



International Swaps and Derivatives Association, Inc.

## **Disclosure Annex for Digital Asset Derivative Transactions**

This Annex supplements and should be read in conjunction with the ISDA General Disclosure Statement for Transactions (“**General Disclosure Statement**”). NOTHING IN THIS DISCLOSURE AMENDS OR SUPERSEDES THE EXPRESS TERMS OF ANY TRANSACTION BETWEEN YOU AND US OR ANY RELATED GOVERNING DOCUMENTATION. Accordingly, the information provided in this Annex is subject in all cases to the actual terms of a Digital Asset Derivative Transaction (as defined below) executed between you and us and its governing documentation (whether or not such qualification is expressly stated).

In this Disclosure Annex, we refer to Transactions which are non-deliverable forwards or non-deliverable options in which the Underlier is Bitcoin (BTC) or Ether (ETH) as “**Digital Asset Derivative Transactions**” and to such Underliers as “**Digital Assets**”. The term “Digital Asset” may be used in other contexts to have a broader or narrower meaning and Digital Assets as defined herein may also be referred to as “cryptocurrencies”, “cryptocoins”, “cryptoassets” or other names.

The terms of a Digital Asset Derivative Transaction may incorporate standard definitions, annexes thereto and other market standard terms, including terms, customs and usages with respect to the Underlier or the Digital Asset to which it relates. Such terms may in turn be amended or customized pursuant to the terms of the Digital Asset Derivative Transaction and its governing documentation. Before entering into a Digital Asset Derivative Transaction, you should obtain and review carefully any such materials incorporated by reference as their content could materially affect your rights and obligations under the Digital Asset Derivative Transaction, its value and its appropriateness for your particular objectives. The market for Digital Assets is also continuing to develop and may be subject to the risk of uncertainty under existing or future political, social, economic and fiscal policies, laws, regulations and interpretations, which may impact a Digital Asset Derivative Transaction. Accordingly, you should carefully evaluate and monitor developments in these areas.

This Annex only discloses those risks that have been identified for Digital Asset Derivative Transactions (as defined above). Other types of transactions that might reference Digital Assets (as defined above) or that might be described as referencing “digital assets”, but (in either case) are not Digital Asset Derivative Transactions (as defined above), may present additional risks not disclosed in this Annex.

### **Digital Assets and Settlement Price Sources**

The terms of a Digital Asset Derivative Transaction will specify the source of, or method of determining, the prices (“**settlement price sources**”) relevant to the performance or extent of obligations under a Digital Asset Derivative Transaction, where such obligations are based on the

price of a Digital Asset. The price published by the settlement price source will be determined by reference to the market value for one or more Digital Assets, in accordance with the methodologies and terms applicable to that settlement price source. Fluctuations in prices for Digital Assets as published by the relevant settlement price source may affect the value of a Digital Asset Derivative Transaction. Past performance is no guarantee of future performance.

There may be many alternative settlement price sources for a Digital Asset. The methodologies and terms applicable to different settlement price sources can vary significantly. The selection of a settlement price source is a key term of any Digital Asset Derivative Transaction.

### **Risks Relating to the Underlying Digital Assets**

A Digital Asset exists solely by reference to an online, distributed network (“**Digital Network**”) designed as a tamper-resistant record of all transactions in the Digital Assets native to that network. No single entity owns or operates the Digital Networks of the Digital Assets. Rather, each one is collectively maintained by: (i) network participants that use cryptographic and algorithmic protocols to process transactions and compute the state of the transaction record via nodes on the Digital Network; and (ii) software developers who propose improvements to these protocols and related software. The supply of Digital Assets is determined programmatically by its protocol rather than controlled by a central entity or issuer. Unlike traditional “fiat” currencies, Digital Assets are not issued by a sovereign government.

