flowdesk

RISK DISCLOSURE STATEMENT

PLEASE READ THIS RISK STATEMENT CAREFULLY. BY SIGNING THE SPECIAL TERMS AND CONDITIONS, YOU ACKNOWLEDGE THAT YOU HAVE READ THIS RISK STATEMENT AND UNDERSTAND THE RISKS APPLICABLE TO THE VARIOUS FLOWDESK SERVICES AND PRODUCTS.

The risk of loss when investing in Digital Assets can be substantial. You should therefore carefully consider whether such Transactions or Investments, whether entered into directly by you or through an intermediary, are suitable for you in light of your investment objectives, financial situation, risk tolerance, investment experience and knowledge of Digital Assets. When considering any transaction or investment, you should inform yourself and be aware of the risks in general, and in particular, you should note the following:

1 - Trading risks

1. Volatility

Digital Asset trading is entirely speculative and carries inherent risks not usually encountered in less volatile investments. Digital Asset markets can move abruptly or unpredictably and substantial losses can be incurred. The risk of loss in Digital Asset transactions can be significant.

2. Liquidity

Under certain market conditions, it may be difficult or impossible to close out a position. This may occur, for example, when the market makes a "limit move" or trading is suspended. In addition, there may not be a ready market for certain investments and market traders may not be ready to trade certain investments. In addition, appropriate information to determine the value of certain investments may not be available.

3. Spreads

The spread is the difference between the best buying price and the best selling price. It represents the difference between the purchase price of a Digital Asset and its immediate sale or vice versa. Lower liquidity and higher volatility can result in wider than normal spreads for less liquid or illiquid Digital Assets. This, in turn, will prevent better price formation.

4. Risk limit orders

Placing certain orders (for example, stop-loss orders, where permitted by local law, or stop-limit orders) that are intended to limit losses to certain amounts may not be effective or may not necessarily limit your losses to the amounts intended because market conditions may make it difficult or impossible to execute such orders. Sometimes it is also difficult or impossible to close out a position without incurring substantial losses. Strategies using combinations of positions, such as spread and straddle positions, can be as risky as simple "long" or "short" positions.

5. Suspension of trading

Under certain trading conditions, it may be difficult or impossible to close out a position. This may occur, for example, in the event of rapid price movement, if the price rises or falls to such an extent that the rules of the relevant exchange suspend or restrict trading. Placing a stop-loss order will not necessarily limit your losses to the expected amounts, as market conditions may make it impossible to execute such an order at the expected time.

6. Price

Price risk is the risk of potential changes in the value of individual investments. Since price is defined by the law of supply and demand, significant losses can be incurred. Valuation of Digital Assets is particularly difficult, so only invest in assets for which you have received reliable information and understand the valuation.

7. Total loss

The risk of total loss is the risk that an investment will lose all value. A total loss is particularly likely to occur when the issuer is no longer able, for financial or legal reasons, to meet its payment obligations (insolvency). The risk of total loss also occurs when asset prices fall to zero.

8. Advertising effects

Recent news announcements that may impact the price of a Digital Asset may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative price movement in the Digital Asset.

9. Rumors

Rumors about companies / Digital Assets sometimes circulate in the market through word of mouth, newspapers, websites or news agencies, etc. Investors should be wary of rumors and refrain from following them.

10. Financial system

High trading volumes can occur at any time of the day. They can cause delays in order execution or confirmation.

During periods of volatility, due to traders continually changing the quantity or price of their orders or placing new orders, there may be delays in order execution and confirmations.

Under certain market conditions, it may be difficult or impossible to close out a position in the market at a reasonable price or at all, when there are no open orders on either the buy or sell side, or if trading in a Digital Asset is halted due to action related to unusual trading activity or for any other reason.

11. Network and computer system

Trading in Digital Assets is done electronically, based on satellite or wireline communications, a combination of technologies and computer systems for placing and routing orders. As such, there is a possibility of communication failure or system problems or slow or delayed system response or trading stoppage, or any other problem/glitch whereby it is not possible to establish access to the trading system/network, which may be out of control and may result in a delay in the processing or non-processing of buy or sell orders, in part or in whole. Please be advised that while these problems may be temporary in nature, if you have open positions or unfilled orders, they represent a risk due to your obligation to settle all executed trades.

12. Country

If an investment is made in an asset or issued by a party subject to foreign laws or trades on exchanges located in other jurisdictions, the recovery of invested monies and profits or gains may be reduced, delayed or prevented by exchange controls or other measures imposed by the government or other official bodies. Before trading, you should find out what rules apply to your particular transactions. Your local regulatory authority will not be able to enforce the application of regulatory or market rules in other jurisdictions where your transactions have been made. Before you begin trading, you should find out about the various types of remedies available in your home jurisdiction and in other relevant jurisdictions.

13. Non-exchange transactions

Some transactions can be carried out directly, outside of the Exchange (this is the case of over-the-counter transactions). Flowdesk can act as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess its value, to determine a fair price or to evaluate the risk exposure. For these reasons, these transactions may involve increased risk. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before engaging in such transactions, you should familiarize yourself with the applicable rules and the risks involved.

