

Anchor User Agreement

Last Updated: 11/14/2022

This user account agreement (“**User Agreement**”) sets forth the respective rights and obligations between you and Anchor US LLC, a limited liability company formed under the laws of Delaware (“**Anchor**,” “**we**,” or “**us**”). Please read through this User Agreement carefully before registering an account and accessing or using the Services (as defined herein).

BY REGISTERING AN ACCOUNT WITH ANCHOR OR BY ACCESSING OR USING OUR SERVICES, YOU AGREE TO BE LEGALLY BOUND TO THE TERMS AND CONDITIONS CONTAINED IN THIS USER AGREEMENT IN THEIR ENTIRETY, INCLUDING ALL TERMS INCORPORATED BY REFERENCE.

IF YOU DO NOT AGREE TO ANY OF THESE TERMS AND CONDITIONS, INCLUDING THE MANDATORY ARBITRATION PROVISION AND CLASS ACTION WAIVER IN SECTION [17](#), DO NOT REGISTER AN ACCOUNT OR ACCESS OR USE THE SERVICES.

1. Scope of Services

This User Agreement applies to your access to and use of our Services, as described herein. By registering an account with Anchor (an “**Account**”), in accordance with the terms and conditions contained in this User Agreement, you will be able to (i) enter into transactions through Anchor’s mobile application or website(s) (the “**Platform**”) to trade supported cryptocurrencies in exchange for other cryptocurrencies (“**Cryptocurrency Transactions**”); (ii) store cryptocurrency in one or more hosted cryptocurrency wallets (“**Hosted Wallets**”); (iii) deposit or withdraw cryptocurrency into/from Hosted Wallets from/to external wallet addresses; and (iv) track your Cryptocurrency Transactions and Hosted Wallet balance(s) (collectively, the “**Cryptocurrency Services**”).

As outlined in Section [2](#) below, you will also have the option to (i) trade supported cryptocurrencies in exchange for U.S. dollars (“fiat currency”) (“**Fiat Currency Transactions**”); (ii) deposit or withdraw fiat currency; and (iii) track Fiat Currency Transactions and your Account balance (collectively, the “**Fiat Currency Services**”).

(Cryptocurrency Transactions and Fiat Currency Transactions are collectively referred to herein as “**Transactions**,” and the Cryptocurrency Services and Fiat Currency Services are collectively referred to herein as the “**Services**.”)

2. Individual Anchor Account

ANCHOR IS NOT A BANK AND DOES NOT HOLD FIAT CURRENCY ON YOUR BEHALF.

To enter into Fiat Currency Transactions, you understand and acknowledge that you are required to apply for and maintain an individual account with Anchor’s banking and financial services partners (“**Anchor Partners**”).

To open an Account, you must agree to banking and other financial services partner agreements

("Partner Agreements") and provide any Personal Information (as defined in Section 5) we may request from you on behalf of Anchor Partners. In opening an Account, you hereby agree to comply with the terms and conditions of the Partner Agreements, which are incorporated herein by reference.

Anchor is responsible for providing you access to your Account, responding to questions from you regarding your Account, and ensuring that you comply with the terms of the Partner Agreements. You understand and acknowledge that access to your Account is solely through Anchor's mobile application or website and that any questions or concerns you have regarding your Account should be directed to Anchor by emailing support@tryanchor.com. Unless otherwise expressly stated in this Agreement or in the Partner Agreements, Anchor has no authority to act on behalf of, or represent Anchor Partners in any way.

3. Modifications to this User Agreement

We reserve the right to make changes to this User Agreement at any time and at our sole discretion. If we make changes, we will post the amended User Agreement to <https://www.anchorusd.com/> and update the "Last Updated" date above. We may also attempt to notify you by sending an email notice to the address associated with your Account or by providing notice through the Platform. Using a particular form of notice in some instances does not obligate us to use the same form in other instances. Unless we say otherwise in our notice, the amended User Agreement will be effective immediately and will apply to any then current and subsequent uses of the Services, including any pending Transactions. You are responsible for reviewing this User Agreement each time you access or use our Services. Your continued access to and use of your Account and/or the Services after we provide notice will constitute your acceptance of the changes. If you do not agree to any of the amended terms and conditions, you must stop accessing and using the Services and close your Account immediately.

4. Eligibility

4.1 General Requirements

To register for an Account or access or use the Services you must be an individual at least 18 years of age, a citizen or lawful resident of the United States, and have the legal capacity to enter into this User Agreement. In addition, to access or use the Account you must be approved by and in good standing with Anchor Partners, as described in Section 2.

4.2 Restricted States

You may not register an Account or use the Services if you are a resident of any state in which Anchor is not authorized to provide the Services ("Restricted States").

You hereby represent and warrant that you are not a resident of any Restricted State and that you will not register an Account or use the Services even if our methods to prevent you from registering an Account or using the Services are bypassed.

4.3 Restricted Foreign Jurisdictions

You may not register an Account or access or use the Services if you are located in, under the control of,

or a citizen or resident of any state, country, territory or other jurisdiction to which the United States has embargoed goods or services, or where your use of the Services would be illegal or otherwise violate any applicable law of such jurisdiction or of the United States (each such state, country, territory or other jurisdiction, a “**Restricted Jurisdiction**”). We may implement controls to restrict access to the Services from any Restricted Jurisdiction.

You hereby represent and warrant that you are not under the control of, or a citizen or resident of any Restricted Jurisdiction and that you will not access or use any Services while located in or for the benefit of any Restricted Jurisdiction, even if our methods to prevent access to and use of the Services from these jurisdictions are bypassed.

4.4 Restricted Persons and Activity

You hereby represent and warrant that you have not been identified as a Specially Designated National or placed on any sanctions list by the U.S. Treasury Department’s Office of Foreign Assets Control, the U.S. Commerce Department, the U.S. Department of State, or other U.S. federal agency. You further hereby represent and warrant that you will not use our Services to conduct any illegal or illicit activity.

5. Account Registration

5.1 Personal Information

During the Account registration process, you must provide us with information and documentation that we request for the purpose of establishing and verifying your identity (“**Personal Information**”). Personal Information may include your name, email address, residential address, phone number, date of birth, and taxpayer identification number. Personal Information may also include documentation, such as copies of your government-issued photo identification (for example, your passport, driver’s license, or military identification card), account statements, and other documents as we may require. Personal Information will be retained by us for business purposes and in accordance with applicable laws. You agree to provide us accurate, current and complete Personal Information.

