



Xena Exchange

Xena Exchange Risk Warning

Effective since **26 June**

Risks associated with cryptocurrencies:

A cryptocurrency is a virtual currency that is not issued by a central bank or government and is not backed by any asset, such as gold or silver.

Cryptocurrencies are not legal tender.

In most jurisdictions they are not regulated, therefore, there is no regulatory safeguard for investments in cryptocurrencies.

Cryptocurrencies are backed by technology and reputation only and based on decentralised monetary protocols which are still in the experimental stage and may change at any time. Cryptocurrencies have no intrinsic value and their prices may be driven by speculation. They have experienced extreme price volatility in the past year.

The high volatility of cryptocurrencies, which may attract investors, at the same time places them at risk of suffering significant losses and potentially losing more than they have invested.

Engaging in trades involves significant risks, especially if you engage in any margin trades or use any other sophisticated trading options.

There are also risks associated with operational problems including, but not limited to, the failure of hardware, software, API, Internet connections, cryptocurrency transfer or storage failure, hacker attacks or other failure or malfunction.

Trading in cryptocurrencies exposes you to regulatory risk: you may suffer a loss because we may have to restrict or terminate components of our service in response to regulatory action.

Market conditions (for example, lack of liquidity) may increase the risk of loss by making it difficult to effect transactions or close out existing positions. Normal pricing relationships may not exist in certain circumstances. For example, normal pricing relationships may not exist in periods of high buying or selling pressure, high market volatility or lack of liquidity in the market for a particular Xena Listed Perpetual.

Gapping, whereby a market price falls or rises without the opportunity to trade, can result in significant losses even when a stop loss has been put on. This is because it may not be possible to transact at the nominated price if the market has gapped.

There may be additional risks which are not foreseen or identified here.

You access and use Xena and our services at your own risk.

You should carefully assess whether your financial situation is suitable for buying, selling or trading cryptocurrencies and not deposit more than you can afford to lose.

By using the Platform, you acknowledge that you have understood the associated risks and that you accept these risks

Please don't use Xena or any of the trading options if you do not understand all the associated risks.

Risks associated with trading Xena Contracts:

This Risk disclosure statement describes some of the key risks of trading Xena Contracts — cryptocurrency-settled derivative contracts stipulated in relevant Contract specifications.

Xena Listed Perpetuals are form of cryptocurrency-settled derivative contract, where the price of the contract is derived from the price of the underlying cryptocurrency such as Bitcoin, or some index calculated by predefined rules, for example, volatility of Bitcoin. Derivative trading allows a trader to speculate on rising or falling prices of the underlying without physically owning it. Xena Listed Perpetuals are vulnerable to sharp changes in price due to unexpected events or changes in market sentiment, which is exacerbated by trading on margin, and hence may result in significant loss over a short period of time. It also places you at risk of losing more than your initial investment. This product may not be suitable for all investors. Before trading, you need to ensure you fully understand the risks involved taking into consideration your level of experience and investment objectives. Seek independent advice and consultation from an independent financial advisor if you have any doubts.

Xena Listed Perpetuals are leveraged instruments. This means that you are fully exposed to price movements of the underlying instrument without having to pay the full price of that instrument. To place an order and to keep a position a trader is required to maintain a margin. Margin is usually a relatively modest proportion of the overall contract value in monetary terms, therefore the trader shall be trading using 'leverage'. With leverage trading of derivative products, a relatively small market movement may result in proportionately larger movement in the value of the trader's position. It is important to understand that this effect may work against as well as for traders and can multiply their losses and potential profits. At all times during trading, the traders must maintain enough equity, consider all running profits and losses, to meet the margin requirements.

This Risk disclosure statement does not disclose all the risks of trading Xena Contracts.

You should ensure that you understand the nature and risks of trading in these types of cryptocurrency-settled derivative contracts and you should consider carefully (and consult your own advisers where necessary) whether trading in these types of contracts is suitable for you in light of your circumstances.

You should be aware of and fully understand the following risks associated with trading in Xena Listed Perpetuals:

Price Volatility risk: The value of cryptocurrencies, and therefore the value of Xena Listed Perpetuals linked to them, is extremely volatile. The value of some cryptocurrencies recently fell by more than 30% in a single day.

Leverage risk: Leverage multiplies your losses and potential profits and can have a significant impact on fees. It also places you at risk of losing more than your initial investment.

Market conditions risks: They include, for example, lack of liquidity, which may increase the risk of loss by making it difficult to effect transactions, or close out existing positions because there is no demand to take the other side of that trade. Normal pricing relationships may not exist in certain circumstances. For example, normal pricing relationships may not exist in periods of high buying or selling pressure, high market volatility or lack of liquidity in the market for a particular Xena Listed Perpetual. Trading at high leverage levels during periods of significant market volatility also increases the impact of 'gapping' whereby a market price falls or rises without the opportunity to trade. If gapping occurs, the trader on the losing side may be unable to close an open contract at their preferred price which can result in significant losses, even when a stop loss has been put on.

Deleveraging risk: According to the deleveraging procedure described in the Rules of Xena Listed Perpetuals Trading, Xena Exchange may force you to close your positions in case there is not enough liquidity on the market to fulfil the liquidation event occurred with some market participants. In rare circumstances, your positions may be closed by prices worse than the current market prices.

Regulatory risk: You may suffer a loss because we may have to restrict or terminate components of our service in response to regulatory action.

Operational risk including, but not limited to, the failure of hardware, software, API, Internet connections, cryptocurrency transfer or storage failure, hacker attacks or other failure or malfunction.

Margin Risks:

- i. You can lose more than you initially deposited in your margin account. The margin posted by a trader is posted as collateral to support the trader's position. If the price of the underlying moves against your position you will be required to provide extra collateral to your account to avoid automatic liquidation of your position.
- ii. We can force the sale of assets in your account to cover the margin deficiency if the balance of your account falls below the maintenance margin. In addition, you will still be liable for any further losses that may have resulted from such a sale.
- iii. We can close out your position or sell your assets without notice to you. We will attempt to notify you of margin calls, but we have no obligation to do so. Even if we sent you request for additional funds with a specific date by which you can meet a margin call, we can still take necessary steps to

protect our financial interests, including immediate liquidation of your position without contacting you. You are not entitled to an extension of time on a margin call, though we can grant you an extension under certain circumstances.

iv. Maintenance margin may be increased at any time without an advance written notice to you. Such changes take effect immediately and may result in the issuance of a maintenance margin call. If you fail to meet the margin call we may have to liquidate your position(s). We are not responsible for any delays in the release of funds intended to satisfy the call, including but not limited to internal holds on funds exceeding verification limits, delays in the transfer of funds from external accounts maintained by third party financial institutions, and failure of proper routing of funds through financial networks.

Other risks, which are not foreseen or identified here.

You access and use Xena and our services at your own risk.

You should carefully assess whether your financial situation and experience is suitable for trading in Xena Listed Perpetuals and not deposit more funds than you can afford to lose.

By using the Platform, you acknowledge that you have understood the associated risks and that you accept these risks.

This is your money at stake. Please don't use Xena or any of the trading options if you do not understand all the associated risks.