Coincheck Virtual Currency Trading Manual

Please read and understand this Trading Manual thoroughly before engaging in virtual currency trading provided by Coincheck, Inc. (hereinafter referred to as the "Company") (hereinafter referred to as the "Virtual Currency Trading").

In Virtual Currency Trading, there is a risk that customers may incur losses due to value fluctuations of the virtual currency being traded. Virtual Currency Trading can produce a large amount of profits to customers, but it also entails a risk of large losses. For this reason, please read this Trading Manual and the "Coincheck Terms of Use" provided herewith (hereinafter referred to as the "Terms of Use") thoroughly, and fully understand the contents of this Trading Manual as well as the mechanisms, details and risks of Virtual Currency Trading. We kindly ask that you engage in Virtual Currency Trading at your own discretion and risk when and only when you find it appropriate to do so in light of your financial status, trading experience and trading purpose.

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This Trading Manual was prepared for customers willing to enter into an agreement for Virtual Currency Trading in accordance with the provisions of Articles 16 and 17 of the Cabinet Office Ordinance concerning Virtual Currency Exchange Service Providers. Among the types of Virtual Currency Trading, leveraged trading is a type of trade that does not fall under any of the virtual currency exchange services set forth in Article 2, paragraph 7 of the Payment Services Act.

Risks and Other Important Matters on Virtual Currency Trading

I. Virtual currency is not a national currency in or outside of Japan.

II. Virtual currency handled by the Company is a "decentralized virtual currency" that is traded and issued on the Internet, and the value of a virtual currency is not guaranteed by neither a particular nation nor other people.

III. In Virtual Currency Trading, there is a risk that customers will incur losses due to value fluctuations of the virtual currency being traded. Further, in leveraged trading and margin trading, since the transaction amount is larger than the amount of virtual currency or margin that a customer deposits with the Company, there is a risk that customers will incur losses greater than the amount of virtual currency or margin.

IV. In Virtual Currency Trading, there is a possibility that customers may not be able to place trades as they intend due to the fact that the difference between sell and buy prices of virtual currency will spread and orders may be suspended temporarily in the event of sudden market fluctuations, reduced liquidity, or other such situations.

V. Processing of transactions may be delayed, or placement, execution, confirmation and cancellation of orders may be invalidated due to a failure in the transaction system required for Virtual Currency Trading or the communication lines connecting the Company and customers.

VI. There is a risk that virtual currency will be lost in whole or in part due to a cyber-attack or other such causes.

VII. There is a risk that the Company will not be able to continue its business if the external environment changes (including tightening of regulations for virtual currencies), the Company's financial condition deteriorates, or any service provider falls into bankruptcy. If the Company falls into bankruptcy, the Company will not be able to return assets to customers, and there is a possibility that customers will incur losses.

VIII. Assets deposited by customers are subject to the obligation to manage separately from the Company's own assets, and they will be managed separately from the Company's own money and virtual currency as follows. However, margin used on leveraged trading is not a subject to segregated management of customers assets:

1) Money:
Customer's trading account at Resona Bank, Ltd., SBI Sumishin Net Bank, Ltd., Aozora Bank, Ltd., or ORIX Bank Corporation.

2) Virtual Currency:
Virtual currency is stored in a cold wallet disconnected from the Internet or other external networks, or in a hot wallet connected to the Internet or other external networks, in such a manner that each customer's amount is immediately recognizable as data.

IX. Transaction fees and other fees are required for Virtual Currency Trading. Please see "11. Fees, etc." for details.

* For details about risks involved in Virtual Currency Trading, please see "14. Risks in Virtual Currency Trading".

Rules and Mechanisms of Virtual Currency Trading

1. Virtual Currency

Virtual currency is, unlike Japanese yen, United States dollars and other legal tenders, a currency whose value is not guaranteed by neither a certain state nor other people, is a "medium of exchange" using cryptography, and is a "virtual" currency without a physical representation of monetary value which can be used in economic activities on online services. Virtual currency is one kind of cryptocurrency and also known as digital currency, with Bitcoin being the most famous example.