5.2 Verification

You hereby authorize us, Anchor Partners, and/or a third-party service provider that we designate, to take any measures that we consider necessary to confirm the Personal Information you provide; verify and authenticate your Personal Information and take any action we deem necessary based on the results. You acknowledge that this process may result in a delay in registering your Account, and that you will not be authorized to access or use the Services until your Account registration has been successfully completed.

6. Account Authorizations

6.1 Authorization to Anchor

You understand and acknowledge that your Account is self-directed, and you hereby appoint Anchor as your agent for the purpose of carrying out your instructions in accordance with this User Agreement. You hereby authorize Anchor to open and close your Account, place and cancel orders to trade cryptocurrency (“**Orders**”), collect and offset any fees or other amounts due to Anchor, and take such other steps as are reasonable to carry out your instructions.

6.2 Authorization to Anchor Partners

BY ENTERING INTO THE BANKING AND OTHER FINANCIAL SERVICES PARTNER AGREEMENTS, YOU HEREBY AUTHORIZE AND INSTRUCT ANCHOR PARTNERS TO ACCEPT ALL INSTRUCTIONS TO TRANSFER FUNDS INTO/FROM YOUR ACCOUNT AT THE SOLE INSTRUCTION OF ANCHOR.

If you are accessing or using Anchor's Services (defined in Section 1), you understand and acknowledge that when you submit an Order through the Platform to purchase cryptocurrency in exchange for fiat currency, you are authorizing and instructing Anchor to direct Anchor Partners to transfer the funds required for the Fiat Currency Transaction from your linked bank or investment account to either: (i) an account held at Anchor Partners in the name of Anchor or Anchor's liquidity provider(s); or (ii) an external financial services account in the name of Anchor's liquidity provider(s).

You further understand and acknowledge that when you submit an Order through the Platform to deposit fiat currency from an external bank or brokerage account to your Account, you are authorizing and instructing Anchor and Anchor Partners to instruct your external bank to accept such instruction to transfer the funds required for the deposit from your external bank account to your Account.

You agree to hold Anchor Partners harmless with respect to Anchor accepting and following your instructions to transfer funds to/from your Account in connection with the Fiat Currency Services.

You understand and acknowledge that cryptocurrencies in your Account are not held with Anchor Partners and that Anchor Partners are not involved in the purchase, sale, execution, custody, or trading of cryptocurrencies; and Anchor Partners only take instructions regarding transferring funds as described in this User Agreement.

6.3 Information Sharing with Anchor Partners

By entering into the Partner Agreements, you thereby authorize and instruct Anchor to provide Anchor Partners any of your Personal Information collected and maintained in connection with your Account, and to continue sharing such information, and any revisions or additions thereto, with Anchor Partners on an ongoing basis until your Account is either closed or terminated in accordance with this User Agreement and/or the Partner Agreements.

7. Account Management

7.1 Account Access

During the Account registration process, you will be required to establish a username and password. In addition, you may be authorized or required to use multi-factor authentication, (collectively, "**Login Credentials**"). You may only access your Account using your Login Credentials, or as may be authorized or required by us. From time to time, we may require you to change your Login Credentials and re-verify your Personal Information at our discretion and as a condition to your continued access to and use of your Account and the Services.

You hereby represent and warrant that you will not share your Login Credentials with any third-party (including individuals) or permit any third-party to gain access to your Account; and you hereby assume

responsibility for any instructions, orders, or actions provided or taken by anyone who has accessed your Account using your Login Credentials regardless of whether the access was authorized or unauthorized.

Only individuals over the age of eighteen that have successfully registered an Account (“**Users**”) are authorized to access and use the Services.

7.2 Account Maintenance

You are required to maintain the information associated with your Account (“**Account Profile**”). You agree to update your Account Profile immediately upon any changes to Personal Information that you previously provided. YOU UNDERSTAND THAT A CHANGE IN YOUR STATE OF RESIDENCE MAY IMPACT YOUR ELIGIBILITY TO ACCESS AND USE THE SERVICES, AND HEREBY AGREE TO NOTIFY US IN ADVANCE OF ANY CHANGE IN YOUR STATE OF RESIDENCE.

As part of our legal compliance program (“**AML Program**”), we will monitor your Account and your use of the Services, and review your Personal Information on an ongoing basis, as may be required by law and/or pursuant to our internal policies and procedures. At any time, we may require you to provide us with additional Personal Information as a condition to your continued access to and use of your Account and the Services. During such time, your access to and use of your Account and the Services may be temporarily restricted.

7.3 Account Security

You are solely responsible for managing and maintaining the security of your Login Credentials and any other forms of authentication, and you understand and acknowledge that we are not responsible (and you will not hold us responsible) for any unauthorized access to and or use of your Login Credentials and/or Account (“**Unauthorized Access**”).

You agree to maintain the security of your Login Credentials by selecting a unique password that you do not use for other websites, by periodically updating your Login Credentials, utilizing a strong and unique password, and by keeping your Login Credentials and other forms of authentication confidential and separate from each other.

7.4 Unauthorized Account Activity

You are solely responsible for monitoring your Account for unauthorized or suspicious instructions, orders, actions, or transactions (“**Unauthorized Activity**”), and agree that neither we nor Anchor Partners are responsible (and you will not hold us responsible) for any Unauthorized Activity.

You agree to protect your Account from Unauthorized Activity by (i) reviewing, on an ongoing basis, your transaction history and your Account Profile; (ii) reviewing, immediately upon receipt, any transaction receipts, confirmations and notices we provide through the Platform, post to your Account or send to your email address associated with your Account; and (iii) verifying that you receive a confirmation from us that an Order or instruction you provide is received, executed or canceled, as applicable, and (iv) in the event of not having received any such confirmation, notifying us within 72 hours of such Order or instruction.

7.5 Potentially Fraudulent Activity

Any actual or suspected Unauthorized Access and/or Unauthorized Activity detected by Anchor will be treated as potentially fraudulent (“**Potentially Fraudulent Activity**”). You agree to notify us as soon as possible, and definitely not more than 24 hours, if you become aware of or suspect any Potentially Fraudulent Activity, by emailing support@tryanchor.com. For avoidance of doubt, you are deemed to be aware of Potentially Fraudulent Activity upon receipt of any notice of the occurrence of such activity. Upon receipt of written notice from you of any Potentially Fraudulent Activity, we will take reasonable steps to protect your Account, including, for example, by temporarily restricting access to your Account, suspending any pending Transactions, suspending any pending withdrawals, and/or requiring you to change your Login Credentials.

