



# Crypto Asset Risk Disclosure

## Introduction

This Crypto Asset Risk Disclosure should be read together with our [General Risk Disclosures](#) and the [Altify Regulatory Status Disclosure](#).

Before using any of our (Altify's) services, you should ensure that you fully understand and can afford to undertake the risks involved in investing in Crypto Assets.

In this document, a reference to Crypto Assets denotes all cryptographic assets including stablecoins, utility tokens, security tokens, crypto currencies (like Bitcoin) but excludes government issued digital currencies.

This Crypto Asset Risk Disclosure overview lists some but not all of the risks involved in holding, trading and transferring Crypto Assets generally. This disclosure is intended to provide you with a general outline of the risks involved but can not capture all such risks. The risks listed below, therefore, do not constitute an exhaustive list, and additional significant risks may be applicable. You should always do your own research and speak to the necessary advisors before engaging with any Crypto Asset transaction.

## Crypto Asset Specific Risks

Generally, dealing in Crypto Assets carries a significant risk of loss. Crypto Assets are considered to be inherently volatile, and you should be aware that trading, investing, or holding them carries significant risk. Crypto Asset values can fluctuate dramatically in short periods of time. Crypto Assets are volatile, and their value is not guaranteed or backed by any government.

The value of Crypto Assets can be affected by unpredictable events, including the performance of world markets, crypto asset exchange failure, protocol and exchange security hacks and/or breaches, escalating interest rates, changes in taxation on income and capital, foreign exchange rates, regulatory and legislative changes, technological developments and market sentiment.

Crypto Assets are not legal tender in most countries, and there is no guarantee that any person shall agree to accept them for their intended purpose at any time in the future. Market availability and liquidity may be limited or disrupted, and there can be no guarantee that you will be able to sell or exchange your Crypto Assets at the prevailing market price

The nature of Crypto Assets may entice an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganisations.

Crypto Asset transactions which you conduct yourself on decentralised protocols, or, on centralised exchanges, may in certain circumstances cause irreversible loss. Erroneous transactions may result in irreversible loss of your funds. When you hold Crypto Assets in your on-chain digital wallet, you must be very cautious in maintaining your private keys and backup phrase. Loss of private keys and backup phrases may result in irreversible loss of your funds.

Due to the decentralised nature of blockchain, there is no central party which may restore your private keys, extract your funds or reimburse you for your losses. Any third party gaining access to your digital wallet can extract your funds, and you may not be able to identify or find such parties. Never provide any person with your wallet's private keys or backup phrase. Once you send Crypto Assets to an address, there is a risk that you may lose access to, and any claim on, those Crypto Assets either indefinitely or permanently because, for example, an address may have been entered incorrectly. Fraudulent or accidental losses may not be recoverable. Crypto Assets that are meant to mimic or follow the price of another asset (e.g. any fiat currency, commodity) may not always accurately reflect such prices, which can fluctuate above or below its intended value.

Crypto Assets are largely unregulated in most parts of the world, and limited protection (if any) may be afforded to users in the event of a loss. Crypto exchanges and service providers may not be subject to regulatory supervision. The cross-border nature of the blockchain and Crypto Assets may subject them to the laws of various jurisdictions. You must always make sure that any use you make of any Crypto Asset is compliant with all applicable laws. Different jurisdictions may impose specific tax rules and treatments to Crypto Assets. You must ensure you understand the tax implications of your activities, and always comply with all reporting and payment obligations applicable to you. Blockchain technologies are susceptible to a wide variety of risks, from malicious attacks to technical difficulties and failures, which may result in loss of funds transacted or held over the blockchain, increased transaction costs or delays in execution.

Crypto Assets are new technologies that entail various risks that you should understand. Before using Altify, we encourage you to educate yourself about the risks associated with Crypto Assets and not to invest money that you cannot afford to lose.

Crypto Asset is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status in most countries. Crypto Assets are sometimes exchanged for British Pounds, U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank.

