

# Risk Disclosure Statement

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In consideration of Beetoom (hereafter the "Company") agreeing to enter into over-the-counter ("OTC") derivative contracts denominated in crypto currency units with the undermentioned (hereinafter referred to as the "Customer", "you", "your"), Customer acknowledges, understands and agrees that:

1. Trading is very speculative and risky

Trading derivative products is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who:

- understand and are willing to assume the economic, legal and other risks involved;
- are experienced and knowledgeable about trading in derivatives and in underlying asset types; and
- are financially able to assume losses significantly in excess of margin or cryptocurrency units deposited because investors may lose the total value of the contract not just the margin

The Contracts are not appropriate placements for retirement funds. CFDs are among the riskiest types of trading instruments and can result in large losses. Customer represents, warrants and agrees that Customer understands these risks, is willing and able, financially and otherwise, to assume the risks of trading CFDs and that the loss of Customer's entire account crypto currency balance will not change Customer's lifestyle.

## 2. Risks related to long Contract positions, i.e. for purchasers of Contracts

Being long in a Contract means you are buying the Contract on the market by speculating that the market price of the underlying asset will rise between the time of the purchase and sale. As owner of a long position, you will generally make a profit if the market price of the underlying rises whilst your Contract long position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying falls whilst your Contract long position is open. Your potential loss may therefore be bigger than the initial crypto margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough units for the margin on your account in order to maintain your position open.

## 3. Risks related to short Contract positions, i.e. for sellers of Contracts

Being short in a Contract means you are selling the Contract on the market by speculating that the market price of the underlying asset will fall between the time of the purchase and sale. As owner of a short position, you will generally make a profit if the market price of the underlying falls whilst your Contract short position is open. On the contrary, you will generally suffer a loss, if the market price of the underlying rises whilst your Contract short position is open. Your potential loss may therefore be bigger than the initial crypto margin deposited. In addition, you might suffer a loss due to the closure of your position, in case you do not have enough liquidity for the margin on your account in order to maintain your position open.

## 4. High leverage and low margin can lead to quick losses

The high degree of "gearing" or "leverage" is a particular feature of Contracts. The effect of leverage makes investing in Contracts riskier than investing directly in the underlying asset. This stems from the margining system applicable to Contracts which generally involves a small crypto currency deposit relative to the size of the transaction, so that a relatively small price movement in the underlying asset can have a disproportionately dramatic effect on your trade. This can be both advantageous and disadvantageous. A small price movement in your favour can provide a high return on the deposit, however, a small price movement against you may result in significant losses. Your losses will never exceed the crypto balance of your account, which is balanced to zero, if the losses are higher than the amount deposited. Such losses can occur quickly. The greater the leverage, the greater the risk. The size of leverage therefore partly determines the result of your trade.

## 5. Margin Requirements

Customer must maintain the minimum crypto margin requirement on their open positions at all times. It is Customer's responsibility to monitor his/her crypto account balance. Customer may receive a margin call to deposit additional crypto units if the margin in the account concerned is too low. The Company has the right to liquidate any or all open positions whenever the minimum margin requirement is not maintained and this may result in Customer's positions being closed at a loss for which you will be liable.

## 6. Cryptocurrency Settlement

Customer understands that the Contracts can only be settled in cryptocurrency and the difference between the buying and selling price partly determines the result of the interchange.

## 7. Prices, Margin and Valuations are set by the Company and may be different from prices reported elsewhere

The Company will provide prices to be used in trading, valuation of Customer positions, possessions and determination of Margin requirements. The performance of your Contracts will depend on the prices set by the Company and market fluctuations in the underlying asset to which your contract relates. Each underlying asset therefore carries specific risks that affect the result of the Contract concerned.

## 8. Rights to Underlying Assets

You have no rights or obligations in respect of the underlying instruments or assets relating to your Contracts. The Customer understands that Contracts can have different underlying assets, such as stocks, indices, currencies and commodities.

## 9. Currency Risk

Investing with an underlying asset listed in a currency other than your base crypto currency entails a currency risk, due to the fact that when the Contract is settled in a currency other than your base crypto currency, the value of your return may be affected by its conversion into the crypto currency.

## 10. One click trading and immediate execution

The Company's online trading system provides immediate transmission of Customer's order once Customer enters the notional amount and clicks "Buy/Sell." This means that there is no opportunity to review the order after clicking "Buy/Sell" and Market Orders cannot be cancelled or modified. This feature may be different from other trading systems you have used. Customer should utilize the Demo Trading System to become familiar with the Online Trading System before actually trading online with the Company. Customer acknowledges and agrees that by using the Company's online trading system, Customer agrees to the one-click system and accepts the risk of this immediate transmission/execution feature.

