MODEL INVESTOR RISK DISCLOSURE DOCUMENT

FOR TRANSACTIONS IN CRYPTOCURRENCY AND OTHER DIGITAL ASSETS

Modeled on the Risk Disclosure Document for Trading in Penny Stocks Required Under SEC Rule 15g-9 and Schedule 15G

NOTE ON THIS DOCUMENT: *This is a model / illustrative disclosure document. It is not an SEC-promulgated form, and no federal or state regulator currently requires that this specific document, or one like it, be delivered to purchasers of cryptocurrency or other digital assets. It is drafted in the style and spirit of the penny stock risk disclosure document mandated by Rule 15g-9 under the Securities Exchange Act of 1934, adapted to the particular characteristics of crypto assets, for use as an educational, compliance-planning, or advocacy template.*

This document is being provided to you because your broker-dealer, adviser, platform, or counterparty believes you may be considering purchasing, holding, or trading a cryptocurrency or other digital asset. Federal and state securities regulators require a comparable document — the Schedule 15G risk disclosure document — to be furnished to customers before their first trade in a "penny stock," because penny stocks carry a heightened risk of loss, thin markets, and potential for fraud and manipulation. The characteristics of many cryptocurrencies present analogous, and in some respects more acute, risks. This document sets forth those risks in plain language. You should not purchase any cryptocurrency or digital asset unless you have read and understood this document.

You should retain this document for future reference.

1. NO REFERENCE TO ANY ASSET IN THE REAL ECONOMY

Unlike a share of stock, which generally represents a claim on the earnings and assets of an operating business, or a bond, which represents a promise to repay borrowed money, most cryptocurrencies represent no claim on, and have no reference to, any underlying asset in the real economy. A cryptocurrency is typically not backed by a commodity (such as gold or oil), by a security, by a work of art, by a physical collectible, by real estate, or by any other tangible or income-producing asset. There is frequently no company whose revenues, earnings, or assets stand behind the token, and no legal entity obligated to redeem it for anything of independent value. Its price reflects what other buyers are willing to pay for it, and nothing more.

2. NO ASSURANCE THAT VALUE WILL BE RETAINED

Because a cryptocurrency's price is not anchored to earnings, cash flows, or physical assets, there is no floor beneath which its price cannot fall. Cryptocurrencies have lost, and can lose, all or substantially all of their value, including in cases where the underlying network or project continues to operate. Past price appreciation of any cryptocurrency is not, and should not be treated as, an indication that the asset will retain or regain value in the future.

3. EXTREME PRICE VOLATILITY

Cryptocurrency prices have historically moved sharply, and in both directions, over short periods of time — in some cases losing or gaining more than half their value within days or hours. This volatility is materially greater than that typically associated with equities, investment-grade bonds, or diversified funds, and can be driven by factors unrelated to any change in the underlying network, protocol, or technology, including social media activity, statements by prominent individuals, exchange outages, and coordinated trading.

4. UNIQUE CUSTODY RISKS

Cryptocurrencies are not held the way conventional securities are held through a regulated custodian, broker-dealer, or bank. Ownership is typically evidenced by control of a cryptographic private key. If a private key is lost, stolen, or destroyed, the associated cryptocurrency is typically unrecoverable — there is no central transfer agent, deposit institution, or issuer to reissue it. If you hold cryptocurrency on a third-party exchange or platform, you are exposed to the risk that the platform becomes insolvent, is hacked, halts withdrawals, or otherwise fails, in which case your assets may be unrecoverable in whole or in part, and any claim you have may be as an unsecured creditor rather than as an owner of specific property.

5. PROBLEMS OF PROOF OF OWNERSHIP

Establishing definitive legal title to a cryptocurrency can be more difficult than establishing title to conventional securities or property. Blockchain records generally show that a particular cryptographic address controls an asset, but do not by themselves establish who controls that address, whether an asset was validly acquired, or whether it is subject to a competing claim, fraud, theft, or a court order. In the event of death, divorce, bankruptcy, or dispute, proving ownership for purposes of estate administration, equitable distribution, creditor claims, or litigation may be difficult, costly, or impossible.

6. ANONYMITY OF OWNERSHIP AND TRANSFER

Cryptocurrency can typically be acquired, held, and transferred without the identity of the holder being verified or recorded by any central authority, in contrast to most securities, which are held in the name of, or for the benefit of, an identifiable owner subject to recordkeeping requirements. This anonymity limits your ability to prove ownership to third parties, complicates recovery from theft or fraud, and is a significant reason cryptocurrency is attractive to persons seeking to conceal the source, ownership, or destination of funds.

7. LIMITED REGULATORY PROTECTION

Cryptocurrency is not insured by the Federal Deposit Insurance Corporation (FDIC), is not protected by the Securities Investor Protection Corporation (SIPC), and in most instances is not registered with, or actively supervised for investor-protection purposes by, the Securities and Exchange Commission, the Commodity Futures Trading Commission, or any state regulator. Depending on how a particular token is classified, general anti-fraud provisions of federal and state law may apply to fraudulent conduct in connection with its sale, but this protection is materially narrower than the disclosure, custody, suitability, and examination framework applicable to registered securities and regulated banking products. You should not assume that a cryptocurrency trading on a well-known exchange, or one accompanied by marketing materials referencing "compliance" or "regulation," has been reviewed or approved by any government agency.

