dShares™ Risk Disclosure

Please read this before you trade

This document describes risks of using the Dinari Securities platform and of holding your positions as dShares™. It does not describe every risk of investing, and it is not investment advice. Dinari Securities does not recommend securities and does not advise you on your orders. You are responsible for your own investment decisions.

The most important thing to understand: you take on two different kinds of risk at the same time. The first is ordinary investment risk, the stock you buy can fall in value, and you can lose money. The second is the set of risks that come from recording your position on a blockchain. The second kind does not replace the first. It is added to it.

1. Investment risk

The value of stocks and exchange-traded funds fluctuates. You may lose money, including the entire amount you invest. Past performance and past price movement do not guarantee future results. Securities held through Dinari Securities are not deposits, are not insured by the FDIC, are not guaranteed by any bank, and may lose value.

Exchange-traded funds carry their own risks and costs. Before investing in an ETF, read its prospectus, which is available from the fund's sponsor or at www.sec.gov.

2. What you own, and the two records of it

When you buy a stock through Dinari Securities, you own that stock in your brokerage account, which is carried by our clearing firm, Alpaca Securities LLC. Your position is also recorded on a public blockchain as a dShare™. The dShare™ is a secondary record of the position in your account. It is not a separate investment.

If the two records disagree. Your account statements and trade confirmations are the official record of your holdings and transactions. If what you see on a blockchain explorer differs from your account records, contact us before acting on it.

Reconciliation may lag. The blockchain record and your account records are maintained by different systems. They may be out of step temporarily following a trade, a corporate action, a network delay or a system failure. A balance you see on-chain may not reflect your actual position at that moment.

3. Risks of the blockchain record

- **Smart contract defects.** dShares™ are governed by smart contracts, software deployed on a public blockchain. Software can contain errors or vulnerabilities that are not discovered until they are exploited. An audit reduces this risk but does not eliminate it. A defect could prevent transfers, misstate balances or allow loss of tokens.
- **Network failures and congestion.** Public blockchain networks can slow down, become congested, fork, or stop producing blocks. During these periods transfers may be delayed, may fail, or may cost significantly more than usual.

- **Irreversibility.** Blockchain transactions generally cannot be reversed. A transfer sent in error cannot be recalled by us, by our clearing firm, or by anyone else.
- **Multiple networks.** dShares™ may be issued on more than one blockchain. Sending a dShare™ to an address on the wrong network can result in permanent loss. Support for a particular network may be added or withdrawn at any time.
- **Transfer controls.** dShares are subject to transfer restrictions and Dinari reserves the right and ability to freeze, block, reverse, burn or reissues dShares™ for the purposes of compliance, corporate actions and errors to ensure accurate representation of the customer holdings.
- **Public visibility.** Blockchain records are public. Transactions associated with your wallet address may be visible to anyone and may be linked to you by third parties analyzing blockchain data.

4. Transferring dShares™ to a self-custody wallet

dShares may be transferred to self-custodial wallets owned by you. This does not affect your underlying stock positions. Wallets must be registered and verified by Dinari or an affiliated partner prior to use.

- **Eligibility rules still apply.** dShares™ may be transferred only to wallets that have completed identity verification and are not associated with restricted jurisdictions. Transfers that do not meet these requirements will fail.
- **Costs.** Third parties may charge minting, redemption, network or custody fees in connection with transfers. These are not fees of Dinari Securities and are not included in our fee schedule.
- **Corporate actions and dividends after transfer.** Dividend and voting rights are preserved even when dShares are held in self-custody wallets. Dividends will be deposited as stablecoin into the wallet that holds the dShares. Voting will continue to be offered over email of the registered customer over the customers underlying stock.
- **Third-party platforms.** If you send dShares™ to another platform, exchange or protocol, you are dealing with that party and not with Dinari Securities. We do not control and are not responsible for what happens to your tokens there, and their terms, fees and protections, or lack of them, will apply.

5. Rights associated with your position

Dividends. Dividends are issued within 2 business days from dividend payment date as USDC deposited into the wallet holding the customer dShares™. USDC is issued by Circle Internet Financial, please see USDC Terms for more information.

Corporate actions. dShares™ are designed to be 100% reflections of actual underlying securities and related corporate actions including stock splits, reverse splits, mergers, tender offers, exchange offers, spin-offs, rights offerings, stock dividends and delistings, and how fractional entitlements are handled. Dinari reserves the right and ability to perform corporate actions on dShares™ to reflect the underlying securities.