Bitcoin is an example of Crypto Asset. Bitcoin is a decentralised peer-to-peer payment network with no central authority or middlemen. It is an independent digital coin in an international payment network. This means no financial body or central bank stands behind the coin and no

one is controlling its distribution and production. Bitcoin does not appear in a physical form, only on a computer and is stored in digital addresses across the web.

A Crypto Asset's value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies.

Investing in Crypto Assets comes with significant risks, including volatile market price swings or crashes, market manipulation and cybersecurity risks. In addition, Crypto Asset markets and exchanges are not regulated with the same controls or customer protections available in equity, option, future or foreign exchange investing.

Crypto Asset trading can be extremely risky.

Crypto Assets are non-principal protected investments, therefore your capital will be at Risk.

Prices of Crypto Assets are generally a lot more volatile than prices of other asset Classes.

The value of an investment in Crypto Asset may go down or up depending on the spot price of the crypto or basket of Crypto Assets in question and/or the change in the currency exchange rates.

Past performance is not a good indicator of future performance.

Crypto Asset trading may not generally be appropriate, particularly with funds drawn from retirement savings, student loans, mortgages, emergency funds, or funds set aside for other purposes. Crypto Asset trading can lead to large and immediate financial losses.

The volatility and unpredictability of the price of Crypto Asset relative to fiat currency may result in significant loss over a short period of time.

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

Transacting in Crypto Assets may not be suitable for you if you are not familiar with the market dynamics and the technology itself.

Crypto Asset investing requires knowledge of Crypto Asset markets. The value of Crypto Assets can go up or down and can become entirely valueless, and there can be a substantial risk that you lose money through buying, selling, holding, or investing in Crypto Assets.

In attempting to profit through Crypto Asset investing, you compete with investors worldwide. You should have appropriate knowledge and experience before engaging in substantial Crypto Asset investing.

As an investor, you should conduct extensive research into the legitimacy of each individual Crypto Asset including those that are held within the Bundles we offer. The features, functions, characteristics, operation, use and other properties of the specific Crypto Asset may be complex, technical, or difficult to understand or evaluate. Investors are solely responsible for their own research. Altify does not give financial advice or recommendations regarding Crypto Assets. A Crypto Asset may be vulnerable to attacks on its network using computing power sufficient to overwhelm the normal operation of the Crypto Asset. Some Crypto Asset transactions will be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that a transaction may have been initiated. Crypto Asset investing requires knowledge of Crypto Asset markets and the platform that you're using amongst many other risk factors.

In attempting to profit through Crypto Asset investing you must compete with other participants from around the world. You should have appropriate knowledge and experience before engaging in substantial Crypto Asset investing. Any individual Crypto Asset may change or otherwise cease to operate as expected due to changes made to its underlying technology, changes made using its underlying technology, or changes resulting from an attack. These changes may include, without limitation, a "fork," a "rollback," an "airdrop," or a "bootstrap." Such changes may dilute the value of an existing Crypto Asset position and/or distribute the value of an existing Crypto Asset position to another Crypto Asset.

Altify retains the right to support or not support any of these changes. Any Crypto Asset may be cancelled, lost or double spent, or otherwise lose all or most of its value, due to forks, rollbacks, attacks, or failures to operate as intended. The nature of Crypto Asset means that any technological difficulties experienced by Altify may prevent the access of your Crypto Asset.

#### **A Special Note for Our South African Customers**

In South Africa, Crypto Assets are now classified as a regulated financial product and are accordingly subject to various legislation including the Financial Markets Act and the Financial Advisory and Intermediary Services Act. This means that dealings in this asset class are now supervised and regulated by the Financial Sector Conduct Authority of South Africa. The South African service provider of the Altify group is an incumbent Crypto Asset Service Provider and conducts its business lawfully in accordance with the presently applicable FAIS exemption regime. Please review our [general regulatory status disclosure](#) regularly for the latest updates on your service provider's regulatory status.

Should our internal complaint procedures not resolve any complaints you may to your satisfaction, you will in any event have recourse to submit a complaint to the FSCA.

