IMPORTANT INFORMATION ON DIGITAL ASSETS

In view of the rapid evolution of digital assets, their use and terminology, and given that every digital asset has its own features and inherent risks, the following does not describe every risk or consideration involved. New risks may also arise from investing in new types of digital assets, or where the investor engages in more complex transaction strategies.

Digital assets are subject to a higher risk of market abuse, market and/or price manipulation, and insider dealing by market participants than traditional assets, due to valuation challenges as well as a lack of regulation, supervision, market control, centralised price source, and/or liquidity.

The legality and regulatory treatment of digital assets may not be regulated consistently and may vary depending on the jurisdiction. One or more jurisdiction may, in the future, adopt laws, regulations, or directives that affect digital assets or their holders, which may in turn affect the use, transfer, exchange, or price of such assets.

Digital assets may have no intrinsic value and their price is subject to changes in sentiment. The price of digital assets is highly volatile, unpredictable, and speculative. There may be no market/secondary market for certain digital assets and no guarantee that an investor can establish or liquidate positions when desired or at favourable prices.

There is counterparty risk when effecting transactions with issuers, private buyers and sellers, or through trading, lending, or other dealing platforms. Most trading, lending, or other dealing platforms or venues, intermediaries, vendors, and custodians of virtual assets are also presently unregulated. There is a risk that a platform or venue intermediaries, vendors, and custodians of virtual assets may not hold sufficient assets to satisfy their obligations.

Furthermore, the technology behind digital assets is relatively new and rapidly evolving. This may lead to an increased risk of fraud, hacking, or cyberattacks that allow unauthorised access to digital systems to misappropriate assets or sensitive information, manipulate data, or cause operational disruptions, as well as various operational risks (for example, system, hardware, software, or network failures).

The opaque underlying or spot market poses asset and ownership verification challenges and gives rise to an increased risk of manipulation and fraud, all of which may undermine market confidence and negatively impact prices. The risk of loss, theft, or destruction of a digital asset especially if held in ‘hot wallets’ may also result in an irrecoverable loss.

All recipients of this content are kindly asked to consult their respective jurisdiction tax, legal, or financial advisers for further information in respect of local legal restrictions on investments, financial instruments, and products/services related to digital assets.