IT IS VERY IMPORTANT THAT YOU ("CUSTOMER") READ AND FULLY UNDERSTAND THE FOLLOWING RISKS OF TRADING AND INVESTING IN YOUR SELF-DIRECTED KRAKEN SECURITIES LLC ("KRAKEN SECURITIES") ACCOUNT(S) ("CUSTOMER ACCOUNT(S)")

October 2025

Additional regulatory guidance on Exchange Traded Products can be found at the SEC website and at the FINRA website (here and here).

Customer Accounts where Kraken Securities customers can invest in stocks and exchange-traded funds (ETFs) are offered through Kraken Securities, which is an SEC registered broker-dealer.

All Customer Accounts are self-directed. Accordingly, Customers are solely responsible for any and all orders placed in their Accounts and understand that all orders entered by them are unsolicited and based on their own investment decisions or the investment decisions of their duly authorized representative or agent. Consequently, Customers agree that Kraken Securities does not:

1. provide investment advice in connection with a Customer Account;
2. recommend any security, transaction or order;
3. act as a market maker in any security;
4. make discretionary trades; or
5. produce or provide research. To the extent research materials or similar information is available through the Kraken Securities website or mobile application, or the websites of any of its affiliates, these materials are intended for informational and educational purposes only and they do not constitute a recommendation to enter into any securities transactions or to engage in any investment strategies.

After the market has closed for the day, Customers of Kraken Securities have the ability to place in a queue, order requests to be executed the following day upon the opening of the market ("Queued Order"). These Queued Order requests are prioritized based on the order in which they are received and are sent out for execution the next day of trading shortly after the market opens. Each Queued Order request is sent per Customer and per security as Kraken Securities market orders, and they are not aggregated.

GENERAL RISKS OF TRADING AND INVESTING

All securities trading, whether in stocks, exchange-traded funds ("ETFs"), options or other investment vehicles, is speculative in nature and involves substantial risk of loss.

Kraken Securities encourages its customers to invest carefully and to use the information available at the websites of the SEC at http://www.sec.gov and FINRA at http://FINRA.org. Customers can review public companies' filings at the SEC's EDGAR page. FINRA has published information on how to invest carefully at its website. Kraken Securities may also make some of this information available on its website.

Kraken Securities believes it is very important that every Customer understands all of the risks of any form of trading or investing prior to trading or investing real dollars. Past performance is not necessarily indicative of future results. By investing their money in securities through Kraken Securities, Customers are taking full responsibility for all trading actions, and should make every effort to understand the risks involved.

1. **You may lose money trading and investing.** Trading and investing in securities is always risky. For that reason, Customers should trade or invest only with money they can afford to lose. Trading stocks, ETFs, and options involves RISK, and you can lose ALL the money you invested. Although Kraken Securities does not currently extend credit for margin trading, the use of margin when trading involves interest charges and additional risks, including the potential to lose more than deposited or the need to deposit additional collateral in a failing market. Before using margin, customers must determine whether this type of trading strategy is right for them given their specific investment objectives, experience, risk tolerance, and financial situation.

2. **Past performance is not necessarily indicative of future results.** All investments carry risk, and all trading decisions of an individual remain the responsibility of that individual. There is no guarantee that systems, indicators, or trading signals will result in profits or that they will not result in losses. All Customers are advised to fully understand all risks associated with any kind of trading or investing they choose to do.

3. **Stop orders may reduce, but not eliminate your trading risk.** A stop market order is an order, placed with your broker, to buy or sell a particular stock at the market price if and when the price reaches a specified level. Stop orders are often used by traders in an effort to limit the amount they might lose. If and when the market reaches whatever price you specify, a stop order becomes an order to execute the desired trade at the best price immediately obtainable.

   There can be no guarantee, however, that it will be possible under all market conditions to execute the order at the price specified. In an active, volatile market, the market price may be declining (or rising) so rapidly that there is no opportunity to liquidate your position at the stop price you have designated. Under these circumstances, the broker's only obligation is to execute your order at the best price that is available. Therefore, stop orders may reduce, but not eliminate, your trading risk.

