



Laser Digital Middle East FZE

Risk Disclosure Statement (Counterparties)



(i) **General**

The purpose of this statement (the “**Risk Disclosure** Statement”) is to inform the parties as to some of the additional risks associated with entering into any derivative transactions (the “Derivatives Transactions or a Derivative Transaction”) governed by an ISDA Master Agreement and / or ISDA Credit Support Annex (the “Master Trading Agreement “). Such Derivative Transactions may involve Digital Assets, and may take the form of physically-settled or cash-settled over-the-counter derivatives, such as swaps, forwards and contracts for differences and any relevant strategies and combinations thereof. In this Risk Disclosure Statement, references to “**Laser Digital**” or “**we**”, “**us**” or “**our**” means Laser Digital Middle East FZE.

Capitalised terms used in this Risk Disclosure Statement shall have the meanings given to them in the Master Trading Agreement.

A party should not deal in, or enter into, any Derivative Transactions unless it understands the nature of the Derivative Transactions it is entering into and the extent of its exposure to any risk associated with it entering into such Derivative Transactions. It should also carefully consider whether, and be satisfied that, the Derivative Transactions are suitable for it. All financial products carry a certain degree of risk. These Risk Factors are intended to provide a party with a description of the nature and risks related to the Derivative Transactions contemplated by the Master Trading Agreement so it is reasonably able to take a decision to enter into any Derivative Transactions on an informed basis.

The Risk Factors cannot disclose the nature of all risks related to all Derivative Transactions contemplated under the Master Trading Agreement, and a party should not rely on the highlighted risks as being the only risks in relation to the Derivative Transactions. The Risk Factors must not be relied on as investment advice or a personal recommendation. This Risk Disclosure Statement is not intended to give a party any contractual right, nor intended to be relied upon as legal, tax or other advice. Where a party is unclear as to the meaning of any the information in this Risk Disclosure Statement, it should seek independent legal or financial advice.

(ii) **Digital Asset risks**

Transactions in respect of Digital Assets give rise to certain risks. For example:

(a) Digital Assets are subject to increased cybersecurity risks when compared to other asset classes, including but not limited to the risk of fraud, manipulation and theft (including through hacks, targeted schemes and other malicious activity). Similar risks also arise as a result of the technology underpinning Digital Assets, such as the irreversibility of transactions, the potential loss or destruction of private keys, the prospect of fork events, as well as various other comparable or related risks. The occurrence of any of those risks may result in the permanent loss of Digital Assets and/or an adverse change in the value or volatility of Digital Assets.

(b) Digital Assets are not legal tender and are generally not backed by any central bank or



state. The value of Digital Assets may be derived in certain circumstances from the



continued willingness of market participants to exchange fiat currency or Digital Assets for other Digital Assets, which in turn may result in the potential for partial or permanent and total loss of value of a particular Digital Asset(s) should the liquidity in the market for that Digital Asset diminish or completely disappear.

- (c) The prices of Digital Assets are volatile and fluctuate, sometimes dramatically. The price of a Digital Asset may move up or down and may become valueless. It may prove difficult to determine the value of a given Digital Asset from time to time, due to the fragmentation of the Digital Asset markets.
- (d) Transactions in Digital Assets may not benefit from the same legal protections and safeguards as traditional financial transactions. The regulatory framework surrounding Digital Assets is uncertain, evolving and may vary across jurisdictions. The Digital Assets markets also depend on the continued functioning of various exchanges, intermediaries and custodians, many of which are relatively new and largely unregulated.

Any Derivative Transactions that are linked to Digital Assets are exposed to these risks. Entering into transactions linked to Digital Assets is not suitable for every investor. The parties are advised to educate themselves on the risks involved with any activities related to Digital Assets, including but not limited to the significant price volatility observed in the Digital Assets markets to date, and the associated prospect of being required to post substantial additional Collateral at short notice.

(iii) **Risks specific to over-the-counter Derivative Transactions**

Any Derivative Transactions entered into between the parties will be entered into over-the-counter, meaning off-exchange. By entering into any Derivative Transaction, each party expressly acknowledges that it fully understands the nature, scope and consequences of each Derivative Transaction as well as the extent of its exposure to the risks resulting from such Derivative Transactions. It further acknowledges that it has evaluated the merits and risks of trading such Derivative Transactions and that such Derivative Transactions are appropriate for it.

In particular, each party takes note of the following:

- (a) Its payments and/or receipts in respect of a Derivative Transaction are linked to changes in the value of one or more financial, digital or commodity market prices, rates or indices. In particular, it recognises that it may suffer significant losses in a Derivative Transaction both in terms of (i) the amounts it pays under the terms of the Derivative Transaction being greater than the amounts it receives and (ii) the amount it might cost it to unwind such a Derivative Transaction before its stated maturity. Market risk is accentuated in transactions involving leverage. Each party and/or its Affiliates are engaged in client-driven and proprietary activities in many markets and those general activities, as well as their hedging activity relating to a specific Derivative Transaction can adversely affect the value of that Derivative Transaction from the other party's perspective.
- (b) Any Derivative Transaction which requires the other party to make payments to it will expose it to the credit risk of the other party.



