

# Risk Disclosure

Monflo is neither a bank nor a credit institution. The Dutch deposit guarantee scheme and the Dutch investor compensation scheme do not apply to the services offered by Monflo. This also means that the duty of care for banks (*bancaire zorgplicht*) does not apply to our Services.

This Risk Disclosure outlines the main risks associated with using Monflo's services. It supplements the general risk information in our Terms & Conditions and is intended to be clear, fair, and not misleading. Crypto assets involve significant risk and may not be suitable for everyone. You should carefully consider whether you understand these risks and whether you can afford to take them.

## 1. General Risks of Crypto-Assets

- **Price Volatility** - The value of crypto-assets can change quickly and unpredictably. Large price swings may occur within minutes or even seconds.
- **Exchange Rate Risk** - The value of one crypto-asset relative to another, or to a fiat currency, can fluctuate significantly between the moment you initiate a transaction and its final execution.
- **Market Risk** - Supply and demand, global events, market sentiment, and regulatory developments can all influence asset prices.
- **No Guarantee of Value** - Past performance is not a reliable indicator of future results.
- **Regulatory Changes** - Laws governing crypto-assets are evolving and may impact your ability to use certain assets or services.

## 2. Risks Specific to Monflo's Services

### 2.1 Execution via DEX Aggregators

- **Execution Method** - When you request a swap, Monflo routes the order through a decentralized exchange (DEX) aggregator (currently Li.Fi) to find the best available rate.
- **On-Chain Transactions** - Orders are executed directly on blockchain networks. Transactions may be delayed, rejected, or fail entirely due to network congestion or insufficient liquidity.
- **Slippage** - The final execution price may differ from the quoted price due to market movements between the time you place your order and its execution.
- **Smart Contract Risks** - The DEX aggregator and underlying liquidity protocols use smart contracts, which may contain vulnerabilities or bugs. These could be exploited, potentially leading to partial or total loss of funds.

### 2.2 Custodial Wallet Structure

- **Wallet Control** - Each customer is assigned a unique wallet address operated via Monflo's custodial partner, Fireblocks. While the wallet is dedicated to you, Monflo retains operational control for compliance and technical purposes.

- **Third-Party Custody** - Asset storage depends on the security and operational performance of Fireblocks. Any failures or outages on their side could temporarily restrict access to your assets.
- **Compliance Actions** - In certain situations (e.g., suspected fraud, legal obligations, AML/KYT alerts), Monflo may be required to freeze assets or restrict withdrawals.

## **2.3 Cybersecurity Risks**

- **Hacking and Theft** - Despite robust security measures, crypto-assets are attractive targets for cybercrime. Hacks or breaches could result in loss of funds.
- **Phishing and Social Engineering** - Attackers may attempt to trick you into revealing sensitive information or account access credentials.
- **Third-Party Dependencies** - Our platform relies on integrations with third-party services. Vulnerabilities or outages in these systems could impact Monflo services.

## **2.4 Stablecoin and Fiat Risks**

- **Issuer Risk** - Stablecoins like EURE are issued by third parties. If an issuer becomes insolvent, experiences operational issues, or is subject to legal restrictions, redemption and value stability may be affected.
- **Regulatory Risk** - New regulations could limit the use, transfer, or redemption of certain stablecoins.
- **Liquidity Risk** - In stressed market conditions, redeeming stablecoins for fiat currency may be delayed or restricted.

## **2.5 Network and Transaction Costs**

- **Network Delays** - Blockchain networks may experience congestion, forks, or downtime, delaying your transactions.

## **3. Legal, Tax, and Other Risks**

- **Legal Restrictions** - Availability of Monflo services may vary by jurisdiction due to local laws.
- **Tax Obligations** - You are solely responsible for determining and meeting your tax obligations related to crypto-asset transactions.
- **Technology Risks** - Software bugs, outages, malicious code, or weaknesses in cryptography and blockchain consensus mechanisms could disrupt services or result in loss of funds.

## **4. No Investment Advice**

Monflo does not provide investment, legal, or tax advice. Any decision to buy, sell, or hold a crypto-asset is solely your responsibility.

By using Monflo's services, you confirm that you understand and accept these risks.