Digital Asset Derivative Transactions are subject to risks associated with the use and technical operation of Digital Networks. These networks are a form of technological infrastructure, the operation of which may be affected by a variety of factors including flaws in the underlying protocols or cryptography, cyber-attacks and network congestion. Some of these factors are considered further below, although given this is a novel and rapidly evolving market and asset class, new risks may emerge over time.

#### **A. Consensus Protocols and Cryptography**

Digital Networks and their native Digital Assets depend upon cryptographic and algorithmic protocols that process transactions and compute the state of the transaction record. Malfunctioning nodes and/or errors in the underlying source code could jeopardize the integrity and security of the Digital Network. Material issues may be hard to overcome and/or easy to exploit improperly. In the extreme case, they may cause the entire Digital Network to fail such that the native Digital Assets cease to exist entirely. Any issues with the operation of a Digital Network that affect the availability or value of Digital Assets may affect the value of a Digital Asset Derivative Transaction.

Transactions in Digital Assets are dependent on public key cryptography. Digital Assets are recorded to an address that is typically a hash of a public key which corresponds cryptographically to a unique private key. That private key is required to sign or authenticate any transfer of Digital Assets recorded to the corresponding public key address. This cryptographic process is integral to the operation of Digital Networks and the transfer of Digital Assets. Any flaw or vulnerability in the cryptography, or developments in mathematics and/or technology (including advances in digital computing, algebraic geometry and/or quantum computing) which may result in such

cryptography becoming ineffective, could undermine the integrity of a Digital Network and confidence in its native Digital Asset. This could affect the value of a Digital Asset Derivative Transaction.

In addition to maintaining a record of Digital Asset transactions, Digital Networks (such as the Ethereum network) may also run ‘smart contracts’. Smart contracts are computer programs that execute automatically upon the occurrence of certain pre-defined conditions. Like all software code, smart contracts are exposed to risk that the relevant code contains a bug or a security vulnerability, which can lead to loss of Digital Assets that are held in or transacted through the smart contract, or otherwise cause the smart contract to not operate as intended or expected. Smart contract vulnerabilities may cause losses for Digital Asset investors as well as undermine confidence in Digital Networks. This may affect the value of a Digital Asset Derivative Transaction.

## **B. Fraud, Theft and Cyber-Attacks**

Digital Networks are ultimately reliant upon the internet. A significant disruption in internet connectivity could disrupt the operation of a Digital Network and have an adverse effect on the price of its native Digital Asset. Digital Networks have previously been subjected to hacks and the exploitation of other vulnerabilities, such as denial-of-service attacks, which have led to temporary delays in block creation and, consequently, the transfer of Digital Assets. It is possible that if a Digital Asset increases in value, the relevant Digital Network may become a bigger target for hackers and subject to more frequent hacking and denial-of-service attacks. Any such events that impact the operation of the Digital Network or the ability to transfer Digital Assets could have a material effect on the value of a Digital Asset Derivative Transaction.

As outlined above, the operation of Digital Networks is reliant on a decentralized network of node operators. In order to maintain a high level of security, these networks will ideally comprise a large number of individual node operators. Should one entity or group of colluding entities control a significant amount of the capacity to verify and process transactions on a Digital Network (the requisite amount of capacity being dependent on the consensus protocol underlying the relevant Digital Network), there is a risk that such entity (or group of entities) would be able to control or amend the record of transactions in the Digital Assets (including to “double spend” Digital Assets, meaning a transferor could spend the same Digital Assets twice). This could materially jeopardize confidence in a Digital Network and its native Digital Assets, which in turn may affect the value of a Digital Asset Derivative Transaction.

Ownership and the ability to transfer or take other actions with respect to Digital Assets is protected by public key cryptography, which requires private keys to be safeguarded and kept private in order to prevent unauthorized transfers. The loss, theft or destruction of private keys required to access and control Digital Assets may be irreversible. If a significant custodian or market infrastructure provider is unable to access its private keys (including due to a hack or its system otherwise becoming compromised), this could cause investor losses and undermine confidence in Digital Asset markets generally. This may affect the value of a Digital Asset Derivative Transaction.

