



## Risk summary for qualifying cryptoassets

Please read this carefully. **Estimated reading time: 2 min**

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](#).
- The Financial Ombudsman Service (FOS) will not be able to consider complaints related to this firm.

#### **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](#).

If you are interested in learning more about how to protect yourself, visit the FCA's website [here](#).

For further information about cryptoassets, visit the FCA's website [here](#).



## Be risk aware – other risks

### Differences between e-money and crypto funds protection

**Cryptocurrencies are not regulated by the Financial Conduct Authority (FCA) or any other regulator in the UK.** This means your crypto wallet and any crypto funds in it are not regulated. This also means the Financial Ombudsman Service cannot be appealed to if you have a complaint.

If you are a customer that has been provided with a GBP or other fiat currency wallet, the money held in there is e-money. Your e-money account and related payment services are provided by Modulr FS Limited, and whilst Electronic Money products are not covered by the Financial Services Compensation Scheme (FSCS) your funds will be held in one or more segregated accounts and the full value safeguarded in line with the Electronic Money Regulations 2011. However, when you make an exchange from your fiat wallet into your crypto wallet, the regulation and protection which applies to your fiat funds **will no longer apply** to the exchanged crypto funds.

### Differences between wallet ownership

#### 1. Zumo Trade

- This is the name we have given to our main wallet offering. It is a custodial wallet, which means we hold your cryptoassets on your behalf, so that you can exchange your cryptoassets held here for other cryptoassets or exchange/withdraw them for fiat (e-money) or to your Infinite wallet (if you have one). **If you forget your password, we can help reset it for you.**

#### 2. Zumo infinite

- This is the name we have given to our original wallet offering. It is a non-custodial (self-hosted) wallet, which means you are responsible for looking after the 'keys' to your wallet known as the passphrase or backup phrase. **If you lose the passphrase, you will not be able to access the cryptoassets therein.**

### Market volatility

Please also be aware that cryptocurrencies are **speculative instruments and involve a substantial degree of personal risk** for those who hold them. The value of a cryptocurrency can quickly increase or decrease at any time, and it may even fall to zero. There can be no assurance that any cryptocurrency, or other digital asset is or will be viable, liquid, or solvent. This means there is the **risk of complete loss of capital with no legal recourse.**

### Tax allowance allocation implications

Before buying cryptocurrencies you should carefully consider your personal situation and the financial risks you are willing to take. Also be aware of any related tax allowance or implications, such as capital gains tax. You may want to speak to an independent financial adviser.

### No advice

**No communication from us in any location or medium is intended to imply that holding cryptocurrency is low-risk or risk-free, and we do not offer nor will we give any advice or recommendation on investments in cryptocurrency or otherwise. For further details please see the terms and conditions at <https://app.zumo.tech/Zumo-App-TandCs>.**