



## SWYFTX – RISK DISCLOSURE STATEMENT

Before using Swyftx, you should ensure that you fully understand and can afford to undertake the risks involved. This document lists some, but not all the risks involved in holding, trading and otherwise using crypto assets generally, and using Swyftx services specifically. It is intended to provide you with a general outline of the risks involved with using Swyftx services, but cannot capture all risks so as to be an exhaustive list. Keep in mind that additional, significant risks may apply to you. In addition to reading this document and our [Terms of Use](#) carefully, you should always do your own research and consider whether you are willing to accept any associated risks before using Swyftx.

This document was last updated in **December 2022**. Swyftx treats transparency and risk disclosure to its customers as an ongoing journey and, as such, expects to regularly review, update and improve this document. We are also conscious of the shifting regulatory climate around crypto assets in Australia and globally, and will work to ensure this document remains suitable for the current regulatory climate.

### 1. General

Swyftx does not provide any legal, tax or financial advice and you are strongly advised to undertake your own research and enquiries and obtain independent legal, tax or financial advice from an appropriately qualified professional advisor prior to making any financial decision relating to crypto assets or Swyftx services, including with respect to buying, trading, holding or otherwise using crypto assets. There are significant risks associated with crypto assets, and you are solely responsible to make sure you understand these risks and assess whether taking such risks are appropriate for you and your circumstances.

Swyftx does not make any offers, recommendations or invitations for you to deal in crypto assets or use any services, and does not take into account your personal circumstances, financial situation, needs or objectives. Before making any financial decision, you should carefully assess your financial situation and capacity, and only use funds that you can afford to lose.

Before entering into any transaction using Swyftx, you should ensure that you understand and have made an independent assessment of the suitability and appropriateness of that transaction, and of the nature and extent of your exposure to risk of loss in light of your own objectives, financial and operational resources and other relevant circumstances.

Past performance is no guarantee of future results.

### 2. Risks Related to Crypto Assets Generally

Risk	Description
<b>Extreme volatility and bubble risk</b>	<p>Dealing in crypto assets (including trading, holding or using crypto assets) carries the risk of incurring significant and total financial loss. Crypto assets are, by their nature, highly volatile and you should be aware that the risk of loss in trading, investing, holding or otherwise using crypto assets is substantial. You should carefully consider and assess whether trading, investing, holding or otherwise using crypto assets is suitable for you having regard to your own financial circumstances and risk tolerance. Investing in crypto assets may only be appropriate if the investor has a very high risk appetite.</p> <p>The value of crypto assets are highly unpredictable, with significant price fluctuations within short periods of time. Crypto assets are extremely volatile and their value is not guaranteed or backed by any government. There is a risk that a particular crypto asset, or the market as a whole, may have little to no value in the future. Many crypto assets may have shown signs of a pricing bubble (being a significant, unsustainable rise in their value). You can start learning about crypto asset volatility in our Learn article - <a href="#">Why is Crypto so Volatile</a>.</p> <p>The value of crypto assets are affected by unpredictable events, including (but not limited to) the performance of world markets, interest rates, changes in taxation on income and capital, foreign exchange rates, regulatory and legislative changes, technological developments and market sentiment.</p>