Voting and proxy materials. Holders of dShares™ and the underlying securities are eligible to receive proxy materials and participate in voting. These materials and actions will be delivered to the email registered with Dinari at the time of sign up.

Fractional positions. Fractional dShares™ are supported on selected stock tickers and are backed by fractional positions in the underlying stock. Fractional positions are a product of our clearing broker partner Alpaca Securities, LLC. Fractional positions may be terminated at any time due to corporate actions, lack of liquidity, risk or other related reason. If a fractional position is closed due to this, it will be liquidated at fair market value and stablecoin will be deposited into the customer wallet. The stock tickers that are eligible for fractional shares are subject to change without notice.

6. Reliance on affiliated technology

The technology that creates and maintains dShares™ was developed by our parent, Dinari, Inc., an SEC-registered transfer agent that is not a broker-dealer, and is licensed to Dinari Securities. We depend on that technology and on our parent to operate it.

Your stock position and your brokerage account are separate from the dShare™ record, and are carried by our clearing firm.

Conflict of interest. dShares™ are proprietary products that use our affiliate's technology, and our brokerage offerings on the platform are limited to them. Because our affiliate benefits when dShares™ are used, we have an incentive to offer them rather than other ways of holding the same stocks. You can buy the same stocks through other brokers without the use of tokens. See our Form CRS for more about our conflicts.

7. Funding your account with USDC

You fund your account, and may receive proceeds, using USDC, a stablecoin issued by Circle Internet Financial, LLC, which is not affiliated with Dinari. USDC is not cash, is not legal tender, is not a bank deposit, is not FDIC insured and is not protected by SIPC. It may not maintain a one-to-one value with the U.S. dollar. Circle may block addresses and freeze USDC. Conversions may be delayed, unavailable, or subject to fees and spreads charged by third parties. Fuller detail is in the Circle and USDC section of our Disclosures.

8. Custody, SIPC and what is protected

Securities and cash held in your brokerage account at Alpaca Securities LLC are protected by SIPC up to $500,000, including up to $250,000 for claims for cash. SIPC protects against the failure of a member broker-dealer. It does not protect against a decline in the market value of your investments.

SIPC does not cover:

- losses caused by a fall in the price of a security;
- USDC or any other stablecoin;
- positions after dShares™ have been transferred to a self-custody wallet or a third-party platform;
- losses caused by blockchain network failures, smart contract defects, lost private keys, or transfers sent in error.

9. Platform availability and order handling

The platform may be unavailable or delayed because of maintenance, technical failure, network problems, capacity limits or events beyond our control. You may be unable to place, change or cancel an order when you want to, including during periods of market volatility when you may most want to.

If you cannot reach the platform, there are no alternative method for placing or cancelling an order is available. A summary of our business continuity plan is available at https://dinari.com/bd/business-continuity

Order estimates. Any price or quantity shown when you enter an order is an estimate based on conditions at that moment. The price and quantity at which your order is executed may differ.

Limits. Purchases are currently subject to a daily limit of $5,000 within any given trading day. We may change, suspend or remove limits at any time.

Trading outside regular market hours involves additional risks, including lower liquidity, higher volatility and wider spreads. See the Extended-hours trading section of our Disclosures before placing such an order.

10. Cybersecurity

Platforms, wallets and blockchain networks are targets for theft and fraud. Compromise of your device, your email, your wallet software or your credentials can result in loss of your tokens. We will never ask you for your private keys or recovery phrase. Anyone who does is attempting to steal from you.

11. Regulatory and tax uncertainty

The regulation of tokenized securities and of stablecoins in the United States is developing and may change. Changes in law, regulation, regulatory interpretation or the position of any regulator could affect how dShares™ work, whether they can be transferred, whether particular securities remain available, or whether the platform can continue to operate as it does today. Registration with the SEC and membership in FINRA and SIPC do not mean that any regulator has approved or endorsed Dinari Securities, dShares™, or any security or transaction.

Tax. Buying and selling securities, receiving dividends, transferring dShares™ and transacting in USDC may each have tax consequences, and the treatment of some of these is not settled. Dinari Securities does not provide tax advice. Consult a qualified tax adviser.

12. Where to get more information

- Dinari Website: https://dinari.com
- Disclosures: https://dinari.com/us/disclosures
- FINRA BrokerCheck: brokercheck.finra.org · (800) 289-9999
- SIPC: www.sipc.org · (202) 371-8300

Questions about your account or this document: **us-support@dinari.com**