BUX Zero Crypto Risk Disclosure

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1 Introduction

Whatever product you choose for your investments, there is always an associated risk for trading this product. The value of investments can go up as well as down and you may receive back less than your original investment or lose your entire investment. Investments for which you expect high returns often lead to higher risks as well. Keep these risks in mind when trading and try to trade with care.

This document is aimed at providing an overview of the specific risks involved in trading cryptocurrencies. The list is aimed at providing an overview that is as good and complete as possible, but is not collectively exhaustive. Therefore, it is always important to be aware of the fact that there are risks involved in trading cryptocurrencies and you should consider carefully if you are prepared to and can afford to run these risks.

Before opening a trading account with BUX, it's important that you are aware of the involved risks and agree that you have read and understand these risks. Please read this document carefully before continuing the on-boarding process for opening a trading account for cryptocurrencies with BUX Crypto or trading cryptocurrencies on the BUX Zero app.

2 General Risks of trading cryptocurrencies

Cryptocurrencies are a form of Digital Currencies, which can be defined as an electronic intangible form of currency which can be transferred between entities or individuals. As payments are made directly between counterparties, Digital Currencies can eliminate intermediaries, process steps and costs related to infrastructure unlike traditional payment methods which cannot bypass banks or clearing houses. It can also help in making the funds flow more simply and transparently.

Trading Digital Currencies involves risks, and it is therefore important that you are aware of, and understand these risks before you start investing in these products. There are different risks that are associated with trading digital currencies. We have outlined a number of risks in the following paragraphs. Please note that this list is not exhaustive.

2.1 Price Risk

Digital Currencies are highly volatile. Therefore, when trading Digital Currencies, the risk for price changes is high. The price of a digital currency can be explained by the performance of the firm that is registered on the exchange, the developments on this exchange, or development

in the sector in which this firm is active. Market volatility is therefore an important part of this risk. Smaller or younger firms are often more volatile and therefore pose a higher risk in comparison to larger more established firms. Furthermore, unlike traditional currencies, digital currencies have no underlying or intrinsic value, whereas fiat currency may be backed by underlying assets.

2.2 Currency exchange risk

Digital currencies are predominantly not traded in EUR or USD, but in other Digital Currencies such as Bitcoin. If the exchange rate of the other currency compared to your base currency changes, this could impact the value of your overall investment.

2.3 Default risk

When a token or digital currency in which you are trading is not being used or supported anymore by any platform, the value of this digital currency may crash to near 0. In this case, there is a clear risk that you may lose (part of or all) your investment. There is no guarantee that you will get your invested amount back in this scenario.

2.4 Liquidity risk

There is a risk that certain digital currencies can only be traded on the exchange to a limited degree (e.g., if a currency is not doing well, not a lot of people would be willing to buy this currency). Because of this there is always a risk that an investor can’t sell its digital currencies for a reasonable price. Normally, it’s safe to say that if the market cap is higher, the liquidity risk is lower.

2.5 Market Manipulation

As digital currencies are largely unregulated, a risk of market manipulation exists. Market manipulation may consist of, but not limited to, the intentional spread of (false) information with the intent of influencing the price of a certain digital currency.