

NMCCX RISK DISCLOSURE DOCUMENT

This document contains important information on trading in virtual currencies at NMCCX. All prospective constituents should read this document before trading in virtual currencies, digital assets.

NMCCX does not expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor endorsed or passed any merits of participating in the trading of aforesaid instruments. This brief statement does not disclose all the risks and other significant aspects of virtual/ digital currencies and assets.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that trading in virtual currencies and digital assets or other instruments traded on the NMCCX, which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. You should therefore carefully consider whether such trading is suitable for you in the light of your financial condition. In case you trade on NMCCX and suffer adverse consequences or loss, you shall be solely responsible for the same and NMCCX shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned broker. The constituent shall be solely responsible for the consequences and no contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a virtual/ digital currencies and assets, other instruments being traded on NMCCX.

It must be clearly understood by you that your dealings on NMCCX through a broker shall be subject to your fulfilling certain formalities set out by the broker/ Member of NMCCX, which may inter alia include your filling the know your client form, reading the rights and obligations, do's and don'ts, etc., and are subject to the Rules, Byelaws and Regulations, as may be framed and amended of NMCCX from time to time, guidelines prescribed/ to be prescribed by appropriate government authorities to be notified in this regard and in force from time to time and Circulars as may be issued by NMCCX or its Clearing Corporation and in force from time to time.

NMCCX does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any broker/ Member of NMCCX and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such trading. If you are unsure, you must seek professional advice on the same.

In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

1. BASIC RISKS:

Risk of Higher Volatility

1.1 Volatility refers to the dynamic changes in price that a virtual currency, digital assets, token or digital collectables or the like instruments undergoes when trading activity continues on NMCCX. Generally, higher the volatility of such instruments, greater is its price swings. There may be normally greater volatility in thinly traded virtual currencies/ digital assets than in active virtual currencies and digital assets. As a result of volatility, your order may only be partially executed or

not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

Risk of Lower Liquidity

1.2 Liquidity refers to the ability of market participants to buy and/or sell virtual currencies, digital assets or the like instruments expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell these instruments swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for these instruments purchased or sold. There may be a risk of lower liquidity in some virtual currencies, and like instruments as compared to active instruments. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

Risk of Wider Spreads

1.3 Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a virtual currency, digital assets or the like instruments and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid virtual currencies, digital assets or like instruments. This in turn will hamper better price formation.

Risk of Rumors

1.4 Rumors about virtual currencies, digital assets, or the like instruments at times float in the market through word of mouth, newspapers, websites or news agencies, etc. The investors should be wary of and should desist from acting on rumors.

System Risk

1.5 High volume trading may also occur at any point in the day. This may cause delays in order execution or confirmation.

1.5-1 During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

1.5-2 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a virtual currency, digital asset or like instrument due to any action on account of unusual trading activity or for any other reason.

1.6 System/Network Congestion:

Trading on exchanges is in electronic mode, based on internet based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk of execution.

2. Currency specific risks

Virtual Currency/ digital assets, token, collectable's prices are highly volatile. Price movements for these instruments are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

GUIDANCE NOTE - DO's AND DON'Ts FOR TRADING ON THE EXCHANGE(S) FOR INVESTORS

BEFORE YOU BEGIN TO TRADE

1. Ensure that you deal with and through only NMCCX approved Members /intermediaries.
2. Ensure that you fill the KYC form completely and strike off the blank fields in the KYC form.
3. Ensure that you have read all the mandatory documents viz. Risk Disclosure Document, Policy and Procedure document of the Member.
4. Ensure to read, understand and then sign the clauses, if any, agreed between you and the stock broker. Note that the clauses as agreed between you and the Member cannot be changed without your consent.
5. Get a clear idea about all brokerage, commissions, fees and other charges levied by the member on you for trading. Obtain a copy of all the documents executed by you from the Member free of charge.

TRANSACTIONS AND SETTLEMENTS

6. The Member may issue Electronic Contract Notes (ECN). You should provide your email id to the Member.
7. Don't share your internet trading account's password with anyone.
8. Don't make any payment in cash to the member.
9. Make the payments by RTGS/NEFT in favor of the Member. Ensure that you have a documentary proof of your payment/deposit of virtual currencies with the member, stating date, instrument, quantity.

DISPUTES/COMPLAINTS

10. In case your issue/problem/grievance is not being sorted out by concerned Member then you may take up the matter with the NMCCX.