INTERACTIVE BROKERS VIRTUAL ASSET RISK DISCLOSURE

This disclosure is relevant to all Interactive Brokers clients who wish to trade in Virtual Assets and/or Virtual Asset related products (together "VA Products") through your account with Interactive Brokers Singapore Pte. Ltd. ("IBSG") or Interactive Brokers Hong Kong Limited ("IBHK") (together, "IBKR").

Trading in VA Products involve risks, some of which are set out below. These risks, and additional risks arising either now or in the future, could result in the loss, failure or destruction of your assets, inability to receive any benefits available to you and other losses.

You must consider carefully whether the risks set out below, as well as all other applicable risks, are acceptable to you prior to any Virtual Asset transaction.

You should seek professional advice regarding your particular situation before trading in the Virtual Assets.

What are Virtual Assets?

Virtual Assets refer to digital representations of value which may be in the form of digital tokens (such as utility tokens, stablecoins or security- or asset-backed tokens) or any other virtual commodities, crypto assets or other assets of essentially the same nature but excludes digital representations of fiat currencies issued by central banks. The absence of central bank support and the fact that Virtual Assets are generally not legal tender means that no central bank can take corrective measures to protect the value of Virtual Asset in a crisis, or issue more currency. Virtual Asset value is generally derived by market forces of supply and demand and are usually more volatile than traditional currencies. For most Virtual Asset, traders put their trust in a digital, decentralized and partially anonymous system that relies on peer-to-peer networking and cryptography to maintain its integrity.

Risks of VA Products trading:

THE RISK OF LOSS IN TRANSACTIONS INVOLVING VA PRODUCTS CAN BE SUBSTANTIAL. THE PRICES OF VIRTUAL ASSETS FLUCTUATE, SOMETIMES DRAMATICALLY. THE PRICE OF A VA PRODUCT MAY MOVE UP OR DOWN AND MAY BECOME VALUELESS. YOU SHOULD THEREFORE CAREFULLY CONSIDER WHETHER SUCH TRANSACTIONS ARE SUITABLE FOR YOU IN LIGHT OF YOUR INVESTMENT OBJECTIVES, FINANCIAL CIRCUMSTANCES, YOUR TOLERANCE TO RISKS AND YOUR INVESTMENT EXPERIENCE. YOU SHOULD BE CAPABLE OF BEARING A FULL LOSS OF THE AMOUNTS INVESTED AS A RESULT OF OR IN CONNECTION WITH ANY VA PRODUCTS TRANSACTION AND ANY ADDITIONAL LOSS OVER AND ABOVE THE INITIAL AMOUNTS TRADED OR INVESTED THAT MAY BECOME DUE AND OWING BY YOU. IN CONSIDERING WHETHER TO TRADE OR INVEST, YOU SHOULD INFORM YOURSELF AND BE AWARE OF THE RISKS GENERALLY, AND IN PARTICULAR SHOULD NOTE THE FOLLOWING SPECIFIC RISK FACTORS WHICH MAY APPLY TO ANY GIVEN VIRTUAL ASSET TRANSACTION.

Price Gapping: In highly volatile markets, and in response to economic or country/ jurisdiction specific news, VA Products prices can "gap" by substantial amounts, particularly overnight. Rates to exchange the client's selected base currency and VA Products can change rapidly due to a wide range of economic, political and other conditions, and there is a significant risk of gapping following news events. This can result in you losing the entirety of your investment in VA Products, or more if trading with leverage.
**Volatility:** The value of the VA Products may fluctuate significantly over a short period of time. The volatile and unpredictable fluctuations in price may result in significant losses over a short period of time.

Any VA Products may decrease in value or lose all of its value due to various factors including, but not limited to, discovery of wrongful conduct, market manipulation, change to the nature or properties of the Virtual Asset, governmental or regulatory activity, legislative changes, suspension or cessation of support for Virtual Assets or other exchanges or service providers, public opinions, or other factors outside of our control. Technical advancements, as well as broader economic and political factors, may cause the value of VA Products to change significantly over a short period of time.

**Market, liquidity and conversion risk:** Where VA Product transactions are denominated in particular Virtual Assets or Fiat Currencies other than your primary reference asset, or where you convert Virtual Assets upon carrying out a VA Product transaction, there is a risk that if the exchange markets move against you, then upon maturity or any earlier dealing the net proceeds may be significantly less than the initial amount in your primary reference asset and any income or gains may be entirely negated.

The value of a particular VA Product may decline or be completely and permanent lost should the market for that Virtual Asset disappear. There is no assurance that a market for a particular Virtual Asset will continue to exist in the future. This is because the value of a Virtual Asset may be derived, among other things, from the continued willingness of market participants to exchange that Virtual Asset.

There is the possibility for you to experience losses due to the inability to sell or convert assets into a preferred alternative asset immediately or in instances where conversion is possible but at a loss. Such liquidity risk in an asset may be caused by the absence of buyers, limited buy/sell activity or underdeveloped secondary markets. There is no assurance that a person who accepts a Virtual Asset as payment will continue to do so in the future.

You may also suffer loss as a result of depreciation of the value of the currency paid as a result of foreign exchange controls imposed by the country issuing the foreign currency. Repayment or payment of amounts due to you may be delayed or prevented by exchange controls or other actions imposed by governmental or regulatory bodies over currencies which they control or regulate.

Reliance on the internet and other technologies: Virtual Asset transactions rely heavily on the internet and other technologies (including the Agreed Communication Methods). However, the public nature of the internet means that either parts of the internet or the entire internet may be unreliable or unavailable at any given time. Further, interruption, delay, corruption or loss of data, the loss of confidentiality in the transmission of data, or the transmission of malware may occur when transmitting data via the internet and/or other technologies. The result of the above may be that your Virtual Asset transaction is not executed according to your Instructions, at the desired time, or at all.

