

## RISK DISCLOSURE – DIGITAL CURRENCIES / DERIVATIVE PRODUCTS

**Prior to making a decision to invest in any digital currency or any derivative over a digital currency, please read the following risk disclosure and ensure you fully understand the risks of investing in these type of products. You will be deemed to have read, understood and acknowledge the risks set out below when you access the Australian Coin Report website.**

- **Investment Risk**

Digital Currencies are:

- a highly speculative investment;
- a relatively new asset and they are not backed by a sovereign government or nation;
- not backed by a physical asset and, with exceptions, have no physical, easily transferable form (like fiat currencies in general);
- entirely dependent on the public's willingness to accept the currency as a medium of exchange, and, unlike the U.S. dollar / other currencies, there is no legal requirement that any provider of goods or services accept Digital Currencies as legal tender; and
- not operating within a formal regulatory framework. The regulatory framework is unsettled and evolving, and technological advances and developments in Digital Currency mining, competing alternatives, and other variables that might affect the market for such Digital Currencies are unpredictable.

- **Volatility**

You must acknowledge and agree that the success of an investment in Digital Currency is dependent in part upon extrinsic economic forces including supply, demand, international monetary conditions, inflation or the expectation of inflation, confidence (or any lack thereof) in the security or technological foundation of the Digital Currency, the emergence of additional alternative currencies, market acceptance, and an evolving and unpredictable regulatory framework. The impact of these forces on the value of Digital Currencies, or any particular Digital Currency, cannot be predicted.

Digital Currency markets can be unpredictability volatile.

- **Liquidity Risk**

You must acknowledge and agree that you may not be able to sell your investment Digital Currency at a time of your choosing due to a lack of buyers. Liquidity risk also involve the eventuality that you be forced your shared at a lower price because of market conditions.

- **Financial Sophistication/Risk Tolerance**

You must ensure that you have the financial flexibility and resources, and the risk tolerance, to lose your entire investment in Digital Currency. You should only invest monies that you can afford to lose.

- **Digital Currency Alternatives, Percentage of Holdings, and Hold Periods**

ACR will not offer any opinion as to which Digital Currencies to purchase, in what amount, and for how long you should hold such Digital Currency.

ACR does not offer any opinion as to what percentage, if any, of your portfolio should be devoted to alternative and highly speculative investments like Digital Currency.



- **No Fiduciary, Broker, or Agency Relationship**

You must understand and acknowledge that ACR does not buy / sell Digital Currencies directly but seeks to provide information to you across a range of digital currencies to give you access to information to enable you to make your own investment decision.

ACR does not receive any form of commission from any Digital Currency issuer or exchange.

You acknowledge and agree that **no fiduciary relationship, broker dealer relationship, principal agent relationship** or other special relationship exists between ACR and you.

- **Past Performance and Forecasts**

You must be careful when considering any historical performance figures for a specific digital currency as past performance is not a reliable indicator of future performance. Especially with such a new asset.

There are no guarantees of any future returns with respect to an investment in a Digital Currency or derivative thereof.

Customer acknowledges and agrees that historical performance is no guarantee of future results.

ACR does not and cannot make any no guarantee or representation that you will make a profit when you liquidates any Digital Currency (or derivative thereof).

Any forecasts or projection information contained within the ACR website should not be considered as advice or a recommendation to investors or potential investors. The forecast information relates to the intent, belief and current expectations of Analysts with respect to the performance of the relevant digital currency or derivative based on historical and projected performance data. Please do not place undue reliance on these forward looking statements. While all due care has been used in the preparation of the forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside of ACR's control.

- **Assumption and Acceptance of the Risk**

You must acknowledge and agree that you assume the full risk of all purchase and sale decisions, and that all such decisions are based on your own research, prudence and judgment. ACR makes no guarantee or representation regarding your ability to profit from any transaction or the tax implications of any transaction.

- **Legality of Holding Digital Currency in Self-Managed Superannuation Fund (SMSF)**

ACR is not a legal or tax professional and does not provide legal or tax advice.

If you are considering investing a Digital Currency within a SMSF, you should contact your accountant, lawyer or tax agent.

- **No Regulatory Protection**

Many digital currencies are not financial products, and Australian digital currency exchanges are not typically subject to capital regulation.

Any services we provide in connection with cryptocurrencies or their exchanges are not subject to the Australian Financial Services Licence regime.

Given digital currencies are not subject to the AFSL regime you will have no access to ASIC-approved dispute resolution schemes to recover any losses you may suffer by relying on any information made available to you on the ACR site.

- **Derivatives over Digital Currencies**

All derivative products contain risks that may not be suitable for all investors. You should only engage in derivative trading if you have a practical understanding of the basic concepts and risks involved in trading derivative products.

Derivatives contain a higher level of risk than other investment options, and therefore are more suitable for experienced investors with a high tolerance for risk and can access cash to meet margin requirements.

If you are an inexperienced investor with a low risk tolerance, you need be very aware of the risks of entering into trades that have the potential for very large and unlimited losses — for example, writing an uncovered Call and Put Option.

The key risks that you need to understand include:

<b>Market Volatility</b>	Due to the volatile nature of derivative pricing there may be times where the market price of your derivative product moves significantly over a very short time. The price of the underlying asset will also impact the price of a derivative product. This volatility may impact the price at which you are able to trade a specific derivative product.
<b>Expiry Date / Time Value</b>	Some derivative products will have a limited life and the value of the product may erode over the life of the derivative and accelerates as the derivative nears expiry. Depending on the type of derivative product you hold, you will need to factor in the erosion of time value when deciding to invest in a specific product.
<b>Leverage / Gearing</b>	Derivatives are typically leveraged products which means that you may lose more than your investment.  Whilst your initial outlay may be relatively small to the total contract size, any market movements will have a larger impact on the value of the derivative product. In practice this means that whilst the leverage enables you to multiply your profits when you invest successfully, it can also mean that your losses will also be multiplied
<b>Unlimited / Substantial Losses</b>	If you write (sell) an uncovered (or naked) Call Option, your potential losses are unlimited if the market moves against your position (as the share price of the underlying can increase exponentially).  If you write (sell) a Put Option whilst your losses are limited (as share prices can't fall below zero), there is still a real risk of incurring substantial losses as markets tend to fall more sharply than they rise.  There are many different types of derivative products and you need to fully understand the structure and how the specific derivative product operates prior to investing.
<b>Margin Calls</b>	You may be required to lodge cash in the form of a margin call. Margin calls are typically made daily and in times of extreme volatility, you may also receive intra-day margin calls. Your liability in relation to written (sold) contracts is not limited to the margin you have paid and you may be required to pay additional monies to meet additional margin calls or settle your contractual obligations.
<b>Illiquid Markets</b>	When the market moves against your position, you may find it difficult to close out an open position due to illiquidity and this may impact the price at which you are able to close out the derivative product.
<b>Access to Markets</b>	Market Operators may suspend trading, impose position limits or exercise limits and terminate derivative contracts and these actions may impact you directly. Please ensure you understand the rules governing the operation of any the market you chose to open a derivative product.
<b>System Disruptions</b>	The ACR website may suffer a temporary disruption to, or failure of the facilities or systems which may restrict your ability to access information on the website for a period of time.  You do not have the ability to recover any opportunity cost losses from ACR as a result of any system disruption.