USD Coin (USDC)

Virtual Assets Risk Disclosure

1. Issuer Default Risks

Unless expressly stated otherwise, Hash Blockchain Limited (HBL) does not issue virtual assets. Virtual assets are issued by third parties. Investors should read the applicable terms, information and risk disclosures provided by the applicable issuers carefully before entering into any virtual asset transaction. Investors should note that the offering document or product information provided by the issuer have not been subject to scrutiny by any regulatory body.

For any virtual assets authorised by a regulator, investors should note that authorisation does not imply any official recommendation or endorsement of the asset by such regulator, nor does it guarantee the commercial merits of such asset or its performance.

In the event that a virtual asset issuer becomes insolvent and defaults on their issued products, investors will be considered as unsecured creditors and will have no preferential claims to any assets held by the issuer. Investors should therefore pay close attention to the financial strength and credit worthiness of securities issuers and conduct their own assessment on the potential of their project. Since virtual assets are not legal tender and virtual asset products are not be backed by assets or any government and authorities, in the event of issuer bankruptcy or ceasing of operations, their tokens issued may no longer have any value and investors can lose their entire investment. We make no representations or warranties about whether any virtual asset will always continue to trade in the trading platform. Any virtual asset is subject to delisting without prior notice in the sole discretion of us. Investors should seek independent professional advice before making any investment decision.

2. Market, Liquidity and Conversion Risks

Where virtual asset transactions are denominated in particular virtual asset or fiat currencies other than the primary reference asset of the investors, or where the investors convert virtual assets upon carrying out a virtual asset transaction, there is a risk of the exchange markets moving against the investor, resulting in upon maturity or any earlier dealing the net proceeds may be significantly less than the initial amount in your primary reference asset, and any income or gains may be entirely negated.

The value of a virtual asset may be derived, among other things, from the continued willingness of market participants to exchange fiat currency for that virtual asset, this means that the value of a particular virtual asset may decline, or be completely and permanently lost should the market for that virtual asset disappear. Investors should further note that there is no assurance that a market that existed for a particular virtual asset will continue to exist in the future, or that a person who accepts a virtual asset as payment today will continue to do so in the future.

Liquidity risk is the risk of losses attributable to a lack of liquidity (for example very few active market participants) in a particular market. This is usually indicated by wide bid / offer spreads and very few transactions being carried out in a particular product or market. The risk is that changes in the underlying market price may be infrequent but very large, and that it is not possible to unwind or transfer a particular transaction in a timely manner, at near the price the investor had expected, or at all. Such liquidity risk in an asset may be caused by the absence of buyers, limited buy/sell activity or underdeveloped secondary markets for certain virtual assets. Investors should note that there is no assurance that a person who accepts a virtual asset as payment, will continue to do so in the future.

The investor may also suffer loss as a result of depreciation of the value of the currency paid as a result of foreign exchange controls imposed by the country issuing the foreign currency. Repayment or payment of amounts due to the investor may be delayed or prevented by exchange controls or other actions imposed by governmental or regulatory bodies over currencies which they control or regulate.

3. Volatility Risks

The volatility and unpredictability of the price of virtual asset relative to other virtual asset or fiat currencies may result in significant losses over a short period of time. Such fluctuations could affect the price of any virtual assets. Any virtual asset may decrease in value or lose all of its value due to various factors including discovery of wrongful conduct, market manipulation on trading, lending or other dealing platforms, change to the nature or properties of the virtual asset, governmental or regulatory activity, legislative changes, suspension or cessation of support for a virtual assets or other exchanges or service providers, public opinions, or other factors outside of our control. Technical advancements, as well as broader economic and political factors, may cause the value of virtual assets to change significantly over a short period of time. Virtual assets are highly risky and investors should exercise caution when trading with any virtual assets.

4. Trading Suspension Risks

During the suspension of trading of the virtual assets, investors and potential investors cannot buy and sell units in the trading platform. In terms of providing a fair and orderly market with regarding the interests of investors, the trading platform may suspend the trading whenever it is appropriate. If the trading is suspended, the subscription and redemption of securities may also be suspended. It may also be difficult or impossible to liquidate a position in the virtual assets under certain circumstances. Certain Airdrops, Forks or Network Events may occur rapidly and affect our ability to conduct a virtual asset transaction. Information relating to such events may be difficult to ascertain ahead of time and may be subject to limited oversight by any third party who is capable of intervening to stabilise the network.

