

Special risk factors for the Crypto Interest Account

Investing cryptocurrencies via the Crypto Interest Account is associated with significant risks. The risks described below can occur individually or cumulatively. For the customer ("investor") there is the risk of total loss. The order in which the risks are presented does not provide any indication of the materiality of the risks, either in terms of their probability of occurrence or in terms of their impact on the investor and his claims.

The further risk information on cryptocurrencies in § 8 of our General Terms and Conditions (<https://www.bitwala.com/de/terms-of-service/>) must be observed.

1. No deposit insurance

There is no statutory or voluntary deposit insurance for the cryptocurrencies invested via the Crypto Interest Account. In the event of a default by Celsius Network Limited (Celsius Network), no payments will be made to the investors by third parties (e.g. a deposit protection fund ("Einlagensicherungsfonds"). Bitwala GmbH ("Bitwala" or "we") also does not provide compensation in the event of loss of the cryptocurrencies used and does not accept any other securities.

2. Bankruptcy of Celsius Network

The investors bear the full risk of the bankruptcy of Celsius Network. Celsius Network is the sole debtor of the investors' claims to the agreed income and repayment of the amount of cryptocurrencies used. Whether Celsius Network will be able to fulfil the due claims of the investors in the future depends solely on the success of its business activities. If Celsius Network becomes illiquid (e.g. in the event of bankruptcy), the investor will suffer a total loss of his investment as well as any income already earned but not yet disbursed.

3. No participation, co-determination or control rights

Investors have no rights of participation, co-determination or control with regard to the business activities and business strategy of Celsius Network. Investors cannot verify whether Celsius Network conducts business activities that will enable it to service the claims of investors from the Crypto Interest Account in the future. The business activities carried out by Celsius Network may result in further risks for investors. As investors do not know the business activities of Celsius Network in detail, they are not in a position to verify these potential risks. Celsius Network could make decisions that could have an impact on the investors. The investors have no possibility to influence the business activities of Celsius Network. This also applies to the use of the cryptocurrencies provided.

4. No state supervision

Celsius Network is registered as a Money Service Business ("MSB") with the US Financial Crimes Enforcement Network (FinCEN), a unit within the US Department of the Treasury that collects and analyses information on financial transactions in order to combat national and international money laundering, terrorist financing and other financial crimes. Nevertheless, Celsius Network and its business activities are not subject to extensive government supervision. In particular, there is no guarantee that registration with FinCEN will meet German standards of comparable governmental supervision. There is therefore no state or other protection for investors against misuse of the cryptocurrencies provided.

5. Application of foreign law and prosecution abroad

The legal relationship between the investor and Celsius Network is governed by US law / the law of the United Kingdom. Investors may not be aware of the law and may therefore not be able to exercise their legal position under the respective laws vis-à-vis Celsius Network or not exercise it properly. Claims of investors against Celsius Network must be asserted in foreign courts. For investors this may mean higher costs and difficulties in enforcing their claims.

6. Price and earnings volatility

The investor bears the risk of exchange rate volatilities with regard to the cryptocurrencies provided by him. The price of cryptocurrencies on corresponding trading platforms can be subject to high volatility. The investor has a claim against Celsius Network for repayment of the amount of cryptocurrencies provided by him plus the agreed income. This entails the risk that the cryptocurrencies provided by the investor may have a lower value at the time of repayment than at the time of transfer to Celsius Network.

The interest rate for calculating the returns on the cryptocurrencies provided is subject to weekly changes by Celsius Network. Medium- or long-term planning with regard to the amount of income is therefore not possible. For the investor, there is the risk that the interest rate will decrease after the cryptocurrencies have been transferred to Celsius Network.

7. Tax risks

The current tax treatment of the income has not been conclusively clarified and may also depend on the individual tax treatment of the respective investor. It cannot be ruled out that the tax authorities and courts may adjust or change previous tax assessments on the treatment of income with cryptocurrencies. It is also not clear whether the previously applicable principles for the tax treatment of trading in crypto-currencies can be applied to income from the Crypto Interest Account.

Note:

Bitwala does not provide investment advice to the client. Bitwala does not verify whether the Crypto Interest Account is a suitable investment for investors in view of their personal investment objectives and financial circumstances. Bitwala also does not provide any corresponding recommendations. Bitwala also does not conduct a reasonable assessment as to whether the Crypto Interest Account is appropriate in view of the knowledge and experience of the investor.
