



CLIENT DISCLOSURE

Product Risk Disclosure Statement

The main risks of our services, how we hold your money and what is not protected. Please read it before you sign.

Issued by	Flumen Pay LLC, trading as Lydiam Group
Version and date	Version 1.0 · 28 October 2026
Owner	Ayaz Khan, Chief Executive Officer
Status	Issued for use (v1.0)
Document reference	D04 (full version; web version A10)
Applies to	Every client, companies and individuals, before signing; acknowledged in the Client Application and Declarations

1. About this statement

- 1.1 This statement explains the main risks of the services provided by Flumen Pay LLC, trading as Lydiam Group ("Lydiam", "we", "us" or "our"). Please read it before you sign your Client Agreement and before you use any service. In your Client Application and Declarations you confirm that you have read it.
- 1.2 It does not describe every risk, and it does not replace your Client Agreement. If anything in this statement differs from your Client Agreement, your Client Agreement prevails. Capitalised terms have the meanings given in the Common Definitions Schedule.
- 1.3 We provide our services on an execution-only basis. We do not give investment, legal, tax or accounting advice, and we do not assess whether a service or Transaction is suitable for you. If you are unsure, take independent advice before you go ahead.
- 1.4 A short version of this statement is published at lydiamgroup.com/risk-disclosure. We update this statement when our services or the risks change, and we tell you about material changes by email and in the Portal.

2. Who you are dealing with

Your services are provided by Flumen Pay LLC, trading as Lydiam Group, a money services business registered with FinCEN in the United States (MSB registration 31000332913768) and with FINTRAC in Canada (MSB registration C10001396). Our own staff, and staff of other Lydiam Group companies who provide services to us, may communicate with you and handle your instructions on our behalf, under our supervision. Only Flumen Pay LLC provides the services and is your counterparty. A transaction binds you and us when we issue a Transaction Confirmation from our systems. Other Lydiam Group companies do not provide financial services to you, do not hold your money, and cannot change your agreement with us.

3. Our status, and what is not protected

Flumen Pay LLC is registered as a money services business with FINTRAC in Canada and with FinCEN in the United States. It does not hold a US state money transmitter licence, is not authorised by the UK Financial Conduct Authority or by any European Union regulator, and is not a bank. Funds are not covered by any deposit insurance or investor compensation scheme. We do not provide custody of cryptoassets: cryptoassets are delivered to a wallet you control.

- 3.1 This means that:
 - (a) money you hold with us, or send to us, is not a bank deposit;
 - (b) no deposit insurance or investor compensation scheme (such as the US Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation, the UK Financial Services Compensation Scheme or an EU deposit guarantee scheme) covers your funds or your Transactions;
 - (c) you may not have access to a financial ombudsman or similar dispute scheme in your country in relation to our services. Our Complaints Procedure (lydiamgroup.com/complaints) explains how to complain to us; and
 - (d) registration as a money services business is not a licence to take deposits, and is not an endorsement of our services by FinCEN or FINTRAC.
- 3.2 Because we hold no US state money transmitter licence, companies in the United States receive only the services listed in our US Client Schedule. We do not provide services to individuals in the United States.

4. How we hold your money

This is the only description of how we hold client money. It applies to every client.

1. Accounts in your name. Where we provide you with a named account, it is held in your name with one of our regulated banking partners or clearing banks, and is kept separate from Flumen's own money.

2. Client accounts. Otherwise, your funds are held in client accounts in the name of Flumen Pay LLC, trading as Lydiam Group, at regulated banks, electronic money institutions or clearing banks. These accounts are used only for client funds and are kept separate from Flumen's own operating money.

3. Held on trust for you. Flumen holds client funds on trust for its clients. They are not Flumen's own assets.

4. Our partners' safeguards. Our regulated banking and payment partners safeguard the client funds they hold under their own regulation.

5. Never used for our own purposes. Client funds are never lent or used for Flumen's own purposes, and we reconcile them every day.

6. No deposit insurance. Your funds are not a bank deposit, and no deposit insurance or compensation scheme applies to them.

Interest. We do not pay interest on your funds unless your Plan or Rate Card says so. Any interest or other benefit that a bank or partner pays or allows on client funds is for Flumen's account and forms part of our charges.

4.1 What this means for you:

- (a) Named accounts are available only where our banking partners provide them for your country and currency. We describe an account as being "in your name" only where the partner's records show you as the account holder.
- (b) Your Balances are recorded by us and held in the ways described above. They are not a deposit with us or with any bank, and their safety depends on the arrangements described in this section and in section 6.
- (c) Some services are not available in every country. For example, companies in the United States cannot hold Balances with us, and named accounts, Balances and payments (other than the settlement of spot FX trades to an account in your own name) are not yet available to clients in Canada.

