

# Risk Information — Margin Trades in Stocks, Exchange-Traded Funds (ETF), and Exchange-Traded Commodities (ETC)

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Stocks/ETFs/ETCs transactions are provided on an execution-only basis by Bitpanda Financial Services GmbH without investment advice. Investing involves risk of loss, and past performance is not a reliable indicator of future results.

Margin Trading and borrowing E-Token are provided by Bitpanda GmbH as an unregulated service. Margin trading involves borrowing E-Token (EURCV) to amplify potential gains and losses when investing in Stocks/ETFs/ETCs. For each Stocks/ETFs/ETCs margin trade, you pledge the acquired Stocks/ETFs/ETCs and additional assets, including E-Money and crypto assets, as collateral to Bitpanda GmbH. Small price movements in the relevant Stocks/ETFs/ETCs may trigger margin calls or liquidation.

**Risk beyond total loss:** You can lose all pledged assets and still owe borrowed EURCV, including daily fees. Daily fees accrue every four hours, reducing returns and affecting your margin level. Margin trading is suitable for experienced customers only. Do not enter into a margin trade if you cannot afford to lose your investment or to repay borrowed funds and daily fees. Consider your personal circumstances and, where appropriate, seek independent advice.

## 1. Purpose and scope of this Document

This Risk Information is provided in connection with the margin trades in Stocks, Exchange-Traded Funds (ETF), and Exchange-Traded Commodities (ETC) available on the Bitpanda Platform.

This Risk Information explains the risks involved when you engage in margin trades. You should read this document carefully prior to entering into a margin trade. We recommend you also inform yourself concerning the risks connected with financial instruments; you can find all information here: [Risk Disclosure on Financial Instruments](#).

**Margin trades are complex and high risk transactions not suitable for all investors.**

**Risk beyond total loss. Bear in mind, through margin trading you can lose more than you invest and as a result be in debt. You risk losing all pledged assets and still owe the Borrowed E-Tokens incl. fees to Bitpanda.**

## 2. Risk of using leverage - Stock/ETF/ETC Margin Trades

- **Experienced Investors Only:** Margin trading in Stocks, ETFs, and ETCs is suitable only for experienced investors. You must fully understand the mechanics of investing with borrowed funds, your repayment obligations, and the associated risks. Never enter into a margin trade unless you can afford a total loss of your investment and can additionally repay the Borrowed E-Tokens and fees with external funds.
- **Leverage & Liquidation Risks:** Margin trades involve borrowing E-Tokens (e.g., EURCV) to amplify potential gains and losses. Even small price fluctuations can trigger margin calls, resulting in the automatic liquidation of your collateral. If your liquidated collateral is insufficient, you will be left with outstanding debt, as you are required to repay the borrowed E-Tokens and fees regardless of how the assets perform.
- **Risks Beyond Standard Investing:** Margin trading carries heightened risks that go beyond standard asset purchases. If the market moves against you, both your initial and any additional collateral may not be enough to clear your debt, requiring you to inject further personal funds to repay the balance.
- **Impact of Financing Fees:** Fees accrue every 4 hours and are added to your Borrowed E-Token balance, and negatively impact your margin level. Consequently, your margin level will steadily decrease over time, even if the value of your underlying Stocks, ETFs, or ETCs remains completely unchanged.

### 2.1. Amplified risk of loss

Margin trades involve the use of leverage, meaning you are trading Stocks/ETF/ETC with borrowed E-Tokens (such as EURCV). The higher the leverage, the more borrowed E-Tokens you use. Leverage amplifies both potential gains and losses. A relatively small adverse movement in the price of Stocks/ETF/ETC can result in losses that are disproportionately large relative to the own funds you used and may go beyond your initial investment.

### 2.2. Risk beyond total loss of invested capital

Margin trades do not provide negative equity protection. This means that if selling your Stock/ETF/ETC leaves you with insufficient funds to cover your total outstanding debt to Bitpanda — including the borrowed E-Tokens, accrued funding fees — you will remain personally liable for the residual debt. You may therefore not only lose your entire investment but also owe additional amounts to Bitpanda, which may be subject to late payment fees and, ultimately, referral to an external debt collection agency.

### 2.3. Margin call and liquidation order risk

Bitpanda monitors your margin positions on an ongoing basis. If the value of your margin collateral falls below the required margin level (the asset-specific liquidation threshold), Bitpanda will issue a margin call. If you fail to meet a margin call, or if market

conditions deteriorate rapidly, your liquidation order may be triggered and executed without prior notice to you.

You are solely responsible for monitoring your account balance to ensure it always meets the minimum margin requirements.

If your Margin Level falls below the Liquidation Threshold while the market is closed, outside the Liquidation Order Execution Window, or while executable prices are unavailable, your Liquidation Order may not be triggered or executed. During this time, market prices may move against you and fees may continue to accrue.

Because the Liquidation Order is a sell order, it may be executed at a lower price than the level at which the Liquidation Threshold was first reached. During extreme market volatility, limited liquidity or market disruption, this price may be significantly worse than the last quoted price that triggered the order.

As a result there is a risk that the proceeds available to repay the Borrowed E-Token and accrued fees and costs could result in a residual debt even after the execution of a liquidation order.

#### **2.4. Additional Collateral**

When you provide Additional Collateral, you should be aware that those assets may become unavailable for withdrawal, transfer, or other disposal while your margin obligations remain outstanding.

