

Cryptocurrency Risk Disclosure Statement

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1. CRYPTOCURRENCY RISK DISCLOSURE

Cryptocurrency is inherently speculative and unsuitable for most investors. Those who choose to speculate in cryptocurrency must possess a fundamental awareness and understanding of the considerable risk of loss that exists as a result of buying, selling, exchanging, trading, holding, storing, and maintaining custody of cryptocurrency. You will assume this risk if you engage in any cryptocurrency related activity within your ErisX Account. It is, therefore, incumbent on you – and solely on you – to carefully consider whether such activity is appropriate or suitable for you in light of your current financial condition, liquidity requirements, risk tolerance, investment objectives, and any other circumstances that may apply.

Among other things, please consider the following as you assess whether cryptocurrency is suitable or appropriate:

- Cryptocurrency is not backed by the full faith and credit of the U.S. government, nor is it currently subject to the oversight and regulation of government agencies. If you engage in cryptocurrency related activities, you are placing your trust in a digital, decentralized, and partially anonymous system that relies on peer-to-peer networking and cryptography, among other things, to maintain its integrity. It is your responsibility to conduct comprehensive due diligence and research into the legitimacy of an individual cryptocurrency before investing. There is no central bank to protect the value of cryptocurrency during periods of volatility and no safeguards to protect investors against manipulation in the cryptocurrency spot markets.
- Cryptocurrency is not protected by SIPC or insured by the FDIC, and cash transferred into your ErisX Account will no longer be subject to the protections of SIPC or FDIC insurance. If you maintain cryptocurrency in your ErisX Account, you may lose your entire position as a result of a data breach, systems intrusion, cybersecurity attack, or any other catastrophic event. Similarly, if you maintain cash in your ErisX Account, you may be unable to recover those funds during or after a financial crisis.
- Cryptocurrency is not traded on the basis of traditional principles from which other investment products derive their market value. If you trade a particular cryptocurrency in your ErisX Account, you are relying on a myriad of unquantifiable and often irrational variables to determine its market value. These variables are often particularly sensitive to extrinsic events, such as the creation of superior cryptocurrencies or government intervention, as well as intrinsic events, such as technical issues, fraud, market manipulation, or vulnerabilities in the cryptocurrency itself.
- Cryptocurrency is not a stable asset class. The value of any cryptocurrency position(s) held in your ErisX Account can be adversely affected by market volatility. Cryptocurrency value is derived completely by market forces of supply and demand, and as a result, cryptocurrency is more volatile than traditional currencies. In the event you need to liquidate cryptocurrency positions(s) in order to access cash, you may be forced to do so at a considerable loss. The impulsive and unpredictable nature of cryptocurrency markets are not appropriate or suitable for most investors.
- There can be no assurance that a location or protocol utilized by a third party to hold your cryptocurrency is safe against hacking or other compromise. If such an event were to occur, you could lose all or part of your cryptocurrency and you would not have any recourse against us, and could have no recourse against any third party.

2. NFA AND REGULATOR RISK DISCLOSURE

CHARLES SCHWAB FUTURES AND FOREX LLC IS A MEMBER OF THE NATIONAL FUTURES ASSOCIATION (“NFA”) AND IS SUBJECT TO NFA’S REGULATORY OVERSIGHT AND EXAMINATIONS. HOWEVER, YOU SHOULD BE AWARE THAT NFA DOES NOT HAVE REGULATORY OVERSIGHT OVER UNDERLYING OR SPOT VIRTUAL CURRENCY PRODUCTS OR TRANSACTIONS OR VIRTUAL CURRENCY EXCHANGES, CUSTODIANS OR MARKETS.

IN ADDITION, THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (“FINRA”) DOES NOT REGULATE, OVERSEE, OR OTHERWISE EXERCISE EXAMINATION AUTHORITY OVER CHARLES SCHWAB FUTURES AND FOREX LLC, YOUR ERISX ACCOUNT, OR THE UNDERLYING OR SPOT VIRTUAL CURRENCY PRODUCTS OR TRANSACTIONS, OR VIRTUAL CURRENCY EXCHANGES, CUSTODIANS, AND MARKETS.

3. ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS DISCLOSURE

Spot cryptocurrency transactions occur outside of exchanges and electronic communication networks regulated by the Commodity Futures Trading Commission or any other United States federal regulator other than for anti-money laundering and related purposes. Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of a system or component failure, it is possible that, for a certain period of time, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders. Under no circumstances shall Charles Schwab Futures and Forex LLC have any responsibility or liability to you in the event that, whether because of electronic or other mechanical failure, system failure or delay, acts of God or terrorism, or any other reason, (a) you are unable to access or use the website or trading software, whether to place an order, receive account information, or otherwise engage in cryptocurrency related activities; or (b) any third party sustains any mechanical, electrical or other failure, delay, interruption, or congestion, whether or not such results in a failure to maintain an orderly market, failure or delay in the execution, clearance, or confirmation of cryptocurrency transactions.

Cryptocurrency: Not FDIC Insured * Not SIPC Protected * No Bank Guarantee * May Lose Value