Bitcoin is known as the first decentralized cryptocurrency. Virtual currencies other than Bitcoin are called Altcoins; therefore, the term "virtual currency" collectively refers to Bitcoin and Altcoins.

2. Overview of Virtual Currencies Handled by the Company

(1) BTC: Bitcoin

Bitcoin is a virtual currency that can be used to store and transfer value by taking advantage of the blockchain (network used as a means to store and transfer value by recording transaction information on a ledger on the Internet) technology, a distributed ledger using cryptography devised in 2008. Bitcoin is characterized by the fact that it does not have an issuer and that there is a supply limit, and has been used as a means of settlement and investment.

(2) ETH: Ethereum

Ethereum is a decentralized platform that runs smart contracts on the blockchain. While Bitcoin manages all transaction history on the blockchain, Ethereum writes in the terms of a contract for a transaction to be executed on the blockchain.

(3) ETC: Ethereum Classic

Ethereum Classic is a project established by a faction of the Ethereum Foundation opposing the Ethereum's hard fork. Even after the hard fork, they continues to maintain the original blockchain to keep pre-hard fork ETH available for trading. It could be simply said that pre-hard fork Ethereum changed its name to Ethereum Classic.

(4) LSK: LISK

LISK is a blockchain platform that provides decentralized applications. In a decentralized application, one or more local or remote client communicates with one or more server on multiple machines that are connected by network. It enables users to place trades from anywhere, and its mechanism is similar to that of a virtual currency known as Ethereum.

(5) FCT: Factom

Factom is one of the projects using the "Bitcoin 2.0" blockchain technologies. Factom allows users to secure all documents and records on the blockchain, and it is also expected to serve as authentication to prove a certain fact as with a certificate of a registered seal. Factom registers only hash of documents and data. This prevents personal information and valuable data from leaking out, keeps the amount of data small, and improves processing speed.

(6) XMR: Monero

Monero is an open-source proof-of-work cryptocurrency based on the CryptoNote protocol. It is a very unique Altcoin that was created without being based on the Bitcoin source code. CryptoNote is a protocol that focuses on anonymity and enables untraceable payments by taking advantage of the ring signature technology.

(7) REP: Augur

Augur is an open-source prediction market platform. Prediction markets are exchange-traded markets where predictions made by users for the outcome of an event are integrated into one figure through the mechanism of a futures market, which will serve as a "predicted value". Augur is an open and global platform built on the "Wisdom of the Crowd" system and the Ethereum blockchain technology on which anyone can create a prediction market on his/her topic of choice and participate in any markets as a trader or a reporter.

(8) XRP: Ripple

Ripple is a real-time gross settlement system, currency exchange and remittance network built upon a distributed ledger technology operated by "Ripple Labs, Inc." "XRP", or Ripple coin, is the native digital currency of the Ripple network that only exists within the Ripple system for use within the same. There are 100 billion XRP programmed in the Ripple system, with no more allowed to be created.

(9) ZEC: Zcash

Zcash uses a a method called "zero-knowledge proof", by which one party can prove to another party that a given statement is "true," without conveying any information other than the fact that the statement is "true", together with the Equihash algorithm. By taking advantage of a zero-knowledge proof, Zcash transactions automatically hide the payer, recipient, and value of transactions on the blockchain, and only those with the correct view key can browse the contents. Users can provide their view key to others by an opt-in system. Zcash provides total payment confidentiality, while maintaining a decentralized network using a public blockchain.

(10) XEM: NEM

NEM is the first currency that is designed to distribute rewards to contributors equally, rather than to distribute them to certain well-funded harvesters only. The name NEM stands for "New Economy Movement", and it uses POI (proof-of-importance) algorithm. POI ensures that whoever contributes to the NEM network can receive rewards, providing equal opportunities for anyone to gain profits. Because of these characteristics, NEM is referred to as "redistribution of wealth."

(11) LTC: Litecoin

Litecoin is the cryptocurrency with the second highest market capitalization next to Bitcoin. It is thought of as silver to Bitcoin's gold. Although the basic mechanism is the same as that of Bitcoin, Litecoin features faster transaction times. Litecoin's supply limit is set to 84 million units, which is 4 times as many as Bitcoin's.

