

RISK DISCLAIMER

Updated: February 2025

How to interpret this Risk Disclaimer

1. All terms used in this general risk disclaimer (the “Risk Disclaimer”), have the same meaning and construction as in the Terms of Use.
2. This Risk Disclaimer provides users with information about the risks associated with trading in Virtual Assets and the services provided by Ceffu Custody FZE (“**Ceffu FZE**”). You are strongly encouraged and advised to read this Risk Disclosure carefully before deciding to start using the Ceffu Platform.
3. The risks outlined in this Risk Disclosure are not exhaustive and only describe the general nature of the risks involved with holding or trading Virtual Assets. The intention of this Risk Disclosure is merely to outline the risks, and not to discuss in detail all the risks associated with holding or trading Virtual Assets. You should undertake your own assessment of the suitability of trading Virtual Assets, where necessary with the help of a professional advisor, based on your own experience, risk tolerance, financial resources and objectives.
4. This Risk Disclosure does not explain all relevant risks or how such risks relate to your personal circumstances. It is important that you fully understand the risks involved before making a decision to use Ceffu Services and you should also read the relevant terms applicable to the specific Ceffu Service. By using the Ceffu Services and entering into any Transactions, you agree that you assume all of the related risks.

No Personal Advice or Monitoring

5. We do not provide personal advice in relation to Ceffu Services. We sometimes provide factual information, information about transaction procedures and information about the potential risks. However, any decision to use Ceffu Services is made by you. No communication or information provided to you by Ceffu is intended as, or shall be considered or construed as, investment advice, financial advice, trading advice, or any other sort of advice. You are solely responsible for determining whether any investment, investment strategy or related transaction is appropriate for you according to your personal investment objectives, financial circumstances and risk tolerance.
6. We do not monitor whether your use of Ceffu Services is consistent with your financial goals and objectives. It is up to you to assess whether any activity that you engage in through the Ceffu Services is appropriate given your financial position and risk appetite.

No Tax, Regulatory or Legal Advice

7. You have sole responsibility for determining what taxes you might be liable to, how and when they apply, and meeting such tax obligations, when transacting through the Ceffu

Services. It is your responsibility to report and pay any taxes that may arise from entering into a Transaction by using the Ceffu Services, and you acknowledge that Ceffu does not provide legal or tax advice in relation to these transactions. If you have any doubts about your tax status or obligations when using Ceffu Services, or with respect to the Virtual Assets held to the credit of your Ceffu Account, you are encouraged to seek independent advice.

8. You acknowledge that, when, where and as required by Applicable Law, Ceffu will report information regarding your transactions, transfers, distributions or payments to tax or other public authorities. Similarly, when, where and as required by Applicable Law, Ceffu will withhold taxes related to your transactions, transfers, distributions or payments. Applicable Laws could also prompt Ceffu to request that you provide additional tax information, status, certificates or documentation or other information. You acknowledge that failure to comply with these requests within the specified timeframe, may result in taxes withheld by Ceffu being remitted to tax authorities as required by Applicable Law. You are encouraged to seek professional and personal tax advice regarding the above and before entering into any Transaction.

Market and Liquidity Risks

9. An investment in Virtual Assets carries significant risk. The value of an investment and any returns can go up or down, and you may lose all or part of your investment and not get back the amount you had invested. It is important to do your own research to understand the risks of investing in Virtual Assets.

10. Virtual Asset trading is speculative, prices are volatile and market movements are difficult to predict. Supply and demand for Virtual Assets can change rapidly without warning and can be affected by a variety of factors which may not be predictable, including regulation, general economic trends and developments in the Virtual Asset ecosystem. All investments in Virtual Assets carry the risk of loss.

11. Past performance is not a predictor of future performance. Ceffu does not in any way guarantee or provide any assurance about the performance or market price of Virtual Assets or products available through the Ceffu Services.

