



# **Risk Disclosure Statement**

Thalex Digital Trading Platform Ltd

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Version 2.0

**thalex**

**Better products.  
Better execution.  
Better trading.**

This Risk Disclosure Statement, together with our [Terms of Use](#), [Rulebook](#), [Privacy and Cookie Policy](#), and any other documents referred in those documents, is given by Thalex Digital Trading Platform Ltd, an International Business Company incorporated in the Republic of Seychelles, registered under company number 231189 and with its registered office at Suite 202, 2nd floor, Eden Plaza, Eden Island, PO Box 1352, Mahe, Republic of Seychelles ("**Thalex**"), and sets out the risks associated with using our Services.

Capitalized terms not defined herein have the meaning as given to them in the [Terms of Use](#).

**THE RISKS DESCRIBED BELOW ARE NOT, NOR ARE THEY INTENDED TO BE, A COMPREHENSIVE OR EXHAUSTIVE LIST OF RISK FACTORS. YOU REMAIN RESPONSIBLE FOR TAKING CARE TO UNDERSTAND THE TECHNOLOGICAL, ECONOMIC AND LEGAL NATURE OF CRYPTOCURRENCIES AND FOR CAREFULLY MANAGING YOUR EXPOSURE IN ACCORDANCE WITH THAT UNDERSTANDING AND YOUR RISK APPETITE FOR INNOVATIVE, VOLATILE AND SPECULATIVE NEW TECHNOLOGIES, INCLUDING CRYPTOCURRENCIES.**

**YOU MUST CAREFULLY ASSESS WHETHER YOUR TRADING EXPERIENCE, FINANCIAL SITUATION AND RISK TOLERANCE ARE SUITABLE FOR TRADING ON THE PLATFORM. ONLY SPECULATE WITH FUNDS YOU CAN AFFORD TO LOSE.**

## 1. Compliance Notice

Please be aware that trading on the Platform, including associated activities such as making deposits and withdrawals, are subject to compliance requirements. Consequently, Thalex may block, limit or suspend any of these activities at any time for the purpose of complying with these requirements.

## 2. What Are Cryptocurrency Derivatives?

The Platform enables Participants to trade Cryptocurrency derivatives, which are contracts between two Participants whose value are based on an underlying Cryptocurrency such as Bitcoin or Ethereum. A Cryptocurrency is a virtual asset, which constitutes a digital representation of value that functions as a medium of exchange, a unit of account or a store of value, but it does not have legal tender status. Although the contracts traded on the Platform do not qualify as Cryptocurrencies, Cryptocurrencies are the underlying of these contracts and you will have to deposit Cryptocurrencies with us for collateral and settlement purposes.

By onboarding as a Participant and/or using the Platform you expressly acknowledge, accept and assume the risks set out below and agree that Thalex shall not be responsible for or otherwise liable for any direct or indirect loss or damage of any kind whatsoever arising directly or indirectly from the occurrence in full or in part of any of the risk events set out below. Please refer to our [Terms of Use](#) for more information on the applicable limitations of liability.

## 3. Risks Associated with Cryptocurrencies

Cryptocurrencies have various properties that potentially expose them to risks:

- 3.1. **High Price Volatility.** The value of Cryptocurrencies is entirely derived from market forces of supply and demand, and they tend to be more volatile than traditional fiat currencies and commodities like silver or gold.
- 3.2. **Limited Supervision:** As Cryptocurrencies are relatively new, Cryptocurrencies are not as regulated as traditional financial instruments, such as securities. Consequently, rules that apply to traditional financial instruments, such as market abuse rules and requirements regarding the publication of information, do not apply to Cryptocurrencies.
- 3.3. **Increased Cyber-Attack and Fraud Risk.** Given their digital nature, Cryptocurrencies have been a popular target of hackers and cyber criminals who try to appropriate them.
- 3.4. **Self-Custody.** If you use a self-hosted wallet, which is not hosted by a virtual asset service provider, you are responsible for keeping your private key. The loss of your private key to your self-hosted wallet may result in losing access to your funds.
- 3.5. **Risks Arising from Taxation.** In some jurisdictions there is ambiguity or uncertainty as to how Cryptocurrencies are taxed. We therefore advise you to obtain tax advice in connection with the acquisition, storage, transfer and use of any Cryptocurrency, as such activity may have adverse tax consequences.
- 3.6. **Legal risks.** The legal status of certain Cryptocurrencies may be uncertain. This can mean that the legality of holding them and/or trading derivatives relating to them is not always clear. Whether and

how one or more Cryptocurrencies constitute property, assets or rights of any kind may also seem unclear. It is your responsibility to understand how Cryptocurrencies will be addressed, regulated, and taxed under applicable laws to which you are subject.