5. What happens if we fail

- 5.1 Client funds held on trust in client accounts, or held in named accounts in your name, are not our own assets, and they should not be available to our general creditors if we become insolvent. However:
 - (a) returning client funds may take time, particularly if an insolvency official or a court must first reconcile the accounts and identify each client's entitlement;
 - (b) if there were a shortfall in the client accounts, clients could share the shortfall in proportion to their claims, and the costs of identifying and returning client funds could be deducted where the law allows;
 - (c) whether a trust is effective can depend on the law that applies to the account and on the terms of the bank or partner that holds it; and
 - (d) money in transit, such as funds you have sent that have not yet reached a client account, or a payment we are in the course of making, may be exposed.
- 5.2 We do not provide custody of cryptoassets. If we fail while we hold cryptoassets to complete a Transaction, or before we have delivered what you bought or paid you for what you sold, you may have only an unsecured claim against us. You could then recover less than you are owed, or nothing.
- 5.3 If we fail before a confirmed Transaction settles, you may not receive the currency or cryptoassets due to you under it, and your claim for them may be an unsecured claim.

6. Banking partners, counterparties and settlement

- 6.1 We provide our services through regulated banking, payment and settlement partners and through liquidity providers. Every service is subject to the availability of those partners for your country and

currency. A partner may restrict, suspend or end a service, change its cut-off times or close an account, sometimes at short notice. We may then need to change how we provide a service, move funds to another partner or account, or stop a service.

- 6.2 If a bank, electronic money institution or clearing bank that holds client funds fails, or its accounts are frozen, your funds may be delayed or reduced. Under your Client Agreement, we claim for the funds held there for the clients entitled to them, and share what we recover among those clients in proportion to their Balances held there. We bear a shortfall ourselves only to the extent our own negligence in choosing or monitoring that institution caused it. You could therefore recover less than you held there. What is recovered may also depend on how that institution safeguards client funds under its own regulation and on the insolvency law that applies to it. If our own reconciliation shows a shortfall in client funds for any other reason, we make it up from our own money the same day.
- 6.3 We deal with you as principal: we are your counterparty in every FX and cryptoasset Transaction, not your agent or broker. You therefore rely on our ability to settle. We act in our own interest when we set our prices, we make our margin from the difference between our price to you and our own cost, and we are not obliged to obtain for you the best price available elsewhere.
- 6.4 Correspondent and intermediary banks may delay or reject a payment, ask for information, or deduct their own charges, and we cannot control them.

7. Foreign exchange

- 7.1 Exchange rates move constantly and can move sharply, including between your instruction and its execution, and between execution and settlement. You bear the risk of those movements. A price we quote is valid only for the time we state.
- 7.2 Prices may be wider, and liquidity lower, outside normal market hours, at weekends, around public holidays and in fast markets. Some currencies may not be available at all at those times.
- 7.3 Exotic and restricted currencies carry extra risks: capital controls, limits on convertibility or on sending money out of the country, central-bank intervention, sanctions and sudden devaluation. A conversion or payment in such a currency may be delayed, blocked, returned or become impossible, and you bear those risks. We do not guarantee that a restricted currency can be converted, delivered or repatriated, or that a payment will arrive by a particular time. If a partner, a correspondent bank or a local authority rejects, holds or returns a payment, we return the funds to the account they came from, after our checks, as soon as we receive them, and you bear any fees and FX loss, as for any returned payment.
- 7.4 We provide spot foreign exchange only. We do not provide forwards, options or other hedging, so we do not protect you against future movements in exchange rates. Hedging products are available only as introduced services (section 12).
- 7.5 If a price is obviously wrong because of a Manifest Error, either of us may correct it within 1 Business Day. The Transaction is then corrected to the fair market price at the time, or cancelled if we cannot agree. The source and thresholds are stated in your Rate Card.

8. Payments

- 8.1 **Payments are usually final.** Once a payment has been sent, it can usually be recalled only with the cooperation of the receiving bank and, often, the payee. We will try to recall or trace a payment if you ask, but we cannot guarantee that any money will be returned.
- 8.2 **Wrong details.** You are responsible for giving us correct payment details. A receiving bank may credit a payment by account number alone, without checking the name. A payment made to the details you gave us is treated as correctly made.
- 8.3 **Fraud and scams.** Criminals impersonate suppliers, colleagues, banks, officials and Lydiam staff, often by email, phone or messaging app, to persuade people to send money or change payment details. Always check a new or changed payee on a separate, known channel before you pay. We will

never ask you to pay anyone other than Flumen Pay LLC, and we never change our payment details by email, chat or phone: they are shown and changed only in the Portal.

