|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **CRYPTOCURRENCY & DIGITAL ASSET RISK ACKNOWLEDGEMENT FORM** | | | | |
| Client Name: | | Second Client Name: | | |
| Account Title: | | | | Account #: |
| Risk Objective: | % Concentration of Position: | | Date: | |

This information is for those individuals who wish to have our Firm manage a portfolio of crypto (“digital assets”) assets on their behalf. All investments have risks, but due to the rapidly advancing, and changing landscape in the digital assets space, our Firm believes it prudent to share with potential investors some of the risks inherent in digital assets in general in more detail.

The price of digital assets has historically been subject to dramatic fluctuations and is highly volatile. Several factors may influence the market price of these assets including, but not limited to:

As a new technological development, investing in digital assets is subject to different risks in addition to those traditionally associated with the trading of assets. These digital assets are highly speculative and can lose some or all of their value and are not covered by FDIC or SIPC insurance.

|  |  |
| --- | --- |
| **ACKNOWLEDGEMENT OF GENERAL RISKS ASSOCIATED WITH CRYPTOCURRENCY & DIGITAL ASSETS** | **Client Initials** |
| There can be no assurance that the digital asset industry will continue in its current form. Digital assets are generally created and supported by an underlying blockchain or protocol, such as the digital asset protocol or the Ethereum Protocol. Any malfunction, malicious attack, breakdown, or abandonment of the network may have an adverse effect on the digital asset’s protocol or network which could lead to loss of value of the digital asset. Moreover, advances in cryptography, or technical advances such as, the development of quantum computing, could present risks to the digital assets by rendering ineffective the cryptographic consensus mechanism that underpins a digital asset’s protocol. There can be no assurance that changes or developments in digital asset protocols will not adversely impact your account holding. The protocols on which digital assets are based are generally open-source (permissionless) software. |  |
| **Loss or Destruction of the Private Key.**  Digital assets are stored in a digital wallet and are controllable only by the possessor of both the public key and the private key relating to the digital wallet in which the digital currency is held, both of which are unique. If the private key is lost, destroyed, or otherwise compromised, an investor may be unable to access the digital assets held in the related digital wallet, which will essentially be lost. If the private key is acquired by a third party, then this third party may be able to gain access to the digital assets. |  |
| **Other Cyber-Security Risks Including Malicious Activity.** Trading platforms and third-party service providers may be vulnerable to hacking or other malicious activities and could result in Blockchains being altered.  This risk is inherent across all digital asset platforms that use similar consensus mechanisms such as Bitcoin, Dogecoin, and Litecoin amongst others. |  | |
| **Risks Associated with Peer-to-Peer Transactions.** Many platforms bring together counterparties without providing any clear regulation. In such a case, all risks (such as double selling) remain between the parties directly involved in the transaction. |  | |
| **Loss of Confidence in Digital Assets.** Digital assets are part of a new and rapidly evolving “digital assets industry”, which is subject to a high degree of uncertainty and upon negative press may have an abrupt drop in value. |  | |

|  |  |
| --- | --- |
| **ACKNOWLEDGEMENT OF GENERAL RISKS ASSOCIATED WITH CRYPTOCURRENCY & DIGITAL ASSETS** | **Client Initials** |
| **Regulatory Concerns Preventing or Restricting Trading of Digital Asset.** Regulatory actions could negatively impact digital assets in various ways. There can be no assurance that digital assets in which we invest will not be adversely affected by increases in regulatory activity concerning particular digital assets or digital asset exchanges or trading platforms. Regulators, including state, federal, or foreign regulators, and state and federal agencies, may assert that a digital asset or digital asset trading is being conducted unlawfully under interpretations of existing law and may take action at any time to freeze or stop digital assets from being released or traded and/or regulators may assert criminal or civil claims against digital asset companies or digital asset trading participants, without prior notice. The basis for regulatory claims can include anti-money laundering or anti-terrorism financing regimes. |  | |
| **Taxation of Digital Currencies.** For investors in digital assets, it should be noted that there is substantial uncertainty with respect to the tax treatment of an investment in digital currencies. Digital assets may be considered assets in certain jurisdictions and currency in others. Sales or value-added taxes may be imposed on purchases and sales of digital assets. Our Firm will not provide tax advice related to investments. |  | |
| **Technological Risks.** Digital assets on a distributed ledger present unique cybersecurity risks relating to the physical security of the digital asset. |  | |
| **Price Change Risk.** The market price of digital assets can be volatile. Your digital asset balance could surge or drop suddenly. There is a possibility that the price of any digital asset could lose the entire value. |  | |
| **Liquidity Risk.** There is a possibility that trades cannot be settled, may be difficult to settle, or can be traded only at significantly adverse prices depending on the market situation and/or market volume. |  | |
| **Unanticipated Risks.** Digital assets are new and still largely untested. In addition to the risks outlined in this Brochure, there are other risks associated with the purchase of Digital assets that are unforeseen. Therefore, our Firm is unable to anticipate or advise on. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Brochure. |  | |

By signing below, you certify that you understand and accept the risks involved in investing in digital assets. Further, you acknowledge your ability to undertake this risk, including losing the full principal value.

|  |  |
| --- | --- |
| **ADVISOR / CLIENT AGREEMENT:** | |
| Client Signature: | Second Client Signature: |
| IAR Signature: | Date: |

|  |  |
| --- | --- |
| **CCO REVIEW:** | |
| CCO Signature: | Date: |