You agree to promptly report any Potentially Fraudulent Activity to legal authorities and provide us a copy of any report prepared by such legal authorities. In the event of an investigation of any Potentially Fraudulent Activity, you further agree to (i) cooperate fully with the legal authorities and Anchor in such investigation; (ii) complete any required affidavits promptly, accurately and thoroughly; and (iii) allow Anchor, or any third-party designated by us, access to your mobile device, computer, and network as may be relevant to such investigation. You understand and acknowledge that any failure to cooperate in any such investigation may cause delays in regaining access to your Account, any fiat currencies held by an Anchor Partner, and any cryptocurrency held in your Hosted Wallet(s).

8. Account Closure

8.1 Account Closure

You may close your Account at any time and for any reason unless Anchor believes, at our sole discretion, that such closure is being performed in an effort to evade an investigation. Closing an Account will not affect any rights or obligations incurred prior to the date of closure in accordance with this User Agreement. Prior to closing your Account, you must withdraw any fiat currency and/or cryptocurrency balance(s) maintained in your Account and Hosted Wallet(s) (respectively), the proceeds of which, net of applicable transaction fees, shall be transferred to your external bank account and/or cryptocurrency address(es) designated by you, as applicable.

You understand and acknowledge that you are solely responsible for any fees, costs, expenses, charges or obligations (collectively, “**Costs**”) associated with the closing of your Account. In the event any incurred Costs exceed the value of your Account, you understand and acknowledge that you are responsible for reimbursing Anchor the value of such Costs and that you will remain liable to Anchor for all obligations incurred related to your Account, pursuant to this User Agreement, or otherwise, whether arising before or after the closure of your Account or the termination of this User Agreement.

8.2 Account Suspension or Termination

By using the Services, you understand and acknowledge that we have the right to immediately suspend or terminate your Account and freeze any cryptocurrency balance(s) in your Hosted Wallet(s) and fiat currencies held by Anchor Partners without prior notice if (i) we suspect, at our sole discretion, you to be in violation of any provision of this User Agreement, our AML Program, or any applicable laws or

regulations; (ii) we are required to do so by law or by any regulatory authority, court order, facially valid subpoena, or binding order of a government authority; (iii) we suspect any suspicious or Unauthorized Activity or any actual or attempted unauthorized access to your Account or Login Credentials; or (iv) the Account has not been accessed in two years or more.

If your Account has been suspended or terminated, you will be notified when you attempt to access the Services. We may, at our sole discretion and as permitted by law, provide written notice that your Account has been suspended or terminated.

Unless prohibited by law, upon termination of your Account, we may, at our sole discretion, liquidate any remaining cryptocurrency balance(s) in your Hosted Wallet(s) and any fiat currencies held at an Anchor Partner and return any proceeds, less any Costs, to your bank account. In the event your Account is terminated, you hereby authorize Anchor to sell any such remaining cryptocurrency balance(s) in your Hosted Wallet(s) at the prevailing market price(s) and transfer the proceeds and your fiat currencies held by Anchor Partners to your external bank account, less any Costs associated with such sale(s), the Account, or its termination.

9. Cryptocurrencies

9.1 Definition

As used herein, “**cryptocurrency**” (also referred to as “virtual currency,” “digital currency,” “digital asset,” and “digital commodity”) means a digital representation of value which is based on a cryptographic protocol that can be digitally traded and functions as: (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store of value, but does not have legal tender status and is not issued or guaranteed by any government. Cryptocurrency is distinguished from “fiat currency” (such as U.S. dollars), which is the coin and paper money of a country that is designated as its legal tender. For more information, please refer to the *FATF Report, Virtual Currencies, Key Definitions and Potential AML/CFT Risks*, FINANCIAL ACTION TASK FORCE (June 2014), available [here](#).

9.1 Supported Cryptocurrencies

A list of cryptocurrencies supported by Anchor is available on our mobile application. Anchor may delist a cryptocurrency, at any time and for any reason at our sole discretion, including due to changes in a given cryptocurrency’s characteristics, lack of trading volume or available liquidity, or due to a change in the cryptocurrency’s regulatory classification.

9.2 Network Control

Anchor does not own or control any of the underlying software through which blockchain networks are formed and cryptocurrencies are created and transacted. In general, the underlying software for blockchain networks tends to be open source such that anyone can use, copy, modify, and distribute such software. By using the Services, you understand and acknowledge that Anchor is not responsible for operation of the underlying software and networks that support cryptocurrencies, and that Anchor makes no guarantee of functionality, security, or availability of such software and networks.

9.3 Forks

The underlying blockchain network protocols are subject to sudden changes in operating rules, and third-parties may from time to time create a copy of a cryptocurrency network and implement changes in operating rules or other features (“**Forks**”) that may result in more than one version of a network (each, a “**Forked Network**”) and more than one version of a cryptocurrency (“**Forked Assets**”).

You understand and acknowledge that the creation of Forked Networks and the available supply of any Forked Assets are wholly outside of the control of Anchor, and you further acknowledge that our ability to deliver Forked Assets resulting from a Forked Network likely depend on third-parties that are outside of our control. You understand and acknowledge that Forks may materially affect the value, function, and/or even the name of the cryptocurrencies you store in your Hosted Wallet(s). In the event of a Fork, you understand and acknowledge that Anchor may temporarily suspend the Services (with or without advance notice to you) while we determine, at our sole discretion, which Forked Network(s) to support.

YOU ACKNOWLEDGE AND HEREBY AGREE THAT ANCHOR MAY DETERMINE, IN OUR SOLE DISCRETION, NOT TO SUPPORT A FORKED NETWORK AND THAT YOU HAVE NO RIGHT, CLAIM, OR OTHER PRIVILEGE TO FORKED ASSETS ON SUCH UNSUPPORTED FORKED NETWORK. YOU HEREBY FURTHER AGREE THAT ANCHOR MAY, IN OUR SOLE DISCRETION, DETERMINE THE APPROACH TO SUCH FORKED ASSETS, WHICH MAY INCLUDE ABANDONING OR OTHERWISE ELECTING NOT TO SUPPORT SUCH FORKED ASSETS AS PART OF THE SERVICES. YOU UNDERSTAND AND HEREBY ACKNOWLEDGE THAT ANCHOR IS UNLIKELY TO SUPPORT MOST FORKED NETWORKS AND THAT MOST FORKED ASSETS WILL LIKELY NOT BE MADE AVAILABLE TO YOU.

9.4 Risks of Cryptocurrency Trading

There are several risks associated with cryptocurrencies and cryptocurrency trading. By accessing and using the Services, you hereby represent and warrant that you have read our [Cryptocurrency Risk Disclosure](#), which is incorporated by reference.

10. Transactions

10.1 Order Types

Orders to execute Transactions may be placed as either a market order (“**Market Order**”) or a limit order (“**Limit Order**”), as described below.

