

**FMX Futures Exchange, L.P.,
Risk Disclosure Statement for Trading
Swap Contracts**



**As used in this Risk Disclosure Statement:**

"You", "Your" and "Yourself" include you personally if you are applying for or holding a personal account and your Authorized Traders, if any, and, if you are using the FMX Exchange or applying for an account on behalf of a company or organization, such company or organization and its Authorized Traders;

"FMX Exchange" means FMX Futures Exchange, L.P.;

"CX Clearinghouse" means CX Clearinghouse, L.P.; and

"We," "Us" or "Our" means, collectively, the FMX Exchange and CX Clearinghouse.

THE RISK OF LOSS IN TRADING COMMODITY DIGITAL WEATHER SWAPS CAN BE SUBSTANTIAL. YOU SHOULD, THEREFORE, CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU IN LIGHT OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES.

SPECIFICALLY, SWAPS TRANSACTIONS, LIKE OTHER FINANCIAL TRANSACTIONS, INVOLVE A VARIETY OF SIGNIFICANT RISKS. THE SPECIFIC RISKS PRESENTED BY A PARTICULAR SWAP TRANSACTION NECESSARILY DEPEND UPON THE TERMS OF THE TRANSACTION AND YOUR CIRCUMSTANCES. IN GENERAL, HOWEVER, ALL SWAPS TRANSACTIONS INVOLVE SOME COMBINATION OF MARKET RISK, CREDIT RISK, FUNDING RISK, AND OPERATIONAL RISK.

YOU SHOULD BE AWARE OF THE FOLLOWING POINTS.

We have summarized in this Risk Disclosure Statement the principal risks related to transactions in digital weather swaps contracts and of trading on the FMX Exchange. This Statement, however, cannot and does not address all of the material risks associated with transactions in these contracts and does not include all of the details related to the risks identified below. You must familiarize yourself with the particular contracts you intend to trade, the use of the FMX Exchange, and the related risks, and you must conduct your own investigation and evaluation of such risks. You are solely responsible for evaluating the merits of participation in trading digital weather swaps contracts on the FMX Exchange and the appropriateness and adequacy of such contracts and the FMX Exchange for you, given your circumstances, including your financial resources, your experience with trading, and your goals.

Trading in digital weather swap contracts is not suitable for everyone and can result in losses up to, and in some circumstances above, the entire amount you invest. You should only trade on the FMX Exchange after you have carefully reviewed this Risk Disclosure Statement and are certain that you fully understand the risks associated with trading digital weather swap contracts.

Volatility. The prices of digital weather swap contracts and the resulting performance of positions in such contracts may be highly volatile and the short term trading of such contracts could therefore result in substantial losses.

Liquidity Risks. Although the FMX Exchange may permit trading by professional market makers that stand ready to purchase or sell contracts on the FMX Exchange, the FMX Exchange does not ensure that such market makers are present in the market. As a result, there may not always be liquidity for all products traded on the FMX Exchange and you may be unable to liquidate a position as quickly as you would like. It is also possible that no one will sell to you a contract that you wish to purchase or buy from you a position that you wish to liquidate. You may therefore be forced to hold a position until it expires and unable to hedge against losses arising from the position.

Credit Risks. All transactions in contracts executed through the FMX Exchange will be cleared through CX Clearinghouse, an affiliate of the FMX Exchange that is an indirect wholly-owned subsidiary of BGC Partners, Inc., and will interpose itself between the trading parties and assume the contract obligations of each party to the other. In this capacity, CX Clearinghouse will be responsible for the determination, collection and payment of all amounts of margin, and all final settlement payments, due from and to market participants. Accordingly, while market participants will not have direct exposure to the creditworthiness of other market participants, it is possible that, in the event of a default by a participant, the CX Clearinghouse will require the liquidation of open positions on the opposite side of the market. You will therefore continue to have indirect exposure to the creditworthiness of other participants.

Trading on Margin. Trading on margin can significantly increase the risk of trading digital weather swap contracts. It is possible to lose more than the funds you invest by trading on margin. A decline in the value of contracts purchased on margin may result in a margin call requiring that you deposit additional funds with CX Clearinghouse on short notice. If you are unable to meet any margin calls, you may be subject to forced liquidation of contracts from your account and you will not be entitled to choose which contracts are liquidated.



Conflicts of Interest. The FMX Exchange and the CX Clearinghouse are each wholly-owned indirect subsidiaries of BGC Partners, Inc., a publicly traded company majority owned by Cantor Fitzgerald, L.P. ("Cantor"), both of which are engaged in a variety of financial services businesses, including but not limited to securities and futures brokerage and trading. In addition, Cantor or its affiliates provide and will continue to provide a variety of services to the FMX Exchange and the CX Clearinghouse. These affiliations and services could present certain potential conflicts of interest.

Trading by Affiliates. One or more affiliates of FMX Exchange and CX Clearinghouse may conduct transactions on FMX Exchange for their own proprietary accounts. These affiliates are separate from FMX Exchange. The positions taken by FMX Exchange's affiliates may be opposite to the positions taken by You.

Risks Related to Trading Over the Internet. Certain risks are inherent in trading electronically over the internet. These include risks of computer, communications, or power systems failures or other malfunctions that may temporarily preclude access to the FMX Exchange or CX Clearinghouse. Any time that you are for any reason unable to access the FMX Exchange, you will not be able to place, modify, or cancel orders. Additionally, a catastrophic systems failure may disrupt your orders and the order queue on the FMX Exchange. The liability of the FMX Exchange and CX Clearinghouse for losses incurred in connection with such failures or malfunctions is limited under the Rules of each entity.

Access to Your Account. Only you and people identified by you as Authorized Traders may trade for your account. You are solely responsible for all trading by Authorized Traders for your account. Do not share your login user name and password with anyone, and ensure that any Authorized Traders do not share their login user name and password. Should someone attain unauthorized access to your login user name and password, and/or the login user name and password of one of your Authorized Traders, you will be responsible for any trades entered by that person for your account. You should therefore monitor the activity in your account closely and alert us immediately if you notice any unauthorized activity in your account or believe that an unauthorized person has gained access to your account.

Limitations of Trading Privileges. The FMX Exchange may at any time suspend, revoke, limit, condition, restrict or qualify the trading privileges of any Market participants or their Authorized Traders if, in the sole discretion of the Board of Directors of the FMX Exchange, such action is in the best interests of the FMX Exchange. If your trading privileges are suspended, revoked, limited, conditioned, restricted or qualified FMX Exchange may in some circumstances liquidate your positions, and you will not have the benefit of subsequent favorable market movements. Conversely, if your trading privileges are terminated, you might not be able to liquidate open positions and could be required to absorb losses on such positions.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER ASPECTS OF TRADING ON THE FMX EXCHANGE. BY USING THE FMX EXCHANGE AND ENTERING INTO TRANSACTIONS IN DIGITAL WEATHER SWAPS FMX EXCHANGE, YOU REPRESENT AND WARRANT THAT YOU HAVE EVALUATED THE MERITS AND RISKS OF YOUR USE OF THE FMX EXCHANGE AND HAVE DETERMINED THAT SUCH TRANSACTIONS ARE APPROPRIATE FOR YOU AND THAT YOU ARE CAPABLE OF ASSUMING, AND ARE PREPARED TO ASSUME, THE RISKS ASSOCIATED WITH SUCH TRANSACTIONS.