

## Services, Products and Risks Overview

### Vivid Invest GmbH

#### 1. Services

##### Execution Only Services for Retail Clients

##### A. Reception & Transmission of Orders

At VIVID You invest entirely independently. Investing independently means that You submit Orders through VIVID. This is also called brokerage services, or 'execution only'. It means that You submit Orders through VIVID independently and on your own initiative without advice of VIVID and without a discretionary management relationship with VIVID. VIVID will facilitate the reception and transmission of your Orders.

##### B. Execution of Orders

For all your orders in Financial Instruments, VIVID will transmit your Orders to CM-Equity AG ("CM-E"). CM-E will be responsible for the execution of your Order. CM-E has a Fair Pricing process for the order execution. All orders, buy as well as sell, will be executed with CME as counterparty, outside a Trading Venue. This is also called Over-The-Counter trading, or OTC Trading. The risks related to such trading are described in the Risk Section underneath.

##### C. FX Conversions

For all Orders in Financial Instruments which price is provided in a Foreign Currency (other than Euro), a currency conversion will need to be undertaken from Your Euro Vivid account. Vivid will facilitate the conversion of currencies.

VIVID will inform You on the associated currency exchange rate and additional fees before and after Your Order is executed. The conversion exchange rate is determined through the use of international (standardized) currency benchmarks.

##### D. Instant Buy/Sell

Normal trading takes place using settlement times between the execution of an order and the actual settlement of the transaction. The settlement time (normally about 2 days) leads to a delay in:

- In case of a buy; actually, receiving the financial instrument
- In case of a sell; actually, receiving the money in your account

Vivid bridges the settlement for you and will take care of instant settlement, where possible. This means, in case of a sell for example, the money arrives immediately in your Vivid money account.

#### 2. Financial Instruments

##### A. Investment Products: Fractional Shares

Through the VIVID Invest App you can invest in Fractional Shares. Fractional Shares offer you an opportunity to invest in a part of a single stock or ETF. Sometimes the price of a single stock is quite high (multiple hundred Euros/USD); with a Fractional Share you can invest in a fraction of such a stock. You can invest in 3 different types of underlying equity:

1. US listed Stocks: Investing in major listed Companies on US exchanges
2. US listed ETFs: Investing in listed Exchange Traded Funds on US exchanges
3. EU listed Stocks: Investing in major listed Companies on EU exchanges

A Full catalogue of all available instruments can be found in the Vivid Invest App.

## **B. Investment Products: Fractional Coins**

Through the VIVID Invest App you can invest in Fractional Coins. Fractional Coins offer you an opportunity to invest in a part of a single Crypto asset. Sometimes the price of a single Crypto asset is quite high (multiple hundred Euros); with a Fractional Coin you can invest in a fraction of such a Crypto asset. All your investments will take place in Euros.

A Full catalogue of all available instruments can be found in the Vivid Invest App.

## **C. How does trading in Fractional Shares and Fractional Coins Work?**

By trading a Fractional Share or Fractional Coin, you enter into an OTC Bilateral Agreement with CM-Equity. This Bilateral agreement is an investment product that consists of 2 main elements:

1. When you buy a Fractional Share or Coin you pay the equivalent of the underlying Stock/ETF/Crypto asset price of that moment of the selected instrument. Once bought, the price of the Fractional Share/Coin will follow the price of the specific underlying 1:1
2. When you sell a Fractional Share or Fractional Coin CME pays you the equivalent of the underlying Stock/ETF/Crypto asset price of that moment of the selected instrument.

You can buy/sell whenever you want, as long as it is within the indicated Market hours and business days and the funds on your account are sufficient. There is no leverage applied to these instruments and CME will hedge your investments by buying/selling the underlying instruments on Exchanges like NYSE, NASDAQ or Euronext for Stocks and ETFs and a multitude of Crypto Exchanges for the underlying Crypto assets.

