



MTF Rulebook

Crypto Facilities Ltd

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VERSION HISTORY

Version	Date Effective	Summary of Changes
V1.0	28 October 2020	First Version
V1.1	14 May 2025	Second Version
V1.2	26 March 2026	Third Version
V1.3	26 August 2026	Fourth Version
V1.4	15 September 2026	Fifth Version

DEFINITIONS

1.1 For the purposes of this Rulebook the following terms shall have the following meanings:

"Account" means the account which you hold on the Platform, in accordance with the Member Agreement;

"Admission Criteria" has the meaning given to it in Part I: Rule 2.1;

"Aggregator" has the meaning given to it in Part III: Rule 3.4;

"Algorithmic Trading" means trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention;

"Algorithmic Trading ID" has the meaning given to it in Part III: Rule 3.3;

"API" means the application programming interface made available by CFL to Members in order to interact manually and/or in an automated manner with CRYPT through RESTful, websocket and other communication protocols as described on the Platform from time to time;

"Applicable Law" means all applicable laws, regulations, rules (including any rules, guidance, orders or other directions of a regulatory authority) applicable to: (a) CFL; or (b) a Member (or Authorised Person or Principal as the case may be);

"Assignment Counterparty" means a Member that has agreed with CFL to act as receiver of Positions in the Position Assignment Process within certain parameters including any Minimum Profitability Preference and other assignment preferences made available on the Platform from time to time;

"Assignment Profitability" means, in respect of the assignment of a Position under the Position Assignment Process, the difference between the Mark Price and the price at which that Position is assigned, expressed as a percentage and calculated in accordance with the methodology published on the Platform from time to time;

"Authorised Person" means an individual or other third party authorised by a Corporate Member to have access to and transact through CRYPT on the Corporate Member's behalf, and who has been given or is utilising a User ID and password issued by CFL for such purposes;

"Broker" means a firm which, in their capacity as a broker, enters into transactions in financial instruments on the MTF on behalf of their client(s);

"Broker Member" means a Corporate Member that is a Broker;

"Clear Error Trade Policy" means the policy set out in Appendix I;

"Close Out Transaction" has the meaning given to it in Part II: Rule 6.4.1(a);

"Collateral" has the meaning given to it in Part II: Rule 5.3.3;

"Corporate Action" means an event affecting an Eligible Instrument or any instrument referenced directly or indirectly by an Eligible Instrument, including (without limitation) a cash dividend, special cash dividend or capital return, spin-off or demerger, rights issue, stock dividend or bonus issue, stock split, reverse split or consolidation, and capital decrease or redemption;

"Corporate Member" means a Member that is a legal entity, for example a limited company or limited liability partnership;

"Corporate Member Eligibility Criteria" has the meaning given to it in Part I: Rule 1.2.2;

"Counterparty" means any Member with whom you conclude a Transaction on CRYP;

"Covered liquidation process" has the meaning given to it in Part II: Rule 5.4.6;

"CRYP" means the FCA-regulated multilateral trading facility operated by CFL for the trading of Eligible Instruments in accordance with the Rules, including the API and GUI between Members of CRYP;

"CFL", "we", "us" or "our" means Crypto Facilities Ltd, a company with registered offices at 6th Floor, One London Wall, London, EC2Y 5EB that is authorised and regulated by the FCA with firm reference number 757895 to operate a multilateral trading facility on which Members may trade Eligible Instruments;

"Cryptoasset" means a digital token based on distributed ledger or similar technologies such as, but not limited to bitcoin, ether, litecoin, bitcoin cash or ripple XRP;

"Cryptoasset Future" has the meaning given to it in Part III: Rule 1.4.1;

"Cryptoasset Option" has the meaning given to it in Part III: Rule 1.4.2;

"Default Minimum Profitability" means the platform-wide minimum Assignment Profitability applicable to the Position Assignment Process, as published on the Platform from time to time;

"Degree of Collateralization" means in relation to a Position in a Margin Account, the ratio of the value of Margin Account Equity held in the Margin Account to the notional of the Position(s) in the Margin Account;

"Disciplinary Notice" has the meaning given to it in Part III: Rule 6.2.4;

"Downtime" means any period of time (whether scheduled or unscheduled) during which any material functionality of CRYP does not function as normal;

"Downtime Recovery Process" has the meaning given to it in Part II: Rule 1.3.3;

"Eligible Instruments" means the instruments that are eligible for trading on CRYP as described in Part III: Rule 1.4;

"Eligible Instruments List" has the meaning given to it in Part III: Rule 1.1;

"Equity Protection Process" has the meaning given to it in Part II: Rule 5.4.2;

"FCA" means the United Kingdom Financial Conduct Authority or any successor body from time to time;

"FCA Rules" means the FCA Handbook of Rules and Guidance, as amended or replaced from time to time;

"Final Settlement" means the settlement of Positions that are held until the final settlement time of an Eligible Instrument, according to the settlement process published on the Platform from time to time;

"Full Liquidation Fee" has the meaning given to it in Part II: Rule 5.4.4(c);

"Full Liquidation Process" has the meaning given to it in Part II: Rule 5.4.4;

“Funding Rate” means an amount payable by one Member (being the “paying Member”) to another (being the “receiving Member”) in respect of an open Position in an Eligible Instrument, calculated and accruing in accordance with the contract specifications of the Eligible Instrument, funding rate, and index price methodologies for the relevant Eligible Instrument, including to reflect any Corporate Actions, as published on the Platform, for so long as that Position remains open;

“GUI” means the graphical user interface made available by CFL to Members via the Platform in order to interact manually with CRYP by entering instructions and obtaining notifications on the trading screen and related screens;

“Individual Member Eligibility Criteria” has the meaning given to it in Part I: Rule 1.2.1;

“Initial Margin Requirement” means the minimum Margin Account Equity, calculated as a percentage of the notional value of a Position in accordance with the margin schedule published on the Platform from time to time, required to open that Position or submit an Order that may increase an existing Position;

“Insolvency Event” means the occurrence of any of the following circumstances with respect to a Member: a) the Member is declared bankrupt, or insolvent, or is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts; b) any step, application or proceeding has been taken by or against the Member or in respect of the whole or any part of its undertaking, for a voluntary arrangement or composition or reconstruction or rescheduling of its debts, winding up, bankruptcy, dissolution, administration, receivership or otherwise or any similar proceeding in any jurisdiction; c) the appointment of a liquidator, trustee, receiver, administrative receiver or similar officer; or d) voluntary or involuntary petition for a bankruptcy order; or (e) any similar event, action, application or proceeding in any jurisdiction under Applicable Law, to which it is subject;

“Instruction” means any Order, request, response, instruction or similar communication from a Member;

“Instrument Eligibility Criteria” has the meaning given to it in Part III: Rule 1.2;

“Legal Entity Identifier” means a validated and issued legal entity identifier, the length and construction of which is compliant with the ISO 17442 standard developed by the International Organization for Standardization;

“Liquidation Margin Threshold” means the percentage of the Maintenance Margin Requirement as published on the Platform from time to time. Where a Margin Account holds only one Position, references to the Liquidation Margin Threshold for that Margin Account means the Liquidation Margin Threshold for that Position. Where a Margin Account holds more than one Position, references to the Liquidation Margin Threshold for that Margin Account mean the aggregate Liquidation Margin Threshold for all Positions held in it, and calculated in accordance with the margin methodology published on the Platform (including any applicable margin netting or offset rules);

“Liquidity Pool” means the pool of funds maintained by CFL that may be applied by CFL in accordance with the Position Assignment Process and the Covered Liquidation Process;

“Liquidity Taking” means Orders that are upon entry to the Order Book immediately matched with an existing Order that sits in the Order Book;

"Liquidity Providing" means Orders that are not immediately matched with an existing Order that sits in the Order Book and are instead added to the Order Book;

"Log In Credentials" means any log-in credentials, API private keys, two factor authentication seeds, email encryption private keys and other access tokens, access details or account details relating to an Account;

"Maintenance Margin Requirement" means the minimum Margin Account Equity, calculated as a percentage of the notional value of a Position in accordance with the margin schedule published on the Platform from time to time, required to maintain that Position. Where a Margin Account holds only one Position, references to the Maintenance Margin Requirement for that Margin Account means the Maintenance Margin Requirement for that Position. Where a Margin Account holds more than one Position, references to the Maintenance Margin Requirement for that Margin Account mean the aggregate Maintenance Margin Requirement for all Positions held in it, calculated in accordance with the margin methodology (including any applicable margin netting or offset rules) published on the Platform;

"MAR" means the EU Market Abuse Regulation (Regulation 596/2014) and the EU Directive on Criminal Sanctions for Market Abuse and summarised in Appendix II – Section 3;

"Margin Account" means a subaccount of a Member's Account that holds Collateral against the Position(s) linked to that Margin Account;

"Margin Account Equity" means, in relation to a Margin Account at any given time, the net value of the Collateral held in that Margin Account, calculated in accordance with the margin methodology published on the Platform;

"Mark Price" means CFL's calculation of the current fair value of an Eligible Instrument in accordance with the mark price calculation rules published on the Platform;

"Market Abuse" means any behaviour that constitutes or may constitute market abuse (as defined in the FCA Handbook), market manipulation or insider trading or any other similar or analogous behaviour prohibited or subject to sanctions or penalties under Applicable Law;

"Market Maker" means a Member that satisfies the Market Maker Requirements;

"Market Maker Requirements" has the meaning given to it in Part I: Rule 4.2;

"Member" means a person that is currently admitted as a member of CRYP pursuant to Part I of this Rulebook;

"Member Eligibility Criteria" means the Individual Member Eligibility Criteria or the Corporate Member Eligibility Criteria as applicable to a particular Member;

"Membership Agreement" means the agreement which you have entered into governing your use of the Platform and your holding of an Account on it, as published and amended from time to time on the Platform and including any supplemental terms which may be added to it;

"MiFID II" means the Markets in Financial Instruments Directive 2014 (2014/65/EU);

"Minimum Maintenance Margin" means, in respect of an Eligible Instrument, the maintenance margin percentage applicable to the smallest position size tier

for that Eligible Instrument, as set out in the margin schedule published on the Platform;

"Minimum Profitability Preference" means, in respect of an Assignment Counterparty, the minimum Assignment Profitability that the Assignment Counterparty has specified it is willing to accept in respect of Positions assigned to it under the Position Assignment Process, as set through the assignment preferences made available on the Platform from time to time;

"Non-Trading Day" means a day on which CRYP is scheduled to be closed and during which no trading or settlement take place. A list of these days is published on the Platform from time to time;

"Notice" has the meaning given to it in Part V: Rule 7.2;

"On-Boarding Documentation" means the supporting documentation that may be required by CFL from a Member from time to time to support its application to become a Member or satisfy CFL's know-your-Member requirements;

"Order" means a firm offer submitted by you or on your behalf to buy or sell an Eligible Instrument on CRYP which, if executed, results in a Transaction;

"Order Book" means the central limit order book in relation to a particular Eligible Instrument that contains bid Orders and ask Orders submitted by Members to CRYP that have not yet been matched in the Order Matching Process;

"Order Matching Process" means the process by which a bid Order that has entered the Order Book is matched with an ask Order that has entered the Order Book relating to the same Eligible Instrument based on price-time-priority, resulting in a Transaction;

