

Risks

You must evaluate your particular financial circumstances to determine whether or not trading cryptocurrencies is appropriate for you. You should not invest funds in cryptocurrencies that you cannot afford to lose. The trading of cryptocurrencies can result in substantial losses, including most if not all of your investment. For that reason, you should not use funds that are earmarked for special purposes, such as retirement funds, debt repayment funds, amounts needed for emergency expenses, tuition or household expenses or funds otherwise required by your lifestyle, to trade cryptocurrencies.

Apex Crypto is committed to consumer protection and combatting fraud. Cryptocurrencies and digital assets are commonly targeted by hackers and criminals who commit fraud, especially through social media platforms. Apex Crypto and its employees will never contact you through social media platforms. If you believe you are a victim of fraud, please contact us at support@apexcrypto.com or +1 (888) 890-3684.

Unique Features of Cryptocurrencies

Cryptocurrencies are digital instruments that are intended to function as a store of value or a medium of exchange. Although cryptocurrencies are often exchangeable for various fiat currencies, unlike fiat currencies, cryptocurrencies are not backed by any government or central bank and do not constitute legal tender. Cryptocurrencies have no intrinsic value and there is no investment underlying cryptocurrencies. 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.

Insurance

Accounts holding cryptocurrencies are not protected by SIPC coverage. Cryptocurrencies are also not covered by the FDIC, which covers fiat currency held in member banks. Existing insurance products are inadequate to cover potential losses if an exchange fails and/or digital wallets are hacked.

Price Volatility

Cryptocurrencies derive their value from the markets in which they trade, and the markets for cryptocurrencies are global. The price of cryptocurrencies is based on the perceived value of the cryptocurrency and subject to changes in sentiment, which make these products highly volatile and unpredictable. The fluctuations of cryptocurrency prices are much greater than the price fluctuations of fiat currencies, which are also risky to trade. Certain cryptocurrencies have experienced daily price volatility of more than 20%, including sudden drops in price. If participants in a given cryptocurrency market change their view about the value of a given cryptocurrency versus fiat currency, the price of the cryptocurrency can decline precipitously. It may be difficult to liquidate a position in cryptocurrencies at all or, if possible, such liquidation may occur at a significant loss. It is possible that the market for a given cryptocurrency can collapse altogether.

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. Generally accepted auditing methods for cryptocurrencies do not exist and cryptocurrency

platforms do not have consistent methods for auditing their holdings and some do not have audits at all. The lack of generally accepted auditing methods and a centralized pricing source pose

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.

Cybersecurity

The cybersecurity risks of cryptocurrencies and related “wallets” or spot exchanges include hacking vulnerabilities, cybersecurity attacks 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. Cryptocurrency transactions may be irreversible, and, accordingly, losses due to a cybersecurity event may not be recoverable. Even a minor cybersecurity event in a cryptocurrency is likely to result in downward price pressure on that product and potentially other cryptocurrencies. In addition, the trading of cryptocurrencies may be adversely affected by network connectivity issues and dissemination of inaccurate data. You may incur losses due to software or hardware failures and system failures.

Opaque Spot Market

Not only are the cryptocurrency markets volatile, but they are subject to fraud and other trading aberrations. 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 transactions 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 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. Most cryptocurrency platforms do not have surveillance systems and rules intended to prevent market manipulation or other forms of abusive trading nor do they have the ability to enforce such rules. Trading by employees of the platforms and the platform themselves are often not adequately restricted to prevent trading abuses.

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. There are no standard capital requirements for cryptocurrency platforms nor are there guarantors in the event a cryptocurrency exchange fails. The opaque underlying spot market and lack of regulatory oversight creates a risk that a cryptocurrency exchange may not hold sufficient cryptocurrencies or other funds to satisfy its obligations and that such deficiency may not be easily identified or discovered.

