

## **Risk Warning on Digital Payment Token Services**

Moomoo Financial Singapore Pte. Ltd. ("**we**", "**us**", "**our**", or "**Moomoo Singapore**") holds a Major Payment Institution License (License Number: PS20200617) for providing DPT services under the Payment Services Act 2019.

The Monetary Authority of Singapore (MAS) requires us to provide this risk warning to you as a customer of a digital payment token (DPT) service provider.

Before you: (a) pay your DPT service provider any money or DPT; or (b) pay a third party any money or DPT under an arrangement by your DPT service provider, you should be aware of the following.

1. Your DPT service provider is licensed by MAS to provide DPT services. Please note that this does not mean you will be able to recover all the money or DPTs you paid to your DPT service provider or any other third party referred to above, if your DPT service provider's or the third party's business fails.
2. You should be aware that MAS does not supervise or regulate your DPT service provider for the provision of unregulated services. This includes any service of trading digital payment token derivatives such as futures.
3. You should not transact in the DPT if you are not familiar with this DPT. This includes how the DPT is created, and how the DPT you intend to transact is transferred or held by your DPT service provider.
4. You should be aware that the value of DPTs may fluctuate greatly. You should buy DPTs only if you are prepared to accept the risk of losing all of the money you put into such tokens.
5. You should be aware that your DPT service provider, as part of its licence to provide DPT services, may offer services related to DPTs which are promoted as having a stable value, commonly known as "stablecoin".

## **Additional Risk Disclosures Governing Digital Payment Tokens**

The terms and conditions in these Additional Risk Disclosures (the “**Additional Terms**”), together with the Moomoo Financial Singapore Pte. Ltd. Client Agreement, and Digital Payment Token Service Terms, (as may be amended, varied or supplemented from time to time) (collectively, the “**Agreement**”), govern the provision of Digital Payment Token (“**DPT**”) trading services by Moomoo Financial Singapore Pte. Ltd. (“**Moomoo Singapore**”) to you.

Moomoo Financial Singapore Pte. Ltd. (“**we**”, “**us**”, “**our**”, or “**Moomoo Singapore**”) holds a Major Payment Institution License (License Number: PS20200617) for providing DPT services under the Payment Services Act 2019.

### **RISK DISCLOSURES STATEMENT**

#### **General Disclosures**

This Risk Disclosure Statement provides you with information about some of the risks associated with DPT trading services used to buy, sell or trade DPT; and any other services that are incidental to any of the above services (“**Services**”) provided by us.

The information presented in this Risk Disclosure Statement is not comprehensive and does not reflect all of the risks (or other important factors) you should consider before using the Services.

#### **Liquidity Risk**

1. Markets for DPT have varying degrees of liquidity. Some DPTs are quite liquid while others may be thinly traded or illiquid, which means there is a scarcity of persons who are willing to trade at any one time.
2. Thinly traded or illiquid markets have the potential to increase the risk of loss because they can experience high volatility of prices, and market participants may find it impossible to liquidate market positions even at very unfavourable prices.
3. The prices of DPT are subject to supply and demand and can fluctuate greatly within a short period of time in response to other factors, including security concerns, technological developments and negative publicity. Psychological market risks may have a particular effect on digital assets and their prices may be adversely affected by global or local economic, political, environmental or other factors.
4. Due to the different demand and supply and inventory of market participants, prices traded through our upstream provider may, at any given point in time, be significantly higher or lower than the prices of the same DPT in the general market or quoted on other exchanges or trading platforms.

#### **Lack of Regulatory Safeguards or Protections**

1. Returns on DPT are particularly exposed to legal and regulatory risks. Changes or uncertainty in the legal or regulatory framework relating to blockchain technology and/or digital assets may adversely impact the returns on your investment or even render a previously accepted investment illegal.
2. DPT is a unique kind of currency, backed by technology and trust. DPT is not considered legal tender and is not backed by any central bank or government. Cryptocurrency account opened with Moomoo Singapore (“**Account**”) and value balances are not subject to any government-backed deposit insurance or any other government protections.
3. There is no central bank or government regulator that can take corrective measures to protect the value of the DPT in a crisis, manage the demand or supply of DPT, or smoothen any fluctuations in the price or value of DPT.
4. DPT may be more susceptible to market manipulation due to the relatively underdeveloped regulatory framework. This means that prices of DPT may not be entirely based on competitive

forces, and fraudulent actions from market participants could lead to sudden sharp price movements.