"Partial Liquidation Fee" has the meaning given to it in Part II: Rule 5.4.3(e);

"Partial Liquidation Process" has the meaning given to it in Part II: Rule 5.4.3;

"Persons of Significant Influence Register" means the register maintained by CFL that contains the names of individuals deemed to have significant influence over one or more Cryptoassets;

"Platform" means the website at <https://www.cryptofacilities.com>;

"Position" means any non-zero balance in one or more Eligible Instruments on CRYP held by a Member;

"Position Assignment Process" has the meaning given to it in Part II: Rule 5.4.4;

"Position Liquidation Process" means the Partial Liquidation Process and the Full Liquidation Process;

"Position Unwind Process" has the meaning given to it in Part II: Rule 5.4.7;

"Principal" means an entity or client of a Broker Member, on behalf of whom a Broker Member executes Transactions, in accordance with specific additional rules, to be agreed between CFL and that Broker Member;

"Profit & Loss" means the profit or loss of a Member's Position, as calculated by the Profit & Loss Model;

"Profit & Loss Model" means the rules, as published on the Platform from time to time, by which CFL calculates Profit & Loss of a Position based on the Mark Price;

"Regulator" means any authority that has jurisdiction over CFL or our affiliates, including, for the avoidance of doubt, the FCA;

"Rulebook" means this document, as amended or replaced from time to time including any Appendices;

"Rules" means the Rulebook, the Membership Agreement, any Trading Notices and any amendments thereto;

"Suspicious Transaction" means a Transaction that a) is executed in circumstances of Market Abuse, CRYPT abuse or misuse; and/or b) CFL believes is or may be manipulative or deceptive, or part of a manipulative or deceptive scheme;

"Tokenised Asset" means a digital token based on distributed ledger or similar technologies that represents or references one or more other assets, rights or obligations (whether or not those assets, rights or obligations would themselves constitute financial instruments);

"Tokenised Asset Future" has the meaning given to it in Part III: Rule 1.4.3;

"Trading Day" means each day that is not a Non-Trading Day;

"Transaction" means a transaction that results in the modification of a Member's Position, for instance as a result of the submission of an Order to buy or sell an Eligible Instrument;

"Unwind Counterparty" means a Member who receives a Position from an Under-Collateralised Counterparty during the Position Unwind Process;

"Under-Collateralised Counterparty" means a Member whose Margin Account Equity associated with a Margin Account is less than its Maintenance Margin Requirement for that Margin Account;

"Uptime" means any time except Downtime;

"User ID" means the password and identification criteria that are given to each Authorised Person by CFL;

"UTC" means Coordinated Universal Time;

"Waiver" means the exemption from making public the quotes before the execution of a transaction;

"Zero Equity Price" means, in respect of a Margin Account, the Mark Price of one or more Eligible Instrument(s) in which Position(s) are held in that Margin Account, as calculated by CFL in accordance with the methodology published on the Platform from time to time, at which the Margin Account Equity of that Margin Account would equal zero if all such Position(s) were to be liquidated simultaneously.

- 1.2 A reference to a statute or statutory provision, or any Applicable Law is a reference to it as it may be amended, extended or re-enacted from time to time.
- 1.3 Unless the context requires otherwise, words in the singular shall include the plural and in the plural shall include the singular.
- 1.4 The contents page, paragraph headings and subheadings in the Rulebook are for ease of reference and do not affect the meaning of the Rulebook.
- 1.5 References to a Rule refer to the corresponding section of the Rulebook and include a reference to the section in which the Rule is found and the number that the Rule is given within the relevant section.

OVERVIEW

- 1.1 This Rulebook governs each Member's access to, and use of, CRYP. It forms part of and is supplemental to the Membership Agreement which you entered into when you first became a Member and were given access to the Platform. The terms and conditions which apply to you under the Membership Agreement shall continue to apply to you. In the event of any inconsistency or disagreement between the Membership Agreement and the Rulebook or any other part of the Rules, including any publicised electronically or through the Platform, then the Rulebook shall prevail.
- 1.2 CFL is authorised by the FCA to operate a multilateral trading facility, CRYP, which allows Members to trade Eligible Instruments subject to the Rules.
- 1.3 Collateral is provided in either Cryptoasset or fiat currency, and Profit & Loss is calculated and settled in Cryptoasset or fiat currency. Your Cryptoasset and/or fiat currency balance held in a Margin Account is used as Collateral for your Position in that Margin Account.
- 1.4 You agree that you shall ensure that your Margin Account Equity meets the Maintenance Margin Requirement of your Margin Account(s) on an ongoing basis.
- 1.5 You agree that if your Margin Account Equity falls below the Maintenance Margin Requirement of your Margin Account(s), CFL may initiate the Equity Protection Process and that CFL shall not be liable for any losses or foregone profits that you suffer as a result thereof.
- 1.6 You agree that you may be selected as an Unwind Counterparty when an Equity Protection Process has been initiated on another Member as described in Part II: Rule 5.4 and that CFL shall not be liable for any losses or foregone profits that you might suffer as a result of any of your Positions being unwound as a result of the Equity Protection Process.
- 1.7 The Rulebook governs access to CRYP and is made available to the public via the Platform.
- 1.8 In particular, the Rulebook establishes:
 - 1.8.1 Transparent rules and procedures for fair and orderly trading on CRYP;
 - 1.8.2 Objective criteria for the efficient execution of Orders on CRYP which are established and implemented based on non-discretionary rules; and
 - 1.8.3 Transparent rules regarding the criteria for determining which financial instruments may be traded on CRYP.

PART I: MEMBERS

1. Member Eligibility Criteria

1.1 In order to trade on CRYP, you must apply to become a Member of CRYP.

1.2 CFL shall only consider your application for admission as a Member of CRYP if:

1.2.1 You are a natural person (i.e. an individual) and:

- (a) You are resident in the United Kingdom or in a jurisdiction in which CFL is permitted to carry on border business or resident in a jurisdiction which does not prohibit the provision of cross-border services by CFL;
- (b) You are not resident in a jurisdiction in which CFL, in our sole discretion, elects not to conduct business in; and
- (c) You are a person who:
 - (i) Demonstrates to the satisfaction of CFL that you are of sufficiently good repute;
 - (ii) Demonstrates to the satisfaction of CFL that you have a sufficient level of trading ability, competence and experience;
 - (iii) Demonstrates to the satisfaction of CFL that you have adequate organisational arrangements and sufficient financial resources to perform your intended role on CRYP; and
 - (iv) Does not appear on the CFL's Persons of Significant Influence Register and meets any other eligibility criteria in relation to participation on a multilateral trading facility under Applicable Law,

together, the "**Individual Member Eligibility Criteria**";

1.2.2 You are a corporate entity that:

- (a) Is either incorporated or established in:
 - (i) the UK; or
 - (ii) in a jurisdiction in which CFL is permitted to carry on cross border business, or which does not prohibit the provision of cross border services by CFL; and
- (b) Is either:
 - (i) authorised and regulated as an investment firm, credit institution, or other financial institution authorised to deal in, or act as a Broker in relation to, financial instruments (including Eligible Instruments) by the appropriate regulatory authority in the jurisdiction you operate in, such as the FCA (an "**Authorised Corporate Member**"); or
 - (ii) not required by Applicable Law to be authorised and regulated to deal in, or act as a Broker in relation to, financial instruments (including Eligible Instruments) in

the jurisdiction in which you operate (an **"Unauthorised Corporate Member"**); and

- (c) Meets the conditions in Part I: Rule 1.2.1(b) and Part I: Rule 1.2.1(c),

together, the **"Corporate Member Eligibility Criteria"**.

2. Member Admission Criteria

- 2.1 In order to become a Member, in addition to satisfying the Member Eligibility Criteria, you must also satisfy the following conditions:

- 2.1.1 You must have passed any relevant know-your-Member checks, sanctions and anti-money laundering checks as required by CFL's anti money laundering and know-your-Member policies and procedures from time to time;
- 2.1.2 You must have agreed and entered into the Membership Agreement;
- 2.1.3 Subject to the type of Eligible Instrument you wish to trade, you have not for the purposes of the FCA Rules been categorised as a retail client;
- 2.1.4 You must have provided On-Boarding Documentation, along with any other additional information which CFL may reasonably require in order to assess whether you meet the Member Eligibility Criteria or any of the other criteria in this Part I: Rule 2; and
- 2.1.5 You must have acknowledged that you have read, understood and agree to be bound by the Rules,

together, the **"Admission Criteria"**.

- 2.2 Where you are applying to become a Member, you may also be required to provide us with additional information, which we shall use to carry out necessary transaction reporting as required under Applicable Law.
- 2.3 Where you are applying to become a Corporate Member you may be required to provide us with your Legal Entity Identifier (LEI), so that we may carry out transaction reporting on your activities in accordance with Applicable Law.
- 2.4 When you are applying to become an Authorised Corporate Member, you shall be required to provide us with your regulatory registration or authorisation identifier issued to you by the appropriate regulatory authority for the jurisdiction you conduct business in.
- 2.5 When you are applying to become an Unauthorised Corporate Member, you may be required to provide us with an explanation, legal opinion, or other information requested by us to confirm that the business which you conduct does not trigger a requirement for registration or authorisation by the appropriate regulatory authority for the jurisdiction you conduct business in.
- 2.6 Once CFL has received and considered all relevant documentation and information from you, CFL shall decide whether to admit you as a Member of CRYPT.
- 2.7 CFL's decision whether to admit you as a Member shall be done fairly and in a non-discriminatory manner.
 - 2.7.1 CFL will reject your application if:
 - (a) You do not meet the Admission Criteria; and/or

- (b) You do not meet the Member Eligibility Criteria.
- 2.7.2 CFL shall always have the discretion to reject your application if we determine, in our sole discretion, that accepting you as a Member would in our reasonable view be inconsistent with the obligation of CFL to maintain a fair and orderly market or would lead to a breach of any Applicable Law or relevant regulation.
- 2.8 You shall be notified of CFL's decision whether or not to admit you as a Member by email or by way of a notification provided to you via CRYP or the Platform.

3. Broker Members

- 3.1 Any Broker Member engaging in trading activity on CRYP must at all times comply with the following additional requirements:
 - 3.1.1 You assume full liability for any Instructions and actions taken on behalf of your clients;
 - 3.1.2 You will, upon our reasonable request, provide us with any policies (such as your anti-money laundering and know-your-customer policy), procedures copy of your AML/KYC policy and any additional information and documents in relation to your client as we consider necessary such as (but not limited to):
 - (a) proof of your client's identity;
 - (b) proof of your client's source of funds;
 - (c) confirmation your or your clients' control of any addresses from which Cryptoasset deposits have originated from.
 - 3.1.3 You will inform us of any behaviour engaged in by your clients which you know or suspect constitutes money laundering, terrorist financing, a breach of sanctions, or a breach of any provision of the Rulebook or Membership Agreement by emailing details of the incident to contact@cryptofacilities.com.
 - 3.1.4 You agree to aid or assist our investigation, or the investigation of any Regulator, relating to your clients in connection with your activity on CRYP.
 - 3.1.5 You acknowledge and agree that we may suspend your use of and access to CRYP whilst we are requesting information or documentation from you.
 - 3.1.6 If you do not cooperate with us in our request for further information or documentation during the suspension of your or your clients' access to CRYP, we reserve the right to keep your or your clients' Account in suspension indefinitely or to terminate your or your clients' Account as further set out in our Rulebook.
 - 3.1.7 You represent and warrant that you have full power, authority and capacity to deal with Cryptoasset and fiat currency balances associated with your Account as if you were the beneficial owner thereof and we are

entitled to treat your instructions as made on that basis.