## **C. Forks**

When a modification to the Digital Network protocol for a Digital Network is adopted by a majority or significant minority of node operators, and it is not compatible with the protocol prior to its modification, the consequence may be an inadvertent or deliberate “fork” (i.e. a “split”) of the Digital Network. The effect of such a fork is generally the existence of two (or more) versions of the network running in parallel; one version running the pre-modified protocol and the other running the modified protocol, each with its own version of the relevant Digital Asset(s). If both Digital Networks continue to operate in parallel, they could potentially compete with each other for users, developers and node operators. The post-fork value of the Digital Assets that exist by reference to each version of a Digital Network can be volatile and unpredictable. This may result in the holder owning the same Digital Asset after the fork as before the fork, but at a lower market value. Further, one or both of the post-fork Digital Networks may not be supported by an adequate amount of node operators or developers and may be vulnerable to attack and other risks. Forks may ultimately affect the integrity and stability of a Digital Network and overall confidence in its native Digital Asset which may, in turn, impact the value of a Digital Asset Derivative Transaction.

A fork could also fundamentally alter the nature or functionality of a Digital Network and/or Digital Asset, which could have further consequences for a Digital Asset Derivative Transaction. Depending on its terms, the Digital Asset Derivative Transaction may not account at all for forks or the potential existence of multiple versions of the underlying Digital Asset, may provide discretion for one of the parties to determine how to address the potential impact of a fork, or may permit or require early termination or delayed settlement upon the occurrence of a fork, all of which could affect the value of a Digital Asset Derivative Transaction or result in disputes between the parties.

#### **D. Adoption**

The growth and development of the Digital Asset industry is subject to a high degree of uncertainty and volatility. Changes in consumer demographics and public tastes and preferences over time can affect the further development of this industry, which in turn could affect the price of Digital Assets in unexpected and unpredictable ways. Such changes in public tastes and preferences could be in response to, among other factors, the failure to maintain, update or improve Digital Network infrastructure or a growing perception that the use and holding of Digital Assets is no longer safe and secure. Such perceptions may be further influenced by social media and news coverage. Changing public preferences and perceptions with respect to a Digital Asset could cause their market price to fluctuate or fall (including to zero). This may, in turn, affect the value of a Digital Asset Derivative Transaction.

The Digital Networks underlying Digital Assets rely on open-source network protocols. The development and improvement of these protocols requires active engagement and contributions from volunteer developers. There can be no assurance that the core developers of a Digital Network will continue to be involved in that network, or that new volunteer developers will emerge to replace them. To the extent that material issues arise with a network protocol or related software and the developers are unable or unwilling to address the issues adequately or in a timely manner, the Digital Asset may diminish in value or become worthless which could affect the value of a Digital Asset Derivative Transaction.

Other factors that may affect the adoption and use of Digital Assets, and therefore the value of Digital Asset Derivative Transactions, include, but are not limited to:

- government and quasi-government regulation of Digital Assets and their use, or restrictions on or regulation of access to and operation of Digital Networks;
- the use of the networks supporting Digital Assets for developing smart contracts and distributed applications; and
- general economic conditions and the regulatory environment relating to Digital Assets.

Ultimately, it is not clear how Digital Assets and Digital Networks will be used in the future. New uses may emerge, existing uses may disappear, and prospective uses may fail to materialise. Each scenario could impact the value of Digital Assets and, in turn, the value of Digital Asset Derivative Transactions.