5. Investor Compensation Risks

The protection offered by the Investor Compensation Fund under the Securities and Futures Ordinance does not apply to transactions involving virtual assets (irrespective of the nature of the tokens). The protection offered by the Deposit Protection Scheme in Hong Kong does not apply to any virtual assets or fiat currency held in an Account. Investors should note that any virtual assets or fiat currency held in an Account are not protected deposits.

This means that virtual asset transactions and virtual assets may have reduced level or type of protection compared to other products and asset classes afforded by the laws of Hong Kong.

6. **Not a Bank Deposit**

Any fiat currencies or virtual assets held by us and/or the Associated Entity are not held as "deposits" within the meaning of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong), nor as any other regulated product or service under applicable laws. Without limitation, neither HBL nor the Associated Entity is regulated by the Hong Kong Monetary Authority in respect of the foregoing.

7. **Jurisdiction Risks**

Residents, Tax residents or persons having a relevant connection with certain jurisdictions are excluded from carrying out virtual asset transactions. Changes in the investor's place of domicile or the applicable laws may result in the investor violating any legal or regulatory requirements of the applicable jurisdiction. The investor is responsible for ensuring that any virtual assets transaction is, and remains lawful despite changes to applicable laws, the investor's place of domicile and circumstances.

8. **Country Risks**

If a virtual asset transaction is made in respect of virtual assets issued by a party subject to foreign laws or transactions made on markets in other jurisdictions, including markets formally linked to a domestic market, recovery of the sums invested and any profits or gains may be reduced, delayed or prevented by exchange controls, debt moratorium or other actions imposed by the government or other official bodies. Before conducting any virtual asset transaction, the investor should satisfy himself as to the sufficiency of his understanding of any rules or laws relevant to the particular virtual asset transactions.

Investors should note that their local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the investor's transactions have been effected. It is the sole responsibility of the investor to obtain independent advice about the different types of redress available in both the investor's home jurisdiction and other relevant jurisdictions before starting to trade. If the investor's country of residence imposes restrictions on virtual asset transactions, we may be required to discontinue your access to the Account, and may not be permitted to transfer virtual assets back to you or permit you to transfer virtual assets from the Account to yourself or others, until such time as the regulatory environment permits us to do so.

9. **Legal and Regulatory Risks**

Legal and documentation risks include the risk that transactions and/or their related framework arrangements may not be legally enforceable or that the conduct of the parties violates applicable laws and regulations. There is also legal uncertainty on whether virtual assets can be regarded as "property" under the law. This may affect the nature and enforceability of your interest in such virtual asset. Legislative and regulatory changes may adversely affect the use, transfer, exchange, and value of virtual assets. You are solely responsible for knowing and understanding how the laws applicable to you or your property, rights or assets or tax the virtual assets you trade or the leverage you provide.

10. **Regulatory Measures**

Securities may be overseen by the legal and regulatory authorities of a number of jurisdictions globally. We may receive notices, queries, warnings, requests or rulings from one or more authorities upon short notice, or may even be ordered to suspend or terminate any action in connection with any securities as a whole without prior notice. Furthermore, many aspects of the securities involve untested areas of law and regulation, and could be subject to new laws or regulations. Therefore, their legal and regulatory outcome in all relevant jurisdictions is not possible to predict. The planning, development, marketing, promotion, execution or otherwise of the virtual assets may be seriously affected, hindered, postponed or terminated as a result of such new laws and/or regulations. Since regulatory policies can change with or without prior notice, any existing regulatory permissions for or tolerance of virtual assets in any jurisdiction may be withdrawn without warning. Cryptographic-tokens and cryptocurrencies could be deemed from time to time as a commodity or virtual commodity, a digital asset or even as money, securities or currency in various jurisdictions and therefore the securities could be prohibited from being entered into, traded or held in certain jurisdictions pursuant to local regulations. In turn, the virtual assets could be deemed to be a regulated or restricted product. There is no guarantee that the virtual assets can maintain any particular legal or regulatory status in any particular jurisdiction at any time.

11. **Risks of Assets Received or Held outside Hong Kong**

Virtual assets and fiat currency received or held by us and/or the Associated Entity outside Hong Kong are subject to applicable laws of the relevant overseas jurisdictions, which may be different from the Securities and Futures Ordinance and the rules made thereunder. Consequently, such assets may not enjoy the same protection as that conferred on some of the assets received or held in Hong Kong.

12. **Risks Relating to Authorised Persons**

There are substantial risks in allowing another person to trade or operate an Account, and it is possible that Instructions could be given by persons who are not properly authorised. You accept all of the risks of such an operation and irrevocably release us from all liabilities arising out of or in connection with such Instructions.