4. Market Maker Members

- 4.1 Any Member undertaking a market making strategy must enter an agreement with CFL outlining the obligations and incentives associated with this function.
- 4.2 A Member shall be classified as Market Maker if the Member:
 - 4.2.1 Posts firm, simultaneous two-way bid and ask Orders that exhibit:
 - (a) Comparable size, meaning that the cumulative size of all bid Orders of the Member in any one Eligible Instrument shall deviate by no more than 50% from the cumulative size of all ask Orders of the Member in the same Eligible Instrument; and
 - (b) Competitive price, meaning that the price of the lowest ask Order of the Member in any one Eligible Instrument shall not be more than 200 BPs higher than the highest bid Order of the Member in the same Eligible Instrument;
 - 4.2.2 Has done so for at least 50% of the Uptime during the previous 30 calendar days or has indicated its intention to CFL to do so for at least 50% of the Uptime during the next 30 calendar days; and
 - 4.2.3 Deals on own account,together, the “**Market Maker Requirements**”.
- 4.3 CFL shall monitor the performance of Market Makers on an ongoing basis and provide regular reports to Market Makers of the same.
- 4.4 Enquiries to become a Market Maker shall be made to mtf-onboarding@kraken.com.

5. Competence, Authority and Withdrawal of Authorised Persons

- 5.1 Corporate Members must inform CFL of the Authorised Persons that are permitted to act on their behalf from time to time.
- 5.2 CFL reserves the right to request proof of an Authorised Person’s authorisation at any time and may delay performance of any action, including entering into or closing a Position, until such proof is received and considered by CFL.
- 5.3 Corporate Members are responsible for ensuring that their Authorised Persons:
 - 5.3.1 Have sufficient authority;
 - 5.3.2 Are of sufficiently good repute;
 - 5.3.3 Have sufficient knowledge and understanding of their responsibilities under the Rules and Applicable Law at all times; and
 - 5.3.4 Have a sufficient knowledge, understanding and experience in respect to financial markets and trading.
- 5.4 Corporate Members may withdraw the designation of an Authorised Person by notifying us in writing through mtf-onboarding@kraken.com.
- 5.5 Corporate Members must withdraw the designation of an Authorised Person immediately in the event that the relevant person is no longer employed or

authorised.

6. Member Resignation

- 6.1 You may resign from your status as a Member of CRYP by giving notice to CFL in writing and providing such information as we may reasonably require.
- 6.2 With the exception of any Rule in the Rulebook which is stated to survive the termination of membership, a Rule continues to apply to you until:
 - 6.2.1 All of your outstanding Orders have resulted in Transactions, or have been cancelled;
 - 6.2.2 All of your Positions have been closed;
 - 6.2.3 All of your outstanding obligations with respect to any Transactions have been fulfilled; and
 - 6.2.4 You have ceased using or accessing CRYP, returned any property belonging to us and destroyed or securely deleted any confidential information relating to us and/or CRYP. If we require you to do so, you shall provide us with satisfactory evidence that these steps have been successfully completed.
- 6.3 We may in our absolute discretion refuse or reject a notice of resignation at any time before it takes effect if we consider it necessary to do so in order to safeguard the orderly operation of CRYP.
- 6.4 After you have ceased to be a Member, the Membership Agreement shall continue to apply to you, unless we or you terminate it under its terms.
- 6.5 After you have ceased to be a Member you shall continue to be liable for your acts or omissions in connection with trading on CRYP that occurred at any time before you ceased to be a Member.

7. Member Suspension and Termination

- 7.1 CFL may, in whole or in part, suspend or terminate your right to access and/or use CRYP if:
 - 7.1.1 You resign your status as Member or your status as Member ceases for any other reason;
 - 7.1.2 You do not trade on CRYP for a period of 180 consecutive Trading Days or do not have an active open order or position for that period of time;
 - 7.1.3 You are resident in a jurisdiction in which CFL, in our sole discretion, elects to no longer conduct business;
 - 7.1.4 You behave unprofessionally or abusively towards any of CFL's staff or contractors, or act in a way which may damage CFL's reputation;
 - 7.1.5 You abuse any part of CRYP or the Platform, including by knowingly introducing viruses, trojans, worms, logic bombs or other material that is malicious or technologically harmful, or behaving in a way which may compromise or be intended to compromise any part of CRYP or the Platform;
 - 7.1.6 You breach any term of our Privacy Policy as published on the Platform from time to time;

- 7.1.7 You are, or claim to be, an Authorised Person and CFL has reason to doubt whether you have the required authority to carry out transactions on behalf of the relevant Member;
- 7.1.8 CFL becomes aware that you have made a misrepresentation to CFL or another Member or have otherwise breached Applicable Law;
- 7.1.9 CFL becomes aware that you are subject to an Insolvency Event;
- 7.1.10 CFL deems that you have, or attempted to, engage in behaviour that, in our sole discretion, constitutes Market Abuse (see Appendix II for details);
- 7.1.11 CFL deems, in our sole discretion, that you no longer satisfy or have never satisfied the Member Eligibility Criteria or the Admission Criteria; and/or
- 7.1.12 CFL deems, in our sole discretion, that suspension or termination is necessary to ensure a fair and orderly market on CRYP, to uphold the integrity of CRYP, to comply with Applicable Law or comply with the request of a Regulator.
- 7.2 CFL may also suspend a Member's right to use CRYP at the request of that Member.
- 7.3 If your status as Member of CRYP has been suspended or terminated, you shall remain subject to the Rules in respect of:
 - 7.3.1 Acts and omissions that took place during the period for which you were a Member and shall comply with any request made by CFL for information in relation to the period of your participation at any time following your suspension or termination; and
 - 7.3.2 Any outstanding obligations under the Rules until those obligations have been satisfied.
- 7.4 Where we suspend or terminate your status as a Member under this Part I: Rule 7, we shall be entitled, at our discretion, to take any or all of the following actions:
 - 7.4.1 Freeze any Cryptoasset and/or fiat currency balances associated with your Account until all investigation about the reason for such suspension has been concluded or until it has been confirmed that you do not owe us or any Counterparty any amount, whichever is later;
 - 7.4.2 Close any of your Positions at the current market price or keep any of your Positions open until Final Settlement;
 - 7.4.3 Enforce any security interest you have granted in our favour (whether as security trustee or otherwise) in relation to the relevant secured assets and apply the proceeds of enforcement or, where permissible, appropriate such secured assets in satisfaction of your relevant secured obligations;
 - 7.4.4 Take any other step or exercise any other rights or remedies available to us until it has been confirmed that you do not owe us or any Counterparty any amount.
- 7.5 CFL will notify you in writing, as soon as practically possible, of any action taken under this Part I: Rule 7.



- 7.6 CFL shall not be liable for any losses or foregone profits that you suffer as a result thereof your status as Member of CRYP having been suspended or terminated.

PART II: MARKET MECHANICS

1. Your Instructions

- 1.1 If you trade using CRYP then any Position which you enter into is held in your name and you are responsible for the obligations associated with that position under the Rules.
 - 1.1.1 You must not execute Transactions on CRYP on behalf of any other person unless you are a Broker Member.
- 1.2 You may be required to notify us of the person who you are acting for and provide any other details which we may reasonably require in order to fulfil reporting requirements or any other obligations under Applicable Law.
- 1.3 CFL provides reasonable means to manage Positions and Orders in relation to Downtime such as:
 - 1.3.1 The feature that enables Members to activate a timer that, absent any re-activation within a specified time frame, causes the system to automatically cancel the Member's open Orders. This aids Members in handling loss of connectivity to CRYP.
 - 1.3.2 The messaging system on CRYP which together with the related communication procedure gives proactive notification of any Downtime anticipated.
 - 1.3.3 The period following Downtime during which Members may only submit Order cancellations or Orders that do not cross the Order Book ("**Downtime Recovery Process**").
- 1.4 If you have submitted an Order on CRYP, any execution that occurs through CRYP in relation to that Order, with or without your manual intervention, involves entering into a Position. If you wish to close a Position you can offer to enter into the reverse Transaction as set out in Part II: Rule 5.2.4.
- 1.5 CFL, at our full discretion, may cancel, vary or correct any Instruction or Transaction:
 - 1.5.1 At a Member's request; and
 - 1.5.2 Where we deem it necessary, including:
 - (a) To ensure a fair and orderly market on CRYP;
 - (b) To uphold market integrity;
 - (c) To comply with Applicable Law or if so required by a Regulator;
 - (d) In connection with system disruptions or system malfunctions (e.g. where an Order is the result of a system malfunction);
 - (e) Where the Order or Transaction is in respect of a financial instrument that has been removed from the Eligible Instruments List or which has been suspended from trading on CRYP; and/or
 - (f) In accordance with our Clear Error Trade Policy.

2. Hours of Operation

- 2.1 With the exception of any Non-Trading Day and any scheduled or unscheduled Downtime, CRYP is in operation 24 hours a day, 7 days a week each day of the year.
- 2.2 CRYP shall employ reasonable efforts to notify Members in advance of any Non-Trading Day and scheduled Downtime.
- 2.3 CFL may reduce trading hours permanently or for a period of time, in relation to any one or all of the Eligible Instruments and shall notify Members of any such reduction.
- 2.4 CFL may suspend access to CRYP at any time and without Notice in order to carry out system maintenance or for other reasons such as maintaining an orderly market.

3. Clock Synchronisation

- 3.1 Unless otherwise noted, CRYP ensures that the business clocks that it uses on all system logs and any other reportable events are timestamped with UTC.
- 3.2 Accuracy of the timestamp data is reinforced by regular synchronisation on Network Time Protocol.

4. Margin Requirements

- 4.1 In order to enter into a Position or to submit an Order relating to an Eligible Instrument, a Margin Account must have sufficient Margin Account Equity to meet the Initial Margin Requirement for that Position. If the Margin Account Equity in your Margin Account falls below the Initial Margin Requirement, any Open Orders that would increase the Position will be cancelled.
- 4.2 In respect of any open Position(s), the Member must retain sufficient Margin Account Equity in their Margin Account to meet the Maintenance Margin Requirement of that Margin Account. A Member cannot remove Collateral recorded to its Margin Account if that would result in it having insufficient Margin Account Equity to meet its Maintenance Margin Requirement for an outstanding Position.
- 4.3 Initial Margin Requirement and Maintenance Margin Requirement parameters applicable to any Eligible Instrument are published on the Platform from time to time. Members are responsible for ensuring that they are aware of the prevailing margin parameters at any time.
- 4.4 A Member may hold more than one Margin Account, and different types of Eligible Instruments may be allocated to different Margin Accounts. The types of Margin Account available, the Eligible Instruments allocated to each, and the margining methodology applicable to each (including the treatment of cross-margin and isolated-margin Positions and any applicable margin netting rules), are published on the Platform from time to time. Each Margin Account is margined independently, and the initiation of the Equity Protection Process in respect of one Margin Account does not affect Positions or Collateral held in any other Margin Account.

