

# CRYPTOCURRENCY RISK STATEMENT

## Introduction

Investing in cryptocurrencies involves a high degree of risk and may not be suitable for all investors. This risk statement outlines the potential risks associated with digital assets, including but not limited to Bitcoin, Ethereum, and other blockchain-based tokens. By engaging in cryptocurrency transactions, you acknowledge and accept these risks.

### 1. Market Volatility

Cryptocurrency markets are highly volatile, with prices subject to extreme fluctuations over short periods. Factors such as:

- Regulatory developments
- Market sentiment
- Technological advancements
- Macroeconomic trends

...can lead to rapid price swings, which may result in substantial financial loss.

### 2. Regulatory and Legal Risks

Cryptocurrencies operate in a rapidly evolving regulatory environment. Laws and regulations vary by jurisdiction and may change unexpectedly, affecting:

- The legality of holding or transacting digital assets
- Taxation of cryptocurrency gains or holdings
- Usability and accessibility of digital assets on exchanges and wallets

Regulatory actions may also disrupt third-party cryptocurrency services, including exchanges and custodians, potentially impacting investors' ability to trade or store their assets.

### 3. Security Risks

Cryptocurrencies are stored in digital wallets, which are vulnerable to:

- Hacking and cyberattacks
- Theft and unauthorized access
- Phishing scams
- Loss of private keys

Investors must take strong security measures, such as using hardware wallets, enabling multi-factor authentication (MFA), and storing backup keys in secure locations.

### 4. Liquidity Risks

Some cryptocurrencies have low liquidity, meaning they:

- Cannot be easily bought or sold without significant price impact
- May be difficult to sell quickly in a declining market

Liquidity risks can affect portfolio management, especially in times of market stress or economic downturns.

## 5. Technology Risks

Blockchain technology is still evolving, and digital assets are susceptible to:

- Vulnerabilities or bugs in smart contracts
- Unexpected network forks or protocol upgrades
- Network congestion leading to transaction delays or high fees
- Loss of access due to incompatibility with newer systems

Unexpected technological issues may impact the functionality, security, or value of cryptocurrency investments.

## 6. Counterparty Risks

Many cryptocurrency transactions occur on third-party platforms, such as:

- Exchanges
- Custodial wallet providers
- Lending platforms

These platforms may face:

- Operational failures
- Bankruptcy or insolvency
- Security breaches leading to asset loss

Users may lose access to their funds if a third-party provider ceases operations or is compromised.

## 7. Fraud and Scams

The cryptocurrency industry has been targeted by fraudulent schemes, including:

- Ponzi and pyramid schemes
- Fake initial coin offerings (ICOs)
- Phishing attacks and impersonation scams

Investors should conduct thorough due diligence before engaging with any cryptocurrency-related platforms, services, or investment opportunities.

## 8. Tax Implications

Cryptocurrency transactions may be subject to taxation, including:

- Capital gains tax on profits from trading or selling digital assets
- Income tax on earnings from staking, mining, or airdrops

Tax obligations vary by jurisdiction. Investors should consult a tax professional to ensure compliance with local reporting requirements.

## Conclusion

Investing in cryptocurrencies carries significant risks, and individuals should:

- Carefully assess their risk tolerance
- Conduct independent research
- Seek professional financial advice
- Only invest funds they can afford to lose

By participating in cryptocurrency markets, you acknowledge and accept the risks associated with digital asset investments. GXO does not provide financial advice and is not liable for any losses resulting from market fluctuations, security breaches, regulatory changes, or third-party failures.