

Risk Disclosure Statement

IMPORTANT NOTICE FOR RESIDENTS OF JAPAN: *This Risk Disclosure Statement does not apply to you if you reside in Japan or if you are using or accessing the Services on behalf of an entity that is incorporated, established, or domiciled in Japan. If the preceding sentence applies to you, then you must review the “Risks in Virtual Currency Transactions” document (仮想通貨取引におけるリスク) provided on the Japanese language version of the Liquid website.*

If you are a Japanese citizen not residing in Japan, the Risk Disclosure Statement set forth below applies to you.

Effective date: 4 September 2018

This Risk Disclosure Statement pertains to your access to and use of the services made available by Quoine Pte. Ltd. (“**Quoine**”) through Quoine’s websites, mobile applications, APIs or developer tools, and any other related services provided by Quoine, and constitutes a part of the Terms of Use that are available on Quoine’s websites.

The governing language of this Risk Disclosure Statement is English. Any other language translation is provided for convenience only. **The “Risks in Virtual Currency Transactions” document (仮想通貨取引におけるリスク) written in Japanese available on the Japanese language version of the Liquid website is not a translation of this Risk Disclosure and is applicable only to users who reside in Japan.**

Capitalized terms used but not defined in this Risk Disclosure Statement have the meanings given them in the Terms of Use.

1 OVERVIEW

Using the Services, including to acquire, trade, or hold Digital Assets, involves significant risks. By using the Services, you accept all risks of acquiring, trading, and holding Digital Assets through the Services.

You may lose Digital Assets, your Digital Assets may lose some or all of their value, you may be unable to acquire, transfer, trade, or access Digital Assets, you may be unable to receive financial benefits available to other holders of Digital Assets, and you may suffer other types of financial losses. You should not acquire any Digital Assets unless you can afford to lose the entire value of those Digital Assets.

You are responsible for making an independent evaluation of the merits and risks, and the security, integrity and operation of any Digital Assets that you decide to acquire or trade. You represent and warrant that you have sufficient knowledge, experience, understanding, and information to make such evaluations and have taken such professional advice as you deem necessary.

Although it is not possible to anticipate all risks, examples of certain important risks are summarized below.

2 RISKS RELATED TO TRADING AND FINANCING

2.1 Risk of Price Volatility

Digital Assets are not legal tender and, except in limited circumstances, do not have legal tender as an underlying asset. The market prices of Digital Assets have a history of high volatility. Several factors may contribute to price fluctuations, including, but not limited to:

- the number of different Digital Assets in existence and the supply of each type of Digital Asset;
- global demand and usage of Digital Assets generally, and of individual types of Digital Asset specifically;
- changes in software, software requirements or hardware requirements underlying Digital Assets;
- interruptions in service from or failures of major Digital Assets exchanges;
- trading activities of large holders of Digital Assets;
- a change in the price of a single type of Digital Asset, such as bitcoin or ether, that affects industry-wide sentiment;
- natural disasters, war, political upheaval, and other major environmental, social, and political events; and
- monetary policies of governments, regulatory measures, trade restrictions, currency devaluations and revaluations.

2.2 Liquidity Risk

Markets for Digital Assets are relatively new and have varying degrees of liquidity. There is no guarantee that there will always be an active market or any market for you to sell, buy, or trade Digital Assets through the Services, and a market for Digital Assets may appear or disappear suddenly. Thin liquidity may cause prices to fluctuate widely, may cause difficulty or impossibility in filling your Orders, and/or may result in Trade executions at an unfavorable price.

2.3 Risks Due to Leverage Effects (Margin Trading)

In Digital Asset margin trading, the margin principal and profit are not guaranteed. Digital Asset margin trading involves significant risks due to leveraging (in other words, borrowing funds to trade). The more leverage you use, the more you can trade relative to the actual amount of Funds that you invest. Your losses may increase significantly if market prices are inconsistent with your expectations.

Quoine may execute a compulsory reversing trade of your entire position and settle the transaction using methods established by Quoine in its discretion to protect you from escalating losses in the case that the market moves in a direction that is unfavorable to your position, and you may suffer greater losses than the Funds you invested (including the amount of deposited margin). In cases of thin liquidity, it may be difficult to execute a reversing trade, which can potentially increase your losses.

2.4 Risks Due to Stop-Out (Margin Trading)

The “stop-out” process allows Quoine to cancel non-executed new Orders, forcibly execute a reversing trade, and settle all of your positions to protect you from escalating losses when your margin falls short of the

Quoine's prescribed ratio of the margin to required margin. Quoine may change this process from time to time at its sole discretion.

The amount of a loss will not be determined until the settlement is completed because the final settlement price in the case of a stop-out is determined by market prices.

The final settlement price may significantly differ from the one at the time the transaction was initiated due to large changes in market circumstances or other factors. It is possible that your losses may exceed the amount that you deposited in your Liquid Account.

2.5 Risks Associated with Lending Feature

When you lend Funds for a Digital Asset trade on a peer-to-peer basis through the Lending Feature, you risk losing the principal amount of any loans that you make through the Lending Feature if the borrower defaults on the loan and liquidation of the borrower's Liquid Account fails to cover the borrower's debt to you.