If your secured obligations become due and remain unpaid, your Additional Collateral may be realized to satisfy those obligations. This may involve an out-of-court private sale or other realization process, and the assets realized may be selected from among the E-Money and crypto-assets provided as Additional Collateral. Realization may occur at a time or price that is unfavorable to you, including during periods of market stress, reduced liquidity, or volatility.

### **3. Risks arising from the use of a single Trading Venue**

Bitpanda executes orders in connection with the margin trading of Stocks, Exchange-Traded Funds (ETF), and Exchange-Traded Commodities (ETC) via the Quotrix electronic trading system operated by Börse Düsseldorf AG.

Execution of orders in Stocks/ETF/ETC is dependent on a single trading venue. This concentration means that you do not benefit from the potential advantages of multi-venue execution, such as price competition across multiple order books. Any disruption, technical failure, or regulatory action affecting Quotrix specifically may directly impair your ability to trade.

Quotrix may offer lower levels of liquidity compared to primary exchanges for certain securities. This means that it may not always be possible to execute orders, particularly large orders, at the desired price or in a timely manner.

#### **4. Trading hours asymmetry and gap risks**

Trading foreign securities involves unique risks related to differing market hours and price discontinuities. You should fully understand these risks before placing trades.

##### **4.1. Trading hours mismatch**

Some foreign stocks, including US, Canadian, or Asian equities, have primary home-market trading hours that do not align or overlap with Quotrix trading hours.

- **Reduced Liquidity:** When a stock's home market is closed, trading volume on local venues like Quotrix may be significantly lower.
- **Wider Spreads:** Lower liquidity often results in wider bid-ask spreads, which can increase your overall transaction costs.
- **Delayed Price Discovery:** Price movements on Quotrix may not fully reflect real-time developments in the asset's primary market until that home exchange opens.

##### **4.2. Overnight and weekend gap risks**

Significant price gaps can occur between the closing price of one trading session and the opening price of the next. This risk is magnified during overnight periods and over weekends.

- **Unpredictable Openings:** Major news, economic data releases, or corporate events occurring while markets are closed can cause a stock, ETF, ETC to open at a price substantially different from its previous close.
- **Stop-Loss Ineffectiveness:** A limit-to-market order may not protect you from these price jumps. If a stock gaps down over the weekend, your order will be executed at the next available opening market price, which may be significantly worse than your specified trigger price.
- **Inability to React:** Because these events occur outside active trading hours, you will be unable to modify or cancel pending orders to mitigate sudden losses until trading resumes.

#### **5. Market Maker dependency and execution risk**

##### **5.1. Market Maker system and price spreads**

Quotrix is a regulated, electronic trading venue operated by the Düsseldorf Stock Exchange that utilizes a quote-driven trading model.

- **The Role of the Market Maker:** Quotrix relies on a designated lead market maker (ICF BANK AG) to provide continuous, binding buy and sell prices (quotes) during business hours.
- **Reference Market Guarantee:** Under the Quotrix rulebook, quotes are protected by a Reference Market Guarantee. This ensures that during the core hours of primary reference venues (such as Xetra from 9:00 to 17:30 CET), the execution prices on Quotrix will be at least as favorable as those on the primary exchange.
- **Off-Peak and Volatility Risks:** Outside of core reference market hours (such as early morning or late night trading up until 23:00 CET), or during periods of extreme market stress and low liquidity, bid-ask spreads may widen. Wider spreads increase your implicit transaction costs, which can reduce your overall trading returns or worsen potential investment losses.

## **5.2. Market disruption and liquidity risks**

While the lead market maker is contractually obligated to maintain regular quotes, unexpected and extraordinary market conditions can disrupt normal operations.

- **Quote Adjustments:** In times of severe market panic, high volatility, or technological outages, the market maker may legally widen spreads or reduce the available trading volume (quote size) to manage risk.
- **Temporary Suspension:** In rare and extreme scenarios, the market maker might temporarily experience operational constraints or brief technical interruptions.
- **Impact on Execution:** If market-making activity is restricted or paused, you may experience reduced execution quality, delays, or a temporary suspension of trading for specific securities. This could leave you unable to enter or exit positions until normal quoting services resume.

## **6. EURCV-denominated margin debt**

When you open a margin position, you borrow EURCV, a Euro-denominated crypto-asset, which is converted at a 1:1 rate into EUR to purchase the underlying securities. Your repayment obligation, including principal, fees, and late payment fees, remains denominated and settled in EURCV.

Your margin debt is therefore a crypto-asset liability, not a conventional fiat currency loan. Although EURCV is intended to maintain a 1:1 peg with EUR, any disruption to that peg, or any change in the legal or regulatory treatment of EURCV or euro-denominated stablecoins, could affect the value, settlement, or enforceability of your obligations, including following a voluntary repayment, sell order, or liquidation order.

If you use foreign exchange to fund, repay, or settle your position, changes in exchange rates, conversion spreads, and fees may increase the cost of your obligations and the amount required to repay them.

## **7. Tax Risks**

The tax treatment of margin trading transactions may be complex and will depend on your individual circumstances and the tax laws of your jurisdiction of residence. Tax laws and their interpretation are subject to change. You are solely responsible for determining and fulfilling your tax obligations.