- 8.4 **Who bears a fraud loss.** If you, or someone using your devices, credentials or channels, authorise a payment, you generally bear the loss if it turns out to be a fraud. We cover a loss where we did not follow our own Security Procedures or a scam-prevention step we had triggered, or where our own systems or staff caused it. If you are tricked into authorising a payment, we will try to recall it and we waive the recall fee.
- 8.5 **Delays and refusals.** Payments may be delayed by compliance checks, sanctions screening, requests for information, cut-off times, public holidays or our partners' own checks. We may hold, return or refuse a payment where the law or our policies require it, and the law may prevent us from telling you why.
- 8.6 **Returned payments.** If a payment is returned or rejected because of details you gave us, you bear the charges and any loss from converting the money back.
- 8.7 **Payments from third parties.** We accept a payment from a third party only where we understand and have evidence of the relationship. We return an unexplained payment to the account it came from. A payment from a payer located in the United States is accepted only under an Agent-of-Payee Appointment and from a state listed in our US Client Schedule; otherwise it is returned.
- 8.8 **Instructions outside the Portal.** Email, phone, WhatsApp and Telegram can be impersonated or taken over. For your protection, instructions given outside the Portal are subject to the call-backs in our Security Procedures, which can delay them. The Portal, with two-factor authentication, is the safest channel.

9. Cryptoassets

- 9.1 **What we do.** We trade cryptoassets and stablecoins with you over the counter, as principal. We do not issue wallets as standard and we do not provide a storage, safekeeping or custody service. For each Transaction we give you a Deposit Address and deliver cryptoassets you buy to a wallet you control. We hold the cryptoassets we receive only for as long as needed to complete that Transaction, and in any case for no more than 2 Business Days, unless a longer hold is required by law, sanctions, a court or regulator, our compliance checks or a failed or misdirected transfer. For clients in Canada, cryptoassets bought are transferred on-chain to your wallet at settlement.
- 9.2 **Availability.** Cryptoasset services are not available to companies in the United States, to individuals in the United Kingdom, or in some other countries; elsewhere they may be available only after an additional review. Clients in the UK, the EU, the EEA and Switzerland receive only the services they asked for.
- 9.3 **Volatility.** Cryptoasset prices can rise or fall very sharply, in minutes, and can fall to zero. Markets trade around the clock, so prices can move a long way while you are not watching, including at weekends.
- 9.4 **Liquidity.** It may be difficult or impossible to buy or sell a cryptoasset at a reasonable price, or at all. We may stop quoting a cryptoasset or remove it from our list of Eligible Cryptoassets.
- 9.5 **Transfers cannot be reversed.** A cryptoasset sent to a wrong address, or on the wrong network, is usually lost for good. Any recovery is on a best-efforts basis and may not succeed.
- 9.6 **Network risks.** Blockchains can be congested, slow or expensive to use, and can suffer forks, attacks, reorganisations, software faults and smart-contract failures. We may not support every fork, airdrop or new token.
- 9.7 **Legal and regulatory change.** Laws on cryptoassets are changing in many countries. A cryptoasset could be restricted, banned or treated as a security, and we may have to stop a service in a country, sometimes at short notice.

- 9.8 **Travel rule and screening.** We send and receive information about the sender and recipient with cryptoasset transfers. We screen every address with blockchain analytics. A transfer may be delayed or rejected where the information is missing or a risk is found. Cryptoassets linked to sanctions may be blocked, held as blocked property and reported, and we cannot release them. For a wallet you hold yourself, we may ask you to prove you control it, by a signed message or a small test payment.
- 9.9 **Scams.** Cryptoasset scams are common, including fake investment schemes, romance and "pig-butchering" scams and impersonation. We will never ask you to send cryptoassets to anyone other than a Deposit Address we give you for your own Transaction.

