

RISK DISCLOSURE STATEMENT

RISK DISCLOSURE STATEMENT REQUIRED TO BE FURNISHED AND TO BE KEPT BY THE ACCOUNT HOLDER OR CLIENT WHO TRADE IN VIRTUAL ASSETS

1. This statement does not disclose all the risks and other significant aspects of trading in spot, margin, perpetual, and/or leveraged virtual assets related product. In light of the risks, you should undertake such transactions only if you understand the nature of the virtual assets into which you are entering and the extent of your exposure to the risks. Trading virtual assets may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in the light of your experience, objectives, financial resources and other relevant circumstances. In considering whether to trade, you should be aware of the following:

(a) Virtual Assets Trading

(i) Effect of 'Leverage' or 'Gearing'

Transactions in virtual assets carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract or margin transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss and you will be liable for any resulting deficit in your account.

(ii) Risk-Reducing Orders or Strategies

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

(b) Additional Risks Common to virtual assets

(i) Terms and Conditions of Contracts

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific virtual assets which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a future or a margin transaction and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

(ii) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g., illiquidity) or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

(iii) Deposited Assets and Property

You should familiarize yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your assets or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

(c) Commission and Other Charges

- (l) before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

(d) Transactions in Other Jurisdictions

- (l) Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of the regulatory authorities or markets in other jurisdictions where your transactions have been affected. You should ask the firm with which you conduct your transactions for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

(e) Currency Risks

- (l) The profit or loss in transactions in virtual assets pairs, including spot, margin, perpetuals and options contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in rates where there is a need to convert from the virtual asset denomination of the contract to another virtual assets.

(f) Trading Facilities

- (l) Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this respect.

(h) Electronic Trading

- (l) Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or not executed at all.

(l) Off-Exchange Transactions

(l) in some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with the applicable rules and attendant risks.

(j) Margin

(l) you may sustain a total loss of the initial margin and any additional margins that you deposit to establish a position or maintain positions in the commodity market, commodity futures market or spot commodity market. If the market moves against your positions, you may be called upon to deposit a substantial amount of additional margins, on short notice, in order to maintain your positions. If you do not provide the required margins within the prescribed time, your positions may be liquidated at a loss, and you will be liable for any resulting deficit in your account.

(k) Liquidation of position

(l) under certain market conditions, you may find it difficult or impossible to liquidate a position.

(l) Contingent orders

(l) Placing contingent orders, such as “stop-loss” or “stop-limit” order, will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such orders.

(m) “Spread” position

(l) a “spread” position may not be less risky than a simple “long” or “short” position.

(n) Leverage

(l) The high degree of leverage that is often obtainable in commodity futures trading, trading in commodity contracts and spot commodity trading because of the small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

(o) Foreign markets and off-futures exchange transactions

(l) Funds placed with a commodity broker, commodity futures broker or spot commodity broker for the purpose of participating in foreign markets or off-futures exchange transactions, such as spot or other over-the-counter transactions, may not enjoy the same level of protection as funds placed in commodity markets or Commodity Futures Exchanges located in Singapore.

Note:

“Margin” means an amount of money, securities, property or other collateral, representing a part of the value of the contract or agreement to be entered into, which is deposited by the buyer or the seller of a futures contract or in a leveraged foreign exchange transaction to ensure performance of the terms of the futures contract or leveraged foreign exchange transaction.