#### **A. Transaction Fees**

Users of a Digital Network typically have to pay a transaction fee in order for their transactions to be processed. These fees are paid to “miners” (on BTC’s Digital Network) or “validators” (on ETH’s Digital Network) as a reward for processing and validating transactions on a Digital Network. The payment of these fees provides these miners/validators with an economic incentive to continue processing and recording transactions on the Digital Network. The amount of these fees may be subject to market forces and may fluctuate over time. Increased transaction fees may adversely affect the usage of the relevant Digital Network which may, in turn, adversely affect the price of the native Digital Assets. Conversely, if the aggregate revenue from transaction fees is below a miner’s/validator’s costs, the miner/validator may cease operations. Miners/validators ceasing operations would reduce the collective processing power on the Digital Networks, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which transactions are added to the Digital Network record) and make the Digital Networks more vulnerable to attacks. Any reduction in confidence in the confirmation process or processing power of the Digital Networks may affect the value of its native Digital Asset and any Digital Asset Derivative Transaction that references it.

It is also possible that miners/validators could collude to raise transaction fees, which may adversely affect the usage of a Digital Network. If miners/validators collude in an anticompetitive manner to reject low transaction fees, then users of a Digital Network could be forced to pay higher fees, thus reducing the attractiveness of that network. Mining/validating occurs globally, and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions or have consistent regulations or consistent operations amongst the global population of miners/validators. Any collusion among miners/validators may adversely impact the attractiveness of the Digital Network and may affect the value of a Digital Asset Derivative Transaction referencing the native Digital Asset.

#### **Other Risks Relevant to the Valuation of Digital Asset Derivative Transactions**

The market value of a Digital Asset Derivative Transaction may also be influenced by other factors unconnected to the use and technical operation of the underlying Digital Networks themselves, such as:

- prevailing spot prices for Digital Assets;
- supply and demand for Digital Assets;
- market activity;
- liquidity;
- economic, financial, political, regulatory, geographical, biological, or judicial events; and
- the general interest rate environment.

These factors (some of which are considered below) interrelate in complex ways, and the effect of one factor on the market value of a Digital Asset Derivative Transaction may reduce or increase the effect of another factor.

The trading prices of many Digital Assets have sometimes experienced extreme volatility, with prices fluctuating significantly in short periods of time, sometimes even absent the occurrence of the types of economic events that normally precipitate price changes for other types of assets. Extreme volatility in the future, including additional rapid and steep declines in the trading prices of Digital Assets could affect the value of a Digital Asset Derivative Transaction.

In addition to the factors considered below, please also refer to Section II.F – “The economic return of a Transaction may not be the same as the return from the Underlier” – and Section III.A – “Transactions are subject to market risk” – of the General Disclosure Statement regarding other factors that may be relevant to the valuation of a Digital Asset Derivative Transaction.

#### **A. Momentum Pricing**

The value of Digital Assets has previously been subject to momentum pricing caused by speculation regarding potential future appreciation in value. Momentum investing is typically associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum investing in Digital Assets may have resulted, and may continue to result, in speculation regarding potential future appreciation in the value of Digital Assets, leading to increased inflation and volatility in their market value, which could affect the value of a Digital Asset Derivative Transaction.

#### **B. Liquidity**

Liquidity (and relative liquidity) is another source of potential volatility for Digital Asset prices. The overall size of many Digital Asset markets can be significantly smaller than markets for other types of assets, which can limit liquidity and increase volatility. Digital Assets trade across different exchanges and in varied jurisdictions, so local and regional events can affect the liquidity, prices and volatility of Digital Assets in unexpected ways. Liquidity can also be

adversely affected by the development of updated or new technologies, market standard terms and new digital assets and the migration of trading interest to such new assets or away from existing technologies and market standard terms. This may cause fluctuations in the price of Digital Assets which may in turn affect the value of a Digital Asset Derivative Transaction.