(12) DASH: DASH

DASH features excellent “high confidentiality” and “instant transactions (verification).” It was known as “Darkcoin” before its rebranding. DASH uses a transaction system called “Darksend” that is based on coin-mixing, which keeps secret whose coins are being handed to whom. Also, the introduction of the “InstantX” technology allows DASH to provide nearly instantaneous transactions. It takes only a few seconds for DASH to complete verification while it takes 10 minutes for Bitcoin.

* For details about each virtual currency, please see FAQ on the Company’s website. https://coincheck.com/faq/

3. Trading Channels

Trades are placed online using computers or smartphones. Orders may not be placed through our customer support, or by email or telephone.

* Note that some services are not available from some smartphones.

4. Trading Hours

Trades are available for 24 hours a day and 365 days a year. System maintenance is not scheduled on a periodic basis but may be performed on a temporary basis.

* Trading hours are subject to change as necessary.

5. Trading Currency Pairs

The virtual currency pairs handled by us are as follows:

(1) Market (Spot Trading)

BTC/JPY・ETH/JPY・ETH/BTC・ETC/JPY・ETC/BTC・LSK/JPY・LSK/BTC・FCT/JPY・FCT/BTC XMR/JPY・XMR/BTC・REP/JPY・REP/BTC・XRP/JPY・XRP/BTC・ZEC/JPY・ZEC/BTC・XEM/JPY XEM/BTC・LTC/JPY・LTC/BTC・DASH/JPY・DASH/BTC

(2) Exchange (Spot Trading/Leveraged Trading)

BTC/JPY

6. Trading Overview

(1) Virtual Currency Market

At Virtual Currency Market, customers can buy and sell virtual currencies. At any time during ordering hours, customers can enter desired quantity of a virtual currency and place order on the online transaction menu as designated by us. In case a customer wishes to purchase with credit card (available only for BTC/JPY), the customer is required to specify desired purchase price.

In addition, if the purchase of credit card or the like becomes a charge back (its credit card company cancels the sales of that charge), we will eliminate our loss due to the charge back according to the order determined by our company. Furthermore, if the loss exceeds the amount deposited by the customer to our company, the customer shall consent without objection to promptly deposit the deficit.

(2) Virtual Currency Exchange

	Spot trading	Leveraged trading
Trade (Position) limit	None	
Order instruction	Please enter desired quantity of a virtual currency and place order on the online transaction screen as designated by the Company during ordering hours.	
Buy (Long) order	Order to buy a new virtual currency	Order to hold a long position
Sell (Short) order	Order to sell a virtual currency held	Order to hold a short position
Open order		Order to open a position
Close order		Order to close a position held to determine its profit or loss
Order type	Market, limit, stop orders	Market, limit orders
	* See “7. Order Types” below.	
Active period of limit/stop order	None (GTC) * Orders are active until executed or until cancelled by the customer.	
Canceling orders	Limit orders and stop orders can be cancelled if they have not been executed. Market orders may not be cancelled.	
Changing orders	As orders may not be changed, please cancel you order once and place another for correction.	

At Virtual Currency Exchange, both spot trades and leveraged trades are available.

(3) Margin Trading

Customers may borrow BTC, ETH or ETC from the Company to engage in spot trading at Virtual Currency Market or Virtual Currency Exchange at a leverage of up to 5 times.

(4) Confirmation of Transaction, etc and Report (For Virtual Currency Market/Virtual Currency Exchange/

Margin trading)

1) Confirmation of Transaction

Conclusion of orders, withdrawal and deposit of money, transfer of virtual currencies and other status (hereinafter referred to as "Transactions, etc.") are available for viewing on the transaction screen.

2) Report on Transactions, etc.

For the reference of customers to confirm the contents of Transactions, etc., the Company prepares and delivers to customers a report stating details of concluded Transactions, etc. and the account balance as of the end of the period once a month.