- 3.7. Irreversible Transactions.** Due to the decentralized nature, transfers of Cryptocurrencies may be irreversible, and, therefore, losses due to fraudulent or accidental transactions may not be recoverable. The loss of private keys to your Cryptocurrency wallet created may result in losing access to your funds. You accept all consequences of sending Cryptocurrencies to or from the Platform. Cryptocurrency transactions may not be reversible. Once you send Cryptocurrencies to an address, you accept the risk that you may lose access to your Cryptocurrencies indefinitely. For example, an address may have been entered incorrectly and the true owner of the address may never be discovered, or an address may belong to an entity that will not return your Cryptocurrencies, or may return your Cryptocurrencies but first requires action on your part, such as verification of your identity.
- 3.8. Enforcement actions.** Thalex may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. This may result in you losing access to your Account and may further result in the loss of any Cryptocurrencies stored or held in your Account.
- 3.9. Risks of Mining Attack.** Some blockchains are susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and rare condition attacks. Any successful attacks present a risk to our Services, and the expected proper execution and sequencing of transaction carried out through our Services. You understand and accept that the network of miners will ultimately be in control of the delivery of Cryptocurrencies via the blockchain, and that a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction the blockchain.
- 3.10. Deposit Guarantee Scheme.** You acknowledge and understand that, Thalex is not covered by any government backed compensation scheme or protections offered to investors or creditors of other regulated institutions, such as banks. Accordingly, Cryptocurrencies held in your Account and the Admitted Contracts you hold are not protected by any public or private deposit guarantee or investor compensation scheme.
- 3.11. Risk of Dissolution.** It is possible that, due to any number of reasons, including, but not limited to, the negative adoption of our Services, the failure of commercial relationships, or intellectual property ownership challenges, our Services may no longer be viable to operate and we may dissolve which may result in any Cryptocurrencies stored or held on your Account becoming irrecoverable and/or permanently inaccessible.
- 3.12. Software Risk.** The software protocols that underlie Cryptocurrencies are typically open-source projects, which mean that (i) the development and control of such Cryptocurrencies are outside of our control, and (ii) such software protocols are subject to sudden and dramatic changes that might have a significant impact on the availability, usability or value of a given Cryptocurrency. Such changes may affect the assets stored in your Account on the Platform. You claim full responsibility for monitoring such technological changes and understanding their consequences for your Cryptocurrencies. Participants conduct all trading on their own and we do not take any responsibility for any loss or damage incurred as a result of your use of our Services or your failure to understand

the risks involved associated with Cryptocurrencies generally. You are aware of and accept the risk of operational challenges. The Platform may experience sophisticated cyber-attacks, unexpected surges in activity or other operational or technical difficulties that may cause interruptions to our Services. You understand that our Services may experience operational issues that lead to delays. You agree to accept the risk of transaction failure resulting from unanticipated or heightened technical difficulties, including those resulting from sophisticated attacks. You agree not to hold us liable for any related losses.

**3.13. Maintenance Risk.** We may, from time to time, perform maintenance on the Platform, routine or otherwise. This may lead to platform downtime and lack of access to the Platform, potentially resulting in a delay or cancellation of a submitted Order yet to be processed and Orders placed during maintenance or downtime.

**3.14. Access Risk.** There are a series of inherent risks with the use of mobile and/or web-based trading technology, such as latency in the prices provided, and other issues that are a result of connectivity (including, without limitation, the use of mobile networks). Prices displayed on the Platform are solely an indication of the executable rates and may not reflect the actual executed or executable price of an Order. The Platform utilizes public communication network circuits for the transmission of messages. We shall not be liable for circumstances in which you experience a delay in price quotation or an inability to trade caused by network transmission problems or restrictions or any other problems outside our direct control, which include but are not limited to the strength of the mobile signal, network latency, or any other issues that may arise between you and any internet service provider, phone service provider or any other service provider. Please note further that some of the features available on the Platform may not be available on any mobile application. The Platform's mobile applications may require users to download and install updates to the application or to their device's operating system as such updates are made available. Failure to do so might lead to certain parts of our Services (including trading functions) becoming inaccessible to users until such updates have been successfully downloaded and installed. Performance issues and security risks may arise if mobile applications are used on devices with customized or otherwise non-standard operating software or as a result of other software installed on such devices.

**3.15. Unknown risks.** Cryptocurrencies and the technologies that they employ are novel. Consequently, Cryptocurrencies may be exposed to risks which can currently not be anticipated or are unknown at the moment. Furthermore, the development and adoption of Cryptocurrencies is unclear, which may have adverse future consequences for their price.

#### **4. Risks Associated with the Admitted Contracts**

Thalex offers (i) futures with BTC or ETH as the underlying, (ii) options with BTC or ETH as the underlying, (iii) perpetuals with BTC or ETH as the underlying, and (iv) any combination of the foregoing with the same underlying (together, the "**Admitted Contracts**"). Participants can trade Admitted Contracts with leverage, due to which they may be difficult to understand and not suitable for inexperienced traders.

**4.1. New Technology Risk.** Cryptocurrencies are a new technological innovation with a limited history. There is no assurance that usage of Cryptocurrencies will continue to grow. A contraction in the use of Cryptocurrencies may result in increased volatility or a reduction in the price of such Cryptocurrencies, which could adversely impact the value of the Admitted Contracts which you hold.