The liquidity of Digital Assets and the volatility of Digital Asset prices also depend on the concentration of owners of a Digital Asset or the traders in such Digital Assets. There is little transparency in the ownership of or trading interest in most Digital Assets, nor are there generally limits on concentrated ownership or trading interest. Greater concentration in ownership or trading interest can lead to heightened volatility due to sharp swings in the level of supply or demand. High levels of concentration can also make a market susceptible to manipulation or distortion. Volatility, liquidity and concentration risk with respect to Digital Assets may ultimately affect the terms of Digital Asset Derivative Transactions that reference Digital Assets. High volatility or low liquidity could, for example, lead to difficulties in ascertaining the correct valuation for a Digital Asset referenced under a related Digital Asset Derivative Transaction.

### **C. Supply and Demand**

Political, economic, financial or other market events may motivate large-scale sales or acquisitions of Digital Assets, which may affect the price of Digital Assets and ultimately the value of a Digital Asset Derivative Transaction.

Ownership of Digital Assets is pseudonymous and the supply of accessible Digital Assets is unknown. Entities with substantial holdings in Digital Assets may engage in large-scale sales or distributions, which could result in a reduction in the price of Digital Assets and affect the value of a Digital Asset Derivative Transaction. To the extent such large holders of Digital Assets engage in large-scale sales or distributions, it could result in a reduction in the price of Digital Assets and affect the value of a Digital Asset Derivative Transaction.

### **D. Political, Regulatory, Tax and Legal Changes**

The regulatory status and regulatory environment for Digital Assets differs across jurisdictions and is constantly evolving. Many regulators have brought enforcement actions and issued guidance and rules relating to the use and exchange of Digital Assets, and the operation of Digital Networks. Continued legal, tax and regulatory actions are likely to be significant to the development of the market and the price of Digital Assets. Such actions may restrict the ability of market participants to invest in, or even assume an exposure to, Digital Assets. These may adversely affect the price of Digital Assets and, in turn, affect the value of a Digital Asset Derivative Transaction.

The effect of any future regulatory or tax changes on Digital Asset markets is impossible to predict, but such changes could be substantial and adverse. Regulatory or tax developments may also differ across jurisdictions causing structural shifts in the composition of Digital Asset markets. Due to the global and borderless nature of Digital Asset transactions, there may also be uncertainty about which jurisdiction's laws and regulations may apply to a particular Digital Asset or transaction. These and other regulatory and tax uncertainties could have a material effect on the value of Digital Assets and the Digital Asset Derivative Transactions that reference them.

Lack of effective regulation may also have consequences for Digital Asset markets. For example, certain Digital Assets may not be subject to market abuse or manipulation regulations in certain jurisdictions (although many trading venues seek to impose equivalent or comparable standards through other mechanisms, including contractually). Actions akin to market abuse may cause significant fluctuations in the price of Digital Assets and affect the value of a Digital Asset Derivative Transaction.

#### **E. Digital Assets Trading Venues**

The venues through which Digital Assets trade are relatively new and may be more exposed to operational problems or failure than trading venues for other assets, which could adversely affect the value of Digital Assets and therefore affect the value of a Digital Asset Derivative Transaction. These trading venues are also generally subject to different regulatory requirements than venues for trading more traditional assets, and may be subject to limited or no regulation. They also experience cybercrime, hacks, and malware and have been shut down or have experienced losses of assets placed on the exchange. Furthermore, many such trading venues, including exchanges and over-the-counter trading venues, do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. Such trading venues may impose transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Digital Assets for fiat currency difficult or impossible. They may also hold legal title to the Digital Assets traded and held on the venue, such that the customer's asset is the trading venue's obligation to redeliver equivalent assets rather than a proprietary entitlement to the Digital Assets themselves. In this scenario, the customer is exposed to the risk of losing its assets upon the insolvency of the relevant trading venue. Moreover, a trading venue may hold Digital Assets in multiple ways (including via a vertically integrated 'chain' of custodians), each of which may affect the nature of the customer's right to the Digital Assets and expose the customer to additional operational and practical risks. Any loss of private keys or other issues related to the safeguarding of private keys required to sign or authenticate the transfer of Digital Assets held by a trading venue (including through a 'chain' of sub-custody arrangements) could affect the price of Digital Assets on that trading venue and/or the price of Digital Assets generally.

