

Risk Summary

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

1. You could lose all the money you invest

- The performance of most cryptoassets can be highly volatile, with their value dropping as quickly as it can rise. You should be prepared to lose all the money you invest in cryptoassets.
- The cryptoasset market is largely unregulated. There is a risk of losing money or any cryptoassets you purchase due to risks such as cyber-attacks, financial crime and firm failure.

2. You should not expect to be protected if something goes wrong

- The Financial Services Compensation Scheme (FSCS) doesn't protect this type of investment because it's not a 'specified investment' under the UK regulatory regime – in other words, this type of investment isn't recognised as the sort of investment that the FSCS can protect. Learn more by using the FSCS investment protection checker here. [<https://www.fscs.org.uk/check/investmentprotection-checker/>]
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA regulated firm, FOS may be able to consider it. Learn more about FOS protection here. [<https://www.financial-ombudsman.org.uk/consumers>]

3. You may not be able to sell your investment when you want to

- There is no guarantee that investments in cryptoassets can be easily sold at any given time. The ability to sell a cryptoasset depends on various factors, including the supply and demand in the market at that time.
- Operational failings such as technology outages, cyber-attacks and comingling of funds could cause unwanted delay and you may be unable to sell your cryptoassets at the time you want.

4. Cryptoasset investments can be complex

- Investments in cryptoassets can be complex, making it difficult to understand the risks associated with the investment.
- You should do your own research before investing. If something sounds too good to be true, it probably is.

5. Don't put all your eggs in one basket

- Putting all your money into a single type of investment is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments. [<https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>]

If you are interested in learning more about how to protect yourself, visit the FCA's website here. [<https://www.fca.org.uk/investsmart>] For further information about cryptoassets, visit the FCA's website here. [<https://www.fca.org.uk/investsmart/crypto-basics>]

Asset-specific risks

Digital assets may present various risks that investors should be aware of:

- **Stablecoins:** these assets are susceptible to collateral mismanagement, depegging from their intended value, and may be subject to regulatory scrutiny. Stablecoins may not be guaranteed to maintain a fixed value during periods of extreme market volatility.
- **Meme tokens:** investors might face slashing penalties, limited liquidity, and potential validator failures. The fluctuating rewards associated with these tokens can lead to significant financial uncertainty.
- **DeFi Token:** The reliance on smart contracts exposes DeFi projects to vulnerabilities and losses. Additionally, liquidity risks and governance manipulation can adversely affect the value and usability of these tokens.
- **Utility Token:** Investors must navigate regulatory uncertainty, market demand fluctuations, project failure risks, and dependence on the success of the underlying platform. The viability of these tokens can be heavily influenced by external factors and market sentiment.
- **Staked Token:** Staked assets are vulnerable to slashing, limited liquidity, validator failures, and unpredictable rewards. These factors contribute to the overall risk profile associated with staking in various protocols.

For detailed information on asset-specific risks, please refer to [here](#).