

# Risk Disclosure Statement

*Version of: 29 July 2024*

This policy (the “*Risk Disclosure Statement*”) is part of the [Bitvavo User Agreement](#).

The definitions used but not defined herein are defined in the User Agreement.

This statement is drawn up in English as well as other language versions. In case of any discrepancy the English language version prevails.

User uses the Services entirely at their own risk. By accepting the User Agreement, User also accepts and consents to the risks as included in this Risk Disclosure Statement. This Risk Disclosure Statement includes some of the most principal risks of using the Services, but it cannot and does not include all risks involved in using the Services.

## **Volatility**

1. Due to the volatile nature of Digital Assets prices, User can incur a substantial and even a full loss of Funds by buying and trading Digital Assets. User must carefully consider whether trading Digital Assets is suitable for User's risk tolerance and financial position. User should not use Funds for the Services that User is not prepared to lose entirely.
2. Note that this risk also exists in relation to so-called 'stablecoins', i.e. Digital Assets the purpose of which is that these hold a constant and generally 1:1 exchange rate or 'peg' with traditional fiat currency. This peg may i.a. be achieved by means of a counterparty committing to exchange the stablecoin for fiat currency or by an algorithm functioning on the blockchain. There is no guarantee that stablecoins maintain this peg and multiple stablecoins have lost this peg in the past. This may in the future and has in the past led to a full or partial loss of funds by holders of stablecoins. The peg may be lost due to a wide range of reasons, including failure of an essential counterparty or failure of the functionality of an essential algorithm. Stablecoins are issued and their functionality is operated and maintained by third parties, over which Bitvavo

has no influence. There is generally very little or no recourse in case of a loss of a peg in relation to a stablecoin.

3. The execution price of a Market Order may differ significantly from the indicated price. This may be due to a change in price between the time of the Order being initiated by User and the execution of the Order (i.e. 'slippage'). Especially during periods of high volume, illiquidity, fast movement or volatility, any Digital Assets traded on the Platform may be executed at a different rate than indicated via the Services at the time of Users Order.
4. When User submits instructions to buy or sell Digital Assets through the Price Guarantee Service, its Price Guarantee Request is not placed on the Bitvavo Trading Platform but executed directly against Bitvavo. This enables Bitvavo to provide the User a guaranteed price for a pre-set amount of time. As a result of this, the price is not formed within a free market, as is the case on the Bitvavo Trading Platform, but set by Bitvavo itself. As a result of this, Price Guarantee Requests may be executed above market prices, leading to lower profits or higher losses for User.
5. Markets for Digital Assets have varying degrees of liquidity. Some are quite liquid while others may be 'illiquid', which means there can be a scarcity of Users who are willing to trade at any one time. Thinly traded or illiquid markets have potential increased risk of loss because they can experience high volatility of prices and in such markets market participants may find it impossible to liquidate market positions except at very unfavorable prices. There is no guarantee that the markets for any Digital Asset allow you to establish or liquidate positions at favorable prices or will be even active and liquid when desired.
6. Limit Orders may be taker Orders, while User expected it to be a maker Order, leading to higher fees for User. This is due to the fact that other limit Orders may have been placed in the order book very briefly prior to the limit Order of User being placed. This may lead to limit Order of User being executed against a better price than User had included in its limit Order.

### **Account security**

7. Digital Asset platforms and associated accounts are targeted frequently by hackers and individuals seeking unauthorized access to User Funds. This may well lead to User Funds being irretrievably lost. It is User's sole responsibility to safeguard its account, as included in the User Agreement. Aside from choosing a strong password Bitvavo highly recommends that each User activates two factor authentication ("2FA") and enables the anti-phishing functionality provided by Bitvavo.

### **Human Errors**

8. Transferring or depositing Digital Assets is prone to several human errors. As examples, User may transfer their Digital Assets to a wrong wallet address or use the wrong blockchain. Due to the nature of the protocols underlying Services, such erroneous transactions cannot be reverted. It is User's sole responsibility to ensure any transactions are error-free.

### **Functioning of the Platform**

9. Especially during periods of high volume and high volatility, access to and functioning of the Platform may become degraded. This could result in limitations on access to User's Account and any of the Services, including the inability to initiate or complete transactions. This may also lead to support response time delays. Especially during these times Digital Asset rates displayed on the Platform might differ from the rates at which orders are executed.

### **Storage and custody**

10. Although Bitvavo and the Foundation will take reasonable measures to secure the Bitvavo Digital Asset Wallets and the Bitvavo E-Token Wallets, they cannot guarantee full security. Any defects or breaches can lead to a full loss of Funds. Use of the Bitvavo Digital Asset Wallet is at the risk of User.
11. The Foundation may hold Euro funds for Users in euro denominated bank accounts and in the form of safe, liquid and low-risk assets, in line with generally accepted rules and standards. In case of default of a bank holding such Euro funds, this may lead to a full loss of User's Funds. User's Euro funds

that are held in such safe, liquid and low-risk assets are at risk of a default of the relevant asset counterparty or counterparties and at the risk of these assets not being able to be sold at short term in case of exceptionally high withdrawal volumes.

12. For security and efficiency purposes, the Foundation and Bitvavo may store Digital Assets with third party custody providers, over which they do not have any control. In case of default, technical failure or a security failure by a third party custody provider, this may lead to a full loss of User's Funds.
13. Bitvavo and Bitvavo Custody do not provide a checking, savings or other type of account that is covered by any deposit guarantee or insurance against losses.