- 4.2. Volatility Risk.** Speculators and investors who seek to profit from trading and holding Cryptocurrencies generate a significant portion of the demand for such assets. Speculation regarding future appreciation in the value of Cryptocurrencies may inflate and make more volatile the price of such Cryptocurrencies. As a result, Cryptocurrencies may be more likely to fluctuate in value due to changing investor confidence in future appreciation in the price of Cryptocurrencies. Furthermore, trading of the Admitted Contracts with leverage amplifies profit and losses related to this volatility.
- 4.3. Liquidity Risk.** Under certain extreme market conditions, it may be difficult or nearly impossible to liquidate your Position.
- 4.4. Risk Mitigation Measures Risk.** Thalex is entitled to trigger various processes to guarantee the stability and continuity of the Platform if a Participant does not meet its margin requirements, which may have adverse consequences for you. These processes include entirely or partially closing your Position by assigning a Transaction to you with the defaulting Participant. This will result in an unexpected change of your overall Position and may result in losses. Furthermore, Thalex may initiate the Socialized Losses Process, whereby the losses of the defaulting Participant are proportionately allocated to the unsettled profits of all Participants, including your unsettled profits. Under extreme market circumstances, Thalex may also initiate the Tear-Up Process. If that happens, Thalex could unwind all Positions in an underlying, such as BTC or ETH. This means that your unsettled profits or losses from Positions or Transactions after the last Settlement will be erased. For more details on these processes and any other measures which Thalex may take to guarantee the stability and continuity of the Platform, please consult the [Rulebook](#).
- 4.5. Operational Risk.** Operational risk comes from possible malfunctions of the Platform, for example, resulting from scheduled or unscheduled downtimes, internal systems failures or hacks. You may be (temporarily) unable to trade on the Platform as a result of these malfunctions or, in case of a hack or other forms of cybercrime, lose (part of) the Cryptocurrencies deposited with us.
- 4.6. Regulatory risks.** Regulators and governments in various jurisdictions have focused on regulation of virtual assets, including Cryptocurrencies. Virtual asset market disruptions and resulting governmental interventions are unpredictable, and may make virtual assets or certain virtual assets illegal altogether. Future regulations and directives in some jurisdictions may conflict with those others, and such regulatory actions may restrict or make some or all virtual assets illegal in some jurisdictions. Future regulations and directives may impact the demand for virtual assets, and may also affect the ability to enter into virtual assets transactions. This may have an adverse effect on the value of the Admitted Contracts which you hold. Furthermore, we may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulations, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. This may result in your Account being closed. Moreover, we may alter or amend the features of the Admitted Contracts or the Platform if this is needed to comply with new laws and regulations. These alterations or amendments may have adverse consequences for you and the value of the Admitted Contracts which you hold.

**4.7. Indices Risk.** Some of our Services, and contracts traded on the Platform rely on an "Index Price", for example to derive valuation for margin and/or settlement purposes. The methodology for calculation and publication of each index may mean that it does not track other publicly-reported prices of its underlying Cryptocurrency. The index and its value may deviate substantially from the publicly reported price of Cryptocurrency from any given price source. In addition, as the methodology for determining each index uses information from specifically identified third party exchanges, movements in the value and volume of Cryptocurrency transactions on such exchanges and any index calculation failures may affect, for example, the profit, loss, margin and settlement of the Admitted Contracts traded on the Platform. The composition, calculation, and safeguards incorporated within any index are subject to change at any time without notice in our sole and absolute discretion. Trading derivatives is not the equivalent of purchasing a Cryptocurrency nor any of the components which comprise the index of that product and does not entail ownership of Cryptocurrency or any such components. The return on contract positions may not reflect what a user would realize if they owned (or sold short) Cryptocurrency. The indices may be administered and calculated by us or any third-party service providers. Index administrators (including Thalex) can add, delete or substitute the components of the indices or make other changes to the methodology of calculating the value of the index at any time. The modification of the components of the index may affect its value, as a newly added component may perform significantly worse or better than the component it replaces. Thalex may also alter, discontinue or suspend calculation or dissemination of an index at any time. Any change in the methodology used may affect the index value and may result in you incurring losses or gains. Thalex is not responsible for any direct, indirect, consequential or other losses you may incur as a result of a change in the index methodology. Additionally, because derivatives are relatively new products, the degree to which they are likely to provide exposure to movements in the price of the underlying Cryptocurrency remains uncertain.

**5. Other Risks**

The risks described herein are not, nor are they intended to be, a comprehensive or exhaustive list of risk factors. You remain responsible for taking care to understand the technology, economic and legal nature of both virtual assets and derivatives.

You must carefully assess whether your trading experience, financial situation and risk tolerance are suitable for trading derivative contracts on the Platform. You should therefore only speculate with funds you can afford to lose.

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