No authentication, verification or computer security technology is completely secure or safe. The internet or other electronic media (including, without limitation, electronic devices, services of third-party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) are an inherently unreliable form of communication, and such unreliability may be beyond our control.

Any information (including any document) transmitted, or communication or transactions made, over the internet or through other electronic media (including electronic devices, services of third-party telecommunication service providers such as mobile phones or other handheld trading devices or interactive voice response systems) may be subject to interruption, transmission blackout, delayed transmission due to data volume, internet traffic, market volatility or incorrect data transmission (including incorrect price quotation) or stoppage of price data feed due to the public nature of the internet or other electronic media.
**Risk of Hacking and Theft:** It is well publicized that Virtual Assets have been stolen or misappropriated from exchanges in the past, some of which have collapsed. These risks can be exacerbated by the manner in which Virtual Assets are stored. For example, storage in "hot wallets" is less secure than storage in "cold wallets". Investors should take steps to understand how their Virtual Assets would be held before investing. In addition, you should understand and accept that IBKR will not be liable to any client for any virtual assets that are stolen or otherwise not able to be recovered by it in the event that the exchange becomes insolvent. Please consult the agreement for further information.

**Virtual Asset Products could become worthless:** There is a potential for permanent and total loss of value of a particular VA Product should the market for that particular VA Product disappear, or if the VA Product is discontinued or no longer supported technologically.

**Inadequate and Inconsistent Regulation:** It is also important to note that the VA Product markets may not be subject to requirements usually associated with a regulated licensed financial product, including, but not limited to, market integrity and price transparency rules, registration and/or licensing requirements, audit, market surveillance and trade reporting requirements, anti-money laundering and anti-fraud rules, disaster recovery or cybersecurity requirements, and market manipulation rules. This is particularly true for the underlying VA Product. The markets for VA Products are therefore especially susceptible to manipulation and fraud which can have a negative impact on derivatives and other products which reference those VA Products. For the avoidance of doubt, any offering documents produced in relation to VA Products may not have been reviewed by a regulatory body.

**Global Regulatory Developments:** Persons having a relevant connection with certain jurisdictions are excluded from carrying out transactions in VA Product. Changes in your place of domicile or existing laws and regulations may result in you violating any legal or regulatory requirements of your applicable jurisdiction. You are responsible for ensuring that any VA Product transaction executed by you is and remains lawful despite changes to existing laws and regulations, your domicile and circumstances. Changes to existing laws and regulations VA Products may also result in substantial modifications of the ability to trade and/or use of the VA Products, including termination and the loss of such VA Products.

**Legal Uncertainty:** Underlying Virtual Assets may not be considered as property under the law of certain jurisdictions, which may affect the nature and enforceability of a client's interest in some underlying VA Products. Specifically, in Hong Kong, Virtual Assets may not enjoy the same regulatory protections as that conferred on securities under the Securities and Futures Ordinance, and client money held with a Virtual Asset exchange may not enjoy the same protection as that conferred on "client money" under the Securities and Futures Ordinance. Moreover, investor compensation regimes in some jurisdictions may not provide cover to clients who've made investments in some VA Products. Finally, transactions in underlying VA Products may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable.

**Technological Challenges:** the nature of VA Products means that technological difficulties experienced by IBKR or the exchange or sub-custodian appointed by IBKR to execute and custody underlying VA Products may prevent clients from dealing in such products temporarily. Relatedly, some VA Product transactions may be deemed to be executed only when they are recorded and confirmed by IBKR or the exchange or sub-custodian appointed by IBKR, which may not necessarily be the time at which the client initiates the transaction.

Hard Forks and Airdrops: Unless specifically announced on the IBKR website, IBKR will not recognise or support an Airdrop or a Fork, and we will note make a claim for, or otherwise retain, any assets or rights associated with such event.
**Tax treatment and accounting:** Some VA Product transactions may be subject to the tax laws and regulations in an applicable jurisdiction. The tax treatment and accounting of VA Products is a largely untested area of law and practice that is subject to changes. Tax treatment of VA Products may vary amongst jurisdictions. We may receive queries, notices, requests or summons from tax authorities and as a result may be required to furnish certain information about the VA Product transaction.

Among the accounting profession, there are no agreed standards and practices for how an auditor can perform assurance procedures to obtain sufficient audit evidence for the existence and ownership of the VA Product, and ascertain the reasonableness of the valuations.

If you are unsure about the tax implications of your Virtual Asset transactions, you should seek independent professional advice before carrying out a Virtual Asset transaction.

**Unknown Risks:** As a relatively new asset class, there may be additional risks which have not yet been identified. Due to the additional risk and volatility, clients should only invest in VA Products if they are prepared to accept the risk of losing all the monies they have invested in such products. Clients are advised not to transact in a VA Products if you are not familiar with it and to seek professional advice, if needed.

**Additional Risk of Futures over Virtual Assets:** All of the above risks associated with the underlying Virtual Assets may be magnified by trading Futures over Virtual Assets given the speculative nature of the underlying asset and the leverage inherent in futures contracts. Moreover, the difficulty of valuing the underlying Virtual Asset poses significant challenges for investors in reliably valuing the associated Future.

**IBKR can force the sale of VA Products or other assets in your accounts.**

The equity of your account must not fall below the maintenance margin required for your open positions. If the equity becomes insufficient to cover maintenance margin IBKR has the right to immediately commence liquidations in your account until it meets margin requirements. IBKR may liquidate your VA Products to satisfy a margin deficit you incurred while trading other products in your account.

For additional information regarding other Complex or Leveraged Exchange-Traded Products in general, please visit the IBHK or IBSG websites.