RISKS OF INVESTING IN STOCKs AND ETFs

Investments always entail some degree of risk. Be aware that:

- Some investments cannot easily be sold or converted to cash. Check to see if there is any penalty or charge if you must sell an investment quickly. There may be liquidity restrictions if a security available on the Kraken Securities USA platform is delisted.
- Investments in stocks issued by a company with little or no operating history or published information involves greater risk than investing in a public company with an operating history and extensive public information. Stock investments are not federally insured against a loss in market value.
- Stock you own may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of your ownership interest. Pay careful attention to public announcements and information sent to you about such transactions. They involve complex investment decisions. Be sure you fully understand the terms of any offer to exchange or sell your shares before you act. In some cases, such as partial or two-tier tender offers, failure to act can have detrimental effects on your investment.
- The value of your investment can decline to zero.
- Kraken Securities supports fractional share trading of stocks and ETFs. Fractional shares have some illiquidity and other risks.
- Low priced securities may come with additional investing risks. We do not offer penny stocks.
- Any security, notably low priced, may have limited liquidity.
- Investors should consider the investment objectives and unique risk profile of an ETF carefully before investing. ETFs are subject to risks similar to those of other diversified portfolios. Leveraged and inverse ETFs may not be suitable for all investors and may increase exposure to volatility through the use of leverage, short sales of securities, derivatives and other complex investment strategies.
- Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, they may not be able to exactly replicate the performance of the indices because of expenses and other factors. A prospectus contains this and other information about the ETF and should be read carefully before investing. Customers should obtain prospectuses from issuers and/or their third-party agents who distribute and make prospectuses available for review. ETFs are often required to distribute portfolio gains to shareholders at year end. These gains may be generated by portfolio rebalancing or the need to meet diversification requirements. ETF trading will also generate tax consequences.

RISKS OF INVESTING IN LEVERAGED and INVERSE ETFs

- Leveraged and inverse ETFs typically are designed to achieve their stated performance objectives on a daily basis but investors should be aware that performance of these ETFs over a period longer than one day can differ significantly from their stated daily performance objectives. Investors considering ETFs should evaluate each investment closely and not assume all ETFs are alike. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark it tracks. Inverse ETFs (also called "short" funds) seek to deliver the opposite of the performance of the index or benchmark it tracks.

- Leveraged inverse ETFs (also known as "ultra short" funds) seek to achieve a return that is a multiple of the inverse performance of the underlying index. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index's performance. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time — over weeks or months or years — can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets. As the examples below demonstrate, an ETF that is set up to deliver twice the performance of a benchmark from the close of trading on Day 1 to the close of trading on Day 2 will not necessarily achieve that goal over weeks, months or years.

- The best form of investor protection is to clearly understand leveraged or inverse ETFs before investing in them. No matter how you initially hear about them, it's important to read the prospectus, which provides detailed information related to the ETF's investment objectives, principal investment strategies, risks and costs. The SEC's EDGAR system, as well as search engines, can help you locate a specific ETF prospectus. You can also find the prospectuses on the websites of the financial firms that issue a given ETF, as well as through your financial advisor. Before investing in these instruments ask the following questions: • How does the ETF achieve its stated objectives? And what are the risks? Ask about—and be sure you understand—the techniques the ETF uses to achieve its goals. For example, engaging in short sales and using swaps, futures contracts and other derivatives can expose the ETF—and by extension ETF investors—to a host of risks. • What happens if I hold longer than one trading day? While there may be trading and hedging strategies that justify holding these investments longer than a day, buy-and-hold investors with an intermediate or long-term time horizon should carefully consider whether these ETFs are appropriate for their portfolio. As discussed above, because leveraged and inverse ETFs reset each day, their performance can quickly diverge from the performance of the underlying index or benchmark. In other words, it is possible that you could suffer significant losses even if the long-term performance of the index showed a gain. • Is there a risk that an ETF will not meet its stated daily objective? There is always a risk that not every leveraged or inverse ETF will meet its stated objective on any given trading day. Be sure you understand the impact an investment in the ETF could have on the performance of your portfolio, taking into consideration your goals and your tolerance for risk. • What are the costs? Leveraged or inverse ETFs may be more costly than traditional ETFs. Use FINRA's Fund Analyzer (http://apps.finra.org/fundanalyzer/1/fa.aspx) to estimate the impact of fees and expenses on your investment. The SEC's Mutual Fund Cost Calculator (https://www.sec.gov/investor/tools/mfcc/get-started.htm) can also help you estimate and compare costs of owning mutual funds. • What are the tax consequences? Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETF.