



Crypto Asset Risk Disclosure

Investing in crypto assets, including Bitcoin, Ethereum, and other cryptocurrencies, may offer opportunities for significant returns. However, crypto assets are highly speculative and involve substantial risks, including the potential loss of some or all of the invested capital. Investors should carefully consider these risks before engaging in crypto asset activities.

The following disclosure outlines the principal risks associated with investing in crypto assets and participating in crypto-related activities, including staking.

1. Market Volatility

High Volatility

Crypto assets are subject to significant and sometimes extreme price fluctuations. Their value may change rapidly and unpredictably, and investors may lose a substantial portion or the entire amount invested. Due to their volatility, certain crypto assets may not be suitable as a store of value or as a means of exchange or payment.

Market Sentiment

The value of crypto assets can be significantly affected by market sentiment, news, social media activity, market speculation, and other external factors. These influences can result in sudden and unpredictable price movements. Crypto assets and related products may also be promoted through marketing materials or other information that may be unclear, incomplete, inaccurate, or potentially misleading.

Limited Price Transparency and Liquidity

The methods used to determine crypto asset prices and execute transactions on certain trading platforms may not be fully transparent. Ownership of some crypto assets may also be highly concentrated, potentially affecting market prices and liquidity. As a result, investors may not always receive a fair or expected price when buying or selling, and there may be circumstances where an asset cannot be sold promptly or at all due to a lack of available buyers.

2. Regulatory Risks and Investor Protection

Evolving Regulatory Environment

The regulatory framework governing crypto assets continues to develop and differs significantly between jurisdictions. Changes to laws, regulations, regulatory guidance, or government policies may affect the availability, legality, use, or value of crypto assets.

Restrictions and Prohibitions

Certain jurisdictions have prohibited or significantly restricted the use, trading, or provision of services relating to crypto assets. Regulatory measures may adversely affect liquidity, accessibility, market participation, and asset value.

Limited Investor Protection

Many crypto assets and crypto-related products or services remain unregulated in certain jurisdictions, including circumstances where regulatory protections available for traditional financial products may not apply. Investors may therefore have limited access to consumer protections, compensation schemes, complaint procedures, or other forms of regulatory recourse.

Product Complexity

Certain products providing exposure to crypto assets may involve complex structures, leverage, derivatives, or other features that can significantly increase potential losses. Such products may not be suitable for all investors, particularly those who do not fully understand the associated risks.

3. Security and Cybersecurity Risks

Cybersecurity Threats

Crypto assets and the platforms through which they are accessed may be vulnerable to hacking, phishing, malware, fraud, cyberattacks, and other security threats. A successful attack or security breach may result in the theft, loss, or permanent inaccessibility of crypto assets.

Wallet and Custody Risks

The security of crypto assets depends heavily on the method used to store and safeguard them. Loss or compromise of private keys, passwords, authentication credentials, or wallet access may result in permanent loss of assets. Third-party custodians and exchanges may also be exposed to security, operational, or insolvency risks.

4. Technology Risks

Technical Failures

Crypto assets depend on blockchain networks, software, cryptographic systems, and other complex technologies. Software bugs, coding errors, network failures, vulnerabilities, congestion, or other technical problems may disrupt transactions or adversely affect the functionality and value of a crypto asset.

Forks, Upgrades and Network Changes

Changes to the underlying technology, including hard forks, network upgrades, protocol changes, or competing blockchain implementations, may create uncertainty and could affect the functionality, liquidity, acceptance, or value of a crypto asset.

5. Liquidity and Trading Risks

Liquidity Risk

Some crypto assets may have limited trading activity or liquidity. Investors may experience difficulty buying or selling substantial amounts without materially affecting the market price. In certain circumstances, there may be no readily available market or buyer.

24/7 Market Exposure

Crypto asset markets may operate continuously, including outside traditional financial market hours. Significant price movements may therefore occur at any time, including during periods of low liquidity or increased market stress.

6. Fraud and Scam Risks**Fraudulent Activities**

The crypto asset sector may be exposed to fraudulent activities, including Ponzi schemes, fraudulent token offerings, fake initial coin offerings (ICOs), phishing schemes, impersonation scams, and pump-and-dump schemes. Investors should exercise caution when evaluating investment opportunities and counterparties.