- 4.5 Where a Member is permitted to isolate a Position in an Eligible Instrument for margining purposes from other Positions in Eligible Instruments which otherwise would be held in the same Margin Account, that isolated Position shall be treated for the purposes of this Rulebook as if it were held in a separate Margin Account. The Collateral allocated to that separate Margin Account shall be determined in accordance with the margining methodology published on the Platform.

5. Trading

- 5.1 To execute a Transaction on CRYP, you must submit an Order to CRYP. Once you have submitted an Order, it shall enter the Order Book and be attempted to be matched according to the Order Matching Process with another Member of CRYP, subject to Rule 5.2.

- 5.2 With respect to certain Eligible Instruments identified by CFL and published on the Platform from time to time, any Order that is submitted and which could, upon entry into the Order Book, immediately be executed in accordance with its terms of execution, shall enter the Order Book only after the expiry of a waiting period determined by CFL and published on the Platform from time to time, and such waiting period shall also apply to any requests from you to cancel or amend any such Order.

- 5.3 Your Counterparty:

- 5.3.1 If your Order is successfully matched with another Member, then this Member becomes your Counterparty in that Transaction.
- 5.3.2 CFL does not serve as Counterparty in any Transaction occurring on CRYP.
- 5.3.3 CFL matches all Members anonymously prior to and at the point of execution. Each Member agrees that, once any non-centrally cleared Transaction has been executed, CFL (or its agent) may disclose their identity (including Legal Entity Identifier) to the counterparty solely to facilitate risk management, settlement and regulatory compliance.
- 5.3.4 You can close out a Position by offering to enter into the reverse Transaction on CRYP, provided that a corresponding Counterparty is found.

5.4 Profit & Loss and Collateral

- 5.4.1 CFL calculates the Profit & Loss of your Position based on our Profit & Loss Model.
- 5.4.2 CFL chooses the specifications of the Profit & Loss Model such that it adequately represents the fair market price as expressed by the Mark Price of an Eligible Instrument.
- 5.4.3 Together, (i) the Cryptoassets and/or fiat currency you have deposited into and have not been removed from a given Margin Account, (ii) your realised profit or loss from past Transactions conducted through that Margin Account that have not been removed from the Margin Account, (iii) the unrealised Profit & Loss from your Position in that Margin Account, and (iv) any net realised Funding Rate payments settled in respect of Position(s) in that Margin Account (being Funding Rate amounts received by you, less Funding Rate amounts paid by you, in each case that have been settled), comprise the collateral you have

available to cover potential future losses from your Position(s) and open Orders in connection with that Margin Account ("**Collateral**").

- 5.4.4 It is your responsibility to constantly monitor your Margin Account Equity and ensure that it is equal to or higher than your Maintenance Margin Requirement, for instance by allocating additional Collateral to the Margin Account or closing out part or all of your Position.

5.5 **The Equity Protection Process**

- 5.5.1 Where the Margin Account Equity in a Margin Account falls below the Maintenance Margin Requirement for that Margin Account, CFL shall carry out the process set out in Rule 5.4.2 (the "**Equity Protection Process**"), which seeks to protect your Margin Account from incurring negative Margin Account Equity.

- 5.5.2 Once initiated, the Equity Protection Process performs the following actions in relation to the Margin Account for which it has been triggered, and you consent to allow CFL to undertake these actions on your behalf without any further consent or approval:

- (a) Cancel your open Orders;
- (b) If the conditions for the Partial Liquidation Process set out in Rule 5.4.3 are met, partially liquidate your Position(s) in accordance with the Partial Liquidation Process;
- (c) If the Partial Liquidation Process does not apply to the relevant Position(s), or if the conditions for the Full Liquidation Process set out in Rule 5.4.4 are otherwise met, liquidate your Position(s) in accordance with the Full Liquidation Process;
- (d) If applicable, assign any remaining position according to the Position Assignment Process;
- (e) If applicable, liquidate any remaining position according to the Covered Liquidation Process (linear positions only); and
- (f) If applicable, unwind any remaining position according to the Position Unwind Process.

5.5.3 **Partial Liquidation Process**

- (a) CFL shall initiate the partial liquidation process set out in this Rule 5.4.3 (the "**Partial Liquidation Process**") where:
 - (i) the Margin Account Equity in a Margin Account is less than the Maintenance Margin Requirement but equal to or greater than the Liquidation Margin Threshold for that Margin Account; and
 - (ii) the relevant Position(s) are in Eligible Instruments to which the Partial Liquidation Process applies, as published on the Platform.
- (b) CFL may delay or suspend the Partial Liquidation Process where:
 - (i) trading in the relevant Eligible Instrument has been halted or suspended in accordance with Part III: Rule 2;

- (ii) CFL reasonably determines that initiating the Partial Liquidation Process would be likely to materially impair the orderly functioning of CRYPT; or
- (iii) CFL is required to do so by Applicable Law or at the direction of a Regulator.

Any such delay or suspension shall be for the minimum period necessary in the circumstances, as determined by CFL. CFL shall initiate or resume the Partial Liquidation Process as soon as the relevant circumstances cease to apply. For the avoidance of doubt, nothing in this sub-paragraph (b) prevents CFL from initiating the Full Liquidation Process in accordance with Rule 5.4.4 during any period in which the Partial Liquidation Process has been delayed or suspended

- (c) Upon initiation of the Partial Liquidation Process, CFL shall submit one or more immediate-or-cancel Orders with a limit price equal to the Zero Equity Price to incrementally reduce the Position(s) in that Margin Account until either:
 - (i) the Margin Account Equity of the Margin Account is restored to a level at or above the Maintenance Margin Requirement for all remaining open Position(s) in that Margin Account;
 - (ii) the relevant Position(s) are closed in their entirety; or
 - (iii) the Margin Account Equity of the Margin Account falls below the Liquidation Margin Threshold for that Margin Account, in which case the Full Liquidation Process is initiated in accordance with Rule 5.4.4.

The quantity of each such Order shall be determined by CFL in accordance with the partial liquidation methodology published on the Platform.

- (d) Each Order submitted under the Partial Liquidation Process shall be filled at the best available price(s) at the time of submission and may or may not result in the complete closure of the relevant Position(s), depending on the Orders of other Members sitting in the Order Book at that time.
- (e) A fee (the "**Partial Liquidation Fee**") shall be charged in respect of each Order executed under the Partial Liquidation Process, calculated as follows:
 - (i) Where the Order is executed at a price more favourable than the Zero Equity Price, the Partial Liquidation Fee is the absolute difference between: (A) the lesser of the execution price and the Mark Price, in the case of a sell Order, or the greater of the execution price and the Mark Price, in the case of a buy Order; and (B) the Zero

Equity Price, multiplied by the quantity of the Order executed.

- (ii) Where the Order is executed at a price equal to or less favourable than the Zero Equity Price, no Partial Liquidation Fee is charged.
- (iii) For the avoidance of doubt, the Partial Liquidation Fee shall not exceed the residual Margin Account Equity attributable to the relevant Position after execution of the Order.
- (iv) CFL reserves the right to apply a fee factor to the calculation in sub-paragraph (i) above, as published on the Platform from time to time, which may reduce the Partial Liquidation Fee below the amount that would otherwise be charged. Any fee factor applied under this sub-paragraph shall apply equally to all Members.

5.5.4 Full Liquidation Process

- (a) CFL shall initiate the full liquidation process set out in this Rule 5.4.4 (the "**Full Liquidation Process**") where:
 - (i) in respect of Positions to which the Partial Liquidation Process applies, the Margin Account Equity is less than the Liquidation Margin Threshold for that Margin Account; or
 - (ii) in respect of Positions to which the Partial Liquidation Process does not apply, the Margin Account Equity is less than the Maintenance Margin Requirement for that Margin Account.
- (b) Upon initiation of the Full Liquidation Process, CFL shall submit an immediate-or-cancel Order with a limit price equal to the Zero Equity Price of the Margin Account to the Order Book. This Order shall be filled at the best available price(s) at the time the Full Liquidation Process was initiated and may or may not completely liquidate your Position, depending on the Orders of other Members sitting in the Order Book at that time.
- (c) A fee (the "**Full Liquidation Fee**") shall be charged in respect of each Order executed under the Full Liquidation Process, calculated as a percentage of the Minimum Maintenance Margin for the relevant Eligible Instrument, as published on the Platform, multiplied by the notional value of the executed Order.
- (d) Any Collateral that remains after the Full Liquidation Process shall be allocated to your Margin Account.

5.5.5 Positions are assigned as follows:

- (a) If the Position Liquidation Process does not result in a complete liquidation of your Position, any surviving Position will immediately undergo the Position Assignment Process;

- (b) CFL attempts to assign some or all of your surviving Position to Assignment Counterparty(s) at the Zero Equity Price, allocated among Assignment Counterparties in accordance with paragraphs (c) to (g) below;
- (c) Each Assignment Counterparty may specify a Minimum Profitability Preference, together with such other assignment preferences (including trading symbol, direction, maximum size and maximum total size) as are made available on the Platform from time to time. An Assignment Counterparty that has not specified a Minimum Profitability Preference is treated as having specified the Default Minimum Profitability. A Minimum Profitability Preference may not be set above the limits published on the Platform from time to time;
- (d) Where more than one Assignment Counterparty is eligible to receive a Position (having regard to their assignment preferences), CFL shall assign the Position on a non-discretionary basis in ascending order of Minimum Profitability Preference, such that the Assignment Counterparty(s) with the lowest Minimum Profitability Preference are allocated the Position first. The criteria for determining priority under this paragraph are established and applied identically to all Members, including any Member that is an affiliate of CFL;
- (e) Where two or more Assignment Counterparties share the same Minimum Profitability Preference and the portion of the Position available for assignment at that level is insufficient to satisfy their aggregate preferences, that portion shall be allocated among them equally, subject to each Assignment Counterparty's assignment preferences, in accordance with the methodology published on the Platform from time to time. Where an Assignment Counterparty cannot receive all or part of a Position allocated to it (including by reason of insufficient Margin Account Equity or the application of its own assignment preferences), the unallocated portion shall roll to the Assignment Counterparty(s) with the next lowest Minimum Profitability Preference, and paragraphs (d) and (e) shall apply again as necessary;
- (f) Where a Position is assigned at an Assignment Profitability below an Assignment Counterparty's Minimum Profitability Preference (or, where no preference has been specified, below the Default Minimum Profitability), CFL may apply funds from the Liquidity Pool to make up the shortfall between the actual Assignment Profitability and that Minimum Profitability Preference or the Default Minimum Profitability (as applicable), calculated in accordance with the methodology published on the Platform from time to time. CFL shall not apply the Liquidity Pool to provide an Assignment Profitability in excess of the Default Minimum Profitability. Any subsidy available under this paragraph is available on the same terms to all Assignment Counterparties at a given Minimum Profitability Preference level;
- (g) By definition, any such assignment does not result in the return of any further Collateral to your Margin Account. Instead, such

Collateral is transferred to the Member(s) acting as Assignment Counterparty(s),

together, the **"Position Assignment Process"**.