## **API**

14. By using the API (as included in the User Agreement), User may allow third parties to interface with its Account and Bitvavo's Services. It is important that User researches and trusts such third parties. Providing such access may lead to unwanted or erroneous interactions in relation to User's Account, which could lead to e.g. loss of funds or loss of functionality of User's Account or the Services. Such third parties are not in any way vetted or approved by Bitvavo. Use of the API and third parties' services interacting with the API is at User's own risk.

## **Price Guarantee**

15. Due to the nature of the Service, Price Guarantee Requests may take longer to execute, or not execute at all. As a result, User might not be able to trade assets at the moment of its choosing and suffer losses or missed opportunities.

## **Staking**

16. Bitvavo may stake the Staking Digital Assets held with the Foundation as a validator or delegator in a third party proof-of-stake blockchain protocol or network. Such networks may be inconsistent in the amount of rewards they pay out and might even provide no rewards at all.

17. Staking is dependent on the functioning of underlying decentralized blockchain protocols. These protocols are maintained and regulated by third parties and thus out of Bitvavo's reach and influence. This means that Bitvavo cannot retrieve, recover or salvage any lost Funds if the protocols that hold User's Funds malfunction, are disturbed or cease to exist entirely. User may lose all or part of its Funds by way of such blockchain protocol (functioning properly and following its programmed rules) 'slashing', a blockchain mechanism by which part or all of staked assets are destroyed or otherwise taken away from the staking person, Staking Digital Assets, due to circumstances beyond control of User and of Bitvavo or its affiliates. User may lose all or part of its Funds as a result of a malfunction within such blockchain protocol. If such losses occur, Bitvavo or any affiliates may not be able to return Funds to User. Also, if User opted-in to the Staking Service, Bitvavo or any affiliates shall have no obligation to do so.

18. Staking Reward rates may differ from time to time. There is a risk that the rate will decrease after User has opted in for the Staking Service.

### **Lending Service**

19. Bitvavo Custody may borrow the current and future Digital Assets from a User that opted-in for the Lending Service and lend it onward to third party Lending Partners at its full discretion. Bitvavo manages the Lending Service risks through various risk management practices, which include evaluating a Lending Partner's creditworthiness, requiring Lending Partners to provide sufficient collateral, continuous monitoring to detect early signs of default or insolvency, loan book diversification and establishing procedures for asset recovery in case of default or insolvency. Regardless, Lending Partners may default and not be able to return part or all Lending Digital Assets and Lending Rewards due. Bitvavo and Bitvavo Custody have excluded all liability for returning the Lending Digital Assets and Lending Rewards and may not provide compensation in such case. The Lending Partners are not always required to post full collateral to Bitvavo Custody. Thus, a default of a Lending Partner will lead to loss of the Lending Digital Assets and Lending Rewards of a User.

20. The Lending Digital Assets may have a lower value at the time of repayment than at the time of the transfer.
21. Lending Rewards rates may differ from time to time. There is a risk that the rate decreases after User has opted in for the Lending Service.
22. Regulatory changes or uncertainties may impact the legality or viability of the Lending Service, which could lead to the Lending Service being discontinued.

### **Decentralized Protocols**

23. Unlike most currencies or assets that are backed by governments or other legal entities or by other commodities such as gold or silver, Digital Assets are a unique type of asset, based on technology and rule-based cooperation. There is no central bank or other third party that can take corrective measures to protect the value of a Digital Asset.
24. Bitvavo does not have control over, or liability for, the delivery, quality, safety, legality or any other aspect of the Digital Assets that you may purchase, hold or sell using the Services. Bitvavo does not own or control any of the underlying software protocols which govern the operation of the Digital Assets supported by the Bitvavo Service. These underlying protocols may change or cease functioning without advance notice, which may lead to a full loss of Digital Assets or the value thereof.
25. Due to the nature of blockchain technology and the underlying protocols thereof, any Digital Assets stored or traded on the platform may be irretrievably lost, corrupted, erased, either temporarily or indefinitely.

### **Legal uncertainty**

26. The market, technology and legal framework for Digital Assets is new and uncertain. Bitvavo's Services operate in a partly regulated field of law. The Service may be subject to changes or even termination as laws and regulations develop.

27. The legal classification of (certain) Digital Assets may not be clear and may vary under the laws of different jurisdictions throughout the world. How a Digital Asset qualifies legally and what consequences this has to a User's rights to the Funds may vary per jurisdiction.

28. The legality of the Services in a specific jurisdiction may be uncertain. User is responsible for knowing and understanding how Digital Assets and the Services to these Digital assets will be addressed, regulated and taxed under the laws as applicable to User.

### **Information errors**

29. Materials provided on the Website, the Bitvavo Platform or otherwise by Bitvavo are purely for informational purposes and may change without notice. Bitvavo may provide third party content. Any information provided may be misleading, incomplete or erroneous. User is always solely responsible for assessing the relevance, accuracy, adequacy, and reliability of any materials provided.

### **Tax risks**

30. The current tax treatment of the Services has not been conclusively clarified and may also depend on the individual tax treatment of a User. It cannot be ruled out that the tax authorities and courts may adjust or change previous tax assessments on the treatment of income related to the Services.