10. Stablecoins

- 10.1 **Depegging.** A stablecoin aims to keep a stable value against a currency, usually the US dollar, but it may fail to do so, briefly or permanently, especially in market stress or if confidence in its issuer or reserves falls.
- 10.2 **Issuer risk.** A stablecoin's value depends on its issuer and on the reserves backing it. Reserves may be insufficient, hard to sell, held with banks that fail, or not fully disclosed. A reserve report or attestation is not the same as a full audit. If an issuer fails, holders may be unsecured creditors.
- 10.3 **Redemption risk.** You may have no right to redeem a stablecoin with its issuer. Issuers may limit redemption to their own verified customers, set minimum amounts or fees, or suspend redemptions. We do not guarantee that any stablecoin can be redeemed at par, and we buy and sell stablecoins with you at our prices, not at par.
- 10.4 **Freezing.** Many issuers can freeze tokens held at particular addresses, for example at the request of law enforcement. Frozen tokens may never be recovered.
- 10.5 **Regulatory change.** New laws regulate stablecoins and their issuers. In the United States, the GENIUS Act of July 2025 creates a federal regime for payment stablecoins, with its main provisions taking effect no later than January 2027 and later limits on which stablecoins may be offered to people in the United States. In the EU, MiCA regulates e-money tokens and asset-referenced tokens, and some stablecoins are not authorised there. These and similar laws elsewhere may affect which stablecoins we can offer, their liquidity and their value, and may require us to stop offering a stablecoin, sometimes at short notice.
- 10.6 **Networks.** The same stablecoin may exist on several blockchains, and tokens moved between blockchains by a "bridge" carry the extra risk of that bridge. Always send on the network we specify.

11. Your own wallet

- 11.1 You control your wallet and its keys; we do not. If you lose your private keys or seed phrase, or someone else obtains them, we cannot recover your cryptoassets, and no one can reverse a transfer made with them.
- 11.2 If we agree a client-held wallet with you under a Wallet Services Addendum, you generate the wallet's keys yourself. We never see or hold the seed phrase or private keys.
- 11.3 Protect your wallet against phishing, malware, fake wallet apps and "address poisoning" (look-alike addresses planted in your transaction history). Always check the whole address before you whitelist it. New addresses are subject to the whitelisting and cooling-off steps in our Security Procedures.
- 11.4 Your wallet must support the cryptoasset and the network concerned. A wallet hosted by another provider is subject to that provider's own risks and rules, and the provider may reject a transfer or ask for information before accepting it.

12. Introduced services

- 12.1 Derivatives, options, forwards and hedging, OTC equities, bonds and fixed income, and commodity trading, hedging and market insight are not provided by Flumen. If you ask, we may introduce you to a provider licensed for your country. Introduced services are not available to clients in the United States.

- 12.2 You contract and onboard directly with the provider, under its own terms and risk warnings. Flumen is not a party to that relationship. We give no advice, make no recommendation, handle no orders and are not responsible for the provider's services, conduct or solvency. Any protection you have comes from the provider and its own regulator, not from us.
- 12.3 The provider may pay us a share of its revenue from your business, or a referral fee. We disclose this to you in our Introduced Services Disclosure and Consent before any introduction. Because we are paid, we have an interest in the introduction, so make your own decision about whether the provider and its prices suit you.
- 12.4 Derivatives and other leveraged products are complex. Small market movements can cause large losses, which can exceed the amount you paid in, and you may have to provide more money at short notice. Read the provider's risk disclosures carefully.
- 12.5 Where we are permitted to, we may make payments connected with an introduced service ourselves. Those payments are our own services under your Client Agreement.
- 12.6 Flumen does not currently provide escrow or card acquiring. On request, we introduce clients to licensed third-party providers, which provide these services under their own terms. We may receive a referral fee from the provider, which we disclose. Flumen may provide these services itself in future, once it is licensed or has the necessary arrangements.

13. Platform, channels and security

- 13.1 The Portal and our other systems may be unavailable because of maintenance, faults, outages or cyber-attacks. When they are, we may be unable to quote or execute in time, and you may need to use another approved channel listed in the Portal. A Transaction binds you and us only when we issue a Transaction Confirmation from our systems.
- 13.2 Our Security Procedures protect you, for example by confirming new payees on a different channel and calling back on large instructions given outside the Portal. If you choose, in writing, a faster or same-channel confirmation, you bear the risk of any loss that the procedure you declined would have prevented.
- 13.3 An instruction given through the Portal after login with two-factor authentication is treated as yours if we acted on it in good faith and in line with the Security Procedures, even if you did not in fact give it, unless you prove that it was not caused by anyone you entrusted or anyone who obtained access to your devices, credentials or channels. Tell us at once if you suspect that any device, credential, email or messaging account you use with us has been compromised.
- 13.4 Calls with us may be recorded, and messages are kept, for as long as the law requires.