	<p>Crypto assets which are designed to be pegged to the price of another asset (e.g. any fiat currency or commodity) may not always accurately reflect such prices, which can fluctuate above or below its intended value.</p>
<p><b>Regulatory, political or legal risk</b></p>	<p><b>Unregulated asset class:</b> The legal status of crypto assets remains uncertain in many countries and jurisdictions around the world. Crypto assets are not recognised legal tender or financial products in most parts of the world, including Australia and New Zealand. There is no guarantee that any person will agree to accept crypto assets for their intended purpose at any time in the future. Market availability and liquidity may be limited or disrupted, and there is no guarantee that you will be able to sell or exchange your crypto assets at any price.</p> <p>Crypto assets are largely unregulated in most parts of the world, and limited protection (if any) may be afforded to users in the event of loss. Crypto exchanges and service providers may not be subject to the same level of regulatory supervision or scrutiny as other traditional forms of financial exchange or service providers. Investing in crypto assets is very different to trading traditional equities and is not currently subject to the same level of regulatory oversight or compliance obligations.</p> <p><b>Regulation of crypto assets:</b> Different jurisdictions may (where regulation does apply) regulate crypto assets differently, and the cross-border nature of blockchains and of crypto assets may make them subject to the laws of various jurisdictions. Crypto assets may also be legally prohibited in certain countries or jurisdictions, or be subject to specific restrictions and limitations with which you are solely responsible for complying at your own risk and expense. You must always make sure that any use you make of any crypto asset is compliant with all applicable laws. It is your responsibility to undertake your own investigations and enquiries and satisfy yourself of the legal status of any crypto asset and the implications of such legal status for you.</p> <p>It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its applications, including specifically (but without limitation to) Swyftx and the crypto assets relevant to Swyftx services. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting distributed ledger technology and its applications, including specifically (but without limitation to) Swyftx and the crypto assets relevant to Swyftx services.</p> <p><b>Different Tax Regulation:</b> Different jurisdictions may impose specific tax rules and treatments on crypto assets. You must ensure you understand the tax implications of your activities, and always comply with all reporting and payment obligations applicable to you. If you are unsure of your obligations, you should consider seeking professional tax advice.</p>
<p><b>Pricing risk and lack of transparency</b></p>	<p>It may be difficult to value a particular crypto asset accurately and reliably due to its complexity, lack of identifiable fundamentals, the nature of their trading, and susceptibility to be manipulated. This can be a cause of extreme volatility. Certain crypto assets may be purely speculative or have no conceivable use case. The price of crypto assets may go to zero.</p> <p>The price formation of crypto assets is often not transparent. There is a risk that you will not receive a fair price when buying or selling crypto assets.</p>
<p><b>Risks associated with relevant technology</b></p>	<p>Blockchain technologies are susceptible to a wide variety of risks, from malicious attacks to technical difficulties and failures, which may result in loss of funds transacted or held over the blockchain, increased transaction costs or delays in execution.</p> <p><b>Cyber risk:</b> Cyber-attacks, extreme market conditions, or other operational or technical difficulties could result in the immediate halt of transactions either temporarily or permanently.</p>

	<p>The nature of crypto assets may entice an increased risk of fraud or cyber-attack, including (but not limited to) rollback attacks or blockchain reorganisations. These types of attacks, if successful, can result in loss in some or all of a particular crypto asset.</p> <p><b>51% attack risk:</b> A 51% attack refers to a situation in which a single entity is able to gain control over more than 50% of the mining power, computing power or hash rate of a crypto asset's blockchain network. If this occurs, the attack could take and dispose of crypto assets held by anyone and/or impact the price of the crypto asset. You can start learning about 51% attacks in our Learn article – <a href="#">51 Percent Attack</a>.</p> <p><b>Forks:</b> A blockchain fork makes changes to the software protocol of a crypto asset's blockchain. A hard fork makes significant changes to a blockchain. As a result, hard forks can create a split into a new blockchain and crypto asset. If this occurs, a hard fork could adversely impact the price and liquidity of a crypto asset. You can start learning about forks in our Learn article – <a href="#">Cryptocurrency Hard Forks and Soft Forks</a>.</p> <p><b>Increase in transaction fees:</b> Crypto asset transactions often incur a transaction fee that is dependent on the usage of the crypto asset's network. The transaction fees for a particular crypto asset may increase with further usage, which may negatively impact the use of the network. This may cause a reduction in the price of a crypto asset.</p>
<p><b>Custody and private key risk</b></p>	<p>Where you hold crypto assets in an on-chain digital wallet (referred to as “self-custody”), you must be very cautious in maintaining your private keys and backup phrase. Loss of private keys and backup phrase may result in irreversible loss of your funds. Due to the decentralised nature of blockchain, there is no central party which may restore your private keys, extract your funds, or reimburse you for any of your losses.</p> <p>Any third-party gaining access to your digital wallet can extract your funds, and you may not be able to identify or find such parties. You should never provide any person with your wallet's private keys or backup phrase.</p> <p>Self-custody of your crypto assets may be a good option considering your circumstances and aims. You should consider if this option is right for you. You can start learning about self-custody in our Learn article – <a href="#">Guide to Crypto Self-Custody</a>. Swyftx's platform provides our customers with the ability to withdraw and self-custody their crypto assets easily.</p>
<p><b>Immutability</b></p>	<p>Crypto assets are built on immutable blockchains. This means that any incorrect or unauthorised transactions that are confirmed are unable to be reversed and can only be recovered by the recipient agreeing to return the crypto assets by a separate transaction. In other words, crypto asset transactions are not reversible or recoverable by a central authority. Erroneous transactions may result in irreversible loss of your funds.</p> <p>Once you send crypto assets to a specified address, there is a risk that you may lose access to, and any claim on, those crypto assets indefinitely or permanently because, for example, an address may have been entered incorrectly. Losses due to fraudulent or accidental transactions may also not be recoverable.</p>
<p><b>Environmental impact</b></p>	<p>Certain crypto assets have a substantial environmental impact. This impact may cause other risks, including potential future regulation or negative market sentiment, which could impact the value of relevant crypto assets.</p>
<p><b>Risk of misleading information</b></p>	<p>Information available to consumers wishing to buy crypto assets is limited and may be misleading as it can be incomplete, difficult to understand and fail to properly disclose the risks of crypto assets. You should carefully consider this risk before you purchase any given crypto asset.</p>