10.1.1 Market Orders

Anchor accepts Market Orders to purchase or sell cryptocurrency based on the open market price at the time the Market Order is executed; and, in the case of Market Orders to sell cryptocurrency, for up to the entire volume of your holdings of any cryptocurrency. Market Orders are filled within a reasonable time of the Market Order being placed, based on the prevailing market price at the time the Market Order is filled. You understand and acknowledge that the price at which your Market Order is filled may vary from the price displayed at the time your Market Order is placed, and you further understand and acknowledge that Anchor may, at its sole discretion, cancel any Market Order to purchase cryptocurrency if the prevailing market price increases substantially, as determined solely by Anchor, from the time the Market Order was placed. You further understand and acknowledge that Anchor may, at its sole discretion, cancel any Market Order that is unable to be filled within a reasonable time of the Market

Order being placed. Anchor will send you a notification upon the occurrence of a cancellation of any Market Order.

10.1.2 Limit Orders

Anchor accepts Limit Orders to purchase cryptocurrency and Limit Orders to sell cryptocurrency based on a price you specify as expressed in U.S. dollars. Limit Orders are filled if the prevailing market price is equal to or better than your specified Limit Order price. You understand and acknowledge that any Limit Order you place will remain valid until (i) it is executed; (ii) it is canceled by you; or (iii) it remains unfilled after the time period specified by you at the time the Limit Order was placed.

10.2 Order Placement

Orders are placed on the Platform through your Account, which can only be accessed using your Login Credentials. You understand that all Orders to purchase or sell cryptocurrency will be executed in reliance on your promise that an actual purchase or sale is intended, and that Anchor requires full payment in cleared funds before the time an Order is filled. You further understand and acknowledge that you are not permitted to place an Order to purchase cryptocurrency unless you have enough funds available in your Account, and that you are not permitted to place an Order to sell cryptocurrency unless you have enough cryptocurrency available in your Account to satisfy the sell order.

You understand and acknowledge that Anchor does not guarantee that any Order you place will be filled, and you further understand and acknowledge that Anchor reserves the right to cancel any Order or part of an Order, if such Order (i) was placed during a scheduled or unscheduled downtime of Anchor or Anchor Partners; (ii) violates the terms of this User Agreement; or (iii) is non-marketable.

10.3 Source of Funds; Destination of Proceeds

You understand and acknowledge that you are not allowed to use funds that are not owned by you to engage in Transactions, and that you are not authorized to engage in Transactions on behalf of any third-party. You hereby represent and warrant that all funds used by you to engage in Transactions (presently and in the future) are owned by you and are not the direct or indirect proceeds of any criminal or fraudulent activity.

10.4 Transaction Limits

You understand and acknowledge that your use of the Services is subject to a limit on volume (measured by value in USD terms) that you may transact in a given time period. Such limits may vary, at our sole discretion, depending on a variety of factors, and we may apply higher limits to certain Users at our sole discretion.

10.5 Transaction Record

When your Order is filled, Anchor will send you confirmation (“**Confirmation**”) through the Platform or to the email address you associated with your Account.

A record of your Transactions (“**Transaction History**”) is available through your Account on the Platform.

Transaction History that is older than that available on the Platform may be requested by emailing support@tryanchor.com.

Anchor maintains records of all Transactions for a period of seven years or as otherwise required by law.

10.6 Right to Offset

If you fail to provide sufficient funds before the time an Order is filled, Anchor reserves the right, in our sole discretion, to cancel or fill such Order in whole or in part. You understand and acknowledge that if a failure to provide sufficient funds results in an amount due and owing by you to Anchor (a “**Negative Balance**”), you expressly grant Anchor the right to (i) charge a reasonable rate of interest on any such Negative Balance, subject to applicable law; (ii) offset any such Negative Balance, including any accrued interest and consequential losses, by liquidating any cryptocurrency holdings in your Account and fiat currency holdings at Anchor Partners and transferring the proceeds, up to the value of such Negative Balance, to Anchor.

10.7 Cancellations

Orders may not be canceled after they are filled. You understand and acknowledge that it is your responsibility to promptly request that Anchor cancel in advance any Limit Order or Market Order that you do not want to be filled. You further understand and acknowledge that you may not be able to cancel a Limit Order or Market Order prior to its filling, and that Anchor shall not be liable to you for the completion of such order after you have submitted a cancellation request.

10.8 Errors

You are solely responsible for reviewing your Confirmations and for monitoring your Transaction History for any errors (or any Potentially Fraudulent Activity, as outlined in Section 7.5). You understand and acknowledge that if you have not received a Confirmation or an Order cancellation notice, you are responsible for notifying us via email at support@tryanchor.com within 72 hours of placing the Order. You further understand and acknowledge that you are solely responsible for reviewing your Confirmations and Transaction History for accuracy and for notifying us of any suspected errors via email at support@tryanchor.com within 72 hours of the time any such Confirmation was sent. You hereby waive your right to dispute any Cryptocurrency Transaction unless you notify us of any objections within 72 hours of the time in which the applicable Confirmation was sent.

You understand and acknowledge that Anchor reserves the right, but has no obligation, to declare null and void a Cryptocurrency Transaction that Anchor considers to be erroneous (each, an “**Erroneous Transaction**”). You understand and acknowledge that you are responsible for ensuring that the appropriate Order type is submitted when you place an Order to purchase or sell cryptocurrency with Anchor, and that a simple assertion by you that a mistake was made in entering an Order shall not be sufficient to establish it as an Erroneous Transaction. You further understand and acknowledge that if Anchor determines that a given fiat currency or Cryptocurrency Transaction is an Erroneous Transaction, Anchor may, at our sole discretion, declare it null and void, in whole and in part, even if you do not agree to cancel or modify it, in which case you shall return the cryptocurrency or funds received in the Erroneous Transaction.

10.9 Transaction Refund Policy

All transactions are final and irreversible. Anchor does not accept any returns or provide refunds in connection with any transactions unless required by applicable law. Anchor will not be liable for any losses you sustain arising from a purchase or sale of cryptocurrencies using Anchor's services for any reason.

10.10 Downtime

Anchor and Anchor Partners use commercially reasonable efforts to provide the Services in a reliable and secure manner. From time to time, interruptions, errors, delays, or other deficiencies in providing the Services may occur due to a variety of factors, some of which are outside of Anchor's control, and some which may require or result in scheduled maintenance or unscheduled downtime of the Platform or the Services (collectively, "**Downtime**").