In addition to a higher level of operational risk than regulated futures or securities exchanges, cryptocurrency exchanges can experience volatile market movements, flash crashes, fraud, various forms of market manipulation, theft, transaction processing delays and other cybersecurity risks. Trading in cryptocurrencies may be halted by the various trading venues due to unusual trading activity, outages or

other problems with a cryptocurrency platform. If Apex Crypto experiences such technical difficulties, those difficulties could prevent you from accessing the cryptocurrency in your Apex Crypto account. Apex Crypto may not have sufficient financial coverage through bonds, insurance or other products to repay your losses.

Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. Before you engage in trading cryptocurrencies, you must become familiar with the platform on which the relevant cryptocurrency trades. Generally, there is limited information about the various cryptocurrency platforms and because these platforms are complex and technically difficult for the average person to understand, you will need to put forth substantial effort to obtain the information necessary to understand the risks you are undertaking. You should understand the functions, operations and uses as well as the history for the platforms on which you invest. As described above, some platforms are subject to a variety of serious attacks, which may result in the loss of your cryptocurrency.

Regulatory Landscape

Different geographic locations have different rules, or oftentimes no rules, that apply to the trading of cryptocurrencies. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect cryptocurrency networks and their users. Changes in government regulation, such as the suspending or restricting of trading activity in a particular cryptocurrency or currencies, may adversely affect your ability to trade and exchange your cryptocurrencies and may decrease the value of any cryptocurrency in your account.

In the United States, cryptocurrency markets are not subject to federal regulatory oversight, but cryptocurrency exchanges are subject to federal anti-money laundering regulation and may be regulated by one or more state regulatory bodies. As compared to regulated markets, such as the United States securities markets, there are no uniform regulations governing trading or other mechanisms to prevent market manipulation or to normalize the cryptocurrency markets when they experience volatility issues. Unlike the laws, rules and regulations governing the United States securities markets, there are generally no laws, rules or regulations that require anyone to continue to support a cryptocurrency market, and there is no assurance that a person who accepts a virtual currency as payment today will continue to do so in the future.

Notwithstanding the foregoing, many cryptocurrency derivatives are subject to regulation by the CFTC. In addition, the SEC has cautioned that many initial coin or “token” offerings are likely to fall within the definition of a security and subject to U.S. securities laws. As a result, cryptocurrencies currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions.

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. Similarly, transactions in virtual currency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable.

Changes in the technology of a given cryptocurrency platform or changes resulting from cybersecurity attacks include but are not limited to a “fork,” which can have a negative impact on the value of a particular cryptocurrency and can result in the loss or cancellation of a cryptocurrency position or a sudden loss of value. 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.

Transaction Fees

Many cryptocurrencies allow market participants to offer miners (i.e., parties that process transactions and record them on a blockchain or distributed ledger) the ability to earn 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. In addition, cryptocurrency exchanges, wallet providers and other custodians may charge relatively high fees as compared to custodians in many other financial markets.

Investor Alerts

A number of governmental and self-regulatory agencies have published information alerting the public of the risks of digital currency. For example, see the CFPB's Consumer Advisory (https://files.consumerfinance.gov/f/201408_cfpb_consumer-advisory_virtual-currencies.pdf), the CFTC's Customer Advisory (https://www.cftc.gov/sites/default/files/idc/groups/public/@customerprotection/documents/file/customeradvisory_uvct121517.pdf), the SEC's Investor Alerts (for example, https://www.sec.gov/investor/alerts/ia_virtualcurrencies.pdf) and FINRA's Investor Alerts (<http://www.finra.org/investors/alerts/bitcoin-more-bit-risky>, <http://www.finra.org/investors/highlights/getting-a-handle-on-virtual-currencies>, <http://www.finra.org/investors/bitcoin-basics-9-things-you-should-know-about-digital-currency>).