### 3. Risks Related to Using Swyftx Services

Risk	Description
<b>Technology risk and operational disruptions</b>	<p>Swyftx may suffer technological difficulties which may prevent the access or use of your account, or delay your transactions. Due to the significant risks of trading cryptocurrency as well as the impact of technology and the international market, Swyftx cannot warrant or guarantee that a particular crypto asset will be available as part of its services. Swyftx reserves the right to stop offering trades in relation to particular crypto assets. We will use reasonable endeavours to notify you if we cease to support a particular crypto asset.</p> <p>Swyftx and our third-party providers may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transactions either temporarily or permanently.</p>
<b>Security risk</b>	<p>Swyftx prioritises the security of: its systems; crypto assets held by it; and its users' personal information. However, Swyftx (and third parties having authorised access or control over such assets) may suffer malicious attacks and security breaches, which may result in the compromise of such assets.</p>
<b>Error risk</b>	<p>We try to ensure that the information on our website is correct, but we do not give any express or implied warranty that such information will be error-free. To the extent permitted by law, we do not accept liability for any such error or omission.</p> <p>Swyftx's systems, as well as those of third parties utilised by Swyftx, may be subject to errors, bugs, disruptions, interruptions and communication failures, which may result in delays, errors, temporary suspension or inaccessibility of the services, which might cause damage or loss (including financial loss) to the user of the services.</p>
<b>Counterparty risk</b>	<p>In the operation of its business model as a crypto asset broker, and to facilitate near instantaneous settlement of crypto trades, Swyftx may move customer crypto assets held by it to third parties, external platforms and systems subject to its <a href="#">Terms of Use</a>. For the avoidance of doubt, Swyftx does not and will not lend customer assets to any third party.</p> <p>Swyftx conducts in-depth due diligence reviews of any third party, external platform or system, including security, financial and credibility tests. However, Swyftx cannot guarantee that such third parties or platforms will not suffer any breaches, lose assets or fail to return any assets to Swyftx, resulting in financial loss. There is a risk that Swyftx may be unable to process transactions due to an inability to access the storage mechanism or request the transaction with the third party provider.</p>
<b>Staking</b>	<p>Swyftx may stake customer crypto assets held by it on-chain. This means crypto assets held by Swyftx are only staked on native proof-of-stake protocols. You can start learning about proof of stake protocols in our Learn article – <a href="#">Proof of Work vs Proof of Stake</a>. Swyftx will always retain the private keys of any staked crypto assets.</p>
<b>Holding of crypto assets, no custody, private key risk</b>	<p>You have a right to withdraw the crypto assets available in your Swyftx account at any time, subject to Swyftx's <a href="#">Terms of Use</a>.</p> <p>Swyftx holds customer crypto assets on a 1:1 basis. In other words, Swyftx does not transform crypto assets from how they are reflected in customer wallets on our platform. By holding customer assets 1:1, Swyftx is not subject to any market risk from price movements in crypto assets (but customers remain subject to the market risk of the price of their crypto assets moving).</p> <p>We may hold fiat currency in equivalent stablecoins for certain periods as we facilitate transactions (eg, USD in USDT). Swyftx honours any difference that may occur between the stablecoin and the fiat currency credited to your account, such that you are unaffected by any fluctuation in the stablecoin.</p>