Unregulated or Unreliable Platforms

Not all crypto asset exchanges, trading platforms, brokers, custodians, or service providers are regulated or operate to the same standards. The failure, misconduct, or fraudulent activities of a platform or service provider may result in the loss of funds or assets.

7. Legal and Compliance Risks**Legal Uncertainty**

The legal and regulatory status of crypto assets varies between jurisdictions and may change over time. Regulatory uncertainty may affect the ability to hold, trade, transfer, or use certain crypto assets and services.

Tax Considerations

The tax treatment of crypto assets varies between jurisdictions and may depend on the nature and frequency of transactions, the type of asset, and the investor's circumstances. Investors are responsible for understanding and complying with applicable tax obligations.

8. Operational Risks**Exchange and Counterparty Risk**

The failure, insolvency, suspension, or operational disruption of a crypto asset exchange, broker, custodian, or other service provider may result in delayed access to funds or the loss of assets. Different providers may also have significantly different standards of security, governance, and asset protection.

Irreversible Transactions

Crypto asset transactions are generally irreversible once confirmed on a blockchain

network. Transactions sent to an incorrect address, involving an incorrect amount, or otherwise made in error may not be recoverable and may result in permanent loss.

9. Market Manipulation

Manipulative Trading Practices

Crypto asset markets may be susceptible to market manipulation by large holders, trading groups, or other market participants. Such activities may include coordinated trading, price manipulation, wash trading, pump-and-dump schemes, or other practices that can distort market prices and liquidity.

Limited Market Oversight

The level of regulatory supervision and market surveillance varies across crypto asset markets and jurisdictions. Limited oversight may increase the potential for manipulation, abusive trading practices, and other market misconduct.

10. Economic and Systemic Risks

Macroeconomic Factors

The value of crypto assets may be affected by broader economic and financial conditions, including interest rates, inflation, currency movements, economic growth, financial market stress, geopolitical events, and changes in investor risk appetite.

Systemic Risk

The increasing interconnectedness between crypto asset markets and traditional financial markets means that financial instability or significant disruptions in one market may affect the other. Systemic events may therefore contribute to increased volatility, liquidity constraints, or losses.

11. Staking Risks

Participating in staking may generate rewards but introduces additional risks beyond those associated with holding or trading crypto assets.

Volatility and Lock-Up Risk

Staking may involve lock-up, bonding, or unbonding periods during which assets cannot be freely transferred or traded. Significant price movements during these periods may result in substantial losses. Liquid staking arrangements may provide greater flexibility by issuing tradable tokens representing staked assets, but these tokens may themselves be subject to price volatility and liquidity risks.

Penalties and Slashing

Certain Proof-of-Stake (PoS) networks impose penalties or slashing mechanisms on validators for specified failures or misconduct. Investors who delegate assets to validators or participate through staking service providers may be indirectly exposed to such penalties. The extent of protection offered by centralized staking providers may vary according to the provider's contractual terms and applicable legal framework.

Custody and Asset Segregation Risks

Crypto staking may involve third-party custodians or service providers. Risks may include custodian failure, asset commingling, inadequate record-keeping, loss of access, or uncertainty regarding ownership and recovery of assets. These risks may become more significant where a limited number of custodians or service providers hold a substantial proportion of staked assets.

12. Overall Risk Considerations

Investing in crypto assets or participating in staking can provide exposure to a rapidly evolving asset class, but it involves **a high level of risk and may not be suitable for all investors**. The potential for significant returns should not be viewed as an indication of future performance or as compensation for the risks involved.

Before investing or participating in staking, investors should carefully assess their financial circumstances, investment objectives, risk tolerance, and understanding of the relevant product or service. Investors should also conduct appropriate due diligence, use suitable security measures, and ensure they understand the applicable terms, fees, restrictions, and regulatory protections.

Investors should only commit funds that they can afford to lose and should seek independent professional advice where they are uncertain about the risks or suitability of a crypto asset or related product.