5.5.6 Positions undergo covered liquidation as follows:

- (a) If the Position Assignment Process does not result in a complete liquidation of your Position, there are sufficient funds in the liquidity pool and the market spread is less than 4%, any surviving Position will immediately undergo the Position Assignment Process;
- (b) CFL places an immediate-or-cancel Order with its price deviation 5% away from best/ask price;
- (c) Any negative balances that result from the covered liquidation execution are covered by funds in the liquidity pool.

together, the **"Covered Liquidation Process"**

5.5.7 Positions are unwound as follows:

- (a) If neither of the Position Assignment Process nor the Covered Liquidation Process results in a complete assignment of your surviving Position, any surviving Position is immediately taken over by the Position Unwind Process;
- (b) Your surviving Position is then unwound at the Zero Equity Price by cancelling out open interest of the same size with Unwind Counterparty(s) that are selected according to the Unwind Counterparty Selection Process;
- (c) By definition, any such unwind does not result in the return of any further Collateral to your Margin Account. Instead, such Collateral is transferred to the Member(s) acting as your Unwind Counterparty(s),

together, the **"Position Unwind Process"**.

5.5.8 Unwind Counterparty(s) are selected as follows:

- (a) Any Positions of any Member in the Eligible Instrument that have the opposite direction of the Position that undergoes the Position Unwind Process are sorted by Degree of Collateralization;
- (b) Starting with the Position with the lowest Degree of Collateralization, all Members that hold any such Position up to the point where the cumulative size of all such Positions is equal to or greater than the size of the Position that undergoes the Position Unwind Process are selected as Unwind Counterparty(s);
- (c) If some or all of your Position is selected in the Unwind Counterparty Selection Process, you agree to allow CFL to unwind your Position as described in Part II: Rule 5.4.7(b) and accept the resulting Collateral as described in Part II: Rule 5.4.7(c),

together, the **"Unwind Counterparty Selection Process"**.

5.5.9 You agree that your Position could be subject to the Unwind Counterparty Selection Process at any time, and you will not hold CFL

liable for any losses or foregone profits that you may suffer as a result of CFL executing the Equity Protection Process.

- 5.5.10 The Position Unwind Process results in a reduction in open interest and an increase in the total Degree of Collateralization of all open Positions in the Eligible Instrument that undergoes a Position Unwind Process.
- 5.5.11 The rules and procedures CFL applies regarding the determination of Profit & Loss, Collateral, Initial Margin Requirement, Maintenance Margin Requirement, Position Liquidation Process, Position Assignment Process, Position Unwind Process and Unwind Counterparty Selection Process are identical for all Members.

6. Pre Trade Information, Post Trade Confirmation, Clearing and Settlement

6.1 Pre Trade Information:

- 6.1.1 Prior to initiating a Transaction, Members may review relevant information relating to an Eligible Instrument through the API, the GUI and the Platform including, but not limited to, the Eligible Instrument's:
 - (a) Contract specifications;
 - (b) Current Order Book, i.e. the collection of unmatched bid and ask Orders at which the Member could transact;
 - (c) Recent Transactions; and
 - (d) Recent Transaction volume.
- 6.1.2 Under certain conditions, certain pre-trade information in relation to an Eligible Instrument might remain undisclosed, provided the trading venue has been granted a Waiver by the relevant Regulator. Information in relation to any Waivers shall be made available to Members on the Platform.

6.2 Post Trade Confirmation:

- 6.2.1 Following a Transaction, Members will be notified immediately of the details of that Transaction including:
 - (a) The Eligible Instrument that was transacted;
 - (b) The quantities that were transacted;
 - (c) The prices at which these quantities were transacted; and
 - (d) The UTC timestamps at which these quantities were transacted.

6.3 Clearing:

- 6.3.1 Before you are able to enter into a Transaction on CRYPT, you are required to post Collateral in relation to any Position that requires Collateral. If a Position results in a financial loss, this Collateral is appropriated to cover that loss.

6.4 Settlement:

Settlement shall be effected in accordance with the provisions in Appendix III.

- 6.4.1 CFL shall not be a party to or be responsible or liable to you or another Member under or in connection with the settlement of any Position.

- 6.4.2 You shall notify CFL promptly upon becoming aware of a failure by you or any other Member to settle any Transaction in accordance with Applicable Law, the Rules, and/or good settlement practice, as the case may be.

7. Fees

- 7.1 The fee schedule for Transactions in the Eligible Instruments is published on the Platform and may be amended from time to time.

- 7.2 We may charge a fee for:

- 7.2.1 Any Orders that are successfully matched and therefore result in a Transaction;
- 7.2.2 Any Transaction that occurs in relation to Final Settlement;
- 7.2.3 Any Transaction that occurs in relation to the Partial Liquidation Process;
- 7.2.4 Any Transaction that occurs in relation to the Full Liquidation Process;
- 7.2.5 Any Transaction that occurs in relation to the Position Assignment Process; and/or
- 7.2.6 Any Transaction that occurs in relation to the Position Unwind Process.

- 7.3 Save in respect of:

- 7.3.1 fees charged under Rule 7.2.3, which are calculated in accordance with Rules 5.4.3(e)(i) to 5.4.3(e)(iii); and
- 7.3.2 fees charged under Rule 7.2.4, which are calculated in accordance with Rule 5.4.4(c),

fees are charged in either Cryptoasset and/or fiat currency and are calculated as a percentage of the matched notional amount of each Transaction.

- 7.4 This fee is charged in either Cryptoasset and/or fiat currency and is calculated as a percentage of the matched notional amount of each Transaction.
- 7.5 The fee percentage may depend on a number of factors, including on whether your Order is Liquidity Taking or Liquidity Providing.
- 7.6 The fee percentage may vary from Member to Member based upon:
 - 7.6.1 Whether a Member is a Market Maker or not;
 - 7.6.2 The historical trading volume generated by a Member; and
 - 7.6.3 The type of Member.

8. Corporate Actions

- 8.1 In connection with any Corporate Action, we shall take such action as we reasonably consider appropriate to reflect the approximate economic effect of such Corporate Action on the relevant Eligible Instrument, including (without limitation):
 - 8.1.1 applying additional Fund Rate payments;

- 8.1.2 adjusting the contract specifications of the relevant Eligible Instrument;
 - 8.1.3 rescaling the size and entry price of your open Positions and the remaining quantity and price of your unfilled Orders;
 - 8.1.4 adjusting the value attributed to your Collateral;
 - 8.1.5 suspending or restricting the ability to submit Orders and/or the matching Orders, suspending trading in the relevant Eligible Instrument; and/or
 - 8.1.6 closing out open Positions.
- 8.2 Any action taken or not taken pursuant to clause 8.1 shall be taken or not taken by CFL consistently in relation to all Members holding a Position or Collateral to which the Corporate Action is relevant.
- 8.3 We do not represent, warrant or guarantee that any action referred to in clause 8.1 taken or not taken will achieve the approximate economic effect of the relevant Corporate Action on the relevant Eligible Instrument, and CFL shall not be liable for any losses or foregone profits that you suffer as a result of any such action taken or not taken.
- 8.4 We will notify you of any action taken pursuant to clause 8.1 as soon as reasonably practicable.

PART III – MARKET INTEGRITY

1. Instrument Eligibility Criteria

- 1.1 CFL determines and periodically reviews the Eligible Instruments which are traded on CRYP. We maintain and periodically update the list of Eligible Instruments on our Platform ("**Eligible Instruments List**").
- 1.2 Instruments must meet minimum eligibility criteria in order to be admitted to trading on CRYP ("**Instrument Eligibility Criteria**"). CFL shall determine the Instrument Eligibility Criteria and make it available on the Platform. CFL reserves the ability to amend the Instrument Eligibility Criteria at any time and without notice. The decision whether or not to admit an Eligible Instruments for trading on CRYP is at the sole discretion of CFL.
- 1.3 CRYP facilitates trading only in the specific Eligible Instruments admitted to trading on CRYP.
- 1.4 The type and nature of financial instruments capable of admission to trading on CRYP includes, but is not limited to the following:
 - 1.4.1 Futures relating to the price of Cryptoassets ("**Cryptoasset Futures**");
 - 1.4.2 Options relating to the price of Cryptoasset Futures ("**Cryptoasset Options**"); and
 - 1.4.3 Futures relating to the price of a Tokenised Asset ("**Tokenised Asset Futures**"); and
 - 1.4.4 Any other category of instrument determined and published on the Eligible Instruments List and/or as otherwise notified to you by CFL from time to time,together, the "**Eligible Instruments**".
- 1.5 All Eligible Instruments that are admitted to trading on CRYP and included on the Eligible Instruments List shall be searchable on the CRYP search facility available via the Platform.

2. Trading Halts and Suspension of Eligible Instruments

- 2.1 CFL may without prior notice temporarily halt or constrain trading on CRYP, or cancel, vary or correct any Transaction, if we reasonably determine that a significant price movement occurred in an Eligible Instrument or there has been any other volatility in an Eligible Instrument on CRYP or a related trading venue during a short period. When taking such measure(s) (including, as applicable, determining the duration of the halt or constraint), CFL shall at all times act in good faith having regard to the nature of the Eligible Instrument, our liquidity profile, types of Members and the possible damage that such measure(s) may cause to the interest of Members.
- 2.2 CFL may suspend or remove one or more particular Eligible Instrument(s) from trading on CRYP if CFL deems it necessary to do so:
 - 2.2.1 To maintain a fair and orderly market on CRYP;
 - 2.2.2 To comply with Applicable Law;
 - 2.2.3 In response to a request from a Regulator;

- 2.2.4 For any other reason at our discretion, such as in response to system disruptions, Corporate Actions, disorderly market conditions, network issues, hosting and cloud computing issues, database errors, software errors, adverse market events, excessive volatility, excessive price moves, or we consider that the instrument no longer meets the Instrument Eligibility Criteria.
- 2.3 Where an Eligible Instrument is suspended or removed from trading, Members are notified of this suspension via the Platform. Any Member that is party to a transaction in relation to such an Eligible Instrument is notified directly.
- 2.4 We shall not use our powers to suspend or remove from trading an Eligible Instrument (including suspending or removing a financial instrument from the Eligible Instruments List) where such step would likely cause significant damage to the interests of Members or the orderly functioning of CRYP.
- 2.5 Upon suspension of trading, CFL shall inform the Regulator of such suspension.

3. **Algorithmic Trading**

- 3.1 Algorithmic Trading on CRYP is subject to:
 - 3.1.1 The prior written consent of CFL; and
 - 3.1.2 Upon request by CFL, the Member completing conformance testing of its Algorithmic Trading system with the systems of CRYP to the satisfaction of CFL.
- 3.2 For the purposes of engaging in Algorithmic Trading, the Member represents and warrants that:
 - 3.2.1 It has in place effective systems and risk controls to ensure that its Algorithmic Trading systems:
 - (a) Are resilient and have sufficient capacity;
 - (b) Abide by applicable Position limits and Order submissions limits;
 - (c) Will not send erroneous Orders that otherwise contribute to a disorderly market; and
 - (d) Cannot be used for any purpose that is contrary to Applicable Law or to the Rules.
 - 3.2.2 It has in place effective business continuity arrangements to deal with any failure of its Algorithmic Trading systems;
 - 3.2.3 Its systems are fully tested and properly monitored to ensure that they meet the requirements in this section;
 - 3.2.4 Its trading algorithms are compliant with Applicable Law;
 - 3.2.5 It properly carries out required pre-trade controls on Order entry for all Eligible Instruments; and
 - 3.2.6 It keeps suitable records in relation to all requirements outlined in this section for 5 years.
- 3.3 A Member deploying Algorithmic Trading must obtain a unique identifier from CFL ("**Algorithmic Trading ID**") for its Algorithmic Trading system and must ensure that any Instruction generated by it is identified by that Algorithmic Trading ID.