- (c) A Derivative Transaction generally cannot be assigned, transferred or terminated without the consent of the other party, and typically that other party is not legally or contractually obliged to give its consent. It therefore may be impossible or impracticable for it to liquidate or close out a Derivative Transaction before its stated maturity date as per the Confirmation or otherwise.
- (d) As the prices and characteristics of Derivative Transactions are individually negotiated and there is no one central source for obtaining prices from competing dealers, there likely to be inefficiencies in transaction pricing. The other party makes no representation or warranty that the prices available to it will always be the best prices.
- (e) It recognises that the other party and/or its Affiliates may at any time enter or have entered into other contracts with or for other clients or parties including, without limitation, contracts for the purpose of hedging or for any other purpose, contracts which may result in the other party and/or its Affiliates holding a potentially opposing position to its in respect of a Derivative Transaction, that the other party may also therefore gain a profit, charge or remuneration for the other party and/or its Affiliates, and that in such cases the other party and/or its Affiliates shall not be liable to account or specifically disclose to it either the fact of such contracts or any such profit, charge or remuneration made or received by the other party and/or its Affiliates from any such contract or other related contract. It agrees that unless otherwise expressly specified in a Confirmation or contract note, the other party shall be deemed to be acting in all respects as principal for the purpose of each Derivative Transaction entered into between the parties; however, this will not prevent or restrict the other party (in the other party's sole discretion but without any obligation to do so) from simultaneously or any other time acting as principal for the purposes of any other contracts (whether for hedging purposes or otherwise) with or for any other party, including contracts which may involve a potentially opposing position to its in respect of a Derivative Transaction.

(iv) **Liquidation of Derivative Transactions and monitoring your exposure**

- (v) Under certain market conditions (e.g. during periods of high level volatility or low liquidity), a party may find it difficult or impossible to effect or liquidate Derivatives Transactions. It is such party's sole responsibility to monitor its relevant Derivatives Transactions and exposures.

(vi) **Risk of using leverage trading**

- (vii) The use of leverage trading has the effect of magnifying potential positive or negative outcomes and can lead to large losses as well as gains

(viii) **Acknowledgement**

By entering into any Derivative Transaction, a party understands, acknowledges and agree that:

- (a) it has received a copy of this Risk Disclosure Statement and read and understood the nature and consequences of the Risk Factors described herein (and has had an opportunity to raise questions and to discuss those risks with any advisors as it has deemed to be necessary or desirable;



- (b) the Risk Disclosure Statement cannot disclose all the risks and other significant aspects of Derivative Transactions to be entered into between the parties and thus cannot be taken as a comprehensive or exhaustive list of all possible risks;
- (c) it is acting on its own account and has reviewed carefully its specific financial needs and investment objectives before entering into any Derivative Transaction, and it has made its own independent decision to enter into any Derivative Transaction and as to the legality, suitability and appropriateness of any Transaction based upon its own judgment and upon advice from such advisers as it has deemed necessary or desirable;
- (d) it confirms that neither the other party, nor any Associate of the other party, is acting as a fiduciary for or an adviser to it in respect of any Derivative Transaction;
- (e) it is not relying on any communication (written or oral) from the other party or from any Associate of the other party as investment advice or as a recommendation to enter into any Derivative Transaction and it understands that the information and explanations of the terms of any Derivative Transaction as contained in any Confirmation shall not be considered to be investment advice or a recommendation to enter into such Derivative Transaction;
- (f) it understands the tax implications of any Derivative Transactions, particularly as regards to Derivative Transactions involving Digital Assets, in its jurisdiction including, without limitation, income tax, corporation tax, capital gains tax or any sales tax or value added tax and any other tax framework in place within its country of residence for tax purposes;
- (g) the other party assumes no responsibility for its portfolio or for any Derivative Transaction which it has entered into, and any opinions, projections, estimates, forecasts and/or targets expressed in any communication (written or oral) from the other party should not be construed as or relied upon in any manner as investment, legal, tax or other advice, are provided for informational purposes only, and are subject to change without notice;
- (h) in the event of any inconsistency between the English version of this document and any translation, the English version will prevail and that if a party is in any doubt as to the meaning of the English language version or the accuracy of any translation, it should seek independent advice before entering into any Derivative Transaction;
- (i) this Risk Disclosure Statement may not be varied, amended or supplemented except by any subsequent mutual written agreement, duly executed by both parties.
- (j) no communication (written or oral) received from the other party or from any Associate of the other party shall be deemed to be an assurance or guarantee as to the expected results of any Derivative Transaction;
- (k) it is a professional investor, market counterparty or equivalent definition as set out under the applicable law in your country of residence/registration and you are eligible, in accordance with the applicable law, to request such information and/or be offered/avail of one or more of the products/services indicated herein; and



- (l) if any of the above become untrue or inaccurate, a party will promptly inform the other party in writing.