
THE RISKS OF TRADING

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Although every investment involves some risk, the risk of loss in trading off-exchange forex contracts can be substantial. Therefore, if you are considering participating in this market, you should understand some of the risks associated with this product so you can make an informed decision before investing.

As stated in the introduction to this booklet, off-exchange foreign currency trading carries a high level of risk and may not be suitable for all customers. The only funds that should ever be used to speculate in foreign currency trading, or any type of highly speculative investment, are funds that represent risk capital – i.e., funds you can afford to lose without affecting your financial situation. There are other reasons why forex trading may or may not be an appropriate investment for you, and they are highlighted below.

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