

## **Forte AUD (Ticker: AUDF) Risk Disclosure Statement for AUDF**

This document outlines key risks associated with AUDF and the AUDF Services. This risk disclosure is not exhaustive and may not capture every possible risk. You may wish to seek independent financial advice to determine if acquiring or otherwise dealing in AUDF and AUDF Services is appropriate having regard to your personal circumstances, objectives and risk tolerance.

### **No Guarantee of Price Stability**

For each AUDF that is issued by Forte Securities Australia and remains in circulation, Forte Securities Australia will intend to maintain at least the equivalent of AUD Reserves as defined by the AUDF Terms. Each AUDF is worth 1 AUD (or an equivalent amount of AUD denominated assets) and is intended to be redeemable by Forte Securities on a 1:1 basis for AUD. Forte Securities does not guarantee that the value of one (1) AUDF will always equal 1 (one) AUD across all Secondary Markets. Due to a variety of factors outside of Forte Securities Australia's control, the value of AUDF, particularly on third-party platforms such as cryptocurrency exchange platforms, can fluctuate above or below 1 (one) AUD. Forte Securities Australia cannot control how third parties value AUDF, and Forte Securities Australia is not responsible for any losses or other issues that may result from fluctuations in the value of AUDF.

### **Market Risk**

The market for digital tokens, including AUDF, is still new and uncertain. Holders should not invest funds or speculate in digital tokens that they are not prepared to lose entirely. Whether the market for one or more digital tokens will move up or down, or whether a particular digital token, including AUDF, will lose all or substantially all of its value, is unknown.

### **Liquidity & Listing Risk**

Digital token markets may vary in liquidity. Some markets are liquid, while others may be thin, increasing volatility and affecting your ability to buy or sell tokens at desired prices or times. There is no guarantee of an active market to buy, sell, or trade AUDF. Furthermore, any secondary market for AUDF may appear or disappear abruptly. Forte Securities Australia makes no representations regarding AUDF's future market availability or trading conditions, and AUDF may be delisted on secondary markets without notice.

## **Legal & Regulatory Risk**

The legal and regulatory status of stablecoins, including AUDF, is still uncertain in many jurisdictions, including Australia. This may impact the legality of holding or trading AUDF, as well as whether it constitutes property, assets, or rights of any kind. Tokens, including AUDF, are not recognised as legal tender in Australia. Holders are responsible for knowing and understanding (and should seek appropriate legal advice if needed) how AUDF and AUDF Services will be regulated, taxed and otherwise treated in their jurisdiction.

## **Counterparty Risk & Secondary Markets Risk**

Holding AUDF through third-party custodians or exchanges introduces risks such as breaches of contract, security issues, and loss of funds. These services are not provided by Forte Securities Australia and so Forte does not guarantee any custodian or third party's ability to safeguard your AUDF holdings. You are solely responsible for the arrangements entered into with such custodians or exchanges. Transactions undertaken on such platforms may be irreversible, and mistakes, fraudulent transfers, or errors in destination addresses may result in permanent loss of AUDF.

## **Operational & Blockchain Protocols Limitations**

AUDF relies on supported blockchain networks. Operational or technical issues, such as network congestion, cyber-attacks, or protocol vulnerabilities, may disrupt AUDF Services and delay transactions or redemptions. Forte Securities Australia does not control AUDF-supported blockchains and assumes no responsibility for delays, losses, or failures caused by such protocols.

## **Network Congestion Risk**

High transaction volumes on a blockchain can lead to delays and increased fees. During congestion, transaction fees may consume a larger portion of the transfer value, potentially resulting in the recipient receiving less than the intended amount.

## **Banking & Financial Institution Risk**

AUDF relies on financial institutions to hold AUD Reserves. These institutions may adjust their policies or positions regarding stablecoins, which can lead to delays or barriers to redemption. AUD Reserves held with financial institutions may be subject to loss, theft, insolvency, or governmental and regulatory actions, including freezes or seizures.



## Valuation Risk

AUDF are backed by AUD Reserves that are not subject to deposit insurance protection and may face unexpected declines in value or regulatory freezes. AUDF is not fiat currency and is not issued, backed, or guaranteed by The Reserve Bank of Australia, Australian Government or any other Government Agency.