Bitpanda Custody MENA FZCO

Staking Risk Disclosure

Important notice: Bitpanda Custody MENA is licensed by VARA to provide institutional staking but does not currently offer staking services.

Staking Risk Disclosure Statement

Eligible clients of Bitpanda Custody MENA FZCO ("**Bitpanda Custody**") can use their custodial wallet provided by Bitpanda Custody to interact, and conduct staking activities, directly with third party staking providers, to earn staking rewards offered by third party staking providers which are distributed directly by the respective staking provider to the client's wallet held with Bitpanda Custody (the "**Staking Activities**"). Bitpanda Custody charges fees and/or commission for making available the Staking Activities in the Bitpanda Custody platform.

This Staking Risk Disclosure Statement is intended to inform clients of Bitpanda Custody of certain risks associated with Staking Activities. This Staking Risk Disclosure Statement does not purport to be an exhaustive list of all risks associated with Staking Activities. Before participating in any Staking Activities, clients of Bitpanda Custody must understand and accept the risks involved with Staking Activities.

A. Acknowledgment and Acceptance of Risk

By participating in any Staking Activities, a client:

- acknowledges that it has read and understood this Risk Disclosure Statement in its entirety;
- acknowledges and accepts that it is solely responsible for assessing the nature, severity, scope, and impact of the risks associated with Staking Activities and declares that it accepts those risks;
- acknowledges and accepts that virtual assets used for the purposes of Staking Activities, may be at risk of loss, reduction or penalty;

- acknowledges that Bitpanda Custody does not provide advice or recommendations regarding the suitability or appropriateness of Staking Activities; and
- declares that (a) it has considered its own specific objectives, experience, and financial situation, (b) it understands that it should seek independent tax, financial, and/or legal advice if it is in any doubt, and (c) it has ultimately deemed it prudent and appropriate to participate in Staking Activities.

B. Types and Nature of Risks

When engaging in Staking Activities, virtual assets may be subject to risks that could result in:

- **Loss of Value**: Virtual assets may experience significant declines in value due to market volatility, technical issues, or other factors.
- **Reduction in Assets**: Staking rewards or penalties may lead to a reduction in the amount of virtual assets held.
- **Penalties**: Staking protocols may impose penalties for issues such as downtime or non-compliance with staking requirements.

C. Circumstances in which Risks May Arise

When engaging in Staking Activities, clients may be subject to the following risks (amongst others):

- **Penalties**: Staking protocols may impose penalties, resulting in the partial or total loss of VAs, for issues such as downtime or non-compliance with staking requirements.
- **Lockup Periods**: Some staked VAs may have a lockup period during which a client will not be able access or dispose of its VAs. Additionally, in times of market stress or in the event of technical issues, unbonding/unstaking periods may become extended indefinitely.
- **Delayed Rewards Payout**: Staking rewards may not be distributed regularly, or at all.

- **Validator Risk**: The validator node must be operational continuously to generate returns. Further, misbehaviour or errors on the part of the validator can result in penalties levied on, or loss of, staked VAs.
- **Validator Costs**: Fees of varying rates may be charged by validators and these may not be transparent.
- **Technical Risk**: Failures or bugs in the staking protocol, smart contracts, or related technology may impact the staking process and the VAs involved.
- **Protocol Updates or Alterations**: Changes or updates to the staking protocol may impact the process or the VAs.
- **Operational Risk**: Errors or failures in managing staking services, including system failures or human errors, can affect the staked VAs.
- **Regulatory Risk**: Changes in regulations or legal requirements may impact the staking services or the value of staked VAs.
- **Liquidity Risk**: Staked VAs with low liquidity may be difficult to sell or convert, potentially leading to financial loss if the VA's market becomes illiquid.
- **Market Risk**: The value of VAs can be highly volatile and may decrease sharply or permanently, putting your capital at risk.

D. Likelihood and Severity of Consequences

The likelihood and severity of consequences can vary:

- **Likelihood**: Depends on factors such as market conditions, technical reliability, and regulatory environment.
- **Severity**: Ranges from minor reductions in value to significant financial losses or penalties, depending on the nature and impact of the risk.