Digital Assets & Onchain Activity Risk Disclosure

Risks of digital assets, crypto assets, DeFi, staking, lending, and onchain activity.

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This disclosure applies where a client relationship with Protocol Wealth involves digital assets in any capacity, including discretionary management, non-discretionary advice, financial planning, custody planning, treasury advisory, reporting, or education.

Digital assets are highly speculative and involve a significant risk of loss, including the possible loss of the entire investment. They may be suitable only for clients with appropriate experience, risk tolerance, liquidity, time horizon, and financial capacity.

Key Risks

- Extreme volatility. Digital-asset prices can change rapidly and unpredictably.
- Liquidity risk. Markets may be thin, fragmented, unavailable, or impaired during stress.
- Regulatory risk. Laws, regulations, enforcement positions, tax treatment, and platform availability may change quickly.
- Cybersecurity risk. Digital assets are common targets for theft, phishing, malware, social engineering, and operational compromise.
- Private-key and credential risk. Loss or compromise of keys, devices, seed phrases, recovery materials, or approval credentials may cause permanent loss.
- Smart-contract and protocol risk. DeFi protocols, bridges, oracles, staking systems, vaults, and liquidity pools may have code flaws, economic exploits, governance attacks, or design failures.
- Counterparty and platform risk. Exchanges, custodians, brokers, staking providers, validators, OTC desks, and other platforms may fail operationally or financially.
- Irreversibility. Blockchain transactions generally cannot be reversed once confirmed.
- Network risk. Congestion, high fees, chain halts, reorganizations, forks, validator failures, and outages may delay or impair activity.
- Tax complexity. Digital-asset transactions may create tax events. Clients are responsible for tax compliance and should consult tax advisers.
- Valuation risk. Digital-asset prices may vary by venue and data source and may be unavailable during outages.
- Airdrop, fork, and protocol-event risk. Resulting assets may be unsupported, unsafe, unavailable, taxable, or worthless.

Onchain Activities

Onchain activities may include staking, delegated staking, re-staking, lending, borrowing, liquidity provision, protocol interaction, governance, bridging, or other DeFi activity. These activities may involve slashing penalties, impermanent loss, contract failure, oracle failure, governance attack, insolvency, exploit, or loss of rewards and principal.

Protocol Wealth will evaluate material risks it identifies, but it cannot eliminate digital-asset or onchain risks.

Custody and Wallets

Digital assets may be held with qualified custodians, institutional wallet providers, client-controlled wallets, or smart contracts. Not all structures provide the same legal, regulatory, insurance, segregation, recovery, or investor-protection treatment. Assets outside a qualified custodian may not receive qualified-custody protections, SIPC protection, FDIC insurance, or ordinary securities-account protections.

No Guarantee

Targets, forecasts, yield rates, staking rewards, fee estimates, benchmark comparisons, and forward-looking statements are based on assumptions and are not guarantees. Participation in digital assets or onchain activity may result in loss of principal and rewards.

Protocol Wealth, LLC is a registered investment adviser (CRD #335298). Registration does not imply a certain level of skill or training. Investing involves risk, including possible loss of principal; past performance does not guarantee future results. This is a disclosure, not a contract term. It states Protocol Wealth’s current practice, is delivered before the Client Advisory Agreement is signed - section 5 of that Agreement records the delivery - and is superseded by a later edition rather than amended.