movement means that purchasers of fixed-rate securities carry the risk of a fall in the prices of securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates. In the case of variable interest bonds whose interest rate is indexed to the money market rates (e.g. LIBOR, EURIBOR), the market price movement is considerably lower.

Liquidity Risk:
The liquidity or negotiability of bonds depends on several factors, e.g. the volume of the issue, remaining time to maturity, market conditions. The issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. This can result in a change to the expected yield.

Special Bond Risks:
Additional risks may be associated with certain types of bonds, e.g. Floating rate notes, Zero bonds, Foreign currency bonds, convertible bonds, subordinated bonds. For these bonds, the full risks should be ascertained from the issuance prospectus and understood before trading.

4. DERIVATIVES

This notice cannot disclose all the risks and other significant aspects of derivative products. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position. Although derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following points.

Derivatives include Warrants, Futures, Options, Contracts for Differences and some off-exchange derivatives. At the moment ICAP Deutschland GmbH is not involved in the purchase or sale of Warrants, Options or Contracts for Differences.

4.1 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 the position with cash. They carry a high degree of risk. The “gearing” or “leverage” often obtainable in futures trading means that entering into such transactions can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements.

Dealing in futures may expose you to risks including but not limited to:

Interest Rate Risk:
The value of an interest rate future depends primarily on the yield trend of the underlying instrument. The buyers risk is comparable to that of a holder of the underlying instrument. The risk results from the uncertainty over future interest rate changes in the market. The interest rate risk encountered by the buyer or seller of a futures contract is the obligation to put up further margin, or to complete the deal upon maturity, if interest rates rise or fall. Generally, this risk is all the higher, the more pronounced the increase or decrease in current interest rates is. The resulting potential of loss may be many times higher than the original capital invested (initial margin).

Liquidity Risk:
In some markets, the closing out of futures positions (sale/repurchase of contracts) may lead to heavy increase of supply or demand and to subsequent fluctuation in prices or dramatic price movements.

4.2. OFF-Exchange IRS and FRA Derivatives

a) Interest rate swaps (IRS)

An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate, e.g. LIBOR. A company will typically use interest rate swaps to limit, or manage, its exposure to fluctuations in interest rates, or to obtain a marginally lower interest rate than it would have been able to get without the swap. As a rule, fixed interest rates payments are exchanged for variable interest payments. The return received from an interest rate swap cannot be determined in advance.

Interest rate swaps do not have standardised terms. The details of the deal realization must be contractually agreed upon in advance. It is therefore very important to obtain full information on the exact terms and conditions of the interest rate swaps, in particular the principal amount, the term and the interest rates agreed.

Dealing in interest rate swaps may expose you to risks including but not limited to:

Interest Rate Risk:
The interest-rate risk results from the uncertainty over future changes in market interest rates. The buyer or seller of an IRS is exposed to the risk of loss if interest rates fall or rise.

Credit Risk:
The credit risk with IRS is derived from the possibility of the counterparty default, causing the loss of the IRS positive cash values as compared to the market and the necessity of covering transactions on the market for a worse price.

b) Forward Rate Agreements (FRA)

Forward rate agreements are used to fix interest rates to be paid at a specified time in the future. FRAs do not have standardized terms. Unlike Interest Rate Swaps, FRAs are customised investment products in terms of the principal amount, currency and interest period.

Dealing in Forward Rate Agreements ("**FRA**") may expose you to risks including but not limited to:

Interest Rate Risk:
The interest-rate risk results from the uncertainty over future changes interest rates. Generally, this risk is higher, the more pronounced the increase or decrease in interest rates is.

Credit Risk:
The credit risk with FRAs is derived from the possibility of the counterparty default, causing the loss of the FRA's positive cash values and the necessity of covering transactions at a less favourable price in the market necessary.

5. REPURCHASE AGREEMENTS (REPO)

Repos are loans or deposits secured by the transfer of securities, e.g. government bonds, shares etc. Repos are usually overnight transactions whereby the dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Term repos can extend for a month or more. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction, (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement. The hair cut is the difference between the amount of the loan and the value of the securities, this difference being higher for higher risk securities.

The operation consists in a buy/sell and sell/buy of securities. Both trades are agreed at the same moment. Interest is the difference between the securities price at the start and at the end of a Repo (reverse repo) operation. The return is thus known in advance. Repos are a money market transaction.

Dealing in repurchase agreements may expose you to risks including but not limited to:

Credit Risk:
The counterparty's credit risk is covered by the pledge of the securities. The risk may consist of the decrease in the price of the pledged securities. In case of the quality government bonds, the risk is very low, with shares where the price fluctuation is higher, the risk is secured by the higher cover than the volume of the granted loan.

Liqudity Risk:
The liquidity risk relates to securities used as a security. The liquidity risk is low with the government bonds traded on the stock exchange or on the interbank market. For low rated bonds and shares the risk is higher.

6. CURRENCY SWAPS AND FORWARDS

6.1 Forward Exchange Deals

The forward exchange deal is the undertaking to buy or sell a certain foreign currency amount at a specified date in the future or over a specified period of time at a price agreed upon contracting the deal. The delivery or receipt of the counter currency is settled by the same value date.

The return achieved by investors is the difference between the foreign currency rate during or at the end of the maturity of the respective forward deal. Forward Exchange deals (FX-Swap and Forwards) are also used to hedge against currency risk.

Currency Risk:
The currency risk inherent in forward-exchange deals is, in case of hedging transactions, the possibility that the buyer/seller could buy/sell the foreign currency at a more favourable price during or at the end of the maturity than upon contracting the deal. In the case of unmatched positions the possibility that the buyer/seller must buy/sell the currency at a less favourable price on the market. The potential risk of loss may substantially exceed the contract value.

Credit Risk:
The credit risk in connection with forward-exchange deals derives from the possibility of the counterparty's default, making it necessary to cover the transaction through the market.

Transfer Risk:
Transfer of foreign currency may be restricted. The proper execution of the forward exchange transaction would then be at risk.

6.2 Currency Swap

This is a combination of a swap and forward. A currency swap involves the exchange of principal and interest in one currency for the same in another currency. The interest rate differential between the two currencies is reflected in a premium/ discount to the re-exchange price. The delivery or receipt of the counter currency is made with the same value date.

Credit Risk:
The credit risk in connection with currency swaps derives from the possibility of the counterparty's default due to insolvency and the necessity to cover the transaction through the market.

Transfer Risk:
The transfer of individual currencies may be restricted, in particular as a result of exchange control regulations in the country issuing the respective currency. The proper execution of the currency swap transaction would be at risk.

7. FOREIGN MARKETS AND FOREIGN SECURITIES

Transactions on foreign markets, which include the financial markets of developing countries (e.g. Emerging Markets), will involve different risks from transactions on the European markets. In some cases the risk will be greater, e.g. accelerated inflation, exchange rate fluctuations, political problems. The potential for profit or loss from transactions on foreign markets or in foreign contracts and securities will be affected by fluctuations in foreign exchange rates.

8. COMMISSIONS

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable.

9. SUSPENSIONS OF TRADING

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing stop-loss orders will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.