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SPECIFIC RISK WARNING FOR TRADING IN VIRTUAL CURRENCIES

JUNE 2021

What risks are associated with speculating in virtual currency?

The following risks are related to the use of virtual currencies, including trading in CFDs where the underlying is a Bitcoin or Ethereum:

a) Volatility risk

The volatility of price of any coin is extremely high.

The value of a Virtual currency is determined by the public's interest in it and is based strictly on supply and demand. The value of Virtual Currency may be derived from the continued willingness of market participants to exchange Fiat Currency for Virtual Currency, which may result in the potential for permanent and total loss of value of a particular Virtual Currency should the market for that Virtual Currency disappear.

Media coverage of a virtual currency can have a major impact on its value over a short period of time without any official organization or mechanism controlling the volatility.

NFX CAPITAL CY LTD DOES NOT AND CANNOT GUARANTEE THE INITIAL CAPITAL OF THE CLIENT'S INVESTMENTS AT ANY TIME, OR ANY MONEY INVESTED IN VIRTUAL CURRENCIES.
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b) Complex products

Virtual currencies are not appropriate for all investors and therefore, investors should not trade in such products if they don't have the necessary knowledge and expertise in this specific product; they should always be fully aware and understand the specific characteristics and risks related to these products and carefully consider whether trading or holding Virtual currencies is suitable for them in light of their financial condition.

Valuation of Virtual currency is usually not transparent and highly speculative. In the worst case scenario the product could be rendered worthless.

c) Technological and operational risk

Virtual currency may be exposed to hacking and theft. The security of digital wallets and virtual currency trading and transaction platforms is not guaranteed. Users may be exposed to theft and total loss of assets.

d) Legal risk

Virtual currencies are not regulated. There is also no legal framework to protect consumers who buy goods or services using virtual currency or speculate on the price of unregulated



assets. Legislative and regulatory changes or actions at the state, EU or international level may adversely affect the use, transfer, exchange, and value of Virtual Currency.

e) Risk of participating in criminal, terrorist or fraudulent activities or money laundering

Virtual currencies have been associated with fraud, money laundering and criminal or terrorist activities. Therefore, any participants of the market can be affected in case of any investigations or court orders.

If you want to speculate on the price of a virtual currency or transact business using a virtual currency

Make sure you understand the characteristics of these currencies and the risks you will incur. The volatility and unpredictability of the price of Virtual Currency relative to Fiat Currency may result in significant loss over a short period of time. You should carefully assess whether your financial situation and tolerance for risk is suitable for trading in virtual currencies.

No protection

NFX CAPITAL CY LTD wishes to stress that transactions involving virtual currencies are not covered by the Financial Ombudsman protection scheme or the Investor Compensation Fund.

You should therefore use caution when entering into virtual currency transactions as you could incur losses and will not be able to use legal protections.