



FASSET®

RISK WARNING NOTICE

VERSION 1

This Notice provides a description of certain risks associated with trading in Virtual Assets (also known as Virtual Currencies or Digital Currencies or Crypto Currencies), hereafter referred to as “VA trading”. All terms used in this Notice, which are defined in the Fasset Standard Terms of Business (the “Terms of Use”), have the same meaning and construction as in the Terms of Use.

RISK WARNING

The target client or prospective client of this Notice (the “Client”) is advised to carefully study the risks described herein. In this Notice, Fasset Group (“Fasset”, “we” or “us”) does not disclose or explain all the risks and other significant aspects of VA trading entail. The information provided in this Notice is not a substitute for professional financial advice. Client shall not make any investment decision without first conducting its own research. Client is solely and exclusively responsible for determining whether any investment, strategy or any other product or service is appropriate or suitable for the Client, based on the Client’s investment objectives, personal and financial situation.

In addition, FASSET has no obligation to inform the Client about the tax or legal consequences of VA trading and transactions. The Client may therefore seek full and independent financial, legal, tax and/or other professional advice before entering into any transaction.

Clients are advised to read and understand the risks involved in trading and custody of Virtual Assets. Client acknowledges and agrees that FASSET shall not be responsible for or otherwise liable for any direct or indirect loss or damage of any kind whatsoever arising directly or indirectly from the occurrence in full or in part of any or all of the following risk events.

This Notice must be read in conjunction with FASSET’s Standard Terms and Conditions. The Client is also required to read all other risk disclosures, fact sheets and information provided by FASSET in relation to VA transactions.

Risks include, but are not limited to, the following:

- (a) Virtual Assets not being legal tender or backed by a government;
- (b) The value, or process for valuation, of Virtual Assets, including the risk of a Virtual asset having no value;
- (c) The volatility and unpredictability of the price of Virtual Assets relative to Fiat Currencies;
- (d) That trading in Virtual Assets may be susceptible to irrational market forces;
- (e) That the nature of Virtual Assets may lead to an increased risk of Financial Crime;
- (f) That the nature of Virtual Assets may lead to an increased risk of cyber-attack;
- (g) There being limited or, in some cases, no mechanism for the recovery of lost or stolen Virtual Assets;
- (h) The risks of Virtual Assets being transacted via new technologies, (including distributed ledger technologies) with regard to, among other things, anonymity, transaction may not always be transferrable, irreversibility of transactions, accidental transactions, transaction recording, and settlement;
- (i) That there is no assurance that a Person who accepts a Virtual Asset as payment today will continue to do so in the future;
- (j) some transactions are not private and may be recorded on public DLTs;
- (k) Virtual assets may be subject to fraud, manipulation, theft, including through hacks and other targeted schemes and may not benefit from legal protections.
- (l) Any links to Virtual Assets related activity outside the Emirate of Dubai, which may be unregulated or subject to limited regulation; and
- (m) Any regulatory changes or actions by VARA or Non-VARA Regulator that may adversely affect the use, transfer, exchange, and value of a Virtual Asset.

In addition to the risks mentioned in the section above, the Client shall take note of the following risks:

1. Market Risk

- 1) The price of Virtual Assets is highly volatile, and the value of Virtual Asset fluctuates constantly. The value of Virtual Asset may decrease very significantly. Virtual Asset may even become worthless because of such value fluctuations. Unlike currencies issued by governments and recognized as legal tender, Virtual Assets are backed and supported by technology and trust. There are no central banks or other authorities that can take corrective measures in order to protect the Virtual Asset's value in a crisis. Use of services relating to Virtual Asset trading can lead to large and immediate financial losses. It follows that you should not hold value you cannot afford to lose in Virtual Assets. Use of services relating to Virtual Assets may not generally be appropriate, particularly with funds drawn from savings, loans, mortgages, emergency funds, or funds set aside for other purposes.

2. Trading Risk

- 1) An trading order incorrectly entered by the Client on the trading platform may be executed at the price or quantity not desired by the Client or an trading order entered for the wrong Virtual Asset may result in an unwanted Transaction.
- 2) The Services may be unavailable due to Force Majeure events, unusual or exceptional market conditions or similar events, which may prevent the Client to liquidate its Virtual Assets.