7. Order Types

Market orders	A market order is an order method in which the customer does not specify a price. When a market buy order is placed, the order quantity is filled in the order of the lowest-priced sell order to the highest-priced currently available. Conversely, when a market sell order is placed, the order quantity is filled in the order of the highest-priced buy order to the lowest-priced currently available.
Limit orders	A limit order is an order with a condition to "buy if the price falls below a specified price" or to "sell if the price surpasses a specified price." There may be instances where some portion of a limit order is executed, in which cases the remaining order will remain active until executed or until cancelled by the customer.
Stop orders	A stop order is an order with a condition to "buy if the price surpasses a specified price" or to "sell if the price falls below a specified price."

8. Rules on Leveraged Trading

Leveraged trading refers to a type of trading in which customers deposit margin with the Company as collateral and engage in trades at a leverage of 5 times of the margin. In order to engage in leveraged trading, funds must be transferred from spot trading account to leveraged trading account in advance. All leveraged trades are processed within the customer's leveraged trading account, and transfer of funds between spot trading account and leveraged trading account requires the customer's instruction, excluding the case where the margin balance in the leveraged trading account becomes negative.

(1) Terms used in leverage trading

Position	A position refers to an active trade before a reversing trade is performed. * In leveraged trades, buying and selling are referred to as "long positions" and "short positions" respectively.
Margin	Margin refers to the amount deposited as collateral to hold a position.

Margin rate	1 ÷ Leverage ratio * Leverage ratio is set at 5 times. * The margin rate is subject to change as the Company finds necessary
Required margin	Margin required to execute orders. * The amount of required margin is calculated as follows: “Execution price × execution quantity × margin rate”
Pending order margin	Margin required for orders placed but not executed. * The amount of pending order margin is calculated as follows: “Order price × order quantity × margin rate”
Net asset	Net asset is the actual value of funds in a user’s leveraged trading account calculated by adding unrealized profits and losses to the margin. “Net asset: margin + unrealized profits and losses of position”
Margin available	The amount calculated by subtracting required margin, pending order margin, and unrealized profits and losses from the margin.
Margin maintenance rate	The rate of net asset to required margin and pending order margin (Net asset ÷ required margin). “Margin maintenance rate: net asset ÷ (required margin + pending order margin)” * This rate is used as the criteria to determine when to trigger a stop-loss, etc.
Alert rate	100％ Alert rate refers to the level at which a warning is generated to customers that their margin maintenance rate is low. When a customer’s margin maintenance rate falls below the alert rate, the customer will be notified to that effect by email. Further, if the margin maintenance rate has not been recovered within three hours after the previous notification, another email will be delivered to the customer. * Alert notifications are sent for the reference of customers for their position management. Please be advised, however, that notification may be delayed or prevented due to technical problems in the system, sudden market fluctuations, and other such causes. Please be aware of such circumstances, and always pay sufficient attention in your trading. * Note that the alert rate is subject to change as the Company finds necessary.

Stop-loss rate	50% When the margin maintenance rate falls below the stop-loss rate, the customer's unexecuted orders will be cancelled and all or a part of held position(s) will be forcibly liquidated through reversing trades. When a stop-loss is triggered, the customer will be notified to that effect by email. * Please note that stop-loss notifications may be delayed or prevented due to technical problems in the system, sudden market fluctuations, and other such causes. * Note that the stop loss rate is subject to change as the Company finds necessary.
Unrealized profits and losses	The profits and losses of open positions evaluated at the current prices. * Settlement profit / loss when the position is partially settled will be displayed by including the latent profit / loss.

(2) Leveraged trading

Open order	Margin must be deposited to the customer's leveraged trading account in advance to place an open order. Orders may be made within the limit of the margin available.
Close order	Positions are settled for difference by performing reversing trades. Deadlines are not set for the settlement of leveraged trades, but they may be set by the Company as it finds necessary.

(3) Swap fees

Swap fees are incurred when a customer holds a new position, and each 24 hours when a position is held for 24 hours or longer.

Payment of swap fee is made in a lump sum upon the settlement of a position.

* See "11. Fees, etc." for details about swap fees.