## 11. The Company is not an adviser or a fiduciary to customer

Where the Company provides generic market recommendations, such generic recommendations do not constitute a personal recommendation or investment advice or investment/financial service and have not considered any of your personal circumstances or your investment objectives, nor is it an offer to buy or sell,

or the solicitation of an offer to buy or sell, any Contracts. Each decision by Customer to enter into a Contract with the Company and each decision as to whether a transaction is appropriate or proper for Customer, is an independent decision made by the Customer. The Company is not acting as an advisor or serving as a fiduciary to Customer. Customer agrees that the Company has no fiduciary duty to Customer and no liability in connection with and is not responsible for any liabilities, claims, damages, costs and expenses, including attorneys' fees, incurred in connection with Customer following the Company's generic trading recommendations or taking or not taking any action based upon any generic recommendation or information provided by the Company.

#### 12. Recommendations are not guaranteed

The generic market recommendations provided by the Company are based solely on the judgment of the Company's personnel and should be considered as such. Customer acknowledges that Customer enters into any Transactions relying on Customer's own judgment. Any market recommendations provided are generic only and may or may not be consistent with the market positions or intentions of the Company and/or its affiliates. The generic market recommendations of the Company are based upon information believed to be reliable, but the Company cannot and does not guarantee the accuracy or completeness thereof or represent that following such generic recommendations will reduce or eliminate the risk inherent in trading Contracts.

#### 13. No guarantees of profit

There are no guarantees of profit nor of avoiding losses when trading Contracts. Customer has received no such guarantees from the Company or from any of its representatives. Customer is aware of the risks inherent in trading Contracts and is financially able to bear such risks and withstand any losses incurred.

#### 14. Internet Trading

When Customer trades online (via the internet), the Company shall not be liable for any claims, losses, damages, costs or expenses, caused, directly or indirectly, by any malfunction, disruption or failure of any transmission, communication system, computer facility or trading software, whether belonging to the Company, Customer, any exchange or any settlement or clearing system.

#### 15. Quoting Errors

Should a quoting error occur (including responses to Customer requests), the Company is not liable for any resulting errors in account balances and reserves the right to make necessary corrections or adjustments to the relevant Account. Any dispute arising from such quoting errors will be resolved on the basis of the fair market value, as determined by the Company in its sole discretion and acting in good faith, of the relevant market at the time such an error occurred. In cases where the prevailing market represents prices different from the prices the Company has posted on our screen, the Company will attempt, on a best efforts basis, to execute Transactions on or close to the prevailing market prices. These prevailing market prices will be the prices, which are ultimately reflected on the Customer statements. This may or may not adversely affect the Customer's realized and unrealized gains and losses.

#### 16. Bitcoin Risk Warning

Unlike fiat currencies, which are backed by governments or other legal entities, or by commodities such as gold or silver, Bitcoin is a unique kind of “virtual currency”, backed by technology and trust. There is no central bank that can take corrective measure to protect the value of Bitcoins in a crisis or issue more currency. Instead, Bitcoin is an as-yet autonomous and largely unregulated worldwide system of currency firms and individuals. Considering abovementioned information, Bitcoin formally cannot be deemed as a fiat currency.

#### 16.1 Characteristic of placements in Bitcoins

Traders in Bitcoins put their trust in a digital, decentralized and partially anonymous system that relies on peer-to-peer networking and cryptography to maintain its integrity. Confidence of the Traders in Bitcoins might collapse as a result of unexpected changes imposed by the software developers or others, a government crackdown, the creation of superior competing alternative currencies, or a deflationary or inflationary spiral.

Confidence might also collapse because of technical problems: if the anonymity of the system is compromised, if money is lost or stolen, or if hackers or governments are able to prevent any transactions from settling.

#### 16.2 Risks when investing in Bitcoins

Without prejudice to Risk Disclosure investing in Bitcoins involves particular risks in particular (but not limited to) specified herein below:

Bitcoin exchanges are entirely digital and, as with any virtual system, are at risk from hackers, malware and operational glitches. If a thief gains access to a Bitcoin owner’s hard drive and steals his private encryption key, he could transfer the stolen Bitcoins to another account. This is particularly problematic once you remember that all Bitcoin transactions are permanent and irreversible.

Bitcoin exchanges and Bitcoin accounts are not insured by any type of federal or government program. While Bitcoin uses private key encryption to verify owners and register transactions, fraudsters and scammers may attempt to sell false Bitcoins. For instance, in July 2013, the SEC brought legal action against an operator of a Bitcoin-related Ponzi scheme.