14. Taxation

Income or profits from the trading of any investment may be subject to withholding, capital gains or other taxes in the country of the issuer or in the country where such investments are traded. In this case, unless the issuer agrees to gross up the income or profits received by investors, investors will receive only the interest payment or the proceeds from the sale or redemption of the investment, less withholding tax or capital gains. Withholding tax by paying agents may apply in certain jurisdictions.

2. - Risks related to Digital Assets

1. Nature of the Digital Asset:

1. Stablecoins

Asset tokens carry risks associated with the underlying asset, particularly liquidity. Digital assets exist only virtually on a computer network and have no physical equivalent. The equivalence and rights promised by a token may not be guaranteed. It is difficult to establish a value for digital assets because the value depends on the expectation and confidence that the digital assets can be used for future payment transactions. Among other things, continued high volatility, technological changes and advancements, fraud, theft and cyber-attacks, and regulatory changes can prevent Digital Assets from being established, potentially rendering them worthless.

2. Stablecoins based on a fiat currency

Flowdesk

Fluctuations in the exchange rates of the underlying currency (or of one or more currencies in a basket of currencies) will affect the value of the Digital Assets linked to such currency or currencies. In addition, investors who intend to convert gains or losses resulting from the receipt of funds from or the sale of such Digital Assets into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or one or more of the currencies in a basket of currencies).

The value of currencies may be affected by complex political and economic factors, including governmental actions to fix or support the value of a currency (or one or more currencies in a basket of currencies), independent of other market forces. Purchasers of Digital Assets linked to one or more currencies risk losing their entire investment if exchange rates for the relevant currency (or one or more currencies in a basket of currencies) do not move in the expected direction.

3. Commodity-based Stablecoins

In addition to the above risks and those related to foreign exchange and interest rate fluctuations and commodity trading, trading in Commodity tokens will expose you to the following additional risks:

a. Commodity markets are volatile and it is possible that an investment in Precious Metals could result in a loss;

b. an investment in commodities provides no return or interest;

c. Commodity prices must increase relative to the purchase price in order to provide a return;

d. A Commodities deposit does not represent a deposit of money.

4. Payment tokens

The price of payment tokens depends on global supply and demand dynamics and is not based on traditional valuation techniques used for stocks and bonds, which can make it difficult to assign an objective value to payment tokens.

5. Security tokens

Flowdesk prohibits the use of its infrastructure and/or services to trade security tokens.

2. Business

In the event that an issuer of a Digital Asset ceases operations or is liquidated, the value of the Digital Asset may fall to zero and/or no longer experience

3. Delisting

An Exchange may decide to delist a Digital Asset. It is then possible that the Digital Asset is exposed to greater volatility.

4. No clearing house

There is no clearing house in the Digital Asset markets. Therefore, the Customer is more exposed to counterparty risks and technical failures related to the payment and delivery of Digital Assets.

5. Dissemination of information

At present, no control is made over the information communicated about Digital Assets. Relevant information can be found on social networks, websites, prospectuses and other media. It is recommended that the Client checks the validity and reliability of the sources of information before deciding to invest in a Digital Asset.

6. Technology

Digital Asset technology is still in its infancy and best practices are still being determined and implemented. Digital Asset technology is likely to undergo significant changes in the future. Technological advances in cryptography, decryption or quantum computing, etc. may present a risk to the security of Digital Assets. In addition, alternative technologies may be established that make certain Digital Assets less relevant or obsolete.

7. Open-source

Digital Assets are based on open-source software. Developers may introduce weaknesses and programming errors into the open-source software or cease developing the open-source software (potentially at a critical stage where a security update is required), from which point the Digital Assets exposed to weaknesses, programming errors and threats of fraud, theft and cyber-attacks (see also ″Cyber-risks″ below).
Therefore, Flowdesk cannot provide any guarantee that the services offered will remain uninterrupted or error-free.

8. Slowdowns

Some blockchains have seen an increase in the number of transactions in recent years. An increasing number of transactions coupled with the inability to make changes in Digital Asset technology may result in a slowdown in the processing time of digital asset transactions (to verify a transaction could potentially take days) and/or a substantial increase in Blockchain transaction fees paid to, among others, the ″miners″ (if any) to facilitate transaction processing.

9. Hard-Fork

1. Principle

Since there is no central institution (such as a central bank or government agency) overseeing the development of the Blockchain or those of the Digital Assets (e.g., the ability to increase the number of transactions, reduce processing time, reduce transaction fees, implement security updates), it relies on the collaboration and consensus of various stakeholders, among others, the developers improving the open-source software linked to a Digital Asset or the ″miners″. Any disagreement between stakeholders can result in the blockchain splitting into two or more incompatible versions (such an event is called a ″hard fork″).