Operational problems, clerical and systems errors, cyber-attacks, fraud or failed trading venues may disrupt the operation of Digital Asset markets and reduce confidence in Digital Assets generally. This could affect the price of Digital Assets and, in turn, affect the value of a Digital Asset Derivative Transaction.

#### **F. Trading Hours May Not Align**

The market for many Digital Assets operates on a global and twenty-four hour basis. Your and our hours of operation, during which you and we may transact in and value Digital Asset Derivative Transactions, calculate margin and settlement amounts, issue margin calls and settle collateral delivery or return amounts, may not conform to the hours during which the relevant Digital Asset is most traded. To the extent this occurs, significant changes in Digital Asset prices as well as market, economic and political conditions, and thus the value of Digital Asset Derivative Transactions and the amount of credit exposure they create between us, may take place during times when it may be difficult for you to monitor or react to them.



## **Risks Relating to Settlement Price Source**

The specified settlement price source is relevant to the performance or extent of obligations under a Digital Asset Derivative Transaction. Parties to a Digital Asset Derivative Transaction will be exposed to risks associated with the selection and operation of the relevant settlement price source. Some of these risks are considered further below.

### **A. Disruption or Cessation of Settlement Price Source**

The settlement price source specified by the parties may cease to exist, or may be disrupted by acts of fraud, theft or cyber-attack, making it temporarily or permanently unavailable. In addition, regulatory requirements may prevent one or both parties from using a particular settlement price source in connection with a Digital Asset Derivative Transaction.

### **B. Methodology and Parameters of the Settlement Price Source**

Different settlement price sources will employ different methodologies with specific parameters to determine the price of a Digital Asset such that the price of the same Digital Asset may vary across different settlement price sources. [Certain settlement price sources \(and their providers\) may not be subject to regulatory requirements that typically govern the administration or use of rates or benchmarks.](#) The value of a Digital Asset Derivative Transaction will be affected by the choice of settlement price source.

The provider of the settlement price source may take actions that adversely affect the price published by the settlement price source, including making adjustments to the settlement price source methodology or determining which asset to reference following a fork, and they have no obligation to consider your interests. The policies of the settlement price source provider concerning the calculation of the settlement price source may affect the price published by the settlement price source and, therefore, may affect the value of a Digital Asset Derivative Transaction. You should review the policies of a suggested settlement price source provider, including the circumstances under which the provider may amend those policies, and familiarise yourself with the relevant risks before entering into a Digital Asset Derivative Transaction.

### **C. Corrections to Published Prices**

A settlement price source may announce corrections to a previously published digital asset reference price. You should consider the policy of your chosen settlement price source provider with respect to corrections, and review the terms of any prospective Digital Asset Derivative Transactions to determine how such corrections will be treated. The terms of a Digital Asset Derivative Transaction may specify that if the settlement price source used to determine the settlement amount under a Digital Asset Derivative Transaction subsequently publishes a correction to that price, and if the correction is announced within a specified time period after the original publication date, then the settlement amount may be retroactively adjusted.

### **D. Settlement Price Source Location**

There may be scenarios where the same settlement price source is published in two (or more) online locations. In such a scenario, the provider responsible for publishing the settlement

price source in each location may have the authority or discretion to modify, replace, or discontinue publication of the settlement price source. This could create some basis between the calculation, publication or administration of the same settlement price source as published in multiple online locations. You should diligence both the settlement price source and settlement price source location to ensure you understand the methodologies and policies of each, and how they may affect the terms and value of your Digital Asset Derivative Transaction.