(4) Margin

Margin must be deposited into the customer's leveraged trading account in advance to perform leveraged trades. Margin deposited by customers must be in Japanese yen.

The amount required as margin (pending order margin/required margin) is calculated by multiplying the actual value of trades by the margin rate. Confirmation is performed in two stages, at the time of order placement and order execution, to see whether the deposited margin meets the required amount.

	Required margin
Pending order margin (at order placement)	Order price × order quantity × margin rate
Required margin (at order execution)	Execution price × execution quantity × margin rate

(5) Stop-loss

Stop-loss system is a system in which, in order to prevent losses from increasing, the customer's unexecuted orders are cancelled and all or a part of held position(s) are forcibly liquidated through reversing trades if the margin maintenance rate falls below the stop-loss rate. As the final settlement price in a stop-loss is

determined by the current market price, the total amount of losses will not be determined until the settlement is completed.

In the event of sudden changes in market conditions or for other such reasons, the final settlement price can be executed at a price greatly differing from the price at the time that the stop-loss is triggered, in which case the customer may incur losses greater than the amounts he/she has deposited with the Company. In cases where a customer incurs losses greater than the amount of margin deposited in the leveraged trading account and the customer has assets in the spot trading account, such losses in the leveraged trading account will be cleared in accordance with procedures predetermined by the Company.

In addition, customers consent, without any opposition, that they will promptly pay any balance due arising in the event that they incur losses greater than the amount deposited with the Company,
If stop-loss procedures are not properly performed due to system problems or other such causes, there is a risk that customers will incur unexpected losses which could be greater than the amount deposited with the Company. Even in such event, the Company assumes no liability for any losses suffered by customers.

When the margin maintenance rate is proven to have fallen below the alert rate, the Company will send a warning mail to he customer's registered email address. Further, if the margin maintenance rate is not recovered within three hours after the previous notification, another email will be delivered to the customer. Alert notifications are sent for the reference of customers for their position management. Please note, however, that notifications may be delayed or prevented due to technical problems in the system, sudden market fluctuations, and other such causes, and the Company assumes no liability for any such delay or failure of notifications.

When a stop-loss is triggered, the customer will be notified to that effect by email. Please note that, however, stop-loss notifications may be delayed or prevented due to technical problems in the system, sudden market fluctuations, and other such causes.

Margin maintenance rate is checked every minute.

Stop-loss rate	50%
Alert rate	100%

Interval to confirm margin money maintenance ratio, loss cutting ratio and alert ratio may be modified by our own discretion.

(6) Cross-trading

Cross-trading refers to holding both a long position and a short position at the same time, and it is allowed for any customers. In the case of placing cross-trades, margins are required for both long and short positions. Please pay due attention to the fact that cross-trades may lack economic rationality in some cases, as customers must incur swap charges for both the long position and short position.

9. Rules on Margin Trading

Margin trading refers to a type of trade in which customers borrow from the Company BTC, ETH or ETC at a leverage of up to five times to engage in spot trades on the virtual currency market and virtual currency exchange.

(1) Interest

Payment of interest is required for borrowing funds from the Company. Interest will be paid in a lump sum upon the expiration of borrowing period.

* See "12. Fees, etc." for details about interest rate.

(2) Borrowing period

The borrowing period is fifteen (15) days. When this period has passed, funds will be borrowed automatically to maintain the borrowing of virtual currency. In addition, if borrowing is not possible, the borrowing may be cleared for the repayment of borrowed funds.

(3) Stop-loss

In margin trading, stop-loss system is also available as in the case with leveraged trades.

As the stop-loss system in margin trades works in the same way as in leveraged trades except that the alert rate is set to 80%, please see "8. (5) Stop loss" for details.

10. Deposit and Withdrawal of Money and Transfer

Virtual Currency

(1) Deposit of money

Deposit of money by customers can be accepted either in Japanese yen or US dollar. Customers may deposit money by way of transferring into the bank account as designated by the Company, or through Pay-easy or convenience store payment (Quick Payment). Note that, however, only transfer payment to the Company's designated bank account is available for payment in US dollar.

