

## **CERTAIN CURRENCY EXCHANGE RISKS**

This document describes certain risks involved in multi-currency transactions. A multi-currency transaction is a transaction in which you exchange the currency of one nation for the currency of another nation, such as exchanging US Dollars for Euro. Certain multi-currency transactions may be requested directly or indirectly in the Vertecto Services, LLC Transaction Protection System ("TPS"). These transactions include, but are not limited to sending or receiving wire transfers and ACH transfers in native currency and converting some or all of your Net Free Balance from one currency to another currency. The risks listed in this document are not exhaustive and are provided only to draw attention to certain risks and issues that a Vertecto Customer may wish to consider before entering into a currency exchange transaction. Transacting in currency may not be suitable for everyone and Customer should consider whether transacting is appropriate.

When you withdraw funds from your V-Account, they are either converted to your native currency or transmitted by Vertecto to you in US Dollars, depending on the location of your bank, the availability of international wire or ACH transmissions to your native country and your preference. You are also permitted to convert some or all of your Net Free Balance among the currencies maintained by Vertecto at the time of conversion. Vertecto does not permit either the buyer or the seller to convert funds which have been dedicated to a Project.

**Currency Risks.** Currency transactions involve risks, such as political or economic policy changes in a foreign country, which may substantially and permanently alter the conditions, terms, marketability, availability or price of a currency. Exchange rates are subject to change and the exchange rates of many actively traded currencies change constantly. Rate changes may be the result of many factors including the stability of the foreign country and the liquidity of individual currencies.

**Rates.** Currency exchange transactions on the TPS are primarily conducted through the banks and bank affiliates in which Vertecto maintains customer funds ("Vertecto Banks"). The Vertecto Banks currently include Wells Fargo Bank, N.A. and the Trade Bank, a joint venture between Wells Fargo Bank, N.A. and HSBC. Vertecto may add or change Vertecto Banks from time to time at its discretion. Although Vertecto expects that the prices of the Vertecto Banks are reasonably related to those available in the interbank market, Rates can vary from those available from other providers. The Vertecto Banks provides Rates at their sole discretion.

**Suspension or Restriction.** Market conditions (e.g., resulting from illiquidity, changes in government regulation or trading restrictions with respect to certain markets) may increase risk by making it difficult or impossible to enter into Transactions or to liquidate or offset existing positions. For example, it is possible for a foreign government to introduce restrictions on its currency. Neither Vertecto nor the Vertecto Banks bear any liability for any inability to provide a Rate and/or enter, amend or terminate any Transactions should adverse market conditions arise for these or any other reason out of the reasonable control of Vertecto or the Vertecto Banks.

**Non Business Day/Weekend Risk.** Currency markets are substantially less liquid over the weekend and on other days when banks are not open for business. Customers may not be able to request Rates or engage in Transactions during these times.

**Electronic Order Placement.** Vertecto and the Vertecto Banks, through online websites, offer electronic systems ("Systems") through which a Customer may enter into Online Transactions. Entering into Online Transactions may differ from placing orders through other means. Each System is provided "as is" and neither Vertecto nor the Vertecto Banks make any representations or warranties regarding (a) the availability, accuracy or completeness of a System; (b) the results to be obtained by Customer from a System, and (c) any third-party content accessible on or

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through a System. Without limitation of the foregoing, a Customer that places an Online Transaction is exposed to risks associated with that System including (i) the failure of hardware and software; (ii) the possibility that Vertecto System or the systems maintained by the Vertecto Banks (or Customer's own system) will experience communications interruptions or downtime; and (iii) the possibility that an unauthorized agent or employee of the Customer may gain, or attempt to gain, unauthorized access to the Vertecto Systems, the Systems of the Vertecto Banks or the Customer's systems. As a result of any system failure, breach or other interruption (whether through a System or through the Customer's system), orders either may not be entered according to Customer's instructions, may not be entered at all, may not be placed or changed, or may be placed or changed without the Customer's knowledge. Except when Vertecto is grossly negligent, Vertecto will not be liable for any such failure of hardware or software, system downtime, breach, unauthorized access or communications interruption. Further, although Vertecto and the Vertecto Banks endeavor to act in a commercially reasonable manner in the maintenance of their respective Systems, none of them can warrant that Vertecto, the Vertecto Banks or Customer will be able to maintain a continuous and uninterrupted link with the Internet and none of them shall have any liability for any such failure. In the event that Customer is experiencing issues with placing orders through Vertecto, it should contact Vertecto support through other available means, such as telephone, facsimile or email. Failure to follow the Vertecto security procedures may introduce a higher risk of fraudulent or unauthorized activity adverse to the Customer.

**Timing and Rate Risks.** In those cases where amounts transmitted by funds wires and ACH transfers are to be converted to one or more different currencies, the currency conversion occurs following the date and time at which Vertecto directs the respective Vertecto Banks to transmit funds. Likewise, when a Vertecto Customer requests to Vertecto to convert funds in the Customer V-Account from one currency to one or more other currencies, the currency conversion occurs following the date and time at which Vertecto directs the respective Vertecto Banks to transact the currency exchange(s). Vertecto may direct the Vertecto Banks to transmit, transfer or exchange funds one or more times each business day. In each case, the currency exchange will occur following the date and time of Vertecto's direction. Exchange rates change continually based on a variety of factors. Neither Vertecto nor any Vertecto Bank gives any representation or warranty that the exchange rates in effect at the time of the actual conversion will not be higher or lower vis-à-vis the Customer's transmitted, transferred or exchanged currency at the time of exchange. Further, the daily rates announced by the Vertecto Banks may increase during the day as a result of market and other conditions. Neither Vertecto nor the Vertecto Banks gives any assurance that funds will be converted or exchanged for other currencies at a rate which is not higher than the daily rates published by Vertecto or the Vertecto Banks.

**Limited Government Regulation.** Some of the Vertecto Banks are national banking associations and therefore primarily subject to regulation by the Office of the Comptroller of the Currency ("OCC"). However, neither the OCC nor any other federal or state authority has adopted a comprehensive regulatory scheme governing foreign currency dealing. Therefore, the customer protections generally found in a regulated exchange market are not present in the foreign exchange market.