3. Custody Risk

- 1) Each Virtual Asset has its unique wallet address. While transferring the Virtual Asset, if the Client uses the wallet address of another Virtual Asset, such Virtual Assets would be lost forever and cannot be recovered.
- 2) In case a Virtual Asset is discontinued for trading, FASSET shall provide a time frame for Clients to withdraw their Virtual Assets. If the Client fails to withdraw Virtual Assets prior to FASSET ceasing to support transfer of any such Virtual Assets, this may result in the loss of any such Virtual Assets.

4. Liquidity Risk

- 1) Under certain market conditions, it may be difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a particular Virtual Asset suddenly drops, or if trading is halted due to recent news events, or changes in the underlying Virtual Asset system.

5. Virtual Asset Risk

- 1) The features, functions, characteristics, operation, use and other properties of any Virtual Asset ("Virtual Asset Properties") and the software, networks, protocols, systems, and other technology (including, if applicable, any blockchain) ("Underlying Technology") used to administer, create, issue, transfer, cancel, use or transact in any Virtual Assets may be complex, technical or difficult to understand or evaluate.
- 2) Any Virtual Asset and its Underlying Technology may be vulnerable to attacks on the security, integrity or operation of the Virtual Asset or its Underlying Technology ("Attack").
- 3) Any Virtual Asset, Virtual Asset Properties or Underlying Technology may change or otherwise cease to operate as expected due to a change made to the Underlying Technology, a change made using features or functions built into the Underlying Technology or a change resulting from an Attack. These changes may include, without limitation, a "fork" or "rollback" of a Virtual Asset or the underlying blockchain.
- 4) Any Virtual Asset may be cancelled, lost, or double spent, or otherwise lose all or most of their value, due to forks, rollbacks, Attacks, changes to Virtual Asset Properties or failure of the Virtual Asset to operate as intended.
- 5) Any Virtual Asset may decrease in value or lose all of its value due to various factors including changes to Virtual Asset Properties or perceived value of Virtual Asset Properties, Attacks, suspension or cessation of support for a Virtual Asset by FASSET or other exchanges or service providers, legislative or regulatory activity and other factors outside the control of FASSET.

6. Network Risk

- 1) Trading on the online platform exposes the participants to internet related risks. The entire internet, or parts of internet, may be unreliable or unavailable at any given time. Also, interruption, delay, corruption or loss of data or loss of confidentiality in the transmission of data, may occur when transmitting data via the internet.
- 2) Messages including but not limited to Orders, trade confirmation, deposit and/or withdrawal requests, email communications between FASSET and the Client, may be delayed, intercepted, altered, or lost during transmission, due to hardware, software or network connectivity issues or any other issues arising from service provided by third party vendors.

7. Currency Risk

- 1) All Virtual Assets transacted on FASSET are quoted against a Fiat Currency or another Virtual Asset. Fiat Currencies are prone to exchange rate risk.

8. Legal Risk

- 1) The legal status of certain Virtual Assets may be uncertain. Clients have a responsibility to comply with the Applicable Laws and are solely responsible for reporting and paying any taxes arising from use of trading and/or custody services of FASSET.

9. Loss of private key

- 1) The Client must ensure that the private key of its wallet is stored securely and not shared with any other Person. The loss of private key will result in the Client losing the Virtual Assets lying in its own Client wallet permanently.

10. Cyber-Attack Risk

- 1) Virtual Assets may be targeted by hackers who may attempt to steal Virtual Assets or otherwise intervene in the functioning of FASSET. This includes (but is not limited to) interventions by way of distributed denial of service (DDoS), sybil attack, phishing, social engineering, hacking, smurfing, malware, double spending, and spoofing.
- 2) Transfer from or storage of Virtual Assets in a digital wallet exposes the Virtual Asset to the risk of loss due to security breaches arising from hacking, phishing, social engineering, smurfing, malware, spoofing and such other means. In most cases, it may not be possible to recover lost or stolen Virtual Assets.
- 3) Unauthorized access of the Client Account by third parties, may lead to loss of Fiat Currencies, Virtual Assets and/or trading losses.

11. Third Party Risk

- 1) The Client may be exposed to errors, delays, acts, or omissions by third party providers including financial or payment institutions.