The remitter's name must be identical to the name as it appears on the user account. Transfer payment made under the wrong kana, or any name including a company name is considered to be made under the name of another person, and customers must carry out the procedures for re-remittance for any transfer payment made under the name of another person. Further, customer's user account may be locked as the Company finds appropriate.

Please note that, since money transferred to the Company's designated bank account will be reflected in the customer's user account upon confirmation by the Company, it may take time for transferred amount to appear in user account.

(2) Withdrawal of money

Customers can receive the return of all or part of the withdrawable amount in their user account. However, customers may not make a withdrawal request if the withdrawable amount falls below the withdrawal charge. Further, the amount requested to be withdrawn will be deducted from the amount of margin upon the completion of request. If the amount requested to be withdrawn exceeds the withdrawable amount at the time of procedures, such amount requested to be withdrawn will be cancelled in full.

Withdrawn money will be transferred to a bank account under the name of the customer. Unless otherwise given notice by the Company based on reasonable causes, the return of money by way other than a fast withdrawal requires two bank business days from the date of request.

The Company may carry out withdrawal procedures from several financial institutions. Therefore, funds may not arrive at a customer's account according to the order of customers' withdrawal request.

(3) Transfer of money

A user account is divided into two accounts: a spot trading account and a leveraged trading account. Since money deposited in a user account will be reflected in the spot trading account, money must be transferred from the spot trading account to the leveraged trading account when performing leveraged trades. Further, to withdraw margin in a leveraged trading account , it must be once transferred from the leveraged trading account to the spot trading account.

(4) Deposit of virtual currency to user account

When depositing virtual currency into a user account, customers must transfer it to the virtual currency address as designated by the Company. Please note that, since virtual currency transferred to the virtual currency account designated by the Company will be reflected in the user account upon confirmation by the Company during the Company's business hours, it may take time for transferred amount of virtual currency to appear in the user account.

* FCT, XMR, ZEC, XEM, LTC, and DASH may not be deposited into user account.

(5) Transfer of virtual currency from user account

Customers may transfer all or part of the virtual currency deposited in their user account (excluding positions of leveraged trades). However, if the amount of virtual currency requested to be transferred exceeds the account balance, such request of transfer will be cancelled.

To transfer virtual currency from a user account, please make a transfer request on the trading screen.

* LSK, FCT, XMR, ZEC, XEM, LTC, and DASH cannot not be transferred from a user account.

11. Fees (Including Consumption Tax)

Please refer the website for details about fees.
https://coincheck.com/info/fee

12. Termination of Account

To terminate your account, please make a withdrawal request from "Settings" menu on the transaction screen. In addition, if the account balance at the time of cancellation falls below the withdrawal fee, we will request this balance as "withdrawal fee".

13. Taxes and Public Dues

Profits from Virtual Currency Trading are subject to taxation as miscellaneous incomes.

* Please consult with a tax officer, certified public tax accountant, or other professionals for details.

14. Risks in Virtual Currency Trading

There are a variety of risks associated with Virtual Currency trading. Please read the following information carefully to fully understand the features, mechanisms and risks of virtual currency trades. Customers understand and acknowledge the risks described below and engage in trading at their own risk and discretion without any opposition.

(1) Value Fluctuation Risk

<Spot trading/leveraged trading>

Virtual currency is not itself a legal tender, and neither is it backed by a legal tender. The value of virtual currency fluctuates on a daily basis. The value of a virtual currency could be greatly affected by trends of

commodity prices, currencies, securities and other markets, natural disaster, war, political crisis, strike, tightening of regulations, circulation of other similar virtual currencies, and other such unpredictable and extraordinary events in the future. Therefore, the value of virtual currencies held or traded by customers may fluctuate and depreciate sharply. Please further note that the value of virtual currency may fall below that of purchase price, or may even drop to zero.

(2) Risk Associated with Business Hours

<Spot trading/leveraged trading>

The value of virtual currency can fluctuate sharply outside of the Company's business hours (including during maintenance). The Company assumes no liability for any such risk outside the business hours when virtual currency trade is not available.

