



Risks of investing in Financial Instruments

Vivid Money B.V. (Netherlands)

1. INTRODUCTION

Vivid Invest and Vivid Interest Rate Pockets are execution-only investment services provided by Vivid NL Money B.V. (“**Vivid NL**”). With an execution-only investment service, You make Your own (investment) decisions at Your own risk and initiate actions based on Your own judgment. This means that You submit Your investment orders Yourself, without an advisory or asset management relationship existing between You and Vivid NL.

Any investment is always associated with risks. You may face different types of risks depending on the type of investments. The value of investments may fluctuate, meaning that it can go up as well as down, and You could get back less than Your original investment, or even lose Your entire investment or more. Higher risk is often linked to investments with higher expected returns. Remember that You analyze these risks and take them into account when You make an investment decision. In this document we provide an overview of the risks You take when using our investment services and investment products. This list is as complete as possible, but in practice other risks may arise. Consider whether You are willing to take these risks and whether You can afford them. If You have no (or limited) knowledge of and experience with investing, it is important that You read this document carefully and understand the risks before opening an investment account or interest pocket with Vivid NL.

2. CHARACTERISTICS OF INVESTING WITH VIVID NL

2.1 PLACEMENT OF ORDERS

At Vivid NL You invest entirely independently. Investing independently means that You submit Orders through Vivid NL. This is also called brokerage services, or ‘execution-only’. It means that You submit Orders through Vivid NL independently and on Your own initiative without advice of Vivid NL and without a discretionary management relationship with Vivid NL.

2.2 FX CONVERSION

For all Orders in Financial Instruments whose price is provided in a Foreign Currency (other than Euro), a currency conversion will need to be undertaken from Your Euro Vivid NL account. Vivid NL will facilitate the conversion of currencies. Vivid NL will inform You

on the associated currency exchange rate and additional fees before and after Your Order is executed. The conversion exchange rate is determined through the use of international (standardized) currency benchmarks.

2.3 FINANCIAL INSTRUMENTS

Through the Vivid NL's mobile application (Vivid NL App) You can invest in (whole or fractions of) Stocks, Exchange Traded Funds (ETFs), Warrants/Certificates and Money Market Funds (MMFs).

Fractional Shares offer You an opportunity to invest in a part of a single stock or ETF. Sometimes the price of a single stock is quite high (multiple hundred Euros/USD); with a Fractional Share You can invest in a fraction of such a stock.

MMFs typically invest in first-tier securities such as certificates of deposits, time deposits, floating rate notes and fully collateralized repurchase agreements.

You can invest in 4 different types of equity:

1. US listed Stocks: Investing in major listed Companies on US exchanges
2. EU listed ETFs: Investing in listed Exchange Traded Funds on European exchanges
3. EU listed Stocks: Investing in major listed Companies on EU exchanges.
4. EU listed Warrants/Certificates; Investing (with leverage) in listed warrants/certificates on European exchanges

A full catalogue of all available instruments can be found in the Vivid NL App under Vivid NL Invest and Vivid NL Interest Pockets sections.

2.4 TRADING HOURS

Vivid NL only provides trading during indicated trading hours. In general, most stock markets have specific trading hours during the business week, usually between Monday to Friday. These hours may differ between different stock exchanges and can also vary depending on other factors such as public holidays. Regular trading hours are as follows:

- For Stocks and ETFs traded on US Exchanges: 03:30 PM - 10:00 PM (UTC +1)
- For Stocks, ETFs and Warrants/Certificates traded on EU Exchanges: 09:00 AM - 05:30 PM (UTC +1)
- MMFs are not listed on an exchange but traded once or multiple times a day (depending on the MMF) with the issuing fund manager

Vivid NL will indicate in-app if trading hours will be amended/extended.

2.5 LIMITATIONS OF THE OFFERED PRODUCT

1. We only accept buy/sell orders larger than 1 Euro;
2. You can only place orders valid for one single day, and not for longer;
3. A transaction in MMFs needs a business day (and sometimes longer due to bank holidays) to complete;
4. Fractions are rounded at 4 decimals for shares and ETFs, and MMFs are rounded at 2 decimals;
5. Short selling is not possible;

6. It is not possible to transfer Instruments in/out of the Vivid NL account to/from another investment account at a 3rd party. In case You want to close the Investment or Interest Pocket You have to sell all open positions;
7. Orders in USD (shares, ETFs or MMFs) have to be entered in Euro, and need to be exchanged into USD.

3. SPECIFIC CHARACTERISTICS WHEN INVESTING IN FRACTIONS OF SHARES AND ETFs

Vivid NL's fractional trading makes it possible to buy a part of a share. So You can also buy securities in amounts of money (instead of any number of whole shares). Please note that trading fractional shares has certain characteristics that You should understand before investing in fractional shares.

