Webull Canada Crypto Limited

CRYPTO ASSET RISK DISCLOSURE

Introduction

Webull Canada Crypto Limited ("**Webull**") operates a web platform that enables Canadian residents to open a crypto asset account a ("**Crypto Account**") through which they can buy, hold, and sell certain crypto assets. This Crypto Asset Risk Disclosure (this "**Risk Disclosure**") is delivered to you in connection with your application for a Crypto Account and is available to you on Webull's webpage and mobile application. To open a Crypto Account, you must acknowledge that you have received, read, and fully understand this Risk Disclosure. Please read this Risk Disclosure in its entirety.

Crypto assets are highly volatile, speculative investment assets. There can be no assurance that you will receive any appreciation on an investment of funds in crypto assets, and you may lose some or all of the funds you invest in crypto assets. Before investing in crypto assets, you should carefully and thoroughly research the relevant assets and weigh the potential risks of an investment in crypto assets in light of your personal financial situation to determine whether investing in crypto assets is appropriate for you.

This Risk Disclosure is intended to provide a summary of certain risks commonly associated with investing in crypto assets. It is not exhaustive of all of the potential risks that may apply to you. In addition to reading this Risk Disclosure in its entirety, you should perform any additional independent research regarding crypto asset that you feel is necessary to ensure that you fully understand the risks applicable to you and your personal financial situation.

This Risk Disclosure also summarizes certain publicly available information regarding crypto assets. Although Webull has attempted to ensure that any information included in this Risk Disclosure is accurate, information contained in this disclosure may be, or may become, inaccurate, incomplete, or out of date.

Webull

Webull is a corporation governed by the federal laws of Canada, with its registered office located in Ontario. Webull is regulated by CIRO and licensed to conduct crypto asset business activities as an investment dealer in all provinces and territories.

If you have any questions regarding this Risk Disclosure or your Crypto Account, please contact Webull Canada Crypto Limited by email at complaints@webull-ca.com or through Webull's mobile application. If you still have an unresolved complaint, you may also direct your complaint to the attention of CIRO at www.ciro.ca.

Crypto Assets under Canadian Law

Regulatory guidance from the Canadian Securities Administrators (the "**CSA**") states that Canadian securities legislation applies to crypto asset trading platforms that facilitate the trading of crypto assets but do not immediately deliver crypto assets outside of their platform to a private wallet controlled by the applicable client. The guidance concludes that a contractual relationship may be formed by the crypto asset trading platform acting as a custodian of its client's crypto assets, and the client's resulting contractual right to the underlying crypto asset may itself

constitute a security and/or a derivative (such contractual right, a "**Crypto Contract**"). Webull offers Crypto Contracts and operates its crypto asset trading platform in reliance on a prospectus exemption from Canadian securities laws set out in the exemptive relief decision dated [_____].

Statutory rights of action for damages and the right of recission set forth in section 130.1 of the *Securities Act* (Ontario) and similar statutory rights under securities legislation of other Canadian jurisdictions do not apply in respect of this Risk Disclosure or any Crypto Asset Statement (as defined below) to the extent that a Crypto Contract is distributed in accordance with the prospectus exemption noted above.

No securities regulatory authority or regulator in Canada has reviewed, approved, or expressed an opinion about any of the crypto assets that are available for investment through your Crypto Account, including without limitation an opinion that any such crypto asset is not itself a security and/or a derivative.

Crypto Asset Assessments

Webull conducts a review of each crypto asset that it supports before permitting clients to buy, sell, stake, or hold that crypto asset on the platform (each such crypto asset, a "**Supported Crypto Asset**"). This review considers a variety of factors, including but not limited to the following: (i) the source, governance, usage, and design of the crypto asset; (ii) supply, demand, and liquidity of the crypto asset; (iii) technical risks associated with the crypto asset, including without limitation cybersecurity risks associated with the crypto asset's code, consensus mechanism, and validator activity, any security breaches involving the crypto assets, and relevant practices or protocols that apply to the crypto asset; and (iv) relevant legal or regulatory risks associated with the crypto asset.