## **D. Limitations to Fractional Shares and Fractional Coins**

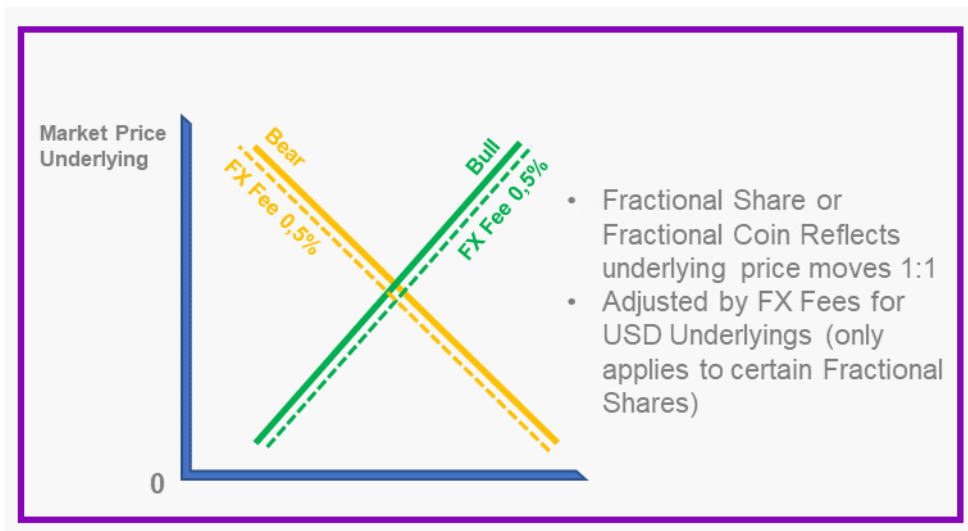
1. You do not own the underlying Stocks, ETFs or Crypto assets: So, for example no Voting Rights or Staking Possibilities will apply to your investments;
2. We only accept buy/sell orders larger than 0.01 Euros; We round down any orders to 2 decimals;
3. Full Stocks/ETFs/Crypto assets (so exact units of 1 and multiples thereof) will also be bought via Bilateral Agreements;
4. Every Buy/Sell is with CME as Counterparty;
5. It is not possible to transfer Instruments in/out of the Vivid account to/from another investment account at a 3rd party. In case You want to close the Investment Pocket and/or Crypto Pocket with Vivid, you have to sell all open positions to CME.

## **3. Costs Overview for Investment Services and Products**

A breakdown of the Service and product Costs are provided for underneath. Every order will include a specific cost disclosure so transparency on all the specific costs related to your individual order will be disclosed again in the Application.

Per Product	Service Costs				Product Costs			
	One-Off Charges	Ongoing Charges	Commissions related to Transactions	Charges for Ancillary Services	One-off Charges	Ongoing Charges	Costs related to Transactions	Incidental Costs
Fractional Shares US Stocks	0	0	0	FX Fees (0,5%)	0	0	0	0
Fractional Shares US ETFs	0	0	0	FX Fees (0,5%)	0	0	ETF Management Costs	0
Fractional Shares EU Stocks	0	0	0	0	0	0	0	0
Fractional Coins Crypto	0	0	0	0	0	0	0	0

The costs visualisation of costs which you find below indicates the influence of applied costs on the valuation of a Fractional Share or Fractional Coin. The price of a Fractional Share and Fractional Coin is based on the underlying financial instrument.



**Notice according to § 25e sentence 1 of the KWG**

Vivid Invest GmbH offers the brokerage of transactions on the purchase and sale of financial instruments in accordance with § 1 section 1a sentence 2 no. 1 of the KWG exclusively for the account and under the liability of CM-Equity AG. Vivid Invest GmbH is recorded as a "tied agent" of CM-Equity AG within the meaning of § 2 section 10 of the KWG in the register which is kept by the German Federal Financial Supervisory Authority (BaFin). The register can be accessed under [www.bafin.de](http://www.bafin.de).  
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## 4. Risk Disclosures

### Warning!

**You are about to purchase a product that is not simple and may be difficult to understand. You may lose your entire initial investment. Past performance is not indicative for future performance.**

#### A. Product risk and complexity

The Fractional Shares and Fractional Coins we offer are so called Over-the-Counter (OTC) financial instruments. OTC financial instruments are complex and difficult to understand. Fractional Shares and Coins have the following characteristics:

- There is no leverage on the instruments. You may lose your initial investment entirely but not more than that.
- The price performance of Fractional Shares and Fractional Coins is bound to the respective underlying. Differences in prices may occur due to latency of price feeds.
- There are no hidden costs
- There is no margin trading possible
- The Counterparty, CME, is a licensed Investment Firm under BAFIN supervision and member of the Compensatory Fund of Securities Trading Companies (EdW) which insures in principle 90% of your individual funds allocated to Euro-denominated financial instruments up to EUR 20.000,00. **Important:** This does not apply to Fractional Coins.

However, due to the infrastructure of the trading and the nature of the Financial Instruments, specific risks do apply. In the following, we want to disclose the most relevant risks involved in the investment products to you. Please note that the list is non-exhaustive.

