

Risk Statement

1. General

- 1.1. This Risk Statement sets out important information concerning some of the risks associated with Participating in the Solape DEX.
- 1.2. You should consider the information contained in this document carefully before you decide whether to Participate in the Solape DEX. You should also bear in mind the fact that this document cannot provide you with a comprehensive list of the particular risks facing you and does not reflect all of the risks or other factors you should consider before Participating.
- 1.3. If you decide to Participate in the Solape DEX, you must make the decision to do so independently and you should consider seeking advice from independent, qualified advisors.
- 1.4. This document is an Ancillary Document as defined in the [Rules](#) and is intended to, and does, have contractual effect. Terms not otherwise defined in this Risk Statement have the same meanings attributed to them in the Rules.

2. Market risks

- 2.1. Transacting on the Solape DEX enables you to access markets for high- risk digital assets.
- 2.2. The prices of these assets in relation to each other may go up, down or sideways at any time. Past performance of digital asset prices is no guide to future performance. No-one can accurately predict future movements of the markets accessed via the Solape DEX.
- 2.3. You therefore Transact in digital assets via the Solape DEX entirely at your own risk and you are choosing to risk your assets in doing so.

2.4. You cannot mitigate your risks by relying on any assurance, representation or warranty from Contributors or any other party that your Transactions:

2.4.1. will provide a profit;

2.4.2. will not incur significant losses; or

2.4.3. will attain your commercial or other objectives;

and no such assurances, representations or warranties are given by Contributors.

2.5. You will not be able to reclaim losses arising from your Participation, as each Solape DEX User Transacts with full personal responsibility. The Solape DEX is available on the basis that it is only suitable for adult Participants who are of sufficient mental age, maturity, capacity and familiarity with digital assets to understand fully the risks of Transacting in digital assets. No reclaim or reversal of losses in the marketplace is possible.

2.6. Even if you possess a very high level of sophistication and experience in trading or investing, you are still at risk of losing a substantial proportion or even all of your investment by Participating.

2.7. Unless you are Participating with funds you can afford to lose and you have a tolerance for a significant amount of risk you should not Participate in the Solape DEX.

3. Price instability and systematic risks

3.1. Digital assets are highly volatile in price because of a range of factors which include, but are not limited to, rate of adoption, speculation, technology changes, security risks, contagion risks, systematic risks, legal and regulatory changes, and factors affecting their supply (such as the mining, minting or issuing of new tokens, airdrops, the burning of tokens and blockchain forks).

- 3.2. Such price volatility inevitably and by its nature creates a greater risk of loss. You should not Participate in the Solape DEX unless you understand and accept the risks associated with the volatile nature of digital assets and you can effectively manage the extent of your exposure to these risks.
- 3.3. There are risks inherent in digital assets themselves. They and the protocols and blockchains underlying them may change significantly (for example, as a result of a fork or a rollback), be subject to a successful attack (for example, a 51% attack), suffer catastrophic failure or cease to exist.

4. DEX platform risks

- 4.1. The Solape DEX operates at the most experimental cutting edge of the digital asset space.
- 4.2. A significant amount of risk is therefore involved in using the Solape DEX, as it has not been in operation for a long period and many of its functions are innovative.
- 4.3. You Participate at your own risk, you are aware of the significant risks involved and are prepared to take these risks and to accept any consequences, adverse or otherwise.
- 4.4. A number of the features of the Solape DEX are being tested by Contributors as Alpha Features or as Beta Features. Currently the Solape DEX is still under development and save where otherwise specified all features on it are Beta Features.
- 4.5. Alpha Features and Beta Features:
 - 4.5.1. may be particularly unstable and prone to errors and bugs and other defects in functioning; and
 - 4.5.2. may be suspended, discontinued or modified at any time.
- 4.6. You risk sustaining losses due to platform downtime or lack of access to the Solape DEX. Further, the suspension of Alpha Features or Beta Features may result in the cancellation of orders or the closure of positions.

- 4.7. The Solape DEX is a front-end, user-facing application that makes extensive use of autonomous smart contracts, for example in the operation of the VAMM protocol which replaces the 'central limit order book' system of centralised exchanges and marketplaces.
- 4.8. The VAMM protocol is an Alpha Feature which remains new and relatively untested in real market conditions. Assets held in Vaults controlled by the VAMM may be vulnerable to risk of failure of the VAMM.
- 4.9. Participants may incur losses of digital assets as a result of technical problems involving the VAMM protocol or other smart contracts, including bugs, viruses, malware attacks, and accidental faults of any nature.

5. Oracle risks

- 5.1. Some of the Solape DEX's functions rely on Oracles to provide data which may be required by the Solape DEX. For example, Oracles may be used to obtain an Oracle Price for the digital assets listed with Solape DEX.
- 5.2. Oracle Prices are intended to track prices of digital assets on an index, market or exchange; however, Oracle Prices may materially deviate from those prices, for example as a result of third-party software bugs, data feed interruptions, platform or server downtime, or other issues. Such deviations may cause losses to Participants by affecting the parameters of particular Transactions.
- 5.3. The data on which Oracle Prices are based may not be accurate, reliable, complete, or current. Oracle Prices may be inconsistent with the prices of relevant digital assets on other indices, markets or exchanges.

6. Disruptions and cyber risks

- 6.1. The functioning of the Solape DEX may from time to time be disrupted because of system overloads, software or hardware issues, power outages, errors or instability in Experimental Features or issues with the functioning of other services and software on which the Solape DEX is dependent, such as the Solana blockchain and any other relevant blockchains and digital ledgers, the Serum DEX, the world

wide web, IPFS and any other relevant peer-to-peer file system, and Oracles.

- 6.2. Participants face the risk of Cybersecurity Events, which may negatively affect the operation of the Solape DEX, the availability of the Solape DEX and the value of digital assets traded via the Solape DEX.

7. Regulatory risks

- 7.1. The regulatory environment concerning cryptocurrencies and other digital assets presents risks of losses to Participants because it is continually developing at great pace in multiple jurisdictions globally and may materially alter the nature of such Participation at any time.
- 7.2. The application and interpretation of existing laws and regulations to digital assets is often largely untested and it is often uncertain how they will be applied, and new laws and regulations relating to blockchain technology, digital assets, and digital asset exchanges (including decentralised exchanges) will inevitably come into existence in future.
- 7.3. It is not possible to predict how such developments will affect your Participation in the Solape DEX; however you should be aware that no assurance is or can be given that your Participation will not be adversely affected by any such changes, including (but not limited to) the following potential developments:
 - 7.3.1. Some or all digital assets or Derivative Contracts available for Participation via the Solape DEX could become unavailable to you or to other Participants via the Solape DEX at any time as a result of legal or regulatory developments, such as a determination by a regulator or competent court (which could have retrospective effect) that certain digital assets or their derivatives are regulated financial instruments requiring registration or licensing in certain jurisdictions.
 - 7.3.2. The price and liquidity of digital assets and Derivative Contracts available via the Solape DEX could be affected by regulatory

developments. The effects could include unpredictable price movements and increased volatility.
