DAMAN VIRTUAL

Seamless. Secure. Safeguarded

Daman Virtual Asset Brokerage LLC

RISK DISCLOSURE STATEMENT & VIRTUAL ASSETS STANDARDS

Date: 10 December 2025

RISK DISCLOSURE STATEMENT

THE RISK OF LOSS IN TRADING IN VIRTUAL ASSETS AND RELATED INSTRUMENTS CAN BE SIGNIFICANT. YOU SHOULD CAREFULLY CONSIDER WHETHER SUCH TRADING IS SUITABLE FOR YOU, IN TERMS OF YOUR CIRCUMSTANCES AND FINANCIAL RESOURCES. PLEASE TAKE THE TIME TO READ AND BE AWARE OF ALL THE POINTS CONTAINED WITHIN THIS RISK DISCLOSURE STATEMENT.

This Risk Disclosure Statement (RDS) has been prepared in simple English by Daman Virtual Asset Brokerage LLC (or "Daman") to help you fully comprehend the risks associated with our Virtual Asset (VA) services.

INHERENT RISKS IN TRADING

The Exchange carries a significant level of risk when trading.

1. **Value loss: There is volatility in VA pricing. As a result, your virtual assets are prone to sudden and severe volatility and may lose all their value.**

2. **Transferability: Because of the nature of blockchain transactions, some transactions may be irreversible, and your VAs may not always be transferable. As a result, before completing any VA transfers, you must exercise caution and double-check.**

3. **Liquidity: The state of your VAs could fluctuate.**

4. **Privacy: Transactions can be recorded on public distributed ledger technologies (DLTs), so they are not always private.**

5. **Crime: Your VAs might not always be protected by the law and be the victim of fraud, manipulation, or theft, including through hacking and other targeted schemes. Our approach with Daman is security first. Please click this link for additional details. Please remember to set up your Multi Factor Authentication for optimal security. Please click on this link to find out how to accomplish this.**

OTHER RISKS OF TRADING ON THE EXCHANGE

a. The nature of digital assets: although businesses might use VA as payment, there's no assurance that they will be accepted as such in the future. Moreover, VAs is

thought to be complicated, high-risk, and their features might not be fully understood because of their intricate structure.

b. The value of digital assets and loss risk: trading in virtual assets may not be appropriate for all investors due to the loss risk. It is not advisable to transact in VA if you are looking for a consistent or low risk return on your invested funds. VA prices are not based on any basic rationale and could be influenced by unpredictable and illogical market forces. It is entirely speculative and uncertain whether the price will increase or decrease in the future. VA fluctuate significantly and are much more volatile than some fiat currencies. As a result, changes in market conditions could occur quickly.

c. Previous performance: Any VA's value is subject to change. It is inaccurate to predict future performance based on past performance.

d. Suitability: The data offered by Daman is meant solely for informative purposes and is not meant to be a trading suggestion, investment advice, financial advisory services, or any other kind of advice. By deciding to open an account, you acknowledge that there is a risk involved in trading virtual assets (VA) and that you possess the necessary expertise, understanding of the market, professional guidance, and experience to assess the risks and benefits of any trade on your own.

e. The availability of digital assets: On Daman's platform, your ability to buy VAs may be contingent upon the willingness of a counterparty to sell the same VA. This is not within Daman's control.

f. Currency risk: The user needs to be mindful of any dangers associated with fluctuations in VA prices and currency. Any trade's profit or loss could be impacted positively or negatively by changes in the exchange rate.

g. Technology risk: Because VAs are by their very nature complicated, advanced technical understanding is needed. Because VAs are explained in such technical terms, one must have a thorough background of computer science and applied cryptography in order to fully comprehend the hazards involved. The inclusion of a VA on Daman's platform does not imply that Daman endorses or disapproves of the underlying technology used by that VA.

ORDER ROUTING PRACTICES

Daman collaborates with multiple liquidity providers to obtain competitive quotes for its customers. The selection process considers various factors, including but not limited to price, latency, historical fill data, token availability, and market volatility.

VIRTUAL ASSET PRICING

Daman requests quotes from its liquidity providers and selects the most suitable provider to route the order. This automated selection process is based on multiple

criteria, such as latency, quote expiration time, past fill performance, token availability, and market conditions. A markup is applied to the quote received from the liquidity provider before it is presented to the customer.

VIRTUAL ASSETS STANDARDS

Daman offers VA Activities in accordance with a set of standards for the VAs (VA Standards).
Our general strategy is to take all reasonable measures, such as, but not restricted to, carrying out pertinent due diligence to guarantee that all VAs satisfy Daman's requirements both before and throughout the Firm's provision of any VA operations in connection with such VAs.
For the VAs that it offers and regarding VA Activities, Daman has established a set of standards known as the VA Standards.

When deciding whether to support a particular VA, the Digital Asset Evaluation Criteria are intended to be applied holistically. The areas of examination include those related to technological components, compliance, information security, and legal problems, among others, even though certain criteria are not decisive. To be more precise, this comprises, without being limited to, the following:

a. **Reputability evaluates the market's size, the present trade dynamics, and other factors, such as whether the Digital Asset (DA) asset is well-known.**
b. **Monitorability, which includes making sure that transactions are auditable and traceable.**
c. **Sanctions screening, also known as related screening, entails screening for sanctions for all senior members of the DA's project team.**
d. **Manipulation: This evaluates the possibility that organised actors will manipulate the DA.**
e. **Utility: This evaluates the utility of the DA to make sure the claimed utility is practically possible.**
f. **Availability: This determines whether the DA has already been listed. f. Adverse Media: This entails examining advancements in technology and security.**
g. **Eligibility screening: this entails looking over the DA to see if there are any features that would make it ineligible for listing under the relevant laws.**
h. **Derivatives Screening: this entails looking for elements in the DA that suggest it might be or operate as a derivative, making it susceptible to any relevant limitations.**
i. **Legal and Regulatory Action Screening: This evaluates the possibility of current civil lawsuits, enforcement actions from regulatory bodies, criminal cases, or other processes brought in relation to or following its dissemination and issue.**
j. **Senior Leadership: This entails evaluating the DA project's well-known senior leaders, their nation of origin, and the routes and sources they use to disseminate updates.**
k. **Security Vulnerabilities: This evaluates the DA's code security and determines whether prior hacks or attempts were attempted and succeeded.**

l. **Third-Party Security Audit: This evaluates if the DA's code was audited by a respectable third-party auditor.**
m. **Hardware Supportability: This examines whether industry best practices are followed by the DA.**
n. **Clearing Technology: this evaluates the consensus process of the DA's credibility.**
o. **Code Governance: This evaluates code governance and determines if the code's capacity to roll out significant upgrades complies with industry best practices.**