5. When purchasing DPT in initial offerings, you should note that such offerings could carry a higher risk of being misused for illegal activities due to the pseudo-anonymous nature of the transactions. You are likely to be adversely affected if authorities investigate any alleged illicit activities related to the issuer, its business activities, or the trading of the DPT.
6. Settlement of transactions matched on a digital exchange takes place outside of the trading system built on the blockchain. The trading system does not settle trades through a regulated central depository. Accordingly, you will not benefit from related legislative protections including provisions dealing with settlement finality, which ensures that transactions settled by a regulated central depository are generally not subject to reversal.

### **Market Risk**

1. Trading in DPT entails significant risks of financial loss. The value of DPT can be unpredictable and may fluctuate significantly over a short period of time as a result of various factors, including market dynamics, regulatory changes, technical advancements, and economic and political factors. You may not recover all your monies and you should not transact in DPT if you are not familiar with the product.
2. DPT markets may be susceptible to irrational (or rational) bubbles or loss of confidence, which could collapse due to many reasons. For example, confidence in DPT might collapse as a result of unexpected changes imposed by software developers or others, a government crackdown, the creation of superior competing alternative DPT, or a deflationary or inflationary spiral. Confidence might also collapse because of technical problems, for example, if the anonymity of the system is compromised, if money or DPT is lost or stolen, or if hackers or governments are able to prevent transactions from settling. Negative consumer perception of specific DPTs may also negatively affect their value.
3. DPT is underpinned by an autonomous and largely unregulated worldwide system of individuals and entities. Traders and market participants put their trust in a digital, decentralized and partially anonymous system that relies on peer-to-peer networking and cryptography to maintain its integrity. Thus, the value of DPT may be derived from the continued willingness of market participants to exchange fiat currency for DPT, which may result in the potential for the permanent and total loss of value of a particular DPT should the market for that DPT disappear.
4. Abnormal market conditions may occur in DPT markets, such as volatile price movements, influx of new participants, and others that may affect the normal use of the Services, the placing of orders or irrevocable orders or their execution, processing or settlement.
5. The value of Digital Payment Tokens can be unpredictable and may fluctuate significantly over a short period of time as a result of various factors, including market dynamics, regulatory changes, technical advancements, and economic and political factors. You may not recover all your monies and you should not transact in Digital Payment Tokens if you are not familiar with the product.

### **Security Risk**

1. Any DPT and its underlying technology may be vulnerable to attacks on its security, integrity or operations ("**Attacks**"), including Attacks using computing power sufficient to overwhelm the normal operation of a blockchain or other underlying technology. Any successful attacks present a risk to the DPTs, including proper execution and sequencing of transactions involving DPTs, or may result in theft or loss of the DPTs.
2. We make no representation, warranty or undertaking of any kind, express or implied, statutory or otherwise, regarding any underlying technology or blockchain functionality nor for any breach of security in the underlying technology or blockchain functionality.

3. Any DPT may decrease in value or lose all of its value due to various factors including discovery of wrongful conduct, market manipulation, changes to Token Properties or perceived value of Token Properties, Attacks, suspension or cessation of support for a DPT by us or other exchanges or service providers, and other factors outside the control of us.

#### **Risks associated with safeguarding your DPT**

1. The custody of DPT is a large responsibility since they can be lost in their entirety in the event of theft or loss of private keys.
2. Moomoo Singapore engaged with third-party custody providers (i.e. custodians and/or sub-custodians) who assist us with holding your DPT. The DPTs associated with your Account not be segregated from, and may be commingled with, other DPTs of other users; there is no trust or fiduciary relationship in respect of any DPT transferred to us or any other Account balances.
3. Whilst we use reasonable care in the appointment of any (sub)custodians we use, in the event of a third-party (sub)custodian becoming insolvent or entering into an insolvency process in relevant jurisdiction, you or we may have only an unsecured claim against the (sub)custodian, and your DPT may be at risk of loss.
4. The same risk exists if a (sub)custodian is for any other reason not able to meet its obligation towards you or us. Any such loss shall be shared *pari passu* between the affected persons.

#### **No Deposit Protection**

1. There are no deposit protection schemes that are applicable to the Services and your Account balances are uninsured. Your wallet balance might be at risk of total loss, from, among others things, security breaches (whether in respect of your Account specifically or the Services generally), electronic, technological or systems failures (including recordkeeping errors), loss of password/key and insolvency or bankruptcy, or equivalent formal proceedings, in respect of us.
2. DPT is generally not backed by any entity. This means that you have no right of recourse against any issuing entity in relation to any matter relating to your DPT. It also means that neither Moomoo Singapore nor anyone else has an obligation to redeem or buy back your DPT.