13. **Virtual Assets may be Complex Products**

Virtual assets may be complex products by virtue that the terms, features and/or risk are not understood due to the complex structure, novelty and reliance on technological features.

14. **Commissions and Fees**

The investor should obtain details of all fees, costs, charges, expenses and commissions for which he will be liable before conducting any virtual asset transaction. If any of the foregoing is unclear to the investor, it is the responsibility of the investor to clarify such fees, costs, charges, expenses and commissions before entering into the virtual asset transaction.

The fees, costs, charges, expenses and commissions to be paid by the investor will vary depending on a variety of factors, including the nature of the investor's relationship with HBL in relation to the relevant services, the transaction size, complexity and type of asset.

15. Tax Treatment and Accounting

Some virtual asset transactions may be subject to the tax laws and regulations in an applicable jurisdiction. The tax treatment and accounting of virtual assets is a largely untested area of law and practice that is subject to changes. Tax treatment of virtual assets may vary amongst jurisdictions. We may receive queries, notices, requests or summons from tax authorities and as a result may be required to furnish certain information about the virtual asset transaction.

Among the accounting profession, there are no agreed standards and practices for how an auditor can perform assurance procedures to obtain sufficient audit evidence for the existence and ownership of the virtual assets, and ascertain the reasonableness of the valuations.

If you are unsure about the tax implications of your virtual asset transactions, you should seek independent professional advice before carrying out a virtual asset transaction.

16. Inflation Risks

Virtual assets may, either because of the inherent design of the virtual assets or through Forks, Airdrops or Network Events, not be a fixed supply of assets. Where additional virtual assets are created, their price may decline due to inflationary effects of the increased amount of total virtual assets available.

17. Concentration Risks

At any point in time, one or more persons may directly or indirectly control significant portions of the total supply of any particular virtual asset. Acting individually or in concert, these holders may have significant influence, and may be able to influence or cause Forks or Network Events which may have a detrimental effect on price, value or functionality of the virtual assets. Network Participants may make decisions that are not in your best interest as a holder of virtual assets.

18. Conflicts of Interest

We or other virtual asset trading service providers may be acting as agents for you as well as acting as principals against you. We or other relevant service providers may facilitate the initial distribution of virtual assets (such as, initial coin offerings), secondary market trading, or both, in manners similar to a traditional exchange, alternative trading system or securities broker. If these operations are not under the purview of any regulator, it would be difficult to detect, monitor and manage conflicts of interest.

19. Cryptographic Protection

Cryptography is evolving and there can be no guarantee of security at all times. Advancement in cryptography technologies and techniques, including but not limited to code cracking, the development of artificial intelligence and/or quantum computers, could be identified as risks to all cryptography-based and/or blockchain based systems including the underlying assets of the virtual assets. The security of our trading platform cannot be guaranteed as the future of cryptography or security innovations is unpredictable.

20. Abandonment or Development Failure

Due to the technically complex nature of our trading platform, we could face difficulties from time to time that may be unforeseeable and/or unresolvable. Accordingly, the development of the trading platform could fail, terminate or be delayed at any time for any reason (including but not limited to a lack of funds). Development failure or termination may render the virtual asset not transferable, not exercisable, and/or obsolete.

21. Loss of Private Key is Permanent and Irreversible

The investor should note that virtual assets not received nor held by HBL and/or the Associated Entity in an Account is the investor's sole responsibility, and that the investor alone is responsible for securing his private key for any address with respect to such virtual assets. Any loss of control of the private key will permanently and irreversibly deny the investor access to such virtual assets. Neither HBL nor any other person will be able to retrieve or protect the virtual assets not held by HBL and/or the Associated Entity in an Account. Once lost, the investor will not be able to transfer such virtual assets to any other address or wallet. This means that the investor will also not be able to realize any value or utility that the virtual assets may hold now or in future.

22. Cyber-attacks and Fraudulent Activity, including Theft of Digital Assets on the Trading Platform

There may be attempts to steal the digital assets on the trading platform. The nature of virtual assets exposes the investor to an increased risk of fraud or cyber-attack. Virtual assets, the investor's Account, any service provided by HashKey PRO, and the Website may be targeted by malicious persons who may attempt to steal virtual assets or fiat currency, or otherwise intervene in a virtual asset transaction or any service provided by HashKey PRO. This includes (but is not limited to) interventions by way of distributed denial of service, sybil attacks, phishing, social engineering, hacking, smurfing, malware, double spending, majority-mining, consensus-based or other mining attacks, misinformation campaigns; Forks; and spoofing.

