Credit risk in this space is enormous. You're dealing with an asset that once it's sent out, you can't necessarily recall it and get it back. It isn't as simple as an ACH bank transaction. Additionally to that, there's this rehypothecation risk. I think that’s truly the biggest risk that people don't think about or don't adequately compensate for in their transactions.

So when I lend you an asset, and then you lend that asset to somebody else, my risk is with you but the asset that I gave you is now somewhere else. And that's an issue because I don't know where you sent that asset. And if that person doesn't return the asset to you, I'm S-O-L. I come to you and say, can you please pay me back? But the assets gone. And now I have to go find the guy that didn't pay you and I get pulled into this collateral chain, and I may have crossed jurisdictional risk. I have to sue a guy you know in the EU, in Asia someplace where I don't necessarily want to go.

What we do at DBL is use cold storage and the custodial holdings are there. You know where your coin is all the time and because of that, you know, if DBL disappears, if somebody else disappears, my coin is in my name at a custodian. So DBL, we take unknown risk, this unknown credit risk, this unknown hypothecation risk and we make it known. We put the coin in custody, it stays there, you know exactly why it's there, where it is and you know the terms that surround it with the transaction that you do with us. And if you know what your risks are you can plan accordingly, and you can take actions when you think that risk is going to give you an adverse effect. And we make that known, and we help quantify that, and we help protect against it.

Risk Disclosure Statement:

The risk of loss in trading commodity interests can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. In considering whether to trade or to authorize someone else to trade for you, you should be aware of the following: if you purchase a commodity option you may sustain a total loss of the premium and of all transaction costs. If you purchase or sell a commodity futures contract or sell a commodity option or engage in off-exchange foreign currency trading you may sustain a total loss of the initial margin funds or security deposit and any additional funds that you deposit with your broker to establish or maintain your position. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the requested funds within the prescribed time, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example, when the market makes a “limit move. ”The placement of contingent orders by you or your trading advisor, such as a “stop-loss” or “stop-limit” order, will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such orders. A “spread” position may not be less risky than a simple “long” or “short” position. The high degree of leverage that is often obtainable in commodity interest trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains. In some cases, managed commodity accounts are subject to substantial charges for management and advisory fees. It may be necessary for those accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets. The disclosure document contains a complete description of each fee to be charged to your account by the commodity trading advisor. This brief statement cannot disclose all the risks and other significant aspects of the commodity interest markets. You should therefore carefully study the disclosure document and commodity interest trading before you trade, including the description of the principal risk factors of this investment, in the disclosure document.

Key Disclaimer: Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results. DrawBridge Lending, LLC has had little or no experience in trading actual accounts for itself of for customers. Because there are (little or) no actual trading results to compare to the hypothetical results, customers should be particularly wary of placing undue reliance on these hypothetical performance results.

Virtual Currency Disclosure:

DrawBridge Lending is a member of the national futures association (NFA) and is subject to NFA'S regulatory oversight and examinations. DrawBridge Lending has engaged or may engage in underlying or spot virtual currency transactions in its commodity pool. Although NFA has jurisdiction over DrawBridge Lending and its commodity pool, you should be aware that NFA does not have regulatory oversight authority for underlying or spot market virtual currency products or transactions or virtual currency exchanges, custodians or markets. You should also be aware that given certain material characteristics of these products, including lack of a centralized pricing source and the opaque nature of the virtual currency market, there currently is no sound or acceptable practice for NFA to adequately verify the ownership and control of a virtual currency or the valuation attributed to a virtual currency by DrawBridge Lending. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect virtual currency networks and their users. Such laws, regulations or directives may impact the price of virtual currencies and their acceptance by users, merchants and service providers. The relatively new and rapidly evolving technology underlying virtual currencies introduces unique risks. For example, a unique private key is required to access, use or transfer a virtual currency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks could also have implications for investors. For example, a market participant holding a virtual currency position through a virtual currency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product. Many virtual currencies allow market participants to offer miners (i.e., Parties that process transactions and record them on a blockchain or distributed ledger) a fee. While not mandatory, a fee is generally necessary to ensure that a transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces and it is possible that the fees could increase substantially during a period of stress. In addition, virtual currency exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets