

## Risk Warning

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# Risk Warning

The terms used in this Risk Warning shall have the same meanings as in the Terms of Service except as otherwise provided herein.

Spot trading or Margin Trading in Digital Assets and/or Digital Asset Derivatives (“ Trading ”) carries a high level of risk to your capital. Trading is not suitable for everyone and may result in losses that are greater than your deposits. You should only trade with money you can afford to lose.

This Risk Warning (this “ Warning ”) provides you with a non-exhaustive overview of the key risks that you should take into account when deciding whether to open an Account and trade in Virtual Assets and/or Digital Asset Derivatives. This Warning does not explain all of the risks involved in Trading or Digital Asset Exchanges or how the risks relate to your personal circumstances. It is important that you read and understand the relevant legal documentation to fully be aware of the risks involved according to your personal circumstances before deciding to open an Account and access and/or use the Services. We recommend that you seek independent advice if you are unsure.

In consideration of Tealstreet LLC (“ we “, “ our “, “ us “, “ Tealstreet “) agreeing to provide Services to the User, the User acknowledges, understands and agrees that:

### 1. NO GUARANTEE OF PROFITS

Tealstreet provides no guarantees of profit nor of avoiding losses when Trading. User has received NO guarantee from Tealstreet or from any Tealstreet Entities. Users are aware of the risks inherent in Trading and are financially able to bear such risks and withstand any losses incurred.

### 2. NO INVESTMENT, FINANCIAL, LEGAL, REGULATORY OR TAX ADVICE

You are solely responsible for any decisions that you make in relation to the Digital Assets, and/or Digital Asset Derivatives purchased, sold and/or traded through the Services.

Tealstreet is not an investment, financial, legal or tax advisor nor do we provide any investment, financial, regulatory, tax or legal advice. In certain cases, we may provide you with general factual information about the market and our Services. Any information and analysis provided by us is general in nature, and purely for informational purposes, and does not take into account the User’s personal objectives, financial situation, investment risk profile or needs. Furthermore, you must not regard any of the information that we provide to you as an investment recommendation or an offer to make a

transaction.

### **3. APPROPRIATENESS**

Do not invest with money or Digital Assets you cannot afford to lose. Trading carries a high degree of risk and due to fluctuations in value, the User may not get back the amount invested, or you may lose a substantial proportion or all of your capital. Digital Assets, and Digital Assets Derivatives are not suitable for everyone. You should carefully consider whether you can afford to bear the risks of loss involved in using the Services and, in particular, trading Digital Assets, and Digital Assets Derivatives.

Digital Assets, and/or Digital Asset Derivatives are not suitable for an investor seeking an income from their investments, as the income from such investments may fluctuate in value in money terms.

If you decide to continue and open an Account and use the Services, you are confirming that you are aware of and understand the risks.

### **4. THE SERVICES**

The User is warned, and the User agrees and understands that when Trading using the Services he assumes risk of financial loss which may be a consequence of amongst other things: i) Failure of User's devices, software and poor quality of connection; ii) Tealstreet or User's hardware or software failure, malfunction or misuse; iii) Improper work of User's equipment; iv) Wrong setting of User's Terminal; and/or v) Delayed updates of User's Terminal.

Tealstreet provides the Trading Terminal, an interface that connects users to Digital Asset Exchanges. However, Tealstreet does not operate a Digital Asset Exchange. We do not administer the underlying trading platforms of the Digital Asset Exchanges for the bids or offers and we do not enforce contracts among parties engaged in financing activities available on those Digital Asset Exchanges through the Trading Terminal. The underlying trading platform of the Trading Terminal is administered and operated by the Digital Asset Exchange. We shall in no event be held liable for any loss or other damages, including but not limited to special, incidental, consequential, or other damages arising from the acts of any operator of the Digital Asset Exchange. You are responsible for understanding the Terms and Conditions of the operators of the Digital Asset Exchanges.

Although Tealstreet uses its best efforts to conduct comprehensive due diligence on the Digital Asset Exchanges available in the Trading Terminal, these Digital Asset Exchanges may be unregulated exchanges and their practices may vary widely, including as to their security, encryption, and liability for losses. Digital Asset Exchanges may not be required to comply with any rules regarding wash trading, insider trading, promoting price discovery, insuring losses, protecting against fraud, ensuring anti-money laundering compliance, and many other salient features. Digital Asset Exchanges may carry on fraudulent operations or fronts for fraudulent schemes and be in a jurisdiction where there is no likelihood of recovery or recompense. Digital Asset Exchanges could provide incorrect, delayed, or otherwise flawed data for a variety of reasons, including as a result of software bugs and the aforementioned limited oversight on markets for Digital Assets. Such poor data could misinform the User trading strategies or engender inaccurate price discovery mechanisms. Errors, fraud, and other issues with Digital Asset Exchanges have resulted in extensive, irretrievable losses on multiple

occasions in the recent past. The underlying software and mechanisms for the Digital Asset Exchanges could malfunction, executing trades for the Users at faulty prices and adversely affecting the Users' investments. Digital Asset Exchanges could choose to roll back trades to the benefit of other parties but to the detriment of the Users. In general, errors and unreviewable decisions by the exchanges could adversely impact the value of the investment of the Users.

## **5. GENERAL TRADING RISKS**

Digital Asset prices are highly volatile and trading in Digital Assets is extremely risky. In addition, several factors may affect market liquidity for a particular Digital Asset, such as regulatory activity, market manipulation, the acts or omissions of the issuer of the Digital Asset, or unexplainable price volatility. Digital Assets are decentralized and non-regulated, which means that there is no central bank that can take corrective measures to protect the value of a Digital Asset in a crisis or issue more Digital Assets. As a result, Digital Asset Trading involves a high risk of loss of funds over a short period of time due to high market volatility, execution issues and industry-specific disruptive events, including, but not limited to, discontinuation, regulatory bans and other malicious actors within the Digital Assets industry.

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It is important that you comprehend the risks associated with trading on a market as fluctuations in the price of the underlying spot market will have an effect on the profitability of the trade.

When Trading, Slippage may occur. Slippage is the difference between the expected price of a Transaction, and the price the Transaction is actually executed at. Slippage often occurs during periods of higher volatility (for example due to news events) making an order at a specific price impossible to execute, when market orders are used, and also when large orders are executed when there may not be enough interest at the desired price level to maintain the expected price of the trade. Furthermore, prices displayed on the Trading Terminal are solely an indication of the executable rates provided by the Digital Asset Exchanges and may not reflect the actual executed or executable price of an order due to issues related to latency in the prices provided and connectivity issues. It is important that you comprehend that when placing an order, your order may not be filled at the quoted price.

By using the Services, you accept the risk of Trading Digital Assets, and/or Digital Asset Derivatives. In entering into any transaction, you represent that you have been, are, and will be solely responsible for making your own independent appraisal into the risks of the transaction and the underlying Digital Asset.

## 6. LIQUIDITY RISKS

Trading in Digital Assets, and/or Digital Asset Derivatives is riskier, sometimes less liquid and more volatile. The liquidity of the markets on the Digital Asset Exchanges accessed through the Trading Terminal will depend on, among other things, supply and demand on the Digital Asset Exchanges and the interest in these markets. There is a risk that there may be limited volume and liquidity which may result in delays in order execution, and potentially, some orders may not be executed.

## 7. Digital ASSET PRICING RISKS

Digital Asset Exchanges may use its own or a third-party methodology for calculation of Digital Asset prices, which may differ from publicly-reported prices from other sources. The methodology and the sources for calculating the Digital Asset prices may be subject to change at any time without notice in the Digital Asset Exchange sole and absolute discretion. The change of methodology and sources for calculating Digital Asset prices may affect the published prices, and therefore, may affect the profitability or losses of your trades. Tealstreet is not responsible or liable for any direct or consequential losses a User may incur as a result (directly or indirectly) of a change in the methodology and the sources for calculating the Digital Asset prices by Digital Asset Exchanges.

## 8. MARGIN TRADING RISKS

Margin Trading means that both profits and losses can be magnified, and you could incur very large losses if your position moves against you. You may even suffer losses that exceed the amount you deposited as Margin and your failure to maintain a sufficient amount of Margin may result in the forced-liquidation of your positions.

Before you open a Margin Trading position, the relevant Digital Asset Exchange may require you to deposit a Margin in order to keep a Transaction open. This means that you will be trading using 'leverage' or 'gearing' and this can work for or against you; a small price movement in your favour can result in a high return on the initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

Margin Trading means you can secure a significantly larger exposure to an underlying asset for a relatively small initial Margin. However, the use of leverage magnifies the size of your trade, which means your potential gain and your potential loss are equally magnified. Therefore, you should closely monitor all of your open positions to manage the risk of large losses.

## 9. DIGITAL ASSET WALLET RISKS

You are responsible for using the correct blockchain address of your External Exchange Account (the “ Digital Asset Wallet ”) for any deposit, or transfer, and that the address you use is compatible with the Digital Asset you are depositing, or transferring. Any inaccuracy in a Digital Asset Wallet or in the Digital Asset that you attempt to transfer may result in total loss of the Digital Asset concerned.

Tealstreet does not provide custodial services . Digital Assets viewable in your Tealstreet Account are maintained and held in your External Exchange Account from the relevant Digital Asset Exchange. You acknowledge, understand and agree that Tealstreet shall not be held liable for losses arising from any security issues of the Digital Asset Exchanges or from any actions taken by the Digital Asset Exchanges.

Furthermore, Digital Assets transferred to or held in the Digital Asset Wallet are not insured by any Government Agency or public authority, and are not covered by any deposit protection schemes. Furthermore, they may not be segregated from, and may be commingled with, other Users’ Digital Assets. Tealstreet does not have any trust, fiduciary, or other custodial relationship with you . Your Account balances (including both deposits, trading profits or any other Digital Assets kept in your Digital Asset Wallet) are not insured, and therefore they are at a risk of total loss, from, among others things, security breaches (whether in respect of your accounts specifically or the Digital Asset Exchange), electronic, technological or systems failures, and the Digital Asset Exchange insolvency or bankruptcy, or equivalent formal proceedings.