12. The Virtual Asset industry is subject to systemic and systematic risk. Systemic and systematic risks are both threats to the Virtual Asset markets and economy, but the cause of these risks and the approaches for managing them are different. Systemic risk is the risk that a company or industry-level risk could trigger a major collapse. Systematic risk is the risk inherent to the entire market, which can be economic, sociopolitical, technological, or natural in origin. These risks can affect the prices of Virtual Assets.

13. Blockchain technology is a relatively new technology that is evolving rapidly and is subject to continued technological development. The future development and growth of the Virtual Asset industry is subject to a variety of factors that are difficult to predict and evaluate. Similarly, the sustainability of Virtual Asset networks may also be affected by a range of different factors. All such factors may impact the value of a Virtual Asset.

14. Negative perceptions about Virtual Assets may reduce the confidence of investors in the industry and result in greater volatility of Virtual Asset prices, including possibly a significant depreciation in value. Any events that trigger negative publicity in respect of Virtual Asset markets may therefore have an adverse impact on the value of any investment in Virtual Assets.

15. Virtual Asset prices on the secondary market are driven by supply and demand and may be highly volatile. Virtual Assets may have limited liquidity which may make it difficult or impossible for you to sell Virtual Assets or to exit a position when you wish to do so. This may occur at any time, including at times of rapid price movements.

Risks related to Virtual Assets

16. Given the nature of Virtual Assets and their underlying technologies, there are a number of intrinsic risks, including but not limited to:

- a. Virtual Assets are not legal tender and are not backed by the UAE government;
- b. Faults, defects, hacks, exploits, errors, protocol failures or unforeseen circumstances occurring in respect of a Virtual Asset or the technologies or economic systems on which the Virtual Asset are based;
- c. Transactions in Virtual Assets may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable;
- d. Technological developments leading to the obsolescence of a Virtual Asset;
- e. Network delays causing transactions to not be settled in the expected timeframe;
- f. Attacks on the protocol or technologies on which a Virtual Asset depends, including, but not limited to: i. distributed denial of service; ii. sybil attacks; iii. phishing; iv. social engineering; v. hacking; vi. smurfing; vii. malware; viii. double spending; ix. majority-mining, consensus-based or other mining attacks; x. misinformation campaigns; xi. forks; and xii. spoofing;
- g. Some Virtual Asset transactions may be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the user initiates the transaction;
- h. A “hard fork” may occur if Virtual Asset developers suggest changes to a particular Virtual Asset software and the updated software is not compatible with the original software and a sufficient number (but not necessarily a majority) of users and miners elect not to migrate to the updated software. This would result in two versions of Virtual Asset networks running in parallel and a split of the blockchain underlying the Virtual Asset network, which could impact the demand of the Virtual Asset and adversely impact the price of the Virtual Asset;

- i. If one or more persons were to gain control over 51% of the computing power (hash rate) used by a blockchain network, they could use their majority share to double spend their Virtual Assets. Whilst the risk of this occurring for networks with wider adoption is remote, if such a “51% attack” were to be successful, this would significantly erode trust in public blockchain networks (like Bitcoin and Ethereum) to store value and serve as a means of exchange, which may significantly decrease the value of Virtual Assets;
- j. Virtual Assets purchased and held in an account with Ceffu are not covered by any external investor compensation, customer asset protection, deposit protection, insurance or other similar schemes;
- k. New risks may arise from investing in new types of Virtual Assets or market participants’ engagement in more complex transaction strategies; and
- l. Virtual Asset markets are open 24 hours a day, 7 days a week, so rapid price changes may occur at any time, including outside of normal business hours and on weekends.

Security, Communication and Availability Risks

17. The nature of Virtual Assets exposes them to an increased risk of cyberattack. While Ceffu uses all reasonable efforts to safeguard Virtual Assets and protect the Platform from cyberattack, it is not possible for any custodian to eliminate security risks entirely. There can be no guarantee that systems in place to mitigate cybersecurity threats will always be effective to prevent improper access to the Platform and Virtual Assets.