You understand and acknowledge that part or all of the Platform or Services may be unavailable during any such period of Downtime, and you acknowledge that Anchor is not liable or responsible to you for any inconvenience or losses to you as a result of Downtime. Following Downtime, you further understand and acknowledge that the prevailing market prices of cryptocurrency may differ significantly from the prices prior to such Downtime.

11. Hosted Wallets

Cryptocurrencies that you deposit and/or obtain from Transactions shall be stored as part of the Services in one or more omnibus Hosted Wallets. Anchor shall track the balance and ownership of cryptocurrencies purchased through the Services and stored in Hosted Wallets, and you understand that you can view the balance of cryptocurrencies and fiat currencies held at Anchor Partners in your Account through the Platform.

12. General Terms of Service

12.1 Fees

Fees are listed on the Platform. We reserve the right to make changes to our fees at any time and at our sole discretion. If we make changes, we will post the amended fees on the Platform. You are responsible for reviewing applicable fees each time you access or use our Services. Your continued access to and use of your Account and/or the Services after an amended fee has been posted will constitute your acceptance of the amended fee structure.

12.2 Self-Directed Account

You understand and acknowledge that your Account is self-directed, you are solely responsible for any and all Orders placed through your Account, and all Orders entered by you are unsolicited and based on your own investment decisions. You understand and acknowledge that you have not received and do not expect to receive any investment advice from Anchor or any its affiliates or Anchor Partners in connection with your Orders. Notwithstanding anything in this User Agreement, you understand and acknowledge that Anchor accepts no responsibility whatsoever for, and shall in no circumstances be liable to you in connection with, your decisions. You further understand and acknowledge that under no circumstances

will your use of the Services be deemed to create a relationship that includes the provision or tendering of investment advice. You acknowledge that neither Anchor, nor any of our affiliates, nor any of our or our affiliates' employees, agents, principals, or representatives, nor Anchor Partners (i) provide investment advice in connection with this Account, (ii) recommend any cryptocurrencies, Transactions, or Orders, or (iii) solicit Orders. To the extent research materials or similar information are available through the Platform, you hereby understand and acknowledge that these materials are intended for informational and educational purposes only and do not constitute a recommendation by Anchor to enter into or refrain from any Transactions or to engage in any particular investment strategies.

12.3 Communications

You understand and acknowledge that all notices and communication with you will be through the Platform, your Account, or via an email sent by Anchor to the email address associated with your Account. To ensure that you receive all of our communications, you agree to keep your email address up-to-date and immediately notify us if there are any changes. Delivery of any communication to the email address associated with your Account is considered a valid communication to you. If any email communication is returned as undeliverable, we retain the right to block access to your Account until you verify your identity and provide and confirm a new and valid email address.

12.4 Taxes

You understand and acknowledge that Anchor does not provide tax or legal advice. You further understand and acknowledge that Anchor will report Transactions and the proceeds from cryptocurrency sales to the Internal Revenue Service to the extent and manner in which so required by law.

Under penalties of perjury, you hereby certify that the taxpayer identification number that you have provided or will provide to Anchor in connection with your Account is your correct taxpayer identification number.

13. Privacy Policy

Please refer to our Privacy Policy at <https://tryanchor.com> for information about how we collect, use and disclose information about you.

14. Remedies for Breach

In the event that you or your officers, managers, partners, directors, affiliates, employees, independent agents or contractors (collectively, your "Agents") breach any of your representations, warranties, agreements or covenants set forth in this User Agreement or the Partner Agreements, or otherwise fail to comply with the requirements of this User Agreement, Partner Agreements, any policies of Anchor or Anchor Partners, including without limitation, by giving Anchor or Anchor Partners inaccurate or incomplete information for any reason, Anchor will have the right to suspend and/or terminate your Account (as outlined in Section [8.2](#)). You hereby acknowledge that you shall be liable for all damages and other injuries suffered by Anchor and Anchor Partners and their Affiliates resulting from any such breach by you or your Agents. Further, in the event of such breach, Anchor will have the rights of a secured creditor under all applicable laws with respect to your Account, including funds held at an Anchor

Partner, and can recover all damages incurred by Anchor and its Affiliates by liquidating any or all of the cryptocurrencies held in your Hosted Wallet(s) and fiat currency held by an Anchor Partner. You hereby acknowledge that Anchor has sole discretion over any actions, if any, we take to respond to such breach and that we may take such actions without prior notice to you. If a breach by you or your Agents involves participation by other parties with Accounts at Anchor, you and such parties will be jointly and severally liable for all resulting damages to Anchor and its Affiliates.

You hereby acknowledge and agree that the enumeration in this User Agreement of specific remedies shall not limit Anchor's right to seek and receive other remedies that may be available at law or in equity. Any delay or failure by Anchor to exercise any right, power, remedy or privilege herein contained, or now or hereafter existing under any applicable statute or law (collectively, "**Legal Rights**") shall not be construed to be a waiver of such Legal Rights, nor to limit the exercise of such Legal Rights, nor shall it preclude the further exercise thereof or the exercise of any other right, power, remedy or privilege.

15. Indemnification

15.1 Indemnification by You

In addition to any other obligations you may have under other provisions of this User Agreement, you hereby agree to indemnify, defend and hold harmless Anchor, its Affiliates and all of their officers, directors, managers, partners, employees, independent contractors, or agents, or Anchor Partners (collectively, the "**Anchor Indemnified Persons**") from and against all claims, demands, proceedings, suits and actions and all liabilities, losses, expenses, costs (including legal and accounting fees and expenses), damages, penalties, fines, taxes or amounts due of any kind arising out of, in connection with or relating to (i) the failure of you or your Agents, for any reason, fraudulent or otherwise, to perform or comply with any obligation, agreement or covenant under this User Agreement, the Services, your use of the Services, the Platform, or any other services provided in connection with your Account; (ii) a breach by you or your Agents of any representation or warranty made by you under this User Agreement or your provision of any inaccurate or incomplete information to any of the Anchor Indemnified Parties for any reason; (iii) any negligent, dishonest, fraudulent, or criminal act or omission by your or any of your Agents; and (iv) any failure by you or your Agents to comply with any laws, rules or regulations applicable to you or them. Notwithstanding the foregoing, any Anchor Indemnified Person shall not be entitled under this paragraph to receive indemnification for that portion, if any, of any liabilities and costs which are solely caused by its own individual gross negligence, willful misconduct or fraud, as determined by arbitration in accordance with Section [17](#) below.

