

Risk Disclosure Statements for Foreign Exchange Trading

CFTC 5.5 Risk Disclosure Statement

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.

Performance of Non-Discretionary Retail Forex Customer Accounts at Schwab Futures and Forex

	Q2 2026	Q1 2026	Q4 2025	Q3 2025
% of Customer Directed Accounts (nondiscretionary) that were profitable	36	40	38	42
% of Customer Directed Accounts (nondiscretionary) that were not profitable	64	60	62	58
Total # of Customer Self Directed Accounts	85,175	84,478	83,304	82,298

Past performance is not necessarily indicative of future results.

Additional Risk Disclosures

The additional risks set forth below are not meant to be all-inclusive. Rather, we have highlighted certain significant risks related to foreign exchange trading.

1. Charles Schwab Futures and Forex LLC Account Disclosures

The margin policies of Charles Schwab Futures and Forex LLC ("Schwab Futures and Forex") require you to maintain margin in your Forex account at all times and for all open positions. Customers must have available in their Forex accounts the margin required for a particular Forex contract prior to executing an order for such Forex contract. If your account is under margined, Schwab Futures and Forex may in its sole discretion and without prior notice to you, liquidate any and all of your open positions in Forex contracts, and you shall remain liable to Schwab Futures and Forex for any resultant loss or debit balance. Schwab Futures and Forex reserves the right to increase margin requirements at any time, without notice, and in its sole discretion.

Schwab Futures and Forex reserves the right to limit Forex position sizes at any time, without notice, and in its sole discretion. Schwab Futures and Forex reserves the right to (but is not obligated to) close out any Forex position, if at any time, Schwab Futures and Forex in its sole discretion deems necessary. If, under any circumstance, Schwab Futures and Forex deems it necessary to close out (in part or in whole) a Forex position, you hereby agree to accept full responsibility for any losses incurred and indemnify and hold harmless Schwab Futures and Forex.

Customer acknowledges that holding a Forex contract can subject Customer to significant risks including but not limited to availability of markets, trading systems, and inherent market risk.

Customer acknowledges and understands that trading Forex involves a high degree of risk and Customer is prepared to lose all funds utilized for trading. Customer acknowledges and understands that such trading could result in losses beyond Customer's total investment.

2. Electronic Trading and Order Routing Systems Disclosure Statement

Most foreign exchange transactions occur outside of exchanges and electronic communication networks. Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders. Under no circumstances shall Schwab Futures and Forex or its liquidity provider(s) have any responsibility or liability to you in the event that, whether because of electronic or other mechanical failure, system failure or delay, acts of God or terrorism, or any other reason, (a) You are unable to access or use the website or trading software, whether to place an order, receive account related information, or otherwise engage in any Forex-related activities, or (b) any liquidity provider sustains any mechanical, electrical or other failure, delay, interruption, or congestion, whether or not such results in a failure to maintain an orderly market, failure or delay in the execution, clearance, or confirmation of Forex transactions.

Forex trading exposes you to risk including, but not limited to, market volatility, volume, congestion, and system or component failures, which may delay account access and/or Forex trade executions. Prices can change quickly and there is no guarantee that the execution price of your order will be at or near the quote displayed at order entry ("slippage"). Account access delays and slippage can occur at any time but are most prevalent during periods of higher volatility, at market open or close, or due to the size and type of order.

In the event of a system failure, please contact a Forex specialist at **866-839-1100** to enter orders.

3. Slippage

Slippage is a term referring to a market situation in which an order for a particular currency pair is filled at a price which is different from the requested price of the order because the price requested is no longer available. Slippage is possible on all order types. Slippage can occur at any time and under any market condition. The possibility of slippage increases during fundamental announcements, at illiquid times, at times of extreme market volatility, and at times of banking settlement date changes.

Customer acknowledges and agrees that increased volatility in the market can occur at any time, including, without limitation, prior to and/or during the release of fundamental data and newsworthy events. When economic data or world events are announced, the market may "gap" in a particular direction. This means that there are no tradable prices between the actual price at which the market was trading prior to the "gap" in a particular direction. Prices at any time can move very quickly and orders are filled in some cases at prices very far away from the order price. In addition, orders can be filled at prices outside of what is displayed on Schwab Futures and Forex's trading system.

All orders at any time in Schwab Futures and Forex's or Schwab Futures and Forex's liquidity providers discretion may be withheld for manual review. You understand and acknowledge that orders held for manual review by Schwab Futures and Forex or Schwab Futures and Forex's liquidity providers will significantly delay the execution of an order and may result in the order being rejected or canceled.

4. Trading Hours

Schwab Futures and Forex's hours generally coincide with the global financial markets. The Forex market is open from 6:00 PM ET to 5:00 PM ET daily, Sunday through Friday. Beginning at 6:00 PM ET, Forex pairs may be opened at various intervals to ensure market liquidity. As part of routine daily maintenance, generally conducted between 1:00 AM ET – 3:00 AM ET, the trading platform may not be available.

You will not be able to close existing positions or open new positions when the market is closed during the week and over the weekends. Spreads (the difference between the bid price and ask price) typically widen around the open and close of trading, around fundamental announcements, when markets are volatile, and around banking settlement date changes, to reflect decreased liquidity in the global markets. It is possible for market prices to significantly change or "gap" when trading resumes during the week and on Sundays. Therefore, you must ensure that you maintain sufficient margin in your account at all times to avoid any liquidations. To reduce the risk of a liquidation, reduce or close your overall positions or add more funds to your account. To prevent unwanted order execution, consider widening your limit, stop, trailing stop, or any other order type prior to the market close.

If you wish to move money from your linked securities brokerage account to your Forex account, you must do so manually. Money movement restrictions apply during evening hours and on the weekend. If your Forex equity falls below your Forex margin requirement, you may not have the opportunity to add funds or close positions in order to avoid liquidation.

5. National Futures Association Background Affiliation Status Information Center

Charles Schwab Futures and Forex LLC is a Forex Dealer Member registered with the National Futures Association ("NFA"). For more information regarding the NFA's Background Affiliation Status Information Center ("BASIC"), please visit <http://www.nfa.futures.org/basicnet/>.



FUTURES
AND FOREX

**Investment and Insurance Products: Not a Deposit
Not FDIC Insured • Not Insured By Any Federal
Government Agency • No Bank Guarantee • May Lose Value**

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Forex accounts are not protected by the Securities Investor Protection Corporation (SIPC). Forex accounts do not receive a preference in any bankruptcy proceeding pursuant to Part 190 of the CFTC's regulations. Forex trading services provided by Charles Schwab Futures and Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify. Forex accounts are not available to residents of Ohio or Arizona.

Charles Schwab Futures and Forex LLC is a CFTC-registered Futures Commission Merchant, a NFA Forex Dealer Member and is notice-registered with the SEC as a broker-dealer solely for the purpose of effecting transactions in security futures products.

Charles Schwab Futures and Forex LLC (NFA Member) and Charles Schwab & Co., Inc. (Member SIPC) are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.