

Information about potential risks associated with investing in crypto assets

Crypto-assets are highly speculative and volatile investments, which may result in the loss of the entire capital invested. It is essential to fully understand the associated risks before engaging in such investments.

Market Volatility: The value of crypto-asset investments, along with potential returns, can fluctuate dramatically, and there is a risk of losing the entire invested amount. The prices of crypto-assets are not established via regulated markets and may be subject to extreme price volatility. Pricing may lack transparency, which could lead to investor losses.

Lack of Consumer Protection: Crypto-assets are not protected by mechanisms like the Deposit Guarantee Fund or the Investor Guarantee Fund. Investors should be aware that in the event of insolvency or financial loss, no compensation mechanisms are in place. However, your crypto-assets are properly safeguarded and segregated from Vivid Money B.V.'s own funds in order to comply with other regulatory requirements.

Liquidity Risk: Many crypto-assets may lack the liquidity necessary to exit an investment without incurring significant losses, especially in situations where asset ownership is concentrated among a few investors. This can limit the ability to sell the asset at a fair market price.

Technological Risks: Distributed ledger technologies (DLTs) and blockchain networks are still at an early stage of development. Many of these networks are relatively new and may not be fully tested, potentially leading to operational failures or security vulnerabilities. The transaction records in blockchain networks rely on consensus protocols that could be vulnerable to attacks.

Risks of the Crypto Boost: Trading with Boost allows investors to control a large position with a relatively small amount of capital, but it also magnifies losses. Even a small adverse price movement can result in automatic closure of the position, resulting in the loss of the entire invested amount.

Risks of staking crypto

Investing in the **Crypto Earn Pocket** or **Crypto Earn Account** can potentially generate attractive returns through Annual Percentage Yield (APY) rewards. However, it is essential to understand that staking also involves other risks besides the ones arising from normal trading with crypto-assets, which can lead to the partial or complete loss of your staked crypto-assets. We strongly recommend reading the following information carefully before using the Crypto Earn product.

1. Protocol risk

Staking depends on the underlying blockchain protocols, which can be susceptible to technical errors, bugs, security vulnerabilities, or unforeseen events. Any issues with the protocol could lead to a partial or total loss of your staked crypto-assets and earned rewards. While Vivid Money B.V. carefully selects staking-eligible assets to mitigate these risks, we cannot fully eliminate them, nor does it control the protocols or their security.

2. Slashing risk

Slashing is a penalty imposed by blockchain protocols when certain rules are violated, such as validator downtime, incorrect voting, or dual staking. This penalty can result in the loss of some or all of your staked crypto-assets. Vivid Money B.V. works with trusted third-party providers that implement safeguards against slashing and, in some cases, offer insurance against such penalties. However, slashing remains a risk that cannot be entirely avoided.

3. Liquidity risk

Certain blockchain protocols enforce restrictions like activation periods, lock-up periods, and withdrawal delays, during which your staked crypto cannot be accessed. Although Vivid Money B.V. strives to offer flexibility for staking and unstaking, there may be exceptional situations where temporary limits are imposed on withdrawals or unstaking orders. This could delay your ability to sell or withdraw your crypto-assets. If such limits are applied, Vivid Money B.V. will notify you as soon as possible.

4. Risk of fluctuating rewards

Crypto services are provided by Vivid Money B.V., a Crypto Assets Service Provider licensed by the Dutch Authority for Financial Markets (AFM). Vivid Money B.V. has its address at Strawinskylaan 4117, 1077 ZX Amsterdam, the Netherlands and a registration with the trade register of the Dutch Chamber of Commerce under number 78219159. The AFM's register can be accessed under <https://www.afm.nl/en/sector/registers/vergunningenregisters>.

Rewards (APY) are determined by blockchain protocols and can change over time. Vivid Money B.V. has no control over the reward rates set by these protocols. The APY shown in the app reflects current estimates but may decrease without prior notice, impacting your potential earnings.

5. Use of third-party staking providers

To facilitate staking services, Vivid Money B.V. partners with carefully selected third-party providers. Your funds will be transferred to these providers, who are required to keep your crypto in segregated accounts. However, there is a risk that your funds could be lost due to the provider's insolvency, errors, or other unforeseen issues. While Vivid Money B.V. takes precautions to minimise this risk, it cannot be entirely eliminated.