(3) Liquidity Risk

<Spot trading/leveraged trading>

There is a risk that trades will be disabled or interrupted, or customers will be forced to trade at a considerably unfavorable price depending on the market trend, transaction amount or other such conditions.

<Leveraged trading>

There is a risk that reversing trades will be interrupted and customers' losses will increase depending on the market trend, transaction amount, or other such conditions.

(4) Risk Associated with Virtual Currency Network

<Spot trading>

In virtual currency trading, transactions are not concluded and suspended for a certain period of time until they are fully confirmed (by transaction verification on the blockchain). This verification is not required for the transfer of virtual currency within the service of Coincheck, but it is required for the transfer of virtual currency between Coincheck and other services. Therefore, there is a risk that the transfer of virtual currency between Coincheck and a service other than Coincheck will not be reflected in your account balance or the transfer of virtual currencies from a customer's user account to an external account will not be completed until the transaction is fully confirmed on the virtual currency network. In addition, there is a possibility that such transfer will be canceled.

Further, there is a risk that virtual currency will be lost as it is recorded electronically and transferred on a network.

(5) Risk Associated with Changes of Fees, Required Margin, etc.

<Spot trading/leveraged trading/margin trading>

The Company may change the rules for the Virtual Currency Trading in the future. Among others, fees (including its rate), the amount of required margin and stop-loss rate may be changed depending of the situation. If any such changes are made, there arises a possibility that an additional cost will be required or the stop-loss level will be set closer.

(6) Risk Associated with Leverage Effect, etc.

<Leveraged trading/margin trading>

In leveraged trading of virtual currency, there is no guarantee as to the profit or principal for margin. Leveraged trades of virtual currency entails a great risk that is also leveraged (leverage effect). The higher the leverage ratio, the greater profits may be gained as it gives traders the opportunity to trade on a larger scale than otherwise possible with the amount of funds actually invested (including the amount of margin deposited). If the price turns out to be different from what is expected, however, losses will also increase significantly. For this reason, in the event that the market moves in a direction unfavorable for a customer, the Company may forcibly liquidate the

transactions through reversing trades of all or a part of the customer's position(s) in the manner predetermined by the Company in order to prevent losses from worsening. In such cases, there is a risk that customers will suffer losses greater than the funds they have invested (including the amount of deposited margin).

(7) Risk of Stop-loss

<Leveraged trading/margin trading>

The stop-loss system is a system in which the customer's unexecuted open orders are cancelled and all or a part of held position(s) are forcibly liquidated through reversing trades in order to prevent losses from increasing if the amount of net assets falls below 50% of the total amount of required margin and margin required for pending order (Stop-loss rate; this stop-loss rate may be changed at the Company's discretion). As the final settlement price in a stop-loss is determined by the current market price, the total amount of losses is not determined until the settlement is completed.

In the event of sudden changes in market conditions or for other such reasons, the final settlement price can be executed at a price greatly differing from the price at the time that the stop-loss is triggered, in which case the customer may incur losses greater than the amounts he/she has deposited with the Company. Customers consent to promptly pay any balance due arising in such cases.

(8) System Risks

<Spot trading/leveraged trading/margin trading>

Transactions are processed using an electronic transaction system. If a customer enters an incorrect order, there is a possibility that the customer's intended order will not be executed, or an unintended order will be executed.

The electronic transaction system may become unavailable temporarily or for certain period of time for various reasons, such as the failure of telecommunications or system equipment, or telecommunication network failure at the Company or a customer, or an order may be invalidated due to a delay or failure in the delivery of orders instructed by the customer to the Company's system. In addition, processing of transactions may be suspended in the event of the electronic transaction system failure.

In the event of sudden changes in market conditions or other such situations, the retrieval of price information may be delayed, leading to the possibility that discrepancies will occur between the price information on the electronic transaction system and the actual market price.

If information such as login ID or password used for electronic verification on the electronic transaction system is stolen, tapped or otherwise leaked, there is a risk that such information will be abused by a third party and the customer will suffer losses.