- 3.4 It is permissible for a Member to deploy software which utilises API keys to facilitate manual trading through an alternative application ("**Aggregator**"), and this does not constitute Algorithmic Trading. In this case, the Member agrees:
- 3.4.1 To accept all liability from use of an Aggregator and that the use of any such software is at the Member's own risk; and
 - 3.4.2 To ensure that any Aggregator used by the Member which integrates CFL provides the option for a Member to specify that the Instructions are being sent by a person.
 - 3.4.3 When utilising such an Aggregator, to specify that Instructions are executed with human intervention.

4. Prohibited Trading Practises and Market Abuse

- 4.1 You are responsible for ensuring that your activities on CRYP are lawful. In particular, your activities must not constitute Market Abuse under MAR, which prohibits certain activities. Market Abuse under MAR is a civil offence. It is your own responsibility to ensure that your actions do not amount to Market Abuse under MAR, however Appendix II contains a summary of some activities that are prohibited.
- 4.2 It is your responsibility to ensure that your activities on CRYP never constitute criminal behaviour including but not limited to insider dealing, fraud, false or misleading statements and impressions.

5. Market Abuse Monitoring

- 5.1 CRYP employs proprietary and third party software applications and experts to monitor the Instructions received by CRYP and the Transactions resulting of the same for non-compliance with these Rules, disorderly trading and conduct that may amount to Market Abuse.
- 5.2 If a Member engages in Market Abuse or prohibited trading practices, the membership of that Member is terminated in accordance with Part I: Rule 7.1.10. Subject to Applicable Law, CFL will report any breaches of these Rules, disorderly trading conditions and any conduct that may involve Market Abuse to the relevant Regulator and law enforcement authorities (including but not limited to the FCA) and co-operate with the relevant Regulator and law enforcement authorities in respect of the investigation and prosecution of Market Abuse.
- 5.3 CFL may, subject to Applicable Law, disclose information and documents received from the Member in connection with its use of CRYP to the relevant Regulator and law enforcement authorities where such information and documents are required in connection with an investigation, inquiry or proceedings by such authority.

6. Disciplinary Sanctions

- 6.1 CFL may take disciplinary action against you in circumstances including but not limited to:
- 6.1.1 Your breaching of the Rules;

- 6.1.2 Your engaging in conduct that contributes to disorderly trading or any other conduct which may amount to Market Abuse; or
 - 6.1.3 Where you are party to a Suspicious Transaction.
- 6.2 CFL may take any action that we deem necessary or appropriate in the circumstances in order to preserve a fair and orderly market and the integrity of CRYPT, including but not limited to:
 - 6.2.1 Cancellation of all and any outstanding Instructions;
 - 6.2.2 Subject to Applicable Law, reporting any circumstances concerning your conduct on CRYPT to the Regulator;
 - 6.2.3 Suspending or terminating your right to use or access to CRYPT; or
 - 6.2.4 Issuing you with a written warning or private censure.

CFL will, subject to Applicable Law, notify you as soon as reasonably practical, of any action we have decided to take against you under this Part III: Rule 6 (the "**Disciplinary Notice**").
- 6.3 You may appeal a decision made by CFL giving your reasons for appeal and any information relevant to the appeal. Any appeal must be made in writing, provide sufficient particulars of the basis for the appeal and be submitted to CFL within 10 business days of receiving the Disciplinary Notice from CFL.
- 6.4 CFL shall consider your appeal and shall endeavour to notify you of our decision within 10 business days of the date of our receipt of your appeal. The decision of CFL shall be final.
- 6.5 CFL shall not be liable for any losses or foregone profits that you suffer as a result of a decision to impose, or not to impose, any disciplinary action.

PART IV – COMMUNICATIONS, DATA AND REPORTING

1. Communications

- 1.1 CFL and other Members are entitled to rely on any Instruction that CRYP or the Platform records as having been given or made by you, or on your behalf by one of your Authorised Persons. You agree to be bound by any obligations arising from those Instructions, including any Transaction entered into.
- 1.2 All Instructions are transmitted at your own risk and in such manner as may be specified by CFL. CFL is not liable for any loss suffered as a result of any Instruction not being received or being received incorrectly by CFL or CRYP or any Instruction not being acted upon or being acted upon incorrectly by CFL or CRYP.

2. Transaction Reporting

- 2.1 Each Member is responsible for any disclosure, reporting and/or filing requirements that may arise for such Member under Applicable Law in connection with the Members activities on CRYP.
- 2.2 CFL is responsible for complying with all transaction reporting obligations applicable to us in our capacity as the operator of CRYP.
- 2.3 The Member must provide such information reasonably requested by CFL which is necessary to enable us to discharge our transaction reporting obligations in accordance with Applicable Law.

3. Recordkeeping of Instructions, Transactions, and Inquiries

- 3.1 CFL may record and retain telephone conversations and electronic correspondence between CFL and Members that take place over CRYP or through the Platform. The Member hereby consents to such recordings and retention. Such recordings shall be and shall remain the sole property of CFL.

4. Data Protection

- 4.1 Any data about you, including any personal data which we hold and process as a result of the Rules shall be protected and dealt with in accordance with our Privacy Policy as updated on the Platform from time to time.
- 4.2 CFL fully complies with Applicable Law and regulations regarding data privacy and information security, including, but not limited to, the General Data Protection Regulation.

PART V – OTHER

1. Custody of Member Funds

- 1.1 Fiat currency deposited by Members will be held as client money in accordance with the FCA Rules, including CASS 7 and all applicable subsections, as further set out in the Membership Agreement. In particular:
 - 1.1.1 Funds are stored either in qualifying bank accounts in the Member's name or in a bank account that is segregated from CFL's own assets;
 - 1.1.2 Continuous internal reconciliations are conducted in accordance with CASS 7.16;
 - 1.1.3 Daily synchronisations of currency balances are conducted to externally reconcile in accordance with CASS 7.15.
- 1.2 Cryptoassets under UK law are not 'money' and therefore are not 'client money'.
- 1.3 Your Cryptoasset balance will be held by CFL or a Third Party appointed by CFL or with whom CFL has a supported integration as further described in the Membership Agreement and on the Platform.
- 1.4 CRYP retains the right to withhold crediting of fiat currency and cryptoasset deposits indefinitely when required to do so under Applicable Law and instructed to do so by a relevant Regulator or law enforcement agency.

2. Your Obligations

- 2.1 You agree that you are required to, on an on-going basis:
 - 2.1.1 Satisfy the Member Eligibility Criteria;
 - 2.1.2 Satisfy the Admission Criteria;
 - 2.1.3 Ensure that you comply at all times with the requirements of the Rules, the Membership Agreement and any Notices;
 - 2.1.4 Ensure that you comply with and satisfy any requirements in relation to CFL's anti money laundering and know-your-Member policies and procedures from time to time;
 - 2.1.5 Ensure any Log In Credentials provided to you or any Authorised Person relating to you by CFL are kept confidential to such individual and not disclosed to any other person;
 - 2.1.6 If applicable, ensure that you have established appropriate organisational procedures and have systems and controls in place to supervise any of your Authorised Persons;
 - 2.1.7 Co-operate with CFL and any Regulator in relation to any query or investigation regarding CRYP;
 - 2.1.8 Be responsible for ensuring that any information that you submit to CFL or CRYP is, and continues to be, complete, accurate and up-to-date;
 - 2.1.9 Ensure that you trade in an orderly manner, to prevent erroneous Transactions and to ensure on-going compliance with, and prevent breaches of, Applicable Law (including but not limited to laws prohibiting Market Abuse) and the Rules;

- 2.1.10 Have the legal and regulatory capacity to enter into Transactions; and
- 2.1.11 Procure that any Authorised Person shall operate in compliance with the Rules.
- 2.2 You must notify CFL promptly upon becoming aware of any of the following:
 - 2.2.1 If the information you have provided to CFL in the On-Boarding Documentation ceases to be complete, accurate and up-to-date;
 - 2.2.2 Any breach of the Rules or any event, act or omission which may affect your ability to comply with the Rules or which may impair a fair and orderly market on CRYP;
 - 2.2.3 Any litigation or enforcement action which could impair your ability to comply with the Rules (where such disclosure is permitted by law or any relevant regulatory authority);
 - 2.2.4 Your being subject to any Insolvency Event;
 - 2.2.5 Any of your Log In Credentials being lost, stolen or compromised;
 - 2.2.6 If applicable, any application or notification by you to a relevant regulatory authority in respect of a direct or indirect change in ownership or control; or
 - 2.2.7 Any other material event or matter of which CFL might reasonably expect to be made aware.
- 2.3 Any notifications from you to us shall be directed to mtf-onboarding@kraken.com.
- 2.4 If you appoint any Authorised Person you shall be fully liable for any acts and omissions carried out by them. CFL shall not be liable for any losses or foregone profits that you may suffer as a result of the acts or omissions of any Authorised Person.

3. CFL's Obligations

- 3.1 CFL shall use reasonable efforts to:
 - 3.1.1 Make CRYP available to you, subject to the provisions of the Rules, and Applicable Law; and
 - 3.1.2 Operate and maintain CRYP in accordance with the Rules and Applicable Law.

4. Indemnity & Exclusion of Liability

- 4.1 The liability of CFL in relation to CRYP is stated in the applicable Membership Agreement.

5. Material Interests and Conflicts

- 5.1 CFL, including any employees, will not trade on CRYP. For more details see the Conflicts of Interest Policy.

6. Complaints

- 6.1 The complaints policy of CFL is described in the Membership Agreement.

7. Variation

- 7.1 CFL may in our absolute discretion, and at any time, supplement, amend, or replace the Rules partially or wholly.
- 7.2 You shall be notified of any such change to the Rules with reasonable prior notice for any material changes. Such notification may be made by letter, e-mail or notice on CRYP or the Platform describing the relevant changes or by sending an electronic copy of the amended Rulebook ("**Notice**"). CFL may make any non-material changes without prior notice.
- 7.3 Any such Notices shall supplement and form part of the Rules effective from the date specified in the Notice. Your continued participation on CRYP following the expiry of the notice period stated in the relevant Notice constitutes your deemed acceptance of the amendments and acknowledgement of the revised Rulebook. In the event there is no express notice period in a Notice, the effective date of any proposed amendment shall be the date 5 business days from the date of the Notice.