### **Market Disruption Events**

The terms of a Digital Asset Derivative Transaction may specify that certain events and conditions affecting the market for Digital Assets, or a settlement price source, will be treated as market disruptions and their occurrence may result in the consequences discussed below (see “Consequences of Disruption Events”), including, if applicable, postponement of pricing dates and/or changes in the method by which the price of a Digital Asset is determined. Subject to the terms of a Digital Asset Derivative Transaction and the governing documentation, such events may include:

- failure of a settlement price source to publish a price or discontinuance of the settlement price source;
- a material change in the formula or method used by a settlement price source for determining the settlement price;
- the inability for a party to hedge effectively the price risk in respect of a Digital Asset Derivative Transaction or the inability to recover or realize the proceeds from one or more hedge positions;
- an increase in the cost to hold or otherwise deal in any assets a party deems necessary to hedge the price risk of entering into and performing obligations under a Digital Asset Derivative Transaction;
- a fork in the underlying Digital Network that creates two or more digital assets that are available for trading simultaneously on one or more exchanges; and
- a change in law or regulation such that it becomes illegal for a party to perform its obligations under a Digital Asset Derivative Transaction or to hold or otherwise deal in any assets it deems necessary to hedge the price risk of entering into and performing obligations under the transaction.

The existence of such disruption events and their consequences may be subject to discretionary determinations by the determining party or calculation agent, which may involve subjective judgment and uncertainty. You should be aware of the potential risks of any market disruptions and should understand their effect on each prospective Digital Asset Derivative Transaction, including the consequences, if any, of any such event specified under the terms of the Digital Asset Derivative Transaction as well as the possibility that certain events might not be expressly contemplated.

Conversely, certain events (such as the receipt of ‘airdropped’ assets) may not be expressly included as disruption events and may not otherwise trigger contractual consequences under a Digital Asset Derivative Transaction. You should also consider the risks of such omissions and their potential effect on the value of each prospective Digital Asset Derivative Transaction.

### **Consequences of Disruption Events**

The terms and conditions of a Digital Asset Derivative Transaction may specify alternative methods, or “disruption fallbacks”, that apply when disruption events occur for determining any affected commodity reference price. If the applicable disruption fallback so provides, then consequences including the following may occur:

- the settlement price sources used under the Digital Asset Derivative Transaction for determining the price or level of the relevant Digital Asset may not be the same as those used prior to the disruption event;
- the value of the affected price used by the calculation agent to determine any amount payable may be materially different from the value of any previously used settlement price source;
- the determination of the affected price or level may be deferred until the relevant disruption event is no longer continuing, which may result in the use of a price prevailing on a date other than the originally chosen pricing date;
- the value of the price or level may be determined at a different time than the date on which it was originally scheduled to be determined;
- the Digital Asset Derivative Transaction may be terminated; and
- there may be a payment of a termination amount calculated in accordance with the valuation provisions agreed between the parties which may afford considerable discretion to the determining party.

The determinations or negotiations called for by a disruption fallback may need to occur under uncertain market conditions. Depending on the terms of a Digital Asset Derivative Transaction, the operation of a disruption fallback may be subject to a specified maximum duration, after which time a different disruption fallback may prevail. Two or more disruption fallbacks may operate concurrently. You should evaluate carefully the interaction of various disruption fallbacks with one another and with any impossibility, illegality or force majeure provisions of the master agreement and other documentation, if any, governing the Digital Asset Derivative Transaction.

Application of disruption fallbacks (including related determinations by the calculation agent, if applicable) may have a significant effect on the economics of a Digital Asset Derivative Transaction.

### **Additional Considerations in the context of NDFs and NDOs**

A Digital Asset Derivative Transaction entered into between you and us will either be a non-deliverable forward (“**NDF**”) or non-deliverable option (“**NDO**”). The settlement payments under an NDF or NDO are determined by reference to the settlement price source by which the market price for the relevant Digital Asset is determined. There can be no assurance that you will be able to sell or purchase the Digital Asset at the published settlement price or on the valuation date or at all. Any difference between the settlement price determined under an NDF or NDO and the available market price of the relevant Digital Asset is a source of basis risk.