8. SHOULD NOT BE CONSIDERED A "STORE OF VALUE"

Cryptocurrency is sometimes marketed as a "store of value" — an asset expected to preserve purchasing power over time. Given the price volatility described in Item 3 above, this characterization is not supported by the historical performance of cryptocurrency generally. An asset that can lose a substantial portion of its value in a single trading session does not perform the function of a store of value in the sense that gold, real property, or a stable-currency deposit has traditionally been understood to do. You should not rely on any cryptocurrency to preserve savings you cannot afford to lose.

9. ASSOCIATION WITH ILLICIT ACTIVITY

The pseudonymous or anonymous character of many cryptocurrency transactions (see Item 6) has made certain cryptocurrencies attractive tools for money laundering, ransomware payments, sanctions evasion, and the financing of illicit trade, including narcotics trafficking and human trafficking, as documented in numerous enforcement actions and reports by the U.S. Department of the Treasury, the Department of Justice, and international bodies such as the Financial Action Task Force. This does not mean that every, or even most, holders or uses of cryptocurrency are unlawful, but you should understand that markets in which illicit actors participate can be more prone to manipulation, sudden law-enforcement intervention (including asset seizure), platform closures, and reputational and regulatory shocks that can affect price and liquidity for all holders.

10. VALUATION WITH REFERENCE TO GOVERNMENT-BACKED CURRENCY

Although cryptocurrency is frequently marketed as a stand-alone "currency" independent of government monetary systems, in practice nearly all cryptocurrency is quoted, traded, taxed, and understood by market participants in reference to government-issued ("fiat") currencies such as the U.S. dollar or the euro. These fiat currencies are themselves backed by the full faith and credit of the issuing government and its taxing authority. The practical value of a cryptocurrency holding to you — what it can purchase, what it is reported as being worth, and what you will owe in tax on its disposition — is therefore expressed in, and dependent upon, the very government-backed monetary systems that cryptocurrency is marketed as an alternative to.

11. RESEMBLANCE TO GAMBLING RATHER THAN INVESTING

Traditional investment analysis rests on evaluating an asset's expected cash flows, earnings, or productive use, discounted for risk and time. Because most cryptocurrency lacks any of those reference points (Item 1), its price is set predominantly by the expectations of other buyers and sellers as to what still other buyers will pay in the future. Returns to any individual holder therefore depend heavily on the timing of entry and exit relative to other participants, rather than on the performance of an underlying enterprise. This structure — a fixed or algorithmically determined supply of tokens changing hands at prices set by collective sentiment, with gains to some participants substantially dependent on losses or later entry by others — shares more in common with wagering on an uncertain future event than with the acquisition of a productive asset, and you should evaluate the amount you commit to cryptocurrency accordingly, as you would evaluate an amount wagered rather than an amount invested.

12. NO APPARENT ECONOMIC OR COMMERCIAL NEED FOR THE ASSET CLASS

Unlike the introduction of prior new asset classes, which typically arose to meet an identifiable economic or commercial need — equity to finance productive enterprise, bonds to finance long-term capital projects, commodity futures to hedge production risk — cryptocurrency's proponents have not established a comparable, broadly accepted economic or commercial need that cryptocurrency, as an asset class, uniquely fills. Arguments advanced in support of cryptocurrency's necessity are frequently grounded not in an unmet commercial function but in ideological objections to fiat currency and central banking — for example, the view that government-issued currency is inherently subject to debasement and that a supply-capped, non-sovereign alternative is therefore required as a matter of principle. Whatever the merits of that view as a matter of monetary philosophy, it does not, by itself, establish that cryptocurrency serves a tenable economic function comparable to those historically served by other asset classes. This does not bear directly on the risks described in Items 1 through 11 above, which apply regardless of the reason any particular holder chooses to purchase cryptocurrency. It bears instead on the stability of the asset class as a whole: an asset class whose valuation is not anchored to a broadly recognized economic or commercial need may be more susceptible to a collapse in demand, particularly during periods of economic stress, than an asset class whose value is supported by an underlying commercial function that persists independent of prevailing sentiment.

13. UTILITY OF BLOCKCHAIN TECHNOLOGY DOES NOT ESTABLISH THE VALUE OF CRYPTOCURRENCY

Proponents of cryptocurrency frequently cite the commercial promise of blockchain technology — the underlying distributed-ledger technology on which cryptocurrencies are built — to support the case for cryptocurrency as an asset. Investors should understand that the utility of blockchain technology is a separate and distinct question from the risks and potential benefits of cryptocurrency as an investment. Blockchain technology has applications across numerous industries unrelated to cryptocurrency speculation, including healthcare recordkeeping, supply-chain tracking, and title and land registries, among others. That blockchain technology may prove commercially useful in these or other contexts does not establish, support, or guarantee the value of any particular cryptocurrency, and an investor should not treat evidence of blockchain's usefulness as evidence supporting the value or price stability of any cryptocurrency.

ACKNOWLEDGMENT

By signing below, I acknowledge that I have received, read, and had the opportunity to ask questions about this Risk Disclosure Document, and that I understand the risks and considerations described in Items 1 through 13 above prior to purchasing, holding, or trading any cryptocurrency or other digital asset.

Signature	Date
Printed Name	Account Number