2. Suspension of trading

The Exchanges on which Digital Assets are traded may suspend (temporarily or indefinitely) the ability to trade a particular version of a Digital Asset. As a result, investors in that Digital Asset may (i) not be exposed (indefinitely) to all versions as a result of a hard fork and forfeit the value of one or more versions, or (ii) be exposed to a version on a delayed basis (in which case that version may have lost a significant portion or all of its value).

3. Instability

Hard forks can lead to instability of a Blockchain version and hard forks or the threat of a potential hard fork can damage the value of a Digital Asset. In addition, security flaws are likely to appear, generating even more instability on the valuation of the Digital Asset.

10. Cybersecurity

1. Hack of a Blockchain

The special characteristics of Digital Assets (e.g., the fact that they exist only virtually on a computer network, the fact that Digital Asset transactions are not reversible and are conducted anonymously) make them an attractive target for fraud, theft and cyber-attacks. Various tactics have been developed (or weaknesses identified) to steal Digital Assets or disrupt Blockchain technology (to name a few: ″51% attack″ where an adversary can take control of the technology by providing 51% of the Blockchain's computing power or ″denial of service attack″ where an adversary attempts to make the Blockchain's resources unavailable by overwhelming it with service requests. This may result in significant waiting periods, network congestion and delays during which the Client may be prevented from disposing of the relevant Digital Assets while their value may fluctuate significantly or which may otherwise result in losses or damages).

2. Investors targeted

Retail investors are directly exposed to fraud, theft and cyber-attacks: (i) any high-profile losses resulting from such events may create skepticism about the long-term future of Digital Assets and may prevent the establishment of Digital Assets as a medium of exchange and may increase the volatility and illiquidity of digital assets; (ii) any losses resulting from fraud, theft and cyber-attacks will be borne by Investors.

3. Market manipulation

Digital assets are subject to a higher than usual risk of market abuse, market manipulation and insider trading by market participants due to a lack of regulation, supervision, market control and/or liquidity.

11. Regulations

The legal, tax and regulatory framework governing Digital Assets in France and abroad is still far from stable and secure. Existing laws and regulations, changes in the legal, tax and regulatory framework and related actions by regulators or other governmental authorities may affect the compliance, tradability and transferability or convertibility of the Client's Digital Assets and may potentially result in a total or partial loss of the Digital Assets or a reduction in their value (which may fall to zero).

12. Error

Transactions on a DEEP or other large distributed ledger are irreversible and final, and the transaction history is difficult to change electronically. As a result, if the Customer initiates or requests a transfer of Digital Assets using an incorrect wallet address, it will be impossible to identify the recipient and reverse the faulty transaction.

13. Failure of the Counterparty

If a Counterparty becomes unable to fulfill its obligations, then these investments may become worthless and all costs and benefits of the transaction are irrecoverable. If funds have been transferred to this Counterparty, the funds may be permanently lost and Flowdesk will not be held responsible and will not owe the Customer anything for this.

14. Digital Asset storage

Among the risks related to the trading of Digital Assets, the following points should be highlighted when it comes to the custody of these Digital Assets:

Owning a Digital Asset is equivalent to owning the private key (equivalent to a secret code) that allows you to access it. Losing this private key is equivalent to never having access to these assets again. There is no central authority to contact to regenerate this key. Having this private key stolen is equivalent to giving full access to the assets to the malicious person/entity. Therefore, it is of utmost importance that customers safeguard these private keys and store them securely.

15. Operating and other expenses

Before you start trading, you should get a clear explanation of all the commissions, fees and other charges you will incur. These fees will affect your net profit (if any) or increase your loss.

3. - Risks related to Flowdesk

1. Liquidation of Flowdesk

In case of insolvency or default of Flowdesk, or any other broker involved in your transaction, positions may be liquidated or closed without your consent. In certain circumstances, you may not get back the actual assets you have lent and you may have to accept any available cash payment. Upon request, Flowdesk will explain to you whether, and to what extent, it will accept liability for the insolvency or default of other companies involved in your transactions.

2. Technical failure

In case of a technical failure of Flowdesk, the Flowdesk services can be paralyzed. As a result, you may lose opportunities. It is also possible that a technical failure causes a breach in the security of Flowdesk's infrastructure and that the company is hacked, in which case you may lose all or part of the funds held by Flowdesk.

3. Operational failure

A failure of Flowdesk's procedures or personnel may cause losses to the Customer.

4. Regulatory failure

An evolution of the regulatory standards can have a negative impact on Flowdesk and indirectly on the client. This will be the case in particular in case of a ban on trading on certain Digital Assets or a ban on dealing with a type of client.

5. Conflicts of interest

Flowdesk has several activities that may conflict with the interests of the Client. Flowdesk has set up a Conflict of Interest policy in accordance with the recommendations. The Client is invited to read it.

6. No obligation to redeem tokens

We have no obligation to offer you a buyback if your favorable price level cannot be obtained or if there is no buyer in the market, nor do we have any obligation to buy back Digital Assets from you unless there is a specific exception related to an option contract, for example.