Webull's review of each Supported Crypto Asset includes an evaluation of whether that it is a security and/or a derivative, and whether it is being offered in compliance with applicable laws and regulations in Canada and any foreign jurisdiction where it has the most significant connection. Webull does not offer any crypto asset for investment through its platform if it concludes that such crypto asset is a security or derivative under applicable law. However, there can be no assurance that Webull will correctly determine whether a crypto asset is a security or derivative under applicable law. Additionally, Webull's determination of whether a Supported Crypto Asset is a security or derivative may change over time. Webull will conduct periodic updates of its review of each Supported Crypto Asset to refresh the assessments described in this section in light of ongoing news and developments.

Webull may, at any time in its sole discretion, stop supporting any Supported Crypto Asset for any reason, including without limitation if (i) Webull determined that such Supported Crypto Asset is or has become a security or derivative, or (ii) characteristics of that Supported Crypto Asset, such as lack of liquidity or price volatility present material operational or financial risks to Webull or its clients. In the event that Webull elects to stop supporting a Supported Crypto Asset, it will notify customers and provide a timeline for actions surrounding delisting of the applicable Supported Crypto Asset, suspend buy orders for the applicable Supported Crypto Asset, and, if it is feasible to do so, continue to allow sell orders for the applicable Supported Crypto Asset.

Crypto Asset Statements

Webull provides summary descriptions of each Supported Crypto Asset (each, a "**Crypto Asset Statement**"), including a summary of relevant risks associated with such Supported Crypto Asset, on its platform. Crypto Asset Statements are available for review at [webpage].

Webull utilizes publicly available information to prepare the Crypto Asset Statements. Although Webull has attempted to ensure that the information included in each Crypto Asset Statement is accurate, Crypto Asset Statements may still contain information that is, or may become, inaccurate, incomplete, or out of date. In addition to reviewing applicable Crypto Asset Statements, you should perform any additional independent due diligence regarding each Supported Crypto Asset that you feel is necessary to ensure that you fully understand all risks associated with such Supported Crypto Asset and to ensure that any investment in such Crypto Asset is appropriate for you in light of your personal financial situation.

Crypto Asset Transactions in your Crypto Account

Webull does not support transfers of crypto assets in or out of your Crypto Account: you will not be able to move any crypto asset that you hold at any other platform or personal wallet into your Crypto Account, and you will not be able to withdraw or transfer any crypto asset that you hold through your Crypto Account to any other platform or personal wallet.

No trading on margin or use of any other form of leverage will be permitted in your Crypto Account. You must have sufficient cash in your Crypto Account to fully satisfy any order to buy crypto assets. You must have sufficient crypto assets in your Crypto Account to satisfy any order to sell such crypto assets.

All orders for crypto asset transactions in your Crypto Account will be executed through Coinbase Canada Inc. or an affiliate thereof ("**Coinbase Canada**"). Coinbase Canada maintains relationships with multiple liquidity providers to facilitate execution of crypto asset orders. For more information on order execution please review our Best Execution Policy, available at [_____].

Custody of Cash and Crypto Assets

Webull will hold cash that you deposit to your Crypto Account on your behalf in an omnibus account in Webull's name with the Bank of Montreal ("**Cash Custodian**"), a Schedule I Canadian bank regulated by the Office of the Superintendent of Financial Institutions (Canada), together with cash held by other clients of Webull. Cash Custodian and Webull will ensure that this omnibus account contains solely cash belonging to clients of Webull, and that this omnibus account will not contain any cash belonging to Webull or any of its affiliates or their clients, Cash Custodian or any of its affiliates, or any other clients of Cash Custodian.

Webull will hold crypto assets that you acquire and hold in your crypto account on your behalf in an omnibus account in Webull's name with Coinbase Custody Trust Company LLC ("**Crypto Custodian**"), a New York trust company regulated by the New York State Department of Financial Services, together with crypto assets held by other clients of Webull in their Crypto Accounts. Crypto Custodian and Webull will ensure the omnibus account contains solely crypto assets belonging to clients of Webull held through their Crypto Accounts, and that the omnibus account will not contain any crypto assets or other digital assets belonging to Webull or any of its affiliates, Crypto Custodian or any of its affiliates, or any other clients of Crypto Custodian.

Crypto assets that you acquire through your crypto account are beneficially owned by you, not by Webull, Crypto Custodian, or any other third party. Crypto Custodian is not permitted to sell, transfer, or otherwise access crypto assets in your Crypto Account except as instructed by Webull.