- Round up. Vivid NL rounds up all fractional holdings to four decimal places. For all notional based orders, Your trade will never exceed the order amount. Rounding can also affect Your ability to be credited for cash dividends, stock dividends and stock splits. For example, if You own 0.0001 stock that pays a dividend of one cent per share, we will not credit Your cash balance with a fraction of a cent.
- No Limit Orders. Vivid NL only accepts market orders for fractional shares. This means that orders will be executed at the market price when the order reaches the market.
- Execution. Vivid NL will comply in all respects with 'best execution' on all orders executed through Vivid NL Invest in line with its regulatory requirements. This means that any order containing a whole number of shares will be routed through an executing broker's smart order router. A fractional share order will be executed at market price with the executing broker as counterparty. The execution price of the fractional portion of a share will likely be equal to the execution price of the whole number of shares.
- Transfer of Fractional Shares. Fractional shares are not transferable. If You close Your account, the fractional shares in Your account will have to be liquidated.
- Voting rights and shareholder meetings. The fractional share does not exist outside of Vivid NL's records. This means that unless You own more than at least 1 whole share of a company (or any other eligibility threshold), You will not have any voting rights or right to attend a shareholder meeting.

4. SPECIFIC CHARACTERISTICS WHEN INVESTING IN MONEY MARKET FUNDS (MMFs)

Vivid NL's Interest Rate Pockets makes it possible to invest in MMFs. Please note that investing in MMFs through Vivid NL's Interest Rate Pocket has certain characteristics that You should understand before investing:

- Round up. MMFs can be bought in amount or in number of units. For orders in amounts, the number of units will be rounded up to two decimal places.

- Pricing. The price for shares of the MMF is at the Net Asset Value (NAV).
- Currency. You can invest in Euro (EUR) and US Dollars (USD) MMFs.
- Interest. By investing in MMFs through the Interest Rate Pockets, you can receive interest at a variable rate on your EUR and USD deposits. This interest is added within the MMF, so the value grows. The interest is not paid out as cash.
- Withdrawal and Deposit. You cannot cancel a Withdrawal or Deposit after it has been received by Vivid NL and transmitted for execution to an executing broker.

5. GENERAL RISKS

5.1 IT RISK

We cannot guarantee that the Vivid NL App will always be accessible. In addition, we rely on third-party IT infrastructure to carry out Your transactions. Our investment services may be temporarily unavailable or inaccessible due to defects, maintenance, updates that may not be compatible with Your device, patches, etc. Though we strive to not make it happen, if this is the case, You will not be able to open or close Your positions before the time of the interruption. This could lead to a loss on Your investment.

5.2 TAX LIABILITY

Your investment transactions may result in a tax liability in Your jurisdiction. In some cases where required, Vivid NL will withhold taxes on Your behalf. You may also have to take action Yourself to report and/or pay Your tax. We do not provide tax advice and You are solely responsible for complying with any tax requirements that apply to You. Tax applying to Your capital gains or assets in general can have a significant impact on Your profits and losses.

5.3 COST RISK

You pay costs for the execution of Your investment orders. There is a risk that You will not make up for these costs with the return on the securities that You have purchased.

6. RISKS OF INVESTING IN STOCKS, ETFs (THAT INVEST IN STOCKS), WARRANTS/CERTIFICATES AND MMFs

6.1 MARKET RISK

The risk that investments will lose value due to developments as a consequence of the general economic situation. For example, a deterioration in overall economic growth of a country can have a negative effect on the value of a company. The result will be that the stocks of that company will decrease in value.

6.2 PRICE RISK

The price of stocks can fluctuate. Price risk is the risk of a drop in the price of a stock and is mainly influenced by the performance of the company in which You have invested and by developments within the industry in which that company operates.

6.3 CREDIT RISK

The risk that the company or government body in which You invest cannot meet its payment obligations, or can even go bankrupt. This could lead to the consequence that Your investments are no longer worth anything as a result.

6.4 INTEREST RATE RISK

The risk that the value of investments will fall if the market interest rate rises. Rising interest rates can lead to less consumption and higher interest costs for a company. This can put pressure on companies' profits. An interest rate hike can therefore negatively affect the value of stocks, ETFs, warrants/certificates and MMFs.

6.5 LIQUIDITY RISK

The risk that Your investments cannot (or hardly) be traded on the stock exchange. Your investments are then not 'liquid'. This means that You cannot (temporarily) sell Your investments or it might take longer than You could expect. Therefore, You cannot freely dispose of Your investment, or You will get a worse price for Your investments if You sell them.

6.6 CURRENCY RISK

Currency risk arises when You make investments denominated in a currency other than the euro. If the exchange rate of that other currency falls in comparison to the euro, this will have a negative impact on the value of Your investments in that other currency.