15.2 Indemnification Procedures

Upon receipt by any Anchor Indemnified Person(s) of the commencement of any action for which such Anchor Indemnified Person(s) should be indemnified pursuant to this Section 15, the Anchor Indemnified Person(s) will timely notify you; *provided, however*, that no delay on the part of the Anchor Indemnified Person(s) in notifying you shall relieve you from any obligation hereunder unless (and then solely to the extent) you thereby are prejudiced by such delay. Further, the failure to timely notify you will not relieve you from any liability that you may have to any Anchor Indemnified Person(s) otherwise than under this Section 15. In any such action brought against any Anchor Indemnified Person(s), you will be entitled to

participate in and, to the extent that you may wish, to assume the defense thereof, subject to the provisions herein stated, with counsel deemed satisfactory by such Anchor Indemnified Person(s). After notice from you to such Anchor Indemnified Person(s) of your election to assume the defense thereof, you will not be liable to such Anchor Indemnified Person(s) under this Section 15 for any legal or other expense subsequently incurred by such Anchor Indemnified Person(s) in connection with the defense thereof other than reasonable costs of investigation or in the case of an actual or potential conflict of interest between you and any Anchor Indemnified Person(s) that is identified in writing by the Anchor Indemnified Person(s)'s counsel. You shall keep the Anchor Indemnified Person(s) informed of the status of the defense of such claims, and you will not agree to any settlement without consent of the Anchor Indemnified Person(s), which consent will not be unreasonably withheld. In the event that you are actively providing the defense counsel pursuant to this Section 15 (which requires that such counsel be pre-approved by the Anchor Indemnified Person), the Anchor Indemnified Person(s) shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not, other than in the case of an actual or potential conflict of interest between you and Anchor Indemnified Person(s), be at your expense. In the event that the Anchor Indemnified Person(s) reasonably believes that you are not adequately defending a claim, the Anchor Indemnified Person(s) will have the right to assume the defense of such claims at your sole expense. You will not settle any action unless such settlement completely and finally releases the Anchor Indemnified Person(s) from any and all liability and otherwise is acceptable to the Anchor Indemnified Person(s). Except with prior written consent of the Anchor Indemnified Person(s), you may not confess any claim or make any compromise in any case in which you may be required to provide indemnification.

16. Limitation of Liability

YOUR ACCOUNT AT ANCHOR, THE SERVICES, YOUR USE OF THE ACCOUNT, THE PLATFORM, AND ANY OTHER SERVICES PROVIDED TO YOU IN CONNECTION THEREWITH ARE PROVIDED BY ANCHOR AND ITS AFFILIATES AND ANY OTHER SERVICE PROVIDERS ON AN "AS IS" AND "AS AVAILABLE" BASIS AND WITHOUT WARRANTY OF ANY KIND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. ANCHOR DISCLAIMS ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THERE IS NO WARRANTY THAT ANY OF THE SERVICES OR THE PLATFORM, OR ANY DATA OR OTHER INFORMATION PROVIDED TO YOU BY ANCHOR OR ITS AFFILIATES OR ANCHOR PARTNERS OR THROUGH THE PLATFORM WILL FULFILL ANY PARTICULAR PURPOSES OR NEEDS. THERE IS NO WARRANTY THAT THE SERVICES PROVIDED HEREUNDER, OR VIA THE PLATFORM, WILL BE ERROR FREE, UNINTERRUPTED, TIMELY, RELIABLE, COMPLETE OR ACCURATE.

None of Anchor, its Affiliates nor any of their officers, directors, managers, partners, employees or independent agents or contractors or Anchor Partners will be liable to you or any of your Affiliates for any losses, expenses (including legal fees and costs), liabilities, damages, costs, demands, obligations, penalties, charges, causes of action, claims, fines, taxes or amounts due of any kind (both known and unknown, absolute or contingent, liquidated or unliquidated, direct or indirect, payable now or payable in the future, accrued or not accrued) (collectively, "**Losses**") arising out of, related to or resulting from your Account, the Services or your use of the Services, including without limitation any trading or other activities conducted in the Account, the Platform or your use of the Platform, including without limitation, your sending Orders for the purchase and sale of cryptocurrencies and fiat currency to Anchor

and directing the transfer of funds to and from Anchor, and the storage of your cryptocurrencies and fiat currency, except to the extent and only to the extent that your Losses are actual and have been finally determined by a court of competent jurisdiction or arbitration panel to have resulted solely from the gross negligence, intentional misconduct or fraud of Anchor, its Affiliates or any of their officers, directors, managers, partners, employees or independent agents or contractors. You will not be held liable for such actual Losses that have been finally determined to have resulted solely from the gross negligence, intentional misconduct or fraud of Anchor, its Affiliates or any of their officers, directors, managers, partners, employees or independent agents or contractors. Further, none of Anchor, its Affiliates or any of their officers, directors, managers, partners, employees or agents or Anchor Partners will have responsibility for Losses or have any other liability to you (i) arising out of or resulting from any actions or inactions or performance of services by any third party or actions of other participants in the markets with respect to your Account or the activities conducted through your Account or (ii) arising out of or resulting from system failures, outages, unauthorized access to the Account, conversion of property, errors of any kind, government actions, force majeure events, trading suspensions, or any other causes over which Anchor does not have direct control. Further, none of Anchor, its Affiliates or any of their officers, directors, managers, partners, employees or agents or Anchor Partners shall be liable for any Losses that are not direct damages, including without limitation, indirect, special, incidental, punitive, consequential or exemplary damages, which includes trading losses, lost profits and other lost business opportunities relating to the Account, the Services and your use of the Services, the Platform and your use of the Platform, including without limitation for sending Orders for Transactions to Anchor, directing the transfer of funds to Anchor and the storage of your cryptocurrencies and fiat currency.

17. Dispute Resolution

17.1 Mandatory Arbitration.

In the event of a dispute between the parties, such dispute shall be settled by arbitration before one arbitrator sitting in San Francisco, California unless the amount in dispute exceeds \$1,000,000, in which case the arbitration shall be before three independent arbitrators sitting in San Francisco, California.

17.2 Arbitration Disclosure.

ARBITRATION IS FINAL AND BINDING ON THE PARTIES.

THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL; PROVIDED, HOWEVER, THAT THE PARTIES RESERVE THE RIGHT TO SEEK PURELY INTERIM OR INJUNCTIVE RELIEF IN A COURT OF COMPETENT JURISDICTION AS SET FORTH BELOW.

PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS.

THE ARBITRATOR OR ARBITRATION PANEL SHALL ISSUE A REASONED AWARD.