There is a risk that a system failure may occur due to changes in the external environment or other such situations, and it may hinder a customer's ability to conduct transactions. A system failure refers to a situation where the Company finds that an evident failure (excluding network disturbance or a customer's computer problems) has arisen in the system that is required to provide the Company's services.

Please be advised that in cases where a customer loses any opportunity due to an emergency system maintenance or system failure (e.g., a customer loses an opportunity to place an order because the Company was unable to receive orders, and therefore the customer loses profits that he or she would otherwise have earned), the Company will not be able to carry out a process to correct errors because it will be impossible to identify the order details that the customer intended to place (the original order). The system may produce an abnormal value for the buy or sell price of the virtual currencies computed by the system. Please be advised that if the Company finds that a transaction was made based on an abnormal value, the Company may decide to cancel such transaction.

(9) Bankruptcy risk

<Spot trading/leveraged trading/margin trading>

There is a risk that the Company will not be able to continue its business if the external environment changes (including tightening of regulations for virtual currencies), the Company's financial condition deteriorates, or a provider of necessary systems or other services to the Company falls into bankruptcy.

If the Company becomes no longer able to continue its business, it will carry out procedures in accordance with the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, the Companies Act and other applicable laws and regulations, including handling of customer assets.

The Company may receive deposits of money or virtual currencies from customers from time to time, and these assets deposited by customers are managed separately from the Company's own assets. The Company does not, however, take any safety measures for these assets by way of, for example, depositing them in a trust bank account. Therefore, the Company will not be able to return assets to customer, and there is a possibility that customers may incur losses if the Company falls into bankruptcy.

(10) Risk Associated with Changes to Laws and Regulations and Taxation

<Spot trading/leveraged trading/margin trading>

In the future, trading virtual currency may be banned or restricted, taxation may be tightened, holding or trading virtual currency may be restricted or applied less advantageous treatment than today due to changes to laws, regulations, taxation, or government policy, etc.

In such cases, customers may suffer unexpected losses. Please consult with a tax officer, certified public tax accountant, lawyer or other professional for details.

The above is a brief summary of general risks involved in virtual currency trades, and is not intended to provide a comprehensive list of all risks associated therewith.

Overview, etc. of the Company as a Virtual Currency Exchange Service Provider/Point of Contact for Complaints/Complaint Procedures/Conflict Resolution

1. Company Overview

1) Trade Name: Coincheck, Inc.

2) Address: 3-28-13 Shibuya, Shibuya-ku, Tokyo
Shibuya Shinminamiguchi Building 3F

3) Date of Establishment: August 28, 2012

4) Amount of Capital: 47 million yen

5) Name of Representative: Koichiro Wada, President & CEO

6) Type of Business: Virtual currency exchange service

7) Company History:

2012 August	ResuPress, Inc. was incorporated
2014 September	"Coincheck Payment" service was launched
2015 August	The amount of capital was increased to 47,000,147 yen
2016 September	"Coincheck Denki" service was launched
2017 March	The trade name was changed to Coincheck, Inc.

8) Principal Stockholders: Incubate Fund No.2 Investment Business Limited Partnership/ANRI No.1 Investment Business Limited Partnership/Koichiro Wada

9) Associations: Japan Cryptocurrency Business Association/Japan Blockchain Association

Response to the Financial ADR System

1. Point of Contact for Complaints

1) The Company receives any complaints at the following address;
3-28-13 Shibuya, Shibuya-ku, Tokyo
Shibuya Shinminamiguchi Building 3F
Phone: 03-4540-2339
Hours: 10 am to 5 Pm (except weekend and national holidays in Japan)
* Please make any inquiry about how to open an account, deposit, withdrawal, and trading through the contact form on our website.

2. With respect to the company's dispute resolutions concerning the Company's virtual currency exchange services, the following alternative dispute resolution (Financial ADR) procedures at the arbitration (dispute resolution) centers are available.

<Contact information for Alternative Despute Resolution>
Tokyo Bar Association Phone: +81 -(0)3-3581-0031
Dai-ichi Tokyo Bar Association Phone: +81 -(0)3-3595-8588
Dai-ni Tokyo Bar Association Phone: +81 -(0)3-3581-2249

July 31st, 2017