Licenses and Disclosures

State Licenses

State	License Information	State Contact Information
Alabama	Sales of Checks Money Transmitter License -SC 826	Alabama Securities Commission 401 Adams Avenue Suite 280 Montgomery, AL 36104
Alaska	Money Transmitter License AKMT-015673	State of Alaska Division of Banking & Securities 550 West 7 th , Suite 1850 Anchorage, AK 99501
Arkansas	Money Transmitter License 126334	Arkansas Securities Department Heritage West Building, Suite 300 201 East Markham Street Little Rock, AR 72201-1692
Connecticut	Money Transmission License – MT 1828849	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103
Delaware	Money Transmitter License 036679	Office of the State Bank Commissioner 555 E. Loockerman Street, Suite 210 Dover, DE 19901
Florida	Money Transmitters License – FT230000274	Florida Office of Financial Regulation 101 E Gaines Street Tallahassee, FL 32399
Georgia	Seller of Payment Instruments License 1828849	Georgia Department of Banking and Finance Money Services Businesses 2990 Brandywine Road, Suite 200 Atlanta, GA 30341-5565
Hawaii	N/A – Participating in Digital Currency Innovation Lab	Hawaii Technology Development Corporation 521 Ala Moana Blvd Suite 255 Honolulu, HI 96813
Idaho	Money Transmitters MTL-302	Idaho Department of Finance, Securities Bureau 800 Park Boulevard, Suite 200 Boise, ID 83720-0031

Iowa	Money Services License 2021-0217	State of Iowa Division of Banking 200 E. Grand Avenue, Suite 300 Des Moines, IA 50309
Kansas	Money Transmitter License MT.0000211	Kansas Office of the State Bank Commissioner 700 SW Jackson Street, Suite 300 Topeka, KS 66603
Michigan	Money Transmitter License MT0024040	Michigan Department of Insurance and Financial Services 520 W Allegan Street, 7 th Floor Lansing, MI 48933
New Mexico	Money Transmission License - 1828849	New Mexico Financial Institutions Department Mortgage Unit 2550 Cerillos Road 3 rd Floor PO Box 25101 (87504) Santa Fe, NM 87505
New York	Virtual Currency Business Activity Company License (BitLicense) 0000022	New York Department of Financial Services One State Street New York, NY 10004- 1511
North Carolina	Money Transmitter License - 184370	North Carolina Commissioner of Banks 316 W Edenton Street Raleigh, NC 27603
Ohio	Money Transmitter License OHMT 226	Ohio Division of Financial Institutions 77 South High Street, 21st Floor Columbus, OH 43215
Oregon	Money Transmitter License	Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter St., NE, Suite 410 Salem, Oregon 97309-0405
South Dakota	Money Transmitter License 1828849.MT	South Dakota Department of Labor and Regulation Division of Banking 1601 N. Harrison Avenue, Suite 1 Pierre, South Dakota 57501

Rhode Island	Currency Transmitter License – 202004058CT	Department of Business Regulation 1511 Pontiac Ave Cranston, RI 02920
Vermont	Money Transmitter License – 100-159	Vermont Department of Financial Regulation 89 Main Street Montpelier, VT 05620
Vermont	Money Transmitter License – Other Trade Name #1 – 100-160	Vermont Department of Financial Regulation 89 Main Street Montpelier, VT 05620
Washington	Money Transmitter License – 550-MT-118037	State of Washington – Department of Financial Institutions Division of Consumer Services 150 Israel Road, SW Tumwater, WA 98501
West Virginia	Money Transmitter License WVMT-1828849	West Virginia Division of Financial Institutions 900 Pennsylvania Avenue Suite 306 Charleston, WV 25302

Alaska

Please note that Alaska money transmission license does not cover the transmission of virtual currency.

For Alaska Residents Only:

If your issue is unresolved by Apex Crypto LLC, please submit formal complaints with the State of Alaska, Division of Banking & Securities.

Formal complaints must be in writing, please download the form here:

<https://www.commerce.alaska.gov/web/portals/3/pub/DBSGeneralComplaintFormupdated.pdf>

Formal Complaints may be submitted via:

1. Fax: 907-465-1230
2. Email: msb_licensing@alaska.gov
3. Mail: Division of Banking & Securities PO Box 110807 Juneau, AK 99811-0807

Florida

NOTICE: By the Florida Office of Financial Regulation

BY GRANTING APEX CRYPTO LLC A LICENSE, THE FLORIDA OFFICE OF FINANCIAL REGULATION IS NOT ENDORSING THE USE OF DIGITAL OR VIRTUAL CURRENCIES.