	<p>Swyftx always holds 100% of customer assets, such that the full balance of its customers' wallets are held as assets by Swyftx. That is, Swyftx operates on a fully reserved basis. As a result, customers can withdraw their assets at any time (subject to the other risks outlined in this document).</p> <p>That being said, Swyftx and our third-party providers do not offer custodial or fiduciary services to you, and do not hold your crypto assets as your custodian or on your behalf. Your Swyftx account is not a deposit, checking or savings account, and it is not covered by insurance against losses. Customer crypto assets and fiat currency may not be held in segregated client accounts or separate from Swyftx's own crypto assets and fiat currencies at all times. We perform regular and frequent reconciliation processes to ensure the accurate accounting for all customer assets and Swyftx assets.</p> <p>You do not hold the private keys to crypto assets while they remain in your Swyftx account. While we exercise all due care and skill in maintaining the security of the wallets and private keys there is a risk the private key used to access crypto assets may be lost, destroyed or stolen resulting in Swyftx being unable to access the crypto assets held.</p> <p>Swyftx encourages customers to take all necessary precautions including, where they consider this to be appropriate in their circumstances, self-custody of their crypto assets. You can start learning more about storage of crypto assets in our Learn article – <a href="#">How to Store Cryptocurrency</a>. You can start learning about self-custody in our Learn article – <a href="#">Guide to Crypto Self-Custody</a>. Swyftx's platform provides our customers with the ability to withdraw and self-custody their crypto assets easily.</p>
<b>Return of crypto assets and fiat currency</b>	<p>You have the right to withdraw crypto assets and fiat currency available in your Swyftx account, subject to Swyftx's <a href="#">Terms of Use</a>. However, there is a risk that in the event of insolvency of Swyftx (like any company), you may be treated as an unsecured creditor, in which case your funds may not be recoverable, in whole or in part.</p>
<b>Regulatory risk</b>	<p>Crypto assets are not legal tender, Swyftx is not a bank or depository institution, and your Swyftx account is not a deposit or savings account. Crypto assets in your Swyftx account are not held by Swyftx as a custodian or fiduciary, are not insured by any private or governmental insurance plan, and are not covered by any compensation scheme. Swyftx does not hold an Australian financial services licence or an Australian credit licence.</p> <p>Legislative and regulatory changes or actions at the state, national, or international level may adversely affect Swyftx's ability to continue to provide some or all of its services in any particular jurisdiction, continue to support any particular crypto asset or continue to serve any specific user or group of users. Accordingly, Swyftx cannot guarantee the continued and uninterrupted provision of the services to you.</p>
<b>Risk of uninsured losses</b>	<p>Crypto assets made available via the Swyftx services are uninsured unless you specifically obtain private insurance to insure them. In the event of loss or loss of utility value, there is no public insurer or private insurance arranged by Swyftx to offer recourse to you.</p>
<b>Fees and spreads</b>	<p>Swyftx charges both a fee and spread on customer crypto transactions, in accordance with its <a href="#">Terms of Use</a>. Swyftx attempts to offer attractive fees and spreads to its customers, but does not make any claim to you that these fees and spreads are competitive in the broader crypto asset market.</p>

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