17.3 ARBITRATION AGREEMENT.

EACH PARTY AGREES TO ADVISE THE OTHER PARTY PROMPTLY IN THE EVENT A DISPUTE ARISES BETWEEN THEM (OR ANY OF THEIR AFFILIATES, IT BEING UNDERSTOOD THAT AFFILIATES ARE BOUND BY THIS USER AGREEMENT). THE PARTIES AGREE TO ATTEMPT TO RESOLVE ANY SUCH DISPUTE INFORMALLY BEFORE

FILING A FORMAL ACTION. IF A DISPUTE CANNOT BE RESOLVED INFORMALLY WITHIN THIRTY (30) DAYS, AND MEDIATION (DESCRIBED BELOW) FAILS TO RESOLVE THE DISPUTE, EITHER PARTY MAY FILE AN ARBITRATION DEMAND. NOTWITHSTANDING THE FOREGOING, EITHER PARTY MAY FILE AN ARBITRATION DEMAND PRIOR TO SUCH TIME TO COMPLY WITH ANY STATUTE OF LIMITATION OR TIMING REQUIREMENTS TO PRESERVE ITS CLAIMS.

ANY CONTROVERSY, DEMAND, CAUSE OF ACTION, WHETHER IN TORT, CONTRACT, BY STATUTE OR OTHERWISE, BETWEEN YOU AND ANCHOR (OR ITS AFFILIATES) INCLUDING THOSE ARISING OUT OF OR RELATING TO THIS USER AGREEMENT, THE ACCOUNT, ANY ACTIVITIES IN THE ACCOUNT, INCLUDING WITHOUT LIMITATION, ANY USE OF THE SERVICES, USE OF THE PLATFORM, THIRD PARTY SERVICES, SENDING ORDERS FOR THE PURCHASE OR SALE OR USE OF CRYPTOCURRENCIES AND FIAT CURRENCIES, AND THE STORAGE OF YOUR CRYPTOCURRENCIES, SHALL BE EXCLUSIVELY, FULLY AND FINALLY RESOLVED BY BINDING ARBITRATION PURSUANT TO THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (INCLUDING THE EXPEDITED PROCEDURES FOR SUCH RULES IF THE MATTER IS ARBITRATED BY A SINGLE ARBITRATOR). THE ARBITRATION WILL BE HELD IN SAN FRANCISCO, CALIFORNIA, UNLESS SUCH LOCATION IS NOT CONVENIENT, THE ARBITRATION WILL BE HELD IN THE COUNTY OF YOUR RESIDENCE. IF THE PARTIES MUTUALLY AGREE, THE ARBITRATION MAY BE HELD ONLINE AND VIA VIDEOCONFERENCE ARBITRATION MUST BE COMMENCED BY SERVICE UPON THE OTHER PARTY OF A WRITTEN DEMAND FOR ARBITRATION OR A WRITTEN NOTICE OF INTENTION TO ARBITRATE. THE MATTER SHALL BE DECIDED BY ONE INDEPENDENT ARBITRATOR, UNLESS THE AMOUNT IN DISPUTE IS IN EXCESS OF \$1,000,000, THEN THE ARBITRATION SHALL BE DECIDED BY A PANEL OF THREE INDEPENDENT ARBITRATORS, ONE CHOSEN BY ANCHOR, ONE CHOSEN BY YOU AND THE THIRD CHOSEN BY THE FIRST TWO ARBITRATORS. THE ARBITRATOR(S) SHALL HAVE INDUSTRY-RELATED EXPERIENCE. THE ARBITRATOR(S) SHALL APPLY THE SUBSTANTIVE LAW OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS PRINCIPLES THAT MAY APPLY. THE ARBITRATION ITSELF SHALL BE GOVERNED BY FEDERAL ARBITRATION ACT 9 USC §1 *ET SEQ.* AND JUDGMENT UPON THE AWARD MAY BE ENTERED BY ANY COURT HAVING COMPETENT JURISDICTION. THE ARBITRATOR OR PANEL SHALL ISSUE A REASONED AWARD. ANCHOR SHALL BE RESPONSIBLE FOR THE COSTS OF THE ARBITRATION AND EACH PARTY WILL BEAR ITS OWN LEGAL FEES AND COSTS. NOTWITHSTANDING THE FOREGOING, THE ARBITRATORS SHALL BE SPECIFICALLY AUTHORIZED TO AWARD LEGAL FEES AND COSTS OF ARBITRATION TO THE PREVAILING PARTY. THE DUTY TO ARBITRATE DESCRIBED HEREIN SHALL SURVIVE THE TERMINATION OF THIS USER AGREEMENT. THE PARTIES HEREBY WAIVE TRIAL IN A COURT OF LAW OR BY JURY.

ALL ARBITRATION CLAIMS WILL BE BROUGHT ON AN INDIVIDUAL BASIS AND YOU WAIVE ANY RIGHTS YOU HAVE TO PARTICIPATE IN A CLASS ACTION RELATING TO ANY MATTERS DESCRIBED IN THIS DISPUTE RESOLUTION SECTION.

ANY DISPUTE REQUIRING INJUNCTIVE OR OTHER EMERGENCY EQUITABLE RELIEF MAY BE BROUGHT DIRECTLY TO A COURT OF COMPETENT JURISDICTION. THE PARTIES SUBMIT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE OR FEDERAL COURT LOCATED IN SAN FRANCISCO, CALIFORNIA FOR ANY SUIT SEEKING INTERIM OR INJUNCTIVE RELIEF OR TO CONFIRM AND EXECUTE UPON THE AWARD. YOU HEREBY AGREE TO SUCH EXCLUSIVE JURISDICTION AND VENUE AND WAIVE ANY RIGHTS YOU MAY HAVE TO CLAIM THAT THE FORUM IS NOT CONVENIENT AND OTHER CLAIMS TO INVALIDATE SUCH JURISDICTION.

BEFORE COMMENCING AN ACTION IN ARBITRATION, THE PARTIES SHALL PROMPTLY SUBMIT ANY DISPUTE THAT THEY HAVE FAILED TO PROMPTLY RESOLVE TO MEDIATION BEFORE JAMS IN SAN FRANCISCO, CALIFORNIA OR AT A LOCATION AGREED TO BY THE PARTIES, THE PARTIES SHALL JOINTLY SELECT THE MEDIATOR, OR IF THE PARTIES ARE UNABLE TO AGREE UPON A MEDIATOR, THEN THE DISPUTE SHALL BE SUBMITTED TO NON-BINDING MEDIATION BEFORE JAMS. IF THE PARTIES ARE UNABLE TO ACHIEVE A MUTUALLY AGREEABLE RESOLUTION OF THE DISPUTE THROUGH MEDIATION WITHIN 60 DAYS AFTER COMMENCEMENT OF MEDIATION PROCEEDINGS, THE PARTIES HEREBY AGREE TO SUBMIT THEIR DISPUTE TO BINDING ARBITRATION DESCRIBED ABOVE. NOTWITHSTANDING THE FOREGOING, EITHER PARTY MAY FILE AN ARBITRATION DEMAND AT ANY TIME TO COMPLY WITH ANY STATUTE OF LIMITATION OR TIMING REQUIREMENTS TO PRESERVE ITS CLAIMS.