6.7 GEOPOLITICAL RISK

Geopolitical risk is associated with political changes or instability in a country or region. This for example happens in case of revolutions or wars, with potential nationalization of assets and the decrease of value of specific investments affected by the geopolitical developments.

6.8 CAPITAL RISK (RISK OF LOSS OF INVESTMENT)

There is a risk You will lose 100% of Your initial investments in stocks, ETFs and warrants/certificates, due to deterioration of the value of the companies who have issued the initial stocks. Although a more rare occurrence, it may also be possible to lose your initial investments in MMFs. Be aware that for the financial instruments offered by Vivid NL, You can lose Your complete initial investment amount.

7. SPECIFIC RISKS WHEN INVESTING IN ETFs

7.1 RISK OF SECURITIES LENDING (COUNTERPARTY RISK) AS PART OF OFFERED ETFS

Exchange Traded Funds (ETFs) that use physical replication have the most transparent structure. The securities are actually held in the ETF. However, physical ETFs can lend these securities (called securities lending) to third parties (counterparty) to generate additional returns for the fund. While this generates additional income for the fund, it does create counterparty risk, as the counterparty might not be able to transfer the securities back.

7.2 TRACKING ERROR

A tracking error is a difference between the performance of an ETF and the performance of the underlying benchmark. A tracking error can be caused by several factors such as, but not limited to:

- Changes in the composition of the underlying benchmark or type of ETF (eg physical versus synthetic);
- Failure of the ETF's tracking strategy;
- Impact of fees and costs;
- Exchange rate differences between the ETF's base or trading currency and the currencies of the underlying investments.

8. SPECIFIC RISKS WHEN INVESTING IN WARRANTS/CERTIFICATES

8.1 RISKS ASSOCIATED WITH THE IMPACT OF LEVERAGE

Warrants may offer you exposure to the underlying asset at a fraction of its actual cost. While this leverage can amplify potential gains, it also magnifies potential losses. As a result, even small fluctuations in the underlying asset's price can lead to significant percentage changes in the Warrant's value.

8.2 LIMITED LIFETIME OF WARRANTS

Warrants have a predetermined expiration date after which they become worthless if not exercised, and have a time decay, which means that they lose value as the expiration date approaches. You must be aware of this limited lifetime and monitor Your warrants carefully and closely to avoid any loss of value due to the expiration.

8.3 ISSUER RISK

As with any financial product, Warrants are subject to issuer risk. If the company issuing the Warrant you hold faces financial difficulties, defaults on its obligations, or becomes insolvent, You may lose the entirety of your investment.

8.4 EARLY TERMINATION RISK

In certain situations, Warrants may be subject to early termination by the issuer. This termination could occur due to specific events or conditions outlined in the Warrant's terms. If Your Warrant is terminated early, although You may receive a cash settlement based on the Warrant's intrinsic value, this may not fully compensate for potential losses.

8.5 SPECULATIVE NATURE OF WARRANTS

Warrants are speculative investment instruments and may not be suitable for conservative investors or those seeking a steady income.

8.6 LACK OF DIVIDEND PARTICIPATION

Warrant holders do not usually receive dividends paid on the underlying stock. While shareholders receive dividends, Warrant holders only benefit from price appreciation of the underlying asset, missing out on potential income from dividends.

8.7 LIMITED VOTING RIGHTS

Unlike Stocks, Warrant holders typically do not have voting rights in the issuing company. This means You may not be able to participate in corporate decisions or have a say in matters affecting the issuer's direction, which may impact Your investment interests.

8.8 ADJUSTMENT OF TERMS

Warrants often include specific terms and conditions that might change due to the issuer's actions, such as stock splits, mergers, or spin-offs. These adjustments can impact the Warrant's value and require You to stay vigilant and adapt to such terms that change in an unpredictable manner.

9. SPECIFIC RISKS WHEN INVESTING IN MMFS

9.1 NOT A TRADITIONAL DEPOSIT

A MMF is not a guaranteed investment vehicle. An investment in MMFs is different from an investment in deposits, therefore the principal invested in an MMF is capable of fluctuation and the risk of loss of the principal amount is to be borne by You should You invest in MMFs.

9.2 RE-INVESTMENT RISK

When the short-term securities in MMF matures, the fund manager must reinvest the proceeds. If interest rates have fallen since the initial investment, the reinvestment may generate lower returns than expected, which could ultimately impact upon the overall yield of Your investment.

9.3 RETURNS RISK

MMFs aim to provide stable returns, but these are not guaranteed. Returns can fluctuate due to changes in interest rates and market conditions. Therefore it is important to note that past returns do not guarantee future returns.

9.4 MANAGEMENT RISK

MMFs are managed by a fund manager, hence the fund manager's skills and decisions may directly impact upon the funds' overall performance. As a result, poor investment decisions or management changes can directly impact on Your returns.