

# csprUSD Risk Disclosure Statement

**Effective as of 01-05-2024**

This Risk Disclosure Statement ("Statement") is provided by the Stablecoin Consortium Association ("Stablecoin Consortium," "we," or "us") to you ("you" or a "User") in connection with your use of a Stablecoin Consortium Mint account ("Stablecoin Consortium Mint account") and the csprUSD Services. This Statement is designed to help you understand the risks associated with csprUSD and is not exhaustive.

By using the csprUSD Services, you acknowledge that you have read, understood, and accept all of the risks outlined in this Statement.

## **1. No Guarantee of Price Stability**

While each csprUSD is intended to maintain a value of 1 USD, and Stablecoin Consortium commits to redeem 1 csprUSD for \$1 USD, subject to these Terms, applicable law, and any fees where applicable, we do not guarantee that the value of one (1) csprUSD will always equal one U.S. Dollar (\$1) across all platforms. Due to a variety of factors outside of Stablecoin Consortium's control, the value of csprUSD, particularly on third-party platforms such as cryptocurrency exchange platforms, can fluctuate above or below one U.S. Dollar (\$1). Stablecoin Consortium cannot control how third parties value csprUSD, and Stablecoin Consortium is not responsible for any losses or other issues that may result from fluctuations in the value of csprUSD.

## **2. Third-party Platforms**

csprUSD is based on open source software and runs on the Casper Network. This means that third parties can elect to support csprUSD on their platforms without any authorization or approval by Stablecoin Consortium or anyone else. As a result, csprUSD support on any third-party platform does not imply any endorsement by Stablecoin Consortium that such third-party services are valid, legal, stable or otherwise appropriate. Stablecoin Consortium is not responsible for any losses or other issues you might encounter using csprUSD on non-Stablecoin Consortium platforms.

## **3. Users Accept All Consequences of Sending csprUSD Off of Stablecoin Consortium's Platform**

csprUSD transactions are not reversible. Once you send csprUSD to an address, you accept the risk that you may lose access to, and any claim on, that csprUSD indefinitely or permanently. For example, (i) an address may have been entered incorrectly and the true owner of the address may never be discovered, (ii) you may not have (or subsequently lose) the private key associated with such address, (iii) an address may belong to an entity that will not return the csprUSD, (iv) an address belongs to an entity that may return the csprUSD but first requires action on your part, such as verification of your identity. For the avoidance of doubt, nothing in this Agreement is intended to obligate Stablecoin Consortium to track, verify or determine the provenance of csprUSD balances for Users, including any form of security interests claimed thereon.

## **4. Regulatory Risks**

The regulatory environment for digital currencies is evolving and may vary by jurisdiction. Regulatory actions could negatively impact the use of csprUSD in various ways, including, for purposes of illustration only, through a determination that csprUSD constitutes a regulated financial instrument that requires licensing or registration. Stablecoin Consortium could be impacted by one or more regulatory inquiries or actions in the future, which could impede, limit, or end the ability of Stablecoin Consortium to operate or provide csprUSD Services.

## **5. Operational Risks**

Operational risks related to csprUSD include, but are not limited to, hardware, software or other malfunctions, system failures, network attacks, and disruptions. While Stablecoin Consortium has established business continuity and disaster recovery plans, there are inherent risks associated with relying on digital and telecommunication technologies. Any disruptions or malfunctions may negatively impact the csprUSD Services and your ability to access or use your csprUSD.

## **6. Legal Risks**

The legal status of digital currencies may be uncertain in many jurisdictions. This can mean that the legality of holding or trading csprUSD is not always clear. Whether and on what basis a jurisdiction regulates digital currencies is a matter of legal interpretation that can change over time and may have retroactive effect.

## **7. Market Risks**

The value of digital currencies can be extremely volatile and unpredictable. This can mean that the price of csprUSD can change rapidly in a very short time, making it possible for investors to experience significant gains or losses. Investments in digital currencies are therefore only suitable for investors who understand and have the financial capacity to bear the risks associated therewith.

By using the csprUSD Services, you represent that you have been, are, and will be solely responsible for making your own independent appraisal and investigations into the risks of the transaction and the underlying digital currencies. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any transaction or any underlying digital currency.

This Statement should not be seen as trading advice or a solicitation for investment. Stablecoin Consortium does not provide any investment, legal, tax or trading advice, nor does it make any recommendations or endorsements of any kind. Stablecoin Consortium encourages you to seek independent professional advice before making any decisions based on your own personal circumstances.

## **8. Compliance Risks**

Failure to comply with the Stablecoin Consortium Mint User Agreement, csprUSD Acceptable Use Policy, or any other applicable terms and conditions could result in the suspension or termination of your Stablecoin Consortium Mint account, which could have a material adverse effect on your investment in csprUSD.

By using the csprUSD Services, you acknowledge and agree that you are solely responsible for determining the nature, potential value, suitability, and appropriateness of these risks for you, and that Stablecoin Consortium does not give advice or recommendations regarding csprUSD, including the suitability and appropriateness of, and investment strategies for, csprUSD. You further acknowledge and agree that you are solely responsible for all the risks associated with using csprUSD Services, and for all decisions to use csprUSD Services.

#### **9. Unproven Business Model and Lack of Experience Risk**

The company and its affiliates are operating an unproven business model in the emerging and rapidly evolving stablecoin industry. The long-term viability and sustainability of this business model remain uncertain. Furthermore, the company and its affiliates have limited experience in issuing, managing, and supporting stablecoins at scale. This lack of a proven track record introduces additional risks and uncertainties for users of the stablecoin.

The stablecoin industry is still in its early stages and best practices are still being developed. Regulatory frameworks are also evolving and could change in unpredictable ways. The company's ability to adapt to changing market conditions, competitive pressures, and regulatory requirements cannot be assured.

Users must be aware that the company's stablecoin offering may encounter unforeseen challenges, setbacks, or even failures as this unproven business model is stress tested in the real world. Holding or transacting in the company's stablecoin therefore carries a high degree of risk that users must carefully consider. The company provides no assurances of the future success or reliability of its stablecoin initiative. Users who choose to participate do so entirely at their own risk.

#### **10. Indemnification and Legal Responsibilities**

By using csprUSD or the Stablecoin Consortium Mint platform, you acknowledge that all authority and liability related to the token and platform are the responsibilities of the Stablecoin Consortium Association and further acknowledge that Sarson Funds, Inc., Stablecoin Index, LP and their associated officers and employees are indemnified against all liabilities, costs, expenses, damages, and losses (including any direct, indirect, or consequential losses, loss of profit) that you may incur through the use of csprUSD or the Stablecoin Consortium Mint platform.