- (1) U.S. currency is legal tender backed by the U.S. government.
- (2) Digital and virtual currencies are not issued or backed by the U.S. government, or related in any way to U.S. currency, and have fewer regulatory protections.
- (3) The value of digital and virtual currencies is derived from supply and demand in the global marketplace which can rise or fall independently of any fiat (government) currency.
- (4) Holding digital and virtual currencies carries exchange rate and other types of risk.

POTENTIAL USERS OF DIGITAL OR VIRTUAL CURRENCIES, INCLUDING BUT NOT LIMITED TO BITCOIN, SHOULD BE FOREWARNED OF A POSSIBLE FINANCIAL LOSS AT THE TIME THAT SUCH CURRENCIES ARE EXCHANGED FOR FIAT CURRENCY DUE TO AN UNFAVORABLE EXCHANGE RATE. A FAVORABLE EXCHANGE RATE AT THE TIME OF EXCHANGE CAN RESULT IN A TAX LIABILITY. PLEASE CONSULT YOUR TAX ADVISOR REGARDING ANY TAX CONSEQUENCES ASSOCIATED WITH YOUR HOLDING OR USE OF DIGITAL OR VIRTUAL CURRENCIES.

If you have a question or complaint, please contact our Customer Support Team at support@apexcrypto.com.

Florida residents may contact the Florida Office of Financial Regulation with any unresolved questions of complaints about Apex Crypto LLC at 200 E. Gaines Street, Tallahassee, FL 32399-0376, telephone number: (800) 848-3792 (toll free).

Hawaii

Apex Crypto LLC is providing services to you as a participant in a special Hawaii project which ends on December 31, 2022. At the end of the project term, Apex Crypto LLC may be

required to close all accounts for Hawaii customers and cease operations. Apex Crypto LLC will notify Hawaii customers in advance if accounts must be closed.

Hawaii customers who choose to open accounts with Apex Crypto LLC are advised that the virtual currency or digital currency purchased, whether as an investment, for making payments, or other purposes, may lose value, including the loss of some or all of your original purchase amount.

Minnesota

Apex Crypto LLC is committed to combating fraud. If you are located in the State of Minnesota and believe that your account has been accessed without your authorization, you did not initiate a transaction, are not the intended recipient of a transmission, or should you have any other questions or concerns regarding Apex Crypto, please contact our customer support at support@apexcrypto.com. Cryptocurrencies and money transfer services are commonly targeted by hackers and criminals who commit fraud. If you believe you are a victim of fraud, please contact us at +1 (888) 890-3684. For more information on how to protect against fraud, visit the Minnesota Department of Commerce website.

New Mexico

If your issue is unresolved by Apex Crypto LLC, you may direct your complaint to the New Mexico Regulations and Licensing Department, Financial Institutions Division. Please visit <http://www.rld.state.nm.us/financialinstitutions/overview.aspx> for additional information.

New York

If you are located in the State of New York and have a complaint, please first contact our Customer Support Team here at support@apexcrypto.com. Alternatively, you can reach us at +1(312) 444-8000 or 141 W Jackson Blvd, Suite 500, Chicago, IL 60604. If you still have an unresolved complaint, you may also direct your complaint to the attention of: the New York State Department of Financial Services, One State Street, New York, NY 10004-1511; +1 (212) 709-1540. Please visit <https://www.dfs.ny.gov> for additional information.

Washington

If you have a complaint, first contact Apex Crypto LLC at support@apexcrypto.com, and if you still have an unresolved complaint regarding the company's money transmission activity, please contact the Washington State Department of Financial Institutions, Division of Consumer Services using one of the following methods:

File a complaint online, mail, or fax:

<https://dfi.wa.gov/consumers/money-services-complaints>

By phone: 1-877-RING DFI (1-877-746-4334)

By email: CSEnforceComplaints@dfi.wa.gov