While Webull believes that these arrangements adequately protect our clients, these arrangements do expose clients to certain risks, including, but not limited to: (i) risks relating to crypto assets being held in cold and hot wallets and not being able to obtain direct possession of their crypto assets, including as a result of loss or theft of the crypto assets in the case of fraud, wilful or reckless misconduct, negligence or error of Webull, Coinbase Canada or Crypto Custodian or their personnel or third parties or in the case that Coinbase Canada or Crypto Custodian fails to maintain adequate security and control of any and all keys, IDs, passwords, hints, personal identification numbers, API keys, 2-factor authentication devices or backups, or any other codes that Webull, Coinbase Canada or Crypto Custodian uses to access the accounts held by Crypto Custodian and to access the hot wallets offered by Coinbase Canada; (ii) any potential deficiencies in the Crypto Custodian's insurance or risk management, or insurance or similar processes or coverage maintained by Webull, which may not be adequate to protect against all losses or thefts of the crypto assets; and (iii) Crypto Custodian or Coinbase Canada's bankruptcy or insolvency.

Risks Associated with the Webull Platform and your Crypto Asset Account

Investment Risks

1) Crypto assets are speculative investment assets. There can be no assurance that you will receive any return on an investment of funds in crypto assets, and you may lose some or all of the funds you invest in crypto assets.

2) Crypto assets are highly volatile investments or assets. The value of crypto assets generally, and of any specific crypto asset, may be negatively affected by a variety of factors, including without limitation global demand for crypto assets, macroeconomic conditions, geopolitical events and considerations, regulatory developments in various markets, news events, and technological developments. Crypto asset values and trading volumes may fluctuate significantly, resulting in a loss of your invested funds.

3) Crypto assets have a limited history. There can be no assurance that crypto assets as an asset class will retain value over time, or that the current technological function such as problems with cryptography underlying crypto asset networks, governance features, and other important attributes of any crypto assets will continue to function consistently and effectively over time, which may result in a decrease in the value of affected crypto assets, or crypto assets generally and, in turn, result in the loss of some or all of your investment in crypto assets.

4) Illiquidity in crypto assets markets generally, or in the market for a specific crypto assets, can occur if there are relatively few buy and sell orders. Illiquidity may occur due to a variety of factors, including without limitation a general decrease in global demand and outages or service interruptions on major crypto asset exchanges. You may be unable to buy or sell crypto assets when you desire to do so or at your desired price due to a lack of liquidity, resulting in the loss of some or all of your investment in cryptoassets.

5) Transfers of crypto assets are not reversible. If an unauthorized, erroneous, or otherwise improper transfer to a third party of crypto assets that you hold occurs, that transfer cannot be reversed or negated by Webull or any other market intermediary. If you erroneously transfer crypto assets to an unintended party, or if an unauthorized or otherwise improper transfer of your crypto assets occur, it is highly unlikely that you will be able to recover any such transferred crypto assets.

6) Concentrating your investment in a single asset, or in a relatively small number of assets (particularly of the same asset class) substantially increases the risk that market fluctuations will result in significant losses. Investing heavily or solely in crypto assets is extremely risky and may result in greater losses relative to investing in a diversified portfolio of assets. Additionally, ownership of large positions in certain crypto assets may be concentrated in the hands of a relatively small number of owners; the sale of a large amount of a crypto assets by any such holder could negatively affect the value of that crypto asset and result in the loss of some or all of your investment.

7) Regulation of crypto assets and crypto assets markets continues to evolve and change, in Canada and in other jurisdictions around the world. Regulatory developments may impact demand for crypto assets, liquidity in crypto asset markets, or have other effects that may adversely affect the value of crypto assets, resulting in the loss of some or all of your investment.

8) Banks and other financial institutions may not support transactions involving or related to crypto assets or crypto asset trading platforms. As a result, you may experience delays or other difficulties taking actions in respect of your Crypto Account, including without limitation funding your Crypto Account or withdrawing funds from your Crypto Account.

9) Crypto assets depend upon the operation of blockchain networks, commonly with decentralized governance structures. If a modification to a crypto asset's blockchain network is proposed but is not adopted by a substantial majority of the required consensus parties, that blockchain network may "fork", meaning that the original network without the proposed modification would continue to exist, and a new network incorporating the proposed modification would begin operating simultaneously. Forking events may negatively affect the value of crypto assets operating on the affected network, resulting in the loss of some of all of your investment. Additionally, Webull may not support a fork of the blockchain network underlying any of the crypto assets available on its platform and any new crypto assets that may be created in connection with a fork.