18. Governing Law and Venue

You hereby agree that this User Agreement and your access to and use of the Services will be governed by and construed and enforced in accordance with the laws of the state of Delaware, without regard to conflict of law rules or principles (whether of the state of Delaware or any other jurisdiction) that would cause the application of the laws of any other jurisdiction. Any dispute between the parties arising out or relating to this User Agreement that is not subject to arbitration or cannot be heard in small claims court will be resolved in the state or federal courts of the state of California and the United States, respectively, sitting in San Francisco, California.

19. Legal

19.1 Regulation

Anchor is registered with the U.S. Department of Treasury Financial Crimes Enforcement Network (“**FinCEN**”) as a money services business (“**MSB**”). As a registered MSB, Anchor is subject to the Bank Secrecy Act and its implementing regulations (collectively, the “**BSA**”) which set out the requirements imposed upon financial institutions to implement policies and procedures reasonably designed to detect and prevent money laundering and terrorist financing. You understand and acknowledge that your access to and use of the Services is subject to compliance with Anchor’s AML Program.

You understand and acknowledge that Anchor is not a registered broker-dealer and is not a member of the Financial Industry Regulatory Authority (“**FINRA**”) or the Securities Investor Protection Corporation (“**SIPC**”). You further understand and acknowledge that your cryptocurrency holdings are not protected by the Federal Deposit Insurance Corporation (“**FDIC**”) or SIPC, or any other insurance.

19.2 Compliance with Applicable Laws

The Services are subject to applicable laws, regulations, and rules of federal and state governmental and regulatory authorities (collectively, “**Applicable Laws**”). You understand that compliance with Applicable Laws may include compliance with any guidance or direction of any regulatory authority or government agency, any writ of attachment, lien, levy, subpoena, warrant, or other legal order (collectively, “**Legal Orders**”).

You understand and acknowledge that in no event will Anchor or Anchor Partners be obligated to affect any Transaction that we believe would violate any Applicable Law. You further understand and

acknowledge that Anchor and Anchor Partners are not responsible for any losses, whether direct or indirect, that you may incur as a result of Anchor's good faith efforts to comply with any Applicable Law, including any Legal Order.

Cryptocurrency Risk Disclosures

There are several risks associated with cryptocurrencies and cryptocurrency trading. By accessing and using the Services, you hereby represent and warrant that you have read the following Cryptocurrency Risk Disclosures.

1. Unique Features of Cryptocurrencies.

Cryptocurrencies are not legal tender in the United States and have no intrinsic value. The price of cryptocurrencies is based on the agreement of the parties to a transaction, which may or may not be based on the market value of the cryptocurrency at the time of the transaction.

2. Price Volatility.

The price of a cryptocurrency is based on the perceived value of the cryptocurrency and subject to changes in sentiment, which make these products highly volatile. Certain cryptocurrencies have experienced daily price volatility of more than 20%.

3. Valuation and Liquidity.

Cryptocurrencies can be traded through privately negotiated transactions and through numerous cryptocurrency exchanges and intermediaries around the world, each with its own pricing mechanism and/or order book. The lack of a centralized pricing source poses a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress.

4. Cybersecurity.

The cybersecurity risks of cryptocurrencies and related “wallets” or spot exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be immutable. A cybersecurity event could result in a substantial, immediate and irreversible loss for market participants that trade cryptocurrencies. Even a minor cybersecurity event in a cryptocurrency is likely to result in downward price pressure on that product and potentially other cryptocurrencies. Software utilized in smart contracts, which affect the allocation and storage of certain cryptocurrencies, may not work as planned and can be subject to exploitation by third parties who identify methods of using the software to disproportionately advantage themselves.

5. Opaque Spot Market.

Cryptocurrency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although cryptocurrency transaction records are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner or holder of the private key. Unlike bank and brokerage accounts, cryptocurrency exchanges and custodians that hold cryptocurrencies do not always identify the owner. The opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the

potential for Ponzi schemes, bucket shops and pump and dump schemes, which may undermine market confidence in a cryptocurrency and negatively impact its price.

6. Cryptocurrency Exchanges, Intermediaries and Custodians.

Cryptocurrency exchanges, as well as other intermediaries, custodians and vendors used to facilitate cryptocurrency transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. The opaque underlying spot market and lack of regulatory oversight creates a risk that a cryptocurrency exchange may not hold sufficient amounts or values of cryptocurrencies and funds to satisfy its obligations and that such deficiency may not be easily identified or discovered. In addition, many cryptocurrency exchanges have experienced significant outages, downtime and transaction processing delays, flash crashes, and may have a higher level of operational risk than regulated futures or securities exchanges.

7. Regulatory Landscape.

Cryptocurrencies currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions. In the United States, cryptocurrencies and the entities interacting with them may be regulated by one or more federal state regulatory bodies, including the U.S. Department of the Treasury. In addition, many cryptocurrency derivatives are regulated by the Commodity and Futures Trading Commission. The Securities and Exchange Commission and various state securities regulators have cautioned that many initial coin offerings and other blockchain-based token offerings may fall within the definition of a security and be subject to U.S. securities laws. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect cryptocurrency networks and their users. Such laws, regulations or directives may impact the price of cryptocurrencies and their acceptance by users, merchants and service providers.

8. Technology.

The relatively new and rapidly evolving technology underlying cryptocurrencies introduces unique risks. For example, a unique private key is required to access, use or transfer a cryptocurrency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks could also have implications for investors. For example, a market participant holding a cryptocurrency position through a cryptocurrency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product.

9. Transaction Fees.

Many cryptocurrencies allow market participants to offer miners and validators (i.e., parties that help process transactions and record them on a blockchain or distributed ledger) a fee. While not mandatory, a fee is generally necessary to ensure that a transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces, and it is possible that the fees could increase substantially during a period of stress or high demand. In addition, cryptocurrency exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets.

10. Wallets are not Bank Accounts.

While third parties who host wallets may refer to these as “accounts” and “deposit accounts”, these accounts are not the same as accounts at state and federally chartered banks and credit unions. Most banks and credit union accounts are insured against certain losses up to a certain dollar amount (e.g., \$250,000). By contrast, wallets and accounts that hold crypto currencies and other blockchain-related assets (e.g., non-fungible tokens) are not so insured.