8. Survival and Governing Law

- 8.1 Without prejudice to any provisions of other documents which are expressed to survive the termination of a Member's participation on CRYP, Part III: Rule 6 (Disciplinary Sanctions), Part IV: Rule 4 (Data Protection), and Part V: Rule 6 (Complaints) survive the termination of your participation on CRYP.
- 8.2 The Rulebook and all non-contractual or other obligations arising out of or in connection with it shall be governed and interpreted in accordance with the laws of England and Wales. Any dispute arising out of or in connection with the Rulebook shall be subject to the exclusive jurisdiction of the courts of England and Wales.

APPENDIX I – CLEAR ERROR TRADE POLICY

1. Definitions

1.1 Capitalised terms in this Appendix I shall have the same meaning as given in the Rulebook unless expressly stated otherwise.

1.2 For the purposes of this Appendix I the following definitions apply:

"Clear Error Trade" means a Transaction which has been executed (i) at a price that is substantially different to, or inconsistent with, the market price for that Eligible Instrument at the time of execution, and/or (ii) on terms (e.g. price or size) that would, in Crypto Facilities' reasonable view, be entered or calculated in error in the circumstances or would otherwise be detrimental to market integrity on CRYP;

"Clear Error Trade Powers" has the meaning given in paragraph 2.6 of this Appendix I;

"System Disruption or Malfunction" means (i) any disruption, malfunction or technical failure of CRYP or the Platform, including any electronic communications, which results in a Transaction being incorrectly processed by CRYP; or (ii) any incorrect, stale or otherwise erroneous reference data incorporated into or used by CRYP.

2. Erroneous Transaction Process

2.1 In order to promote the integrity of CRYP, Crypto Facilities uses the Clear Error Trade Policy to address trade errors and disputes for all Transactions.

2.2 Subject to this paragraph, Crypto Facilities may conduct a review of a Transaction to determine whether such Transaction is a Clear Error Trade either:

2.2.1 At the request of a Member to a Transaction within 6 hours of the execution of a Transaction;

2.2.2 At Crypto Facilities' own discretion; and/or

2.2.3 Otherwise in accordance with Applicable Law.

2.3 Crypto Facilities may determine in our sole discretion that the circumstances of a Transaction warrant a Transaction review regardless of whether or not a review request has been submitted.

2.4 Crypto Facilities considers each Transaction review request on a case-by-case basis. In determining whether a Transaction is a Clear Error Trade, Crypto Facilities may utilise such information and consult with any relevant parties or Members that we deem appropriate, including, without limitation:

2.4.1 The review request (if applicable);

2.4.2 Transactions on CRYP which occurred prior to and following the alleged erroneous Transaction;

2.4.3 Indicative pricing either available on CRYP or sourced from third parties;

2.4.4 Crypto Facilities' in-house market knowledge and expertise;

2.4.5 Any recorded communication of Transaction terms;

2.4.6 Any electronic or other communication in connection with the Transaction may also be a significant consideration in determining

whether such Transaction is considered Clear Error Trade or the result of a System Disruption or Malfunction; and/or

- 2.4.7 Any other information Crypto Facilities deems to be relevant in the circumstances.
- 2.5 We shall use our reasonable efforts to resolve any issue arising in connection with a Transaction review and shall promptly notify you and any other relevant Members of any final determination that we make by email to the email address you have provided to us.
- 2.6 In the event Crypto Facilities determines that the Transaction is a Clear Error Trade or is the result of a System Disruption or Malfunction, Crypto Facilities may: (i) break the Transaction; (ii) modify the terms of the Transaction (subject to the consent of the parties to the applicable Transaction); or (iii) cancel the Transaction ("**Clear Error Trade Powers**").
- 2.7 If Crypto Facilities determines a Transaction should be cancelled in accordance with this Appendix I, the relevant Members and Crypto Facilities shall take such steps as may be necessary to affect such cancellation.
- 2.8 Crypto Facilities shall not be liable for any losses that you may suffer as a result of a decision to review, or not to review, a Transaction; or to use, or not to use, our Clear Error Trade Powers. Crypto Facilities reserves the right, in our sole discretion, not to declare a Transaction to be Clear Error Trade in markets too volatile or too illiquid to discern the true market level of the Eligible Instrument at the time.
- 2.9 In all circumstances, the Transaction shall remain the obligation of the relevant Members who are a party to the Transaction until Crypto Facilities notifies the Members by email that the Transaction has been adjusted or cancelled pursuant to this Appendix I.

3. Review Process

- 3.1 To request a review of a Transaction, a Member to the applicable Transaction must notify Crypto Facilities via email to mtf-onboarding@kraken.com within 6 hours of execution of the Transaction. Review requests must include the following information:
 - 3.1.1 Execution(s);
 - 3.1.2 Name of the relevant instrument;
 - 3.1.3 Spread/Price(s);
 - 3.1.4 Side (bought or sold); and
 - 3.1.5 Factual basis for believing that the execution is either clearly erroneous or the result of a System Disruption or Malfunction, or other.
- 3.2 Upon receipt of a request from a Member to review a Transaction, Crypto Facilities shall notify, by telephone or email, the other Member(s) that acted as counterparty to the Transaction of the details of such request.
- 3.3 The party requesting a review of a Transaction may withdraw its request via email to mtf-onboarding@kraken.com at any time prior to the time Crypto Facilities notifies the parties to the Transaction of our final determination.
- 3.4 In the event that a trade review is initiated later than 6 hours after the trade, Crypto Facilities may nonetheless, in our discretion, attempt to get a mutually



agreed upon price adjustment or trade cancellation from the counterparties to each trade.

4. Variation

- 4.1 Crypto Facilities reserves the right to modify this Appendix I from time to time at our sole discretion in accordance with Part V: Rule 7. Your continued use of CRYPT shall constitute your acceptance of such modifications, and of Crypto Facilities' Clear Error Trade Powers.

APPENDIX II – MARKET ABUSE GUIDANCE

1. Introduction

- 1.1 All Members of CRYP are required to ensure that their actions do not amount to Market Abuse.
- 1.2 This Appendix II sets out some guidance about the types of activities relating to CRYP which are prohibited under MAR, however in no circumstances should this Appendix II be taken to be advice to you or as giving confirmation that you may or may not be carrying on any prohibited activity on CRYP.
- 1.3 If you are in any doubt as to your position, you should seek your own legal advice.

2. Insider Dealing

2.1 Inside information and insider dealing:

2.1.1 You must not, in relation to Eligible Instruments:

- (a) engage or attempt to engage in insider dealing;
- (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or
- (c) unlawfully disclose Inside Information.
- (d) “**Inside Information**”, in summary, means:
 - (i) Information of a precise nature, which has not been made public;
 - (ii) Relating, directly or indirectly, to one or more issuers or to one or more Eligible Instruments; and
 - (iii) Which, if it were made public, would be likely to have a significant effect on the prices of those Eligible Instruments or on the price of related derivative Eligible Instruments.

2.1.2 You must not use Inside Information to:

- (a) Acquire or dispose of (including an attempt to acquire or dispose of) Eligible Instruments to which that information relates; or
- (b) Cancel or amend (including an attempt to cancel or amend) an Order concerning an Eligible Instrument to which the information relates where the Order was placed before you possessed the Inside Information.

2.1.3 Where you carry out one of the activities above when in possession of Inside Information, it shall be presumed that insider dealing took place.

2.2 Recommending another to insider deal:

2.2.1 You must not, on the basis of Inside Information:

- (a) Recommend that another person acquires or disposes of Eligible Instruments to which that information relates, or induce that person to make such an acquisition or disposal; or

- (b) Recommend that another person cancels or amends an Order concerning an Eligible Instrument to which that information relates or induce that person to make such a cancellation or amendment.

2.3 Unlawful disclosure of Inside Information:

- 2.3.1 You must not, except in the normal exercise of your employment, profession or duties disclose Inside Information to any other person.
- 2.3.2 The onward disclosure of any recommendation/inducement received by a person (in breach of insider dealing rules) shall be considered an unlawful disclosure of Inside Information where the person onward disclosing it knows or ought to know that it was based on Inside Information.

2.4 Legitimate behaviour:

- 2.4.1 There are certain circumstances where the mere possession of Inside Information shall not be deemed to indicate that you used such information to engage in insider dealing, but these circumstances are limited. The following are examples of legitimate behaviour, that shall not be seen as insider dealing:
 - (a) Where a person in possession of Inside Information is authorised to execute the Order on behalf of third parties and the acquisition/disposal of Eligible Instruments to which that Order relates, is made to carry out such an Order legitimately in the normal course of the exercise of that person's employment, profession or duties; or
 - (b) Where a person in possession of Inside Information conducts a transaction to acquire or dispose of Eligible Instruments and that transaction is carried out in the discharge of an obligation that has become due in good faith and not to circumvent the prohibition against insider dealing and always provided:
 - (i) That obligation results from an Order placed, or an agreement concluded, before the person concerned possessed Inside Information; or
 - (ii) That transaction is carried out to satisfy a legal or regulatory obligation that arose before the person concerned possessed Inside Information.

3. Offense of Market Manipulation

3.1 You must not engage or attempt to engage in the market manipulation of Eligible Instruments.

3.2 Non-exhaustive examples of prohibited activities:

- 3.2.1 Entering into a transaction, placing an Order to trade or any other behaviour which:
 - (a) Gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, the instrument in question; or
 - (b) Secures, or is likely to secure, the price of one or several instruments at an abnormal or artificial level,

unless you can establish that such actions have been carried out for legitimate reasons and conform with an accepted market practice.

- 3.2.2 Entering into a transaction, placing an Order to trade or any other activity or behaviour which affects or is likely to affect the price of one or more instruments in question, which employs a fictitious device or any other form of deception or contrivance.
 - 3.2.3 Disseminating information which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of the instrument in question or is likely to secure its price at an abnormal or artificial level, including the dissemination of rumours, where you knew, or ought to have known, that the information was false or misleading.
 - 3.2.4 Engaging in any course of conduct which creates a false or misleading impression as to the market in or the price or value of any relevant investment such as Contracts trading on the Exchange.
 - 3.2.5 Originating or circulating rumours of a sensational nature which have not already been widely circulated in the market, where there is no legitimate reason for doing so.
 - 3.2.6 Making a false or misleading statement or concealing facts with the intention of inducing, or being reckless as to whether making the statement or concealing the facts may induce another person (whether or not the person to whom the statement was made) to:
 - (a) Enter into or offer to enter into, or to refrain from entering or offering to enter into, a relevant agreement relating to Eligible Instruments; or
 - (b) To exercise, or refrain from exercising, any rights conferred by a relevant investment in Eligible Instruments.
 - 3.2.7 Placing Orders which you do not desire to be actually filled.
 - 3.2.8 Intentionally transacting between accounts with the same ultimate beneficial owner.
 - 3.2.9 Transacting with the objective of unduly influencing prices.
- 3.3 Accepted market practices:
- 3.3.1 The prohibition of market manipulation shall not apply where the acts/omissions have been carried out for legitimate reasons and in conformity with an accepted market practice established by the competent authority in the relevant EU member state.

APPENDIX III – SETTLEMENT

General

1. Scope and Applicability

- 1.1. This Appendix III applies to the settlement of transactions in Eligible Instruments between:
 - 1.1.1. two Members who each utilise the CFL infrastructure for client money and crypto asset custody (each a "**CRYP Custody Member**"); or
 - 1.1.2. a CRYP Custody Member and a ClearLoop Client; or
 - 1.1.3. two ClearLoop Clients.
- 1.2. These provisions are subject to and form part of the Membership Agreement and Rulebook. Capitalised terms used but not defined in this Schedule have the meanings given in the Rulebook or Membership Agreement.

