Ref: LTS/Crypto-ETP/RDS/02Jul2026

Risk Disclosure Statement for Overseas-Listed Cryptocurrency Exchange-Traded Products

This Statement is provided by Lim & Tan Securities in accordance with the regulatory requirements of the Monetary Authority of Singapore (MAS). It highlights the key risks of trading cryptocurrency Exchange-Traded Funds (ETFs) or Exchange-Traded Products (ETPs) listed on overseas exchanges. You should read this in conjunction with our standard Terms & Conditions and the specific prospectus for any product you intend to trade.

1. Non-Authorization by MAS

You should be aware that cryptocurrency-related investment products listed on overseas exchanges have not been authorized or recognized by MAS for offer to the retail public in Singapore. By trading these products, you acknowledge that you are accessing "Overseas-Listed Investment Products" that are subject to the laws and regulations of the jurisdiction where the exchange is located (for example, the U.S. Securities and Exchange Commission for US-listed products or the Securities and Futures Commission for Hong Kong-listed products). Consequently, you may not be afforded the same statutory investor protections or regulatory safeguards available for products authorized or listed locally in Singapore.

2. High Volatility and Speculative Nature of Underlying Assets

The underlying cryptocurrency assets, such as Bitcoin or Ethereum, are characterized by extreme price volatility and are highly speculative. These assets generally have no intrinsic value and are not backed by any government, physical commodity, or central bank. Prices can collapse to zero without warning based on changes in market sentiment, news events, or regulatory shifts in global markets. You must be prepared for the possibility of a total loss of your invested capital.

3. Operational Risks and the "Trading Hours Gap"

Trading these products on a traditional stock exchange introduces "Gap Risk." While the underlying cryptocurrency markets operate 24 hours a day, 7 days a week, the overseas stock exchanges operate only during fixed business hours. This means that significant price movements or crashes can occur during weekends or public holidays when you are unable to trade your shares. You may be forced to hold a losing position until the exchange re-opens, at which point the product may open at a price significantly lower than its previous close.

4. Product Pricing and Tracking Discrepancies

The market price of an ETF on an overseas exchange may not always perfectly reflect the real-time value of the underlying cryptocurrency. Factors such as management fees, transaction costs, and "cash drag" can lead to a tracking error. Furthermore, during periods of extreme market stress or low liquidity, the "bid-ask spread" may widen, and shares of the fund may trade at a significant premium or discount to their Net Asset Value (NAV). This means you may pay more or receive less than the actual value of the underlying assets when entering or exiting a position.

5. Differences Between Spot and Futures Strategies

It is your responsibility to understand whether a fund holds physical assets ("Spot") or derivative contracts ("Futures"). Funds that utilize Futures contracts are subject to "Roll Risk." Because these funds must periodically sell expiring contracts and buy new ones, they may incur significant costs if the future price is higher than the current price (a market condition known as contango). Due to the compounding effects of these costs, such products may be unsuitable for long-term "buy and hold" strategies, as the fund’s performance can diverge significantly from the actual price movement of the cryptocurrency.

6. Third-Party Custody and Asset Security Risks

Investors must distinguish between the custody of their ETF shares and the custody of the fund's underlying cryptocurrency assets. While your shares are held in a regulated brokerage account at Lim & Tan Securities, the underlying cryptocurrencies (e.g., Bitcoin) are held by third-party institutional custodians appointed by the fund manager, not by Lim & Tan Securities. Although these custodians employ security measures, the risk of cyber-attacks, internal fraud, or the loss of private keys remains. Any failure, security breach, or loss of assets at the fund’s custodial level could lead to a permanent and unrecoverable drop in the NAV of the ETF, resulting in a loss in the value of your investment.

Client Acknowledgment

By proceeding to trade, you acknowledge that you have read and understood the risks described above. You accept that you are solely responsible for assessing the suitability of these products considering your financial position and risk tolerance. You further acknowledge that Lim & Tan Securities does not provide any guarantee regarding the performance of these products and that you are prepared to bear a total loss of your investment.