These malicious entities may target the investor in an attempt to steal any asset held by the investor, or to claim any asset that the investor may have purchased. This may involve unauthorised access to an Account, the investor's private keys, addresses, passwords, email or social media accounts, log-in details or access method for the Account, as well as unauthorised access to the investor's computer, smartphone and any other devices used by the investor. The investor alone is responsible for protecting himself against such actions.

Virtual assets, the investor's Account, any service provided by HashKey PRO, and the Website may also be vulnerable to exploitation of vulnerabilities in smart contracts and other code, as well as to human error.

A limited amount of your virtual assets may be stored in hot wallets (i.e. online environments which provide an interface with the internet), which can be prone to hacking or cyber-attacks. Cyber-attacks resulting in the hacking of virtual asset trading platforms and thefts of virtual assets are common. Victims may have difficulty recovering any losses resulting from these attacks. This could result in significant loss and/or other impacts that may materially affect the investor's interests.

The above events may affect the features, functions, operation, use, access or other properties of the virtual assets, the investor's Account, the Website or any services provided by HashKey PRO. While HBL will endeavour to adopt industry best practices to keep the virtual assets safe (including but not limited to the use of cold storage and multi-signature authentications), successful cyber thefts and other fraudulent activities set out above may still occur.

23. Flaw in the Source Code

While we adopt quality assurance procedures to help ensure the source codes as accurately as possible reflect their intended operation, the flawlessness of the source codes, some of which are open source codes, cannot be guaranteed. They may contain bugs, defects, inconsistencies, flaws or errors, which may disable some functionality, create vulnerabilities or cause instability. Such flaws may compromise the predictability, usability, stability, and/or security of the trading platform. Open source codes rely on transparency to promote community-sourced identification and solution of problems within the code.

24. Unpermissioned, Decentralized and Autonomous Ledger

The trading platform is being developed to serve various distributed ledger systems which are unpermissioned protocols that could be accessed and used by anyone. In addition to the use of decentralized ledgers, we intend to make use of supporting technologies that also operate on decentralized ledgers. The utility and integrity of our trading platform relies on the stability, security and popularity of these decentralized ledgers. Risks arising from relying on such distributed ledger technology include the existence of technical flaws in the technology, targeting by malicious persons, majority-mining, consensus-based or other mining attacks, changes in the consensus protocol or algorithms, decreased community or miner support, rapid fluctuations in value of relevant virtual assets, the existence or development of competing networks, platforms and assets, flaws in the scripting language, disputes between developers, miners and/or users and regulatory action. We are envisaged to be an open, decentralized community and its composition can include users, supporters, developers and other participants worldwide who may or may not be connected with us in any manner. The trading platform is intended to be decentralized and autonomous in nature as far as its maintenance, governance and evolution are concerned.

25. Compromised Security

We rely on open source software and unpermissioned decentralized distributed ledgers including but not limited to Ethereum. Accordingly, anyone may intentionally or unintentionally compromise the core infrastructural elements of our trading platform and its underlying technologies. This may consequently result in the loss of any digital assets held on the trading platform and may cause our system to fall.

26. Inadequacy of Processing Power

The ramp up of the trading platform may be accompanied by sharp increases in transaction numbers and demand for processing power. If the demand for processing power outgrows that forecasted, the network of the trading platform could be destabilized and/or stagnated. This may create opportunities for fraudulent activities including but not limited to false or unauthorized transactions (such as "double-spending") to arise. All these may adversely impact the usability, stability and security of the trading platform.

27. Unauthorized Claim of virtual assets

Digital assets can be claimed in bad faith by any person who successfully gains access to the wallet, email or the investor's accounts they have registered with us. This can be as a result of deciphering or cracking the user's password, phishing scams and/or other hacking techniques. Subsequently, these digital assets may be sent to anyone and such remittance is not revocable or reversible. It is recommended that all investors should take appropriate security measures to safeguard their wallet, email and accounts. Each investor is responsible for the security of their wallet, email and account on the trading platform at all times.

28. Forking and Attacks

Many cryptographic tokens are developed on the Ethereum blockchain, which is an open source protocol. Once released to the open source community, anyone may develop a patch or upgrade for the source code of Ethereum without prior permission by anyone else. The acceptance of patches or upgrades by a significant, but not necessarily overwhelming percentage of the Ethereum holders could result in a "fork" in the Ethereum blockchain.