#### B. Market and Volatility Risk

The price of the Fractional Shares is bound to the underlying stocks or exchange traded products ("ETPs") traded on Regulated Markets. As is the price of Fractional Coins and underlying Crypto assets on relevant Exchanges. Such underlying may be subject to high or very high volatility. This means the price can rise or decline rapidly. As the performance of Fractional Shares or Fractional Coins is bound to the performance of the underlying, this risk applies to Fractional Shares or Fractional Coins in the same manner. Your positions may be subject to high volatility. In particular, the underlying may shift its price suddenly significantly higher or lower (so called gapping) or orders may be executed for a different price than shown in the price feed (so called slippage). This might also have consequences for the possibility of (quickly) exiting your investment positions.

#### C. Insolvency Risk

If your Fractional Shares are bound to shares of a company, you own the economic value of an actual share in the company. In case this company files for bankruptcy the value usually loses value dramatically as shareholders are generally subordinated vis-à-vis other creditors of the company. You may lose parts or all of your initial investment.

#### D. Counterparty Risk

All trades in Fractional Shares and Fractional Coins are executed with CME as counterparty. You should be aware that CME might default on its contractual obligation towards You and will not be able to redeem your initial investment and/or potential appreciation in price. In case of CME's insolvency, you may not be able to redeem parts or all of your initial investment.

#### E. Liquidity Risk

Liquidity is how easily an asset or security can be bought or sold in the market, and converted to cash. Sometimes there is a risk a position cannot easily be executed. This is called liquidity risk. For every tradeable and non-tradeable instrument some liquidity risk applies, even on highly active markets. Lacking liquidity for the underlying instrument may result in a situation where your order for Fractional Shares or Fractional Coins cannot be executed either. With regards to Fractional Shares and Fractional Coins, your

sole counterparty to sell is CME. Therefore, Fractional Shares and Fractional Coins bear a higher liquidity risk than the underlying and are generally considered illiquid financial products.

#### **F. IT Risk**

We cannot guarantee that the vivid app is always accessible to you. Furthermore, we rely on third party IT-infrastructure in order to execute your trades. It may happen that our brokerage services are temporarily unavailable or inaccessible to You due to defects, maintenance, updates that may be incompatible with your device, patches etc. If this is the case, you will not be able to open or close Your positions for the time of interruption. This may result in a partial or total loss of your initial investment.

#### **G. Tax**

Your trading activity may be a taxable event in Your jurisdiction. We do not offer any tax advice. You have the sole responsibility to comply with tax requirements applicable to You. Tax legislation may have a significant impact on your profits and losses.

#### **H. Regulatory Changes**

Financial market regulation is constantly evolving or changing. Due to changes in the law or supervision, we may have to restrict our offering to You. We also may be required by law to close or limit Your positions. This may result in a total or partial loss of your initial investment. Be specifically aware of this for the investing in Fractional Coins.

#### **I. Currency Risk**

The Fractional Shares are denominated in Euro. However, the underlying may be denominated in another currency such as US-Dollar, Pound Sterling etc. Fluctuations in between these currencies may impact the profits or losses of your investment. Even though the price of the underlying appreciates in value, it may occur that Your position in EUR decreases due to foreign currency fluctuations.

#### **J. Lack of regulations for Crypto assets**

Specifically for Fractional Coins and the underlying Crypto assets, a current lack of regulatory frameworks means there is a high degree of uncertainty involved in investing, like price volatility and manipulation. Crypto assets are as whole considered to be a very young technology. Future restrictions on the investing in crypto assets may have a significant impact on the value of crypto assets or end up ultimately banning them altogether.

#### **K. Custody Risks for Crypto assets**

CME will hedge every trade You make in a Fractional Coin. This means CME will hold the underlying Crypto assets in which you have a Fractional Coin position. Incidents of theft of personal and corporate wallets but also exchanges are still happening. Hacking remains a constant threat if Crypto assets are not correctly stored and protected. This could affect the business continuation of CME as Investment Firm.

#### **L. Hard and Soft Fork Risks for Crypto assets**

A Hard Fork is a substantial change to a Crypto asset blockchain protocol that makes previously invalid blocks and transactions valid, or vice-versa. In most cases it leads to the split of 1 Blockchain in 2 Blockchains. These Hard Forks could affect the price of a Fractional Coin and could require from an investor who holds a Fractional Coin to make a decision with regard to the (continued) holding of a Fractional Coin.

A Soft Fork is a change to the Blockchain software protocol where only previously valid transaction blocks are made invalid. Though less substantial than a Hard Fork, a Soft Fork might still affect the price of a linked Fractional Coin.

**In general, Investing is not risk free. Be aware you can lose all your money.**