Risk Disclosures

Investing in Crypto Assets involves significant risks, some of which are beyond Tangany's control. The following risk disclosures aim to inform Customers of the key risks associated with the custody of and transactions involving Crypto Assets and cryptographic instruments. This list is not exhaustive and does not cover all potential risks arising from technological, regulatory, or economic developments. Customers are therefore strongly advised to conduct their own thorough risk assessment and, if necessary, seek independent tax, legal, or financial advice.

1. Market Risk

The trading of Crypto Assets is subject to global economic conditions. The overall economic and regulatory environment significantly influences investors' willingness to invest in and trust Crypto Assets. In addition, crypto asset prices are highly volatile and may lose substantial value in a short time or even become entirely worthless.

2. Technological Risk

Crypto Assets are based on Distributed Ledger Technology (DLT). The technological applications enabling transactions and custody of Crypto Assets remain in development and are subject to continuous testing and improvement. There is, however, a risk that technical issues—such as software bugs, network outages, or vulnerabilities in blockchain protocols—could limit access to, or result in the loss of, Crypto Assets or cryptographic instruments. This risk exists even if Tangany's systems and applications function properly and as intended.

There is also a risk that third parties may gain unauthorized access to Crypto Assets by intentionally causing technical disruptions or exploiting system vulnerabilities, potentially resulting in irreversible loss of the respective Crypto Assets.

3. Custody and Security Risk

Crypto Assets may be targeted by cyberattacks, including hacking, phishing, or malware. Such attacks may specifically target the custody environment, allowing third parties to unlawfully access Customer assets. While Tangany has implemented security measures to protect Customer assets, there remains a risk that these measures could be circumvented, resulting in the loss of Customer funds.

4. Private Key Management Risk

Transactions involving Crypto Assets can only be performed using Private Keys. These Private Keys are essential for accessing Crypto Assets. The loss or theft of a Private Key may result in the total loss of the respective Crypto Assets. When custody is handled by a third party, there is a risk that the third party may not fully comply with the security standards of the crypto custodian, potentially leading to losses or restricted access.

5. Regulatory and Legal Risk

The custody and transfer of Crypto Assets and cryptographic instruments are regulated differently across the EU and globally. The EU legislator is working to establish harmonized standards within the Union through technical regulatory standards, which are not yet finalized and will be published in the future. Legislative changes or new legal requirements could restrict crypto custody services or impose additional obligations, possibly resulting in temporary or permanent service interruptions. Furthermore, certain transactions may violate legal provisions within the EU or abroad, potentially leading to sanctions.

6. Transaction Risk

Crypto asset trading takes place through transactions documented via Distributed Ledger Technology. Due to the nature of the technology, such transactions are irreversible, as only the person with access to the crypto asset's address can dispose of the assets. Incorrect input of recipient addresses or transaction details may therefore result in the irreversible loss of Crypto Assets or cryptographic instruments.

7. Delays

Crypto asset trading is conducted via technological applications. If the use of these applications is restricted or delayed—e.g., due to variable network load or the need for blockchain confirmations—transaction execution may be delayed, which may impair access to or use of the Crypto Assets.

8. Fee Risk

Transactions involving Crypto Assets incur various fees. The use of Distributed Ledger Technology is subject to network fees, which fluctuate over time and cannot be determined in advance. Additional transaction-related fees outside of Tangany's control may also apply.

Tangany also charges custody fees. These may change over time and increase.

High network costs or unexpectedly rising transaction and custody fees may result in a Customer only being able to complete a transaction under economically unfavorable conditions or at a price different from their expectations.

9. Liquidity Risk

The number of tradeable Crypto Assets is constantly increasing, but demand varies across assets. Certain events may significantly affect supply and demand, making a particular asset illiquid—that is, difficult to trade without significant price impact.

In cases of low demand or limited tradability, transactions may be delayed or executed only on unfavorable terms.

10. Settlement Risk from Third Parties

Customers may choose to process transactions via external networks or service providers. Tangany has no control over transaction processing by these parties, which may pose additional risks. Tangany may also reject a transfer to an external account—for example, due to regulatory requirements or sanctions.

11. Insolvency Risk

Tangany holds customer Crypto Assets in Omnibus Wallets or Single Wallets. In the event of Tangany's insolvency, Customers may assert a right of segregation for their custodial assets. If a Customer does not consent to a segregation of assets via transfer to an institution designated by the insolvency administrator that is authorized to perform crypto custody or qualified crypto custody services, the Customer bears the cost of segregation. There is also a risk that a Customer's assets may fall into the insolvency estate if the right of segregation is not exercised.

12. Tax Risk

Trading Crypto Assets is subject to tax regulations. Transactions and custody may lead to tax consequences for the Customer, which may vary depending on their country of residence. Customers are strongly advised to consult a tax advisor regarding their individual tax situation.