#### **Platform's Cybersecurity Risks**

1. Moomoo Singapore may designate exchange platform(s) (the "**Digital Exchange**") for order matching of the DPT. The Digital Exchange's network or services could be disrupted by various adverse events which are beyond the control of the Digital Exchange. There can be no assurance that any of the intended security measures will be effective. System failures may also prevent the making of markets for the DPT, which may potentially impact the liquidity for the DPT.
2. Any such cybersecurity failures or breaches, whether involving the Digital Exchange or its third-party service providers (including, but not limited to, hardware or software providers, or cloud services providers) could have a negative impact on the price, liquidity and/or tradability of DPT, or the use of any Services.
3. The Digital Exchange has a short and limited operating history which subjects it to a number of uncertainties, in particular the ability to plan for and anticipate the prospects of the trading system. The use of the trading system could be affected by a number of factors, including market reception of the trading system and slowing demand or increasing competition, resulting in reduced number of users of the trading system which may in turn impact the liquidity of the DPT.
4. Distributed ledger technology generally is still in a relatively early development stage and is unproven. Any malfunction, flaws, breakdown or abandonment of the blockchain may prevent access to your DPT. Furthermore, developments in technologies and techniques or changes in consensus protocol or algorithms could present risks to the DPT, including by rendering

ineffective the consensus mechanism that the blockchain uses. There are a variety of possible consensus mechanisms, such as “proof of work” and “proof of stake” which may be used either now or in the future, and risks which may arise if there is any improper implementation of such consensus mechanisms, and unanticipated adverse effects may arise from these such consensus mechanisms. Any malfunction, breakdown or flaws in distributed ledger technology used by the Digital Exchange could have a material impact on its ability to execute or settle trades of the DPT, to maintain accurate records of the ownership of the DPT and could in turn have a material adverse effect on you.

5. While the use of a private blockchain and other logical and governance procedures may limit the impact of distributed ledger technology reliant upon consensus mechanisms, such distributed ledger technology may be susceptible to mining attacks, including double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks. Any successful attacks on the blockchain may present a risk to the DPT, including proper execution and sequencing of transactions involving the DPT.
6. Hackers, individuals, other malicious groups or organisations may attempt to interfere with the blockchain, or the information technology systems they are run on or reliant upon, in a variety of ways, including malware attacks, denial of service attacks, ransomware attacks, phishing attacks, rootkits, viruses, worms, consensus- based attacks, smurfing and spoofing. As the trading system and blockchain are both based on third party software, there is a risk that a party may intentionally or unintentionally introduce weaknesses into the core infrastructure of the blockchain.
7. The trading system and blockchain are reliant on effective and reliable cryptographic solutions. However, cryptography is evolving and cannot always guarantee absolute security. Advances in code cracking, or technical advances such as the development of quantum computers, could present risks to cryptographic solutions, and could result in the theft or loss of the DPT. The trading system and blockchain may be prone to attacks on their infrastructure intended to steal information about their technology, financial data or user information. Any significant breach of intended security measures or other disruptions resulting in a compromise of the usability, stability and security of the trading system or blockchain may adversely affect the trading of DPT on the Digital Exchange.

### **Platform’s Operational Risks**

1. The entire balance displayed in your Account may not be tradeable or withdrawable due to precision limitations.
2. Moomoo Singapore and/or the Digital Exchange may, from time to time, perform maintenance on the trading platform or in relation to any of the Services, routine or otherwise. This may lead to trading platform or Services downtime and your inability to access the trading platform or any of the Services, potentially resulting in a delay or cancellation of any orders or irrevocable orders.
3. Moomoo Singapore and/or the Digital Exchange may also suspend or permanently cease support for one or more DPT during network upgrades and/or network changes (e.g. mainnet switches)

The abovementioned risks described in this Additional Terms may result in loss of DPT, decrease in or loss of all value for DPT, inability to access DPT, inability to trade DPT, inability to receive financial benefits available to other DPT holders, and other financial losses to you.

The abovementioned is not a closed list, there may be additional risks that Moomoo Singapore has not foreseen or identified in this Additional Terms.

You hereby acknowledge that Moomoo Singapore will have no responsibility or liability for, any such risks whether identified in this Additional Terms or not.