## **10. OPERATIONAL RISKS**

Operational risks with Tealstreet on your computer are inherent in every transaction. For example, disruptions in Tealstreet’s operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. Tealstreet does not accept or bear any liability whatsoever in relation to the operational processes of Tealstreet, except to the extent that it is caused by the fraud, negligence or dishonesty by Tealstreet.

In connection with the use of computer equipment and data, the User bears certain risks amongst other risks, in which cases Tealstreet has no liability of any resulting loss, including but not limited to i) Power cut of the equipment on the side of the User or the provider; ii) wrong or inconsistent with requirements settings of the User Terminal; or iii) Untimely update of the User Terminal. The User may suffer financial losses caused by the materialization of these risks, Tealstreet has no responsibility or liability in the case of such a risk materializing and the User shall be responsible for all related losses he may suffer.

## **11. REGULATORY RISKS**

Neither Tealstreet nor the Services are regulated or supervised by any regulatory body. Digital Asset Exchanges accessed through the Services may not be regulated or supervised by any regulatory body. You understand your responsibility to make sure that you comply with any and all laws, regulations, directives, restrictions of your place or places of residence before using our Services. Our Services

shall not be accessed or used, and we do not offer or solicit the access or use of the Services, in jurisdictions in which the Services are not permitted (including, without limitation, Prohibited Jurisdictions).

Regulation of Digital Assets, Digital Asset Derivatives, Digital Asset Exchanges and other Digital Asset service providers, and blockchain technologies, which include Tealstreet Services, lack uniformity and are unsettled in many jurisdictions. These regulations are evolving rapidly, are subject to significant variation among international jurisdictions and are generally subject to significant uncertainty.

Tealstreet may receive queries, notices, warnings, requests or rulings from one or more regulatory authorities from time to time, or may even be ordered to suspend or discontinue any action in connection with the Services. There is no guarantee that new laws or regulations or new enforcement or interpretation of current laws or regulations will not adversely affect Digital Assets, or Digital Assets Derivatives, the Services, the price and liquidity of the Digital Assets, or Digital Assets Derivatives traded through the Trading Terminal. Furthermore, Tealstreet may limit the availability of the Services to certain persons based on their citizenship, residence or location from engaging in any transactions, which may also negatively affect the aforementioned price and liquidity of the Digital Assets, or Digital Assets Derivatives traded through the Trading Terminal.

## **12. CYBERSECURITY RISKS**

There have been many documented incidents of thefts and attempted thefts of Digital Assets and Digital Asset Exchanges. This may make such entities the target of cryptocurrency thieves and scammers. Due to the rapidly evolving nature of cryptocurrency, there likely will always be a risk of vulnerability to theft even with adherence to security best practices. There can be no guarantee that Digital Asset Exchanges will not be a victim of Digital Asset theft, the result of which may adversely affect the Users, including a loss of the Digital Assets held in their Digital Asset Wallet.

Furthermore, cyberattacks, including but not limited to malware attacks, denial of service attacks, coordinated attacks and account takeovers may negatively affect the Services, and the value of Digital Assets, or Digital Assets Derivatives traded in Digital Asset Exchanges through the Services. Cyberattacks may also lead to unauthorized access to Accounts or External Exchange Accounts, and systems for misappropriation of assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks to third party service providers and Digital Asset Exchanges could substantially affect the Services.

You are responsible for maintaining adequate security and control of any and all user IDs, passwords that you use to access the Services. If you suspect or become aware of any unauthorized use of your Account, you should notify Tealstreet immediately. Tealstreet assumes no liability for any loss or damage arising from the access and/or use of your Account and/or External Exchange Account by you or any third party with or without your authorization.

## **13. FISCAL RISK**

There is a risk that the User's trades in Digital Asset Exchanges through the Services may be or become subject to tax and/or any other duty for example, due to changes in legislation or User's personal circumstances. Tealstreet does not offer tax advice, and the User is responsible for any taxes

and/or any other duty which may accrue in respect of his trades in Digital Asset Exchanges through the Services.

Furthermore, tax laws and regulations are highly complex and subject to interpretation, especially when cross-border transactions and multiple tax jurisdictions are involved. Consequently, Tealstreet is subject to changing tax laws, treaties and regulations. If any tax authority successfully challenges the operational structure of Tealstreet, or Tealstreet loses a material tax dispute, the Tealstreet tax liabilities could increase substantially. This could cause Tealstreet financial resources to be constrained or impaired. This in turn could negatively affect the availability and/or provision of the Services.

#### **14. ACCURACY OF INFORMATION**

Although we use our best efforts to keep the information related to the Services as accurate, complete and up to date as possible, there is a risk that the information related to the Services may not be accurate, complete or up to date.

#### **15. FORCE MAJEURE EVENTS**

In case of a Force Majeure Event, Tealstreet may not be in a position to fulfil its obligations under the Terms of Service with the User. As a result, the User may suffer financial loss. Tealstreet will not be liable or have any responsibility for any type of loss or damage arising out of any failure, interruption, or delay in performing its obligations under the Terms where such failure, interruption or delay is due to a Force Majeure event.

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