10) Crypto assets are commonly traded in United States dollars (USD). Fluctuations in the value of the Canadian dollar (CAD) relative to the USD may adversely affect your returns on crypto asset investments and result in the loss of some or all of your investment.

11) Webull does not offer loans and discourages the use of leverage by clients. Using borrowed money to finance the purchase of crypto assets involves greater risk than not doing so. If you borrow money to purchase crypto assets, your responsibility to repay the loan (and pay interest) as required by its terms likely will remain the same even if the value of the crypto assets purchased declines.

Platform and Provider Risks

12) Webull is a member of the Canadian Investor Protection Fund. However, crypto assets that Webull holds (directly or indirectly) on your behalf do not and will not qualify for protections offered by the Canadian Deposit Insurance Corporation, the Canadian Investor Protection Fund, or any other investor protection.

13) In the event of bankruptcy or insolvency of Webull, Coinbase Canada or Crypto Custodian; (i) the disposition of crypto assets that you hold in your Crypto Account will be subject to applicable bankruptcy or similar laws, (ii) you may be temporarily unable to liquidate or transfer crypto assets in your Crypto Account, (iii) you may not be entitled to receive any crypto assets in your Crypto Account in kind, and you may only have a monetary claim for any loss you have suffered, and (iv) you may lose all or a portion of any amount that you have invested in crypto assets through your Crypto Account.

14) Webull's platform will not enable you to exercise any voting or similar governance functionality associated with crypto assets held in your Crypto Account. As a result, you may be unable to vote on governance decisions that can adversely effect the value of your crypto assets.

15) Webull and third parties upon which Webull relies in connection with the operation of its crypto asset trading platform are subject to substantial cybersecurity risks. Cyberattacks targeting crypto asset holders, trading platforms, or service providers may result in a variety of adverse outcomes, including without limitation theft of crypto assets, theft of sensitive personal information, and service interruptions affecting trading activity and platform functionality. You may experience investment losses or other harm as a result of any such cyberattack. Additionally, as the result of cyberattacks, Webull may incur regulatory penalties, remediation costs, reputational damage, and other harms which may affect its ability to continue its operations.

16) Webull operates an internet-based crypto assets trading platform. It relies on a number of third parties in connection with the operation of its platform, all of whom rely on internet connectivity to some extent in connection with their operations. If Webull or any third party on which it relies in connection with the operation of its crypto asset trading platform experiences any technological difficulties, including without limitation any system failure, software failure, or internet connectivity disruption, you may experience delays or interruptions of service accessing and using the Webull platform or your Crypto Account. As a result, you may be unable to buy or sell crypto assets when you desire to do so, or at your desired price, resulting in the loss of some or all of your investment.

17) Neither Webull nor any of its affiliates provides any financial advice, investment advice, legal advice, tax advice, or any other advice or recommendations to clients. Webull does not evaluate or consider your individual financial situation in connection with orders or instructions in your Crypto Account. You are solely responsible for all orders and investment decisions in your Crypto Account.

18) Webull attempts to provide timely execution of crypto asset transactions at reasonable prices through Coinbase Canada, which maintains relationships with multiple liquidity providers. However, there can be no assurance that you will receive the best possible execution price or quality for transactions in your Crypto Account. In the event that Coinbase Canada is unable to facilitate crypto asset transactions as anticipated for any reason you may experience significant delays in executing crypto asset transactions, which may result in losses.

19) Webull, Coinbase Canada, other liquidity providers or other third parties on which Webull relies in connection with the execution of orders in your Crypto Account may reject crypto asset transaction orders, particularly during periods of increased market volatility or during technological outages or service interruptions effecting the functionality of Webull or other crypto asset trading platforms. If your order is rejected, you may be unable to buy or sell crypto assets when you desire to do so, or at your desired price. In accordance with the terms of the agreement that you entered into with Webull in respect of your Crypto Account, neither Webull nor any of its affiliates will be liable to you for any losses you may incur as a result of order rejection.

20) Webull relies on market data and other information provided by various third parties regarding the crypto assets that it supports. There can be no assurance that any such market data or information, including any market data or information made available to you through Webull's platform, is accurate and complete in all respects.