14. Legal, regulatory and compliance risk

- 14.1 We must comply with anti-money laundering, sanctions, tax and other laws in the United States, Canada and the other countries whose laws apply to us and to our partners. To do so we may ask for information, delay, refuse, hold or return a Transaction or payment, freeze funds, restrict or close your account, or report to the authorities. The law may prevent us from telling you that we have done so, or why.
- 14.2 A change in the law, or in the position of a regulator or a banking partner, may require us to change or stop a service, or to stop serving clients in your country. Where we can, we give you notice and time to complete or move open business.
- 14.3 Our liability to you is limited as set out in your Client Agreement, so you may not recover all of your losses from us. Montana law governs your Client Agreement, and enforcing rights across borders can be slow and costly. Individuals keep any right their own law gives them to bring or defend proceedings in their home courts.
- 14.4 If your account has no activity for 24 months, we will try to contact you and may restrict it. If your account has no activity and we cannot contact you, we may be required to transfer your Balance to a

state unclaimed-property authority. You would then claim it from that authority, and we are discharged for that amount.

15. Tax

- 15.1 You are responsible for your own taxes, including on gains from FX and cryptoasset Transactions. Tax rules on cryptoassets are complex and changing. We give no tax advice.
- 15.2 We ask for the tax forms and information the law requires, such as a W-9 or W-8, and, for clients in the EU using cryptoasset services, a tax self-certification. If you do not provide them, we may withhold from payments to you where the law requires, and may restrict cryptoasset services. We may have to report information about you and your Transactions to tax authorities where the law requires.

16. Our charges

- 16.1 Our Plan fees, payment charges, FX and cryptoasset prices and service fees reduce what you receive, and apply whether or not a Transaction turns out well for you. They are set out in the Fee Schedule, your Rate Card and the Plans and Subscription Terms, and may change on notice.
- 16.2 We do not pay interest on your funds unless your Plan or Rate Card says so. Any interest or other benefit that a bank or partner pays or allows on client funds is for Flumen's account and forms part of our charges.

17. If you are an individual

- 17.1 We accept individuals as Eligible Private Clients on the basis of their client classification. If you do not qualify, we may provide only FX and payment services.
- 17.2 You keep every right that a law applying to you gives you and that cannot be excluded by agreement (your Mandatory Rights). You get 30 days' notice of any change to your terms or charges, and may end your agreement free of charge before the change takes effect.
- 17.3 Vulnerable-client protections apply whatever your status. If you are a Vulnerable Client (anyone aged 60 or over, and anyone we have identified as vulnerable, for example because you tell us about circumstances that make you vulnerable), we may pause a Transaction for at least 24 hours (up to 72 hours) where we are concerned about it. You may nominate a Trusted Contact, using the Trusted Contact Nomination, whom we may contact about concerns for your welfare or the security of your account. A Trusted Contact has no authority over your account. We can provide documents in accessible formats on request.
- 17.4 Before you send money to anyone you have met online or who has contacted you unexpectedly, talk to someone you trust.

18. Questions and complaints

- 18.1 If you have a question about this statement, contact us through the Portal or at the client service addresses shown in the Portal. For compliance matters, write to compliance@lydiamgroup.com. Our Complaints Procedure is at [lydiamgroup.com/complaints](https://www.lydiamgroup.com/complaints).

Annex A: One-line summary (used in partner declarations)

Used in the Partner Application and Declarations and the Partner Agreement. It is not marketing copy, and it must not be used to promote any service in the United Kingdom, the EU, the EEA or Switzerland.

Partner declaration line: "I understand that Lydiam's services are provided by Flumen Pay LLC, a registered money services business that is not a bank; that client funds are not covered by any deposit insurance or compensation scheme; that FX, cryptoasset and stablecoin prices can move sharply and clients can lose money; and that the Product Risk Disclosure Statement at lydiamgroup.com/risk-disclosure sets out these risks."

Line a partner may place next to its referral link, where it may lawfully share one: "Services are provided by Flumen Pay LLC, trading as Lydiam Group, a registered money services business, not a bank. Funds are not covered by deposit insurance, and prices can move against you. Read the risks at lydiamgroup.com/risk-disclosure."

Annex B: Client acknowledgement (used in the application)

Used in the Client Application and Declarations (Corporate) and (Private).

"I/We have read the Product Risk Disclosure Statement (version 1.0, 28 October 2026), including how client funds are held, and I/we understand the risks of the services I/we have asked for."