When you borrow Funds for a Digital Asset trade on a peer-to-peer basis through the Lending Feature, you risk being unable to repay the principal of such loans (if, for example, the market price of the Digital Asset you purchased with the loan principal falls).

If you use the Lending Feature, you must familiarize yourself with all of the terms of any loan offered to you via the Lending Feature and understand how your trading strategies and other market and risk factors can affect your financing obligations.

3 RISKS RELATED TO DIGITAL ASSET TECHNOLOGY

3.1 Risks Associated with Underlying Technology

The software, networks, protocols, systems, and other technology (including, if applicable, any blockchain) underlying Digital Assets ("**Underlying Technology**") may include coding errors or otherwise not function as intended, which may negatively affect the functionality of such Digital Assets. Upgrades to the Underlying Technology after it launches, a hard fork in the Underlying Technology, or a change in how transactions are confirmed through the Underlying Technology may have unintended adverse effects on the corresponding Digital Assets.

Digital Assets and their Underlying Technology may be vulnerable to attacks on their security, integrity or operation ("**Attacks**"), including Attacks using computing power to overwhelm the normal operation of a blockchain or other Underlying Technology.

A Digital Asset may be cancelled, lost, or double spent, or may otherwise lose all or most of its value, due to forks, rollbacks, Attacks, changes to the features, characteristics, or properties of Digital Asset, or failure of the Digital Asset to operate as intended.

3.2 Risks Due to Digital Asset Verification

As a general matter, an executed Digital Asset transaction must be verified on its underlying network or blockchain before it is confirmed in the recipient Digital Asset address. This means that an executed transaction does not become effective until such verification has occurred.

Verification is not required for transactions conducted entirely within the Services (for example, executing a spot or margin transaction or acquiring Digital Assets in an ICO). However, the transfer of a Digital Asset between your Liquid Account and an External Wallet must be verified. Therefore, it is possible that the

transfer will not be reflected in your account balance, will not be completed, or will be canceled before verification of the transaction is made on the underlying Digital Asset network or blockchain.

4 GENERAL RISKS

4.1 Business Hours Risk

Your access to Digital Asset trading and other activities through the Services is not limited to Quoine's regular business hours. There is a risk that abnormal events such as, for example, a communications interruption, power failure, equipment, server, internet, or software malfunction, security breach or cyberattack may occur outside of Quoine's regular business hours, and that Quoine will not be able to respond to such events as quickly as might be the case during regular business hours.

Although Quoine makes no guarantee that it will be able to resolve such abnormal events even during regular business hours, the potential for losses may be greater if such events occur outside of regular business hours.

4.2 Risks Due to Changes in Rules and Procedures

You understand that any changes made by Quoine to the Terms of Use, Trading Rules, and/or any other rules and procedures regarding Digital Asset transactions may have a negative effect on your use of the Services. For example, changes to trading fees, required margins, or stop order procedures may require you to deposit extra funds and subject you to an increased likelihood of stop-out.

4.3 System Risks

Transactions are executed using an electronic transaction system. If you incorrectly enter the information required to initiate a transaction, your intended transaction might not be executed or an unintended transaction might be executed.

The electronic transaction system may be unusable temporarily or for a certain period for various reasons, such as scheduled or emergency system maintenance, system failure (including, for example, malfunctioning telecommunications or system equipment), and telecommunication network problems. As a result, you may be unable to initiate a transaction via the Services or your transaction or instructions may be delayed or may fail to reach Quoine's electronic transaction system, and your transaction may be invalidated or suspended. Furthermore, it may not be possible to correct or retrieve any such intended transaction for a variety of reasons, including for example the inability to identify the details of your intended transaction and the system's production of aberrant buy or sell prices during a system failure.

If the system or your Liquid Account is subject to a security breach (for example, due to a leak of your security credentials such as your login ID or password), a third party may obtain access to your Liquid Account and you may suffer losses as a result.

4.4 Bankruptcy Risk

Quoine may not be able to continue its business due to various causes, such as a change in the external environment (including the enactment of more stringent regulations regarding Digital Assets), a deterioration of Quoine's financial condition, or the bankruptcy or discontinuation of service of a service provider that provides necessary services to Quoine. Quoine does not take client fund safety measures such as depositing assets in an account with a trust bank, so if Quoine goes bankrupt, it may not be able to return customer assets.

4.5 Risks Due to Uncertain Legal, Regulatory, and Tax Environment

The legal, regulatory and tax status of Digital Assets is unclear or unsettled in many jurisdictions. It is possible that governmental authorities in any jurisdiction may ban, restrict, or take other actions that could negatively impact your acquisition, ownership, trading, or other transactions involving Digital Assets.

In addition, many issuers of Digital Assets operate in an uncertain legal and regulatory environment. Developments in laws and regulations in any jurisdiction could negatively impact the success of any Digital Asset or its Underlying Technology.

Please consult with your tax adviser, accountant, attorney, or any other relevant professional for details and advice.