2. Initiation of Settlement

- 2.1. CFL initiates a settlement in response to:
 - 2.1.1. Any Transaction occurring that results in the increase or closing out of some or all of a Member's Position, including, without limitation, as a result of a Transaction that occurred according to the Order Matching Process, the Position Liquidation Process, the Position Assignment Process or the Position Unwind Process (a "**Close Out Transaction**");
 - 2.1.2. A Position being held to Final Settlement (a "**Final Settlement Transaction**"); or
 - 2.1.3. Hourly changes to the applicable Funding Rate, or additional Funding Rate payments in connection with a Corporate Action, in connection with a Position (a "**Funding Rate Transaction**").

Final Settlement and Close Out Transactions

3. Determination of Final Settlement or Close Out Amount

- 3.1. Upon a Final Settlement Transaction, Close Out Transaction or Funding Rate Transaction occurring in respect of a Position in an Eligible

Instrument:

- 3.1.1. CFL shall calculate (i) the Profit & Loss of the relevant Transaction based on the prices at which the Position was opened and closed, the size of that Position, and the contract specifications of the Eligible Instrument in which the Position was held (the **"Final Settlement Payment Amount"** or **"Close Out Payment Amount"**, as applicable) or (ii) the Funding Rate payable by one Member to another and notified to the relevant Members (and such notice shall confirm which Member is the "paying Member" and which Member is the "receiving Member") (a **"Funding Rate Payment Amount"**);
- 3.1.2. With respect to Final Settlement Payment Amounts or Close Out Payment Amounts, an obligation for the payment of the Final Settlement Payment Amount or Close Out Payment Amount shall arise and be immediately due and payable from the Member whose Position was closed in loss to the Member whose Position was closed in profit, in each case as determined by CFL pursuant to clause 3.1.1 of this Appendix III. With respect to Funding Rate Payment Amounts, an obligation for the payment of the Funding Rate Payment Amount shall arise and be immediately due and payable from the paying Member to the receiving Member, as determined and notified by CFL pursuant to clause 3.1.1 of this Appendix III.

Settlement Mechanics

4. Scope and Channels

- 4.1. Clauses 4 and onwards of Appendix III govern how CFL (and Copper, where applicable) effects settlement of Final Settlement Payment Amounts, Close Out Payment Amounts or Funding Rate Payment Amounts (each a **"Settlement Amount"**).
- 4.2. Settlement may occur via:
 - 4.2.1. CFL custody ledger (where both parties are CFL Custody Members); or
 - 4.2.2. Copper ClearLoop (where one or both parties are ClearLoop Clients, with respect only to amounts to be settled using Cryptoassets);
- 4.3. Settlement shall proceed only to the extent that the Member obliged to make the relevant delivery or payment holds sufficient Collateral of the type specified as the settlement currency or settlement Cryptoasset in the applicable contract specifications for the Eligible Instrument (each a

"Settlement Asset").

4.4. For the avoidance of doubt:

- 4.4.1. Where the relevant Eligible Instrument is contractually settled in fiat currency (e.g. USD), the Member must hold a sufficient beneficial interest in relation to that type of fiat currency pursuant to the CFL Client Money Trust;
- 4.4.2. Where the Eligible Instrument is contractually settled in a Cryptoasset (e.g. BTC), the Member must hold a sufficient beneficial interest in relation to that type of crypto asset pursuant to the CFL Cryptoasset Trust.

5. Scenario A — Both Parties Are CFL Custody Members, Or Either Or Both Parties Are ClearLoop Clients But The Settlement Asset Is A Fiat Currency

5.1. Settlement shall be effected by CFL:

- 5.1.1. Calculating the Settlement Amount in the relevant Settlement Asset; and
- 5.1.2. Adding such amount to, or deducting such amount from, as the case may be, the Member's Collateral in which the Position resided, in each case by way of adjustments in CFL's internal ledger to the respective beneficial interests of the Member and the Counterparty under the CFL Cryptoasset Trust or the CFL Client Money Trust, as applicable, whereby the addition of an amount increases the Member's beneficial interest, and the deduction of an amount decreases the Member's beneficial interest.

5.2. No on-chain transaction or movement of crypto assets is required for settlement under this model. Each Member's beneficial interest is transferred through CFL's internal book entries that modify each Member's beneficial entitlement under the CFL Cryptoasset Trust or the CFL Client Money Trust, as applicable. Once the relevant book-entry is recorded within CFL's internal ledger, the settlement obligation is discharged.

6. Scenario B — CFL Custody Member vs ClearLoop Client And The Settlement Asset Is A Cryptoasset

6.1. Settlement of Cryptoasset amounts between a CFL Custody Member and a ClearLoop Client shall be effected by:

- 6.1.1. CFL calculating the Settlement Amount in the relevant Settlement Asset;

- 6.1.2. CFL communicating the relevant Settlement Amount to Copper, together with such Position, account, and settlement data as Copper reasonably requires pursuant to the ClearLoop Documentation. CFL's determination of the Settlement Amount provided to Copper (including but not limited to where that Settlement Amount is determined following application of the Equity Protection Process) is final and binding;
 - 6.1.3. CFL transfers Cryptoassets equal to the relevant Settlement Amount in the relevant Settlement Asset to the CFL Sub-Custody Account;
 - 6.1.4. Copper acting, pursuant to the ClearLoop Documentation, on CFL's instructions communicated pursuant to clause 6.1.2 to give effect to the resulting transfers by book-entry between the relevant ClearLoop Client Accounts and the CFL Sub-Custody Accounts.
- 6.2. Where a Settlement Amount is owed to a ClearLoop Client by a CFL Custody Member:
- 6.2.1. CFL shall procure that Copper, pursuant to the ClearLoop Documentation, records a transfer of the relevant Settlement Asset from the CFL Sub-Custody Account to the ClearLoop Client Account, by way of book-entry adjustment to the respective ClearLoop Beneficial Interests of the ClearLoop Client and CFL, thereby reducing CFL's ClearLoop Beneficial Interest and increasing the ClearLoop Client's ClearLoop Beneficial Interest in each case in an amount equal to the Settlement Amount; and
 - 6.2.2. As near to simultaneously as practicable with, and in any case prior to, the adjustments referred to in clause 6.2.1, CFL shall reflect in CFL's internal ledger a debit of such amount of the relevant CFL Custody Member's beneficial entitlement under the CFL Cryptoasset Trust as is equal to the amount of the Settlement Amount.
 - 6.2.3. Settlement completes when Copper confirms the ClearLoop transfer and CFL records the matching entry and notifies the same to Copper.
- 6.3. Where a Settlement Amount is owed to a CFL Custody Member by a ClearLoop Client:
- 6.3.1. CFL shall procure that Copper, pursuant to the ClearLoop Documentation record a transfer of the relevant Settlement Asset from the ClearLoop Client Account to the CFL Sub-Custody Account, by way of book-entry adjustment to the respective ClearLoop Beneficial Interests of the ClearLoop Client and CFL, thereby reducing the ClearLoop Client's ClearLoop Beneficial Interest and

increasing CFL's ClearLoop Beneficial Interest in each case in an amount equal to the Settlement Amount.

- 6.3.2. As near to simultaneously as practicable with, and in any case prior to, the adjustments referred to in clause 6.3.1, CFL shall reflect in CFL's internal ledger a credit of such amount of the relevant CFL Custody Member's beneficial entitlement under the CFL Cryptoasset Trust as is equal to the amount of the Settlement Amount.

- 6.4. Settlement completes when Copper confirms the ClearLoop transfer and CFL records the matching entry and notifies the same to Copper.

7. Scenario C — Both Parties Are ClearLoop Clients And The Settlement Asset Is A Cryptoasset

- 7.1. Settlement of Cryptoasset amounts between two ClearLoop Clients shall be effected by:

- 7.1.1. CFL calculating the Settlement Amount in the relevant Settlement Asset;

- 7.1.2. CFL communicating the relevant Settlement Amount to Copper, together with such Position, account, and settlement data as Copper reasonably requires pursuant to the ClearLoop Documentation. CFL's determination of the Settlement Amount provided to Copper (including but not limited to where that Settlement Amount is determined following application of the Equity Protection Process) is final and binding.

- 7.1.3. CFL shall procure that Copper acts, under the ClearLoop framework, on CFL's instructions communicated pursuant to clause 7.1.2 as settlement agent to give effect to the resulting transfer of the relevant Settlement Asset from one ClearLoop Client Account, by way of book-entry adjustment to the respective ClearLoop Beneficial Interests of the two ClearLoop Clients, thereby reducing the ClearLoop Beneficial Interest of the transferor ClearLoop Client and increasing the ClearLoop Beneficial Interest of the transferee ClearLoop Client in each case in an amount equal to the Settlement Amount.

- 7.2. Settlement completes when Copper confirms to CFL that the transfer of the relevant Settlement Asset is reflected in its books and records.

8. Finality

- 8.1. Settlement is final and irrevocable when the transfer of the relevant Settlement Amount between Counterparties is recorded on:

- 8.1.1. CFL's books and records, with respect to Scenario A;
 - 8.1.2. Copper's and CFL's books and records, and CFL notifies Copper of its book entry with respect to Scenario B; or
 - 8.1.3. Copper's books and records and Copper confirms this to CFL, with respect to Scenario C.
- 8.2. At the point at which settlement is final and irrevocable pursuant to clause 8.1, the transferor is discharged, and the transferee is deemed to have received the Settlement Amount in full satisfaction of its entitlement.

9. Settlement Failures and Disruptions

- 9.1. Each CRYPT Custody Member and ClearLoop Client must ensure that, by the applicable settlement window or deadline, it holds sufficient Settlement Assets in the relevant account (for a CRYPT Custody Member, within CFL custody available to be moved to a CFL Sub-Custody Account; for a ClearLoop Client, within its ClearLoop Client Account).
- 9.2. If the payer lacks sufficient Settlement Assets of the required type by the deadline, settlement may be delayed or fail. Without limiting other remedies available under the Rulebook or the Settlement provisions, CFL may:
- 9.2.1. Suspend, restrict or condition the Member's trading access; and/or
 - 9.2.2. Invoke any applicable equity-protection or close-out process.
- 9.3. CFL shall not be liable for delay or failure attributable to Member fault, operational disruption to custody systems, blockchain disruption or congestion, or legal constraint affecting the Settlement Asset or the Member's entitlement thereto.
- 9.4. If CFL, Copper or the relevant blockchain is disrupted, CFL may defer or queue settlement instructions to the next available window or deadline.

10. Records and Evidence

- 10.1. CFL shall maintain records evidencing:
- 10.1.1. Settlement Amounts;
 - 10.1.2. instructions sent to Copper;

- 10.1.3. confirmations from Copper; and
 - 10.1.4. related book-entries.
- 10.2. Entries and confirmations recorded by CFL and Copper are conclusive evidence of settlement, absent manifest error. To the extent that CFL and Copper record conflicting entries and confirmations CFL shall use best endeavours to coordinate with Copper to reconcile such conflicting entries and confirmations.