## A Special Note for customers in the European Union

Please note that the designated Altify Service Provider for our European resident customers is registered as a Virtual Asset Service Provider. The full regulatory status of this service provider is available in our [general regulatory status disclosure](#). Please note that this Service Provider is not regulated by a prudential regulatory body, but it is authorised to conduct exchange and/or intermediation services in respect of crypto assets. Should you have a complaint, you may be able to submit one directly to the applicable authority in the jurisdiction of the Service Provider, in addition to exhausting the Altify internal complaints procedure.

## Key Risks

We have highlighted some further key crypto risks below:

1. Crypto Asset transactions are irreversible. This means that you may not be able to recover the Crypto Asset where:
  - 1.1. You send Crypto Asset to an incorrect address,
  - 1.2. You send the incorrect amount of Crypto Asset, or
  - 1.3. Crypto Asset transactions are made fraudulently from your account. Altify will not be liable to you for any losses resulting from these kinds of accidental or fraudulent transactions.

You'll take full responsibility to ensure your account information is verified before making the transfer so that Crypto Assets or fiat currencies are transferred into the correct wallet or account.

If you transfer Crypto Assets or fiat currencies to a wrong account transfers are typically irrevocable. If you transfer Crypto Assets or fiat currencies to a wrong account, and such account is controlled by us, we'll have the sole discretion to reject such transfer and return the funds to you (after deduction of applicable handling fees), as long as the Crypto Assets or fiat currency is still in the account when you notify us of the error.

2. The volatility and unpredictability of the price of any Crypto Asset relative to local currency may result in significant loss over a short period of time. Buying and selling Crypto Asset could result in a complete loss of your funds.
3. Altify's supported Crypto Assets are not backed by any entity. This means that you have no right of recourse against an issuing entity. It also means that neither Altify nor anyone else has an obligation to buy back your Crypto Asset in the future.
4. Altify's supported Crypto Assets are not considered legal tender and are not backed by any government. Accounts and value balances are not subject to any government-backed deposit insurance or any other government protections.

5. Legislative and regulatory changes or actions at state or international level may affect the use, transfer, exchange, and value of Crypto Asset.
6. Crypto Asset transactions are deemed to be made when recorded on a “blockchain” ledger, which is not necessarily the date or time that you initiate the transaction.
7. The value of each Crypto Asset is driven by the continued willingness of market participants to exchange that Crypto Asset for local currency. Should this demand disappear, it could result in permanent and total loss of the value of the Crypto Asset.
8. There is no assurance that a person or business who currently accepts Crypto Assets as payment will continue to do so in the future.
9. Buying and selling a Crypto Asset may result in tax liability and you are solely responsible for complying with your tax obligations.
10. The nature of the Crypto Asset may lead to an increased risk of fraud or cyber attack. You are responsible for keeping your Altify account secure from these types of attacks.
11. The nature of the Crypto Asset means that any technological difficulties experienced by a service provider may prevent access to or use of your Crypto Asset.
12. The nature of the Crypto Asset may lead to an increased risk of fraud or cyber attack.
13. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a particular Crypto Asset suddenly drops, or if trading is halted due to recent news events, unusual trading activity, or changes in the underlying Crypto Asset system. The greater the volatility of a particular Crypto Asset, the greater the likelihood that problems may be encountered in executing a transaction.
14. In addition to normal market risks, you may experience losses due to one or more of the following: system failures, hardware failures, software failures, network connectivity disruptions, and data corruption.

In the unlikely event Altify is unable to carry out (or ceases) its operations in one or more of our locations, Altify has robust business continuity arrangements in place to ensure minimal impact on our customers. Having regard to the severity of the situation and the services which may be affected, the following measures may apply (where appropriate):

- Activation of a dedicated response plan;
- Notification to relevant regulatory authorities and compliance with any regulatory instructions issued; and
- Provision of regular updates to customers by way of a status page.

The preservation of customer funds will take utmost priority in the event that Altify becomes unable to carry out its operations or ceases business. The Altify bank account into which you make fiat deposits is used exclusively for the purpose of holding and processing customer funds. These bank accounts, and our Crypto Asset storage system, are subject to robust controls and regular reconciliations.

If you have any questions on the above please do not hesitate to reach out to us at [support@altify.app](mailto:support@altify.app)