The temporary or permanent existence of forked blockchains could adversely impact the operation of the trading platform. Such a fork can undermine the sustainability of the trading platform ecosystem, and may destroy or frustrate the trading platform. While a fork in the blockchain could possibly be rectified by community-led efforts to re-merge the two separate branches, success is not guaranteed and could take an undetermined amount of time to achieve.

Virtual assets may also be subject to attacks on the security, integrity or operation of the networks, including Network Events. Such foregoing events (including a Fork) may affect the features, functions, operation, use or other properties of any virtual assets, network or platform.

The events may also severely impact the price or value, function and/or the name of any virtual assets, or even result in the shutdown of the network or platform associated with the virtual assets. Such events may be beyond the control of HBL, or to the extent HBL has any ability to impact such event, HBL’s decision or actions may not be in your best interests.

29. Reliance on the Internet and Other and Technology-related Risks

Virtual asset transactions rely heavily on the internet and other technologies. However, the public nature of the internet means that either parts of the internet or the entire internet may be unreliable or unavailable at any given time. Further, interruption, delay, corruption or loss of data, the loss of confidentiality in the transmission of data, or the transmission of malware may occur when transmitting data via the internet and/or other technologies. The result of the above may be that your virtual asset transaction is not executed according to your Instructions, at the desired time, or not at all.

The nature of virtual assets also means that any technological difficulties experienced by the HashKey PRO may prevent investors from accessing their virtual assets.

No authentication, verification or computer security technology is completely secure or safe.

The internet or other electronic media (including without limitation electronic devices, services of third-party telecom service providers such as mobile phones or other handheld trading devices) are an inherently unreliable form of communication, and such unreliability may be beyond HBL's control.

Any information (including any document) transmitted, or communication or transactions made, over the internet or through other electronic media (including electronic devices, services of third party telecommunication service providers such as mobile phones or other handheld trading devices or interactive voice response systems) may be subject to interruption, transmission blackout, delayed transmission due to data volume, internet traffic, market volatility or incorrect data transmission (including incorrect price quotation) or stoppage of price data feed due to the public nature of the internet or other electronic media.

30. Transactions Deemed Executed Only when Recorded or Confirmed

Some virtual assets transactions may be deemed to be executed only when recorded and confirmed by HashKey PRO, which may not necessarily be the time at which the investors initiate the transaction.

31. Risks Relating to Timing

A virtual asset transaction is binding upon completion of the steps described in the Professional Investor Business Terms. Following this, the virtual asset transaction will not be reversed. There is a risk that the final binding virtual asset transaction does not occur at the same time as Instructions are provided. You may suffer loss due to the fact that a virtual asset transaction is not carried out at the desired time.

32. Unauthorised Access

Unauthorised third parties may access or use your Account and effect virtual asset transactions without your knowledge or authorisation, whether by obtaining control over another device or account used by you, or by other methods.

33. Irreversible Transactions

Transactions in virtual assets may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Investors should note that once a transaction has been verified and recorded on a blockchain, loss or stolen virtual assets generally will not be reversible. This means accidental or fraudulent transactions in respect of virtual assets may not be recoverable.

34. Other Important Notes

In addition to the above, investors should also note:

(a) the continuing evolution of virtual assets and how this may be affected by global regulatory developments;
(b) most trading, lending or other dealing platforms and custodians of virtual assets are presently unregulated;
(c) counterparty risks when effecting transactions with issuers, private buyers and sellers or through trading, lending or other dealing platforms;
(d) risk of the loss of virtual assets, especially if held in hot wallets; and
(e) new risks which may arise from investing in new types of virtual assets or market participants' engagement in more complex transaction strategies.

USDC Risk Disclosure

USDC, issued and governed by Centre consortium, is a stablecoin pegged to US dollars on a 1:1 basis, fully backed by cash and short-dated U.S. government obligations and redeemable on a 1:1 basis for US dollars. The Centre consortium is a partnership between Circle Internet Financial, LLC ("Circle") and Coinbase Global, Inc ("Coinbase"). Both companies are regulated and licensed financial institutions in US. USDC reserves are reviewed and attested by Grant Thornton LLP on monthly basis and reserve reports are available to the public.

The regulatory status of USDC and blockchain technology is ambiguous or undetermined in many jurisdictions, hence It is difficult to predict how or whether regulatory authorities will apply current regulations to USDC, blockchain technology, and its applications.

USDC Monthly Attestations: https://www.circle.com/en/transparency#transparency