18. You are responsible for keeping your Ceffu Account information safe, and you shall be responsible for all the Transactions under your Ceffu Account, whether you authorised them or not. Transactions in Virtual Assets may be irreversible, and losses due to fraudulent or unauthorised transactions may not be recoverable.

19. While we aim to deliver a seamless user experience, we cannot guarantee that the Ceffu Services will be available at any particular time or that Ceffu Services will not be subject to unplanned service outages or network congestion. It may not always be possible for you to transfer, send or receive Virtual Assets when you wish to do so.

Legal and Regulatory Risks

20. Most Virtual Assets operate without a central authority and are generally not backed by any government or authority. Changes in laws and regulations may materially affect the value of Virtual Assets. This risk is unpredictable and may vary from market to market, which in turn can have varying and unpredictable impacts on different Virtual Assets.

21. Legislative and regulatory changes at the national or international level may adversely affect or restrict (as applicable) the use, transfer, exchange and value of Virtual Assets, as well as the provision of the Ceffu Services in certain jurisdictions. Legislative and regulatory changes may occur quickly and without prior notice.

Staking Service Risks

22. Ceffu's software gives you access to third party Staking Services. When you access or utilize these Staking Services, you will work with a third-party provider that stakes specific Digital Assets ("Staked Digital Assets") for validating transactions on the related blockchain network. Successful validations may yield a network-issued reward ("Staking Reward").

23. When using the Staking Service, you acknowledge, agree, and consent to the following:

- a. Ceffu does not control or assume any liability for your use of the Staking Services. If you are or are not directly contracting with the node operator, please be aware that Ceffu expressly disclaim all liability for any potential issues or losses related to your use of the Staking Services. This includes any loss of Staked Digital Assets, failure to obtain Staking Rewards, or fees incurred during the process. It is your responsibility to understand the terms and conditions of the node operator and any associated risks;
- b. Ceffu cannot guarantee uninterrupted Staking operations. Interruptions in service can occur due to many factors beyond our control, such as codebase updates, network protocol changes, actions from third-party providers or network congestion;
- c. Ceffu cannot ensure the staking or ongoing staking of any specific Digital Asset. The feasibility of staking certain Digital Assets is based on the respective blockchain network's rules and the third-party staking services provider's terms and conditions;
- d. Ceffu bears no control over or responsibility for the Staking Rewards provided by the relevant blockchain network. Decisions about the distribution of Staking Rewards, including frequency and amount, solely rest with the respective networks and not Ceffu;
- e. Ceffu does not provide advice or make any predictions about the potential value or suitability of any specific Digital Asset or the Staking Service. Any decision to use the Staking Service is your own, and Ceffu assumes no responsibility for this;
- f. Ceffu has no control over any Proof-of-Stake network where Ceffu may exercise validation rights delegated by you;
- g. Ceffu does not guarantee that you will receive Staking Rewards or any Staking Reward rates. The successful transfer of the rewards is subject to the Proof-of-Stake networks and is not under Ceffu's control;
- h. Ceffu is not responsible for any failure by any supported Proof-of-Stake (POS) network to transfer rewards or for the loss of rewards due to reasons such as transfer to an incorrect wallet address or other risks like "slashing";

- i. Ceffu does not guarantee uninterrupted or error-free operation of the staking services, nor does it ensure that it will rectify all defects or prevent disruptions caused by third parties or unauthorized third party access; and
- j. Ceffu is not liable for any breaches committed by the user in relation to third-party Staking Services agreements. It is the user's responsibility to ensure compliance with those terms and conditions.

24. By choosing to use the Staking Services, you acknowledge these conditions and understand the inherent risks, including but not limited to the risk of loss, reduction, or penalty. Before staking, conduct thorough research and careful analysis to ensure alignment with your financial goals, risk tolerance, and understand the staking process. If you have any doubts or misunderstandings regarding the staking process and involved risks, we strongly recommend seeking advice from an independent financial advisor before proceeding with the services.