

## OTCXN OPERATING RULES

### I. ADMINISTRATION

These Operating Rules govern the access to and use of software and services provided by OTCXN, Inc. (“OTCXN” or the “Company”) for the automated facilitation of trades for the conclusion of spot foreign exchange and spot cryptocurrency transactions (the “the OTCXN Solution”) by users approved by OTCXN (each such user a “Participant”). These Operating Rules also detail the rights and obligations of each financial institution with which a Participant has entered into a written agreement and to whom OTCXN has granted access to the OTCXN Solution (each a “Sponsoring Firm”). Each Participant must have entered into a written agreement with OTCXN (“Platform Agreement”) before accessing or using the OTCXN Solution. Any references to the “OTCXN Platform,” “Platform,” or “Services” in any Platform Agreement shall be deemed to be a reference to the OTCXN Solution, as such term is used in these Operating Rules.

All Participants are required to use the OTCXN Solution only in accordance with the applicable Platform Agreement and these Operating Rules. Failure to comply with these requirements may result in errant order entry and failure of Transaction executions, and subject the Participant to suspension or termination under the Platform Agreement. Schedule 1, attached hereto, applies to Participants using the OTCXN Solution for spot FX.

### II. ORDERS

Orders initiated through the OTCXN Solution will be automatically matched with corresponding orders that meet the order criteria. Matched orders will be settled by Participants in accordance with their terms, each a “Transaction.” Transactions that are effected via the OTCXN Solution shall be deemed transactions of the Participants, and, if applicable, of a Sponsoring Firm that authorizes the Participant to enter into the Transaction in the name or for account of such Sponsoring Firm, subject to acceptance by such Sponsoring Firm. All Transactions must comply with the restrictions and obligations set forth herein and limits established by the applicable Sponsoring Firm (“Trading Limits”). Participants shall be responsible for all orders placed by them, regardless of whether its Sponsoring Firm has accepted the Transaction as a trade binding on the Sponsoring Firm or the applicable Sponsoring Firm has refused to settle the Transaction.

If the Company believes, based on facts reasonably available to it, that a Transaction is in violation of applicable law or regulations, of these Operating Rules, or the applicable Platform Agreement, OTCXN may, by carrying out the relevant entries or requiring the Participants to carry out countervailing transactions in the OTCXN Solution, eliminate the Transaction resulting in the trade not settling, without liability for any such action or failure to act.

### **III. SUSPENSION OR DISCONTINUANCE OF USE**

If the Company believes, based on facts reasonably available to it, that violations of these Operating Rules or laws or regulations or a breach of any agreement between the Company and a Participant that relates to the use of the OTCXN Solution by the Participant is occurring or that other irregularities exist that may impair trading on and/or efficient operation of the OTCXN Solution, OTCXN may temporarily suspend or permanently discontinue the access of the applicable Participants or it may suspend the operations of the OTCXN Solution.

In the event a Sponsoring Firm notifies the Company that it is no longer willing to authorize Transactions of a Participant, the Company will suspend such Participant's access to and use of the OTCXN Solution. Such suspension shall remain in effect until the Sponsoring Firm notifies the Company that it is again willing to authorize the Participant to enter into Transactions in the account and on behalf of the Sponsoring Firm.

### **IV. TRADING LIMITS**

A Participant may not engage in any trading activity that would result in violation of a Trading Limit, including exceeding a credit or position limit. If a Participant exceeds the credit limit or position limit established by its Prime Broker, or fails to comply with any other Trading Limit established by its Primer Broker, the Company has the right to suspend Participant's access to the OTCXN Solution until such time when Participant's Prime Broker notifies the Company that the Participant may resume trading.

If a Participant does not comply with Trading Limits (e.g., exceeds a credit limit) and the Prime Broker refuses to accept the Transaction for that reason or any other reason, then the Company may, by carrying out the relevant entries in the OTCXN Solution, break the Transaction, and the Company shall have no liability with respect to such action or failure to take such action.

### **V. USE OF DATA**

Data accessed through the OTCXN Solution shall only be used by the Participants and Sponsoring Firms for their internal use, for purposes of conducting Transactions, and settlement of Transactions. Transmission of such data to third parties or use of such data for any purpose except as necessary for trading on the OTCXN Solution, settling Transactions outside of the OTCXN Solution, or to comply with regulatory requirements is prohibited without the prior consent of Company.

## **VI. HOURS OF OPERATION**

The OTCXN Solution for spot FX will be available for use during the following hours: Sunday, 3:00 PM Eastern Time through Friday, 5:00 PM Eastern Time. The Company will exercise all reasonable efforts to schedule maintenance outside of these operating hours, but circumstances may arise that require maintenance during the aforementioned hours of operation. Availability of the OTCXN Solution may also be subject to circumstances beyond the reasonable control of the Company, including, without limitation, failure of third party services, telecommunications errors, power outages, government intervention.

The OTCXN Solution for digital assets will be available for use twenty-four hours per day, every day of the calendar year, subject to scheduled maintenance, remediation of unforeseen systems issues, and circumstances beyond the reasonable control of the Company, including, without limitation, failure of third-party services, telecommunications errors, power outages, government intervention.

## **VII. IRREGULARITIES**

All questions as to the validity, terms or eligibility of any order or Transaction shall be determined by the Company, which determination shall be final and binding.

The Company reserves the right to reject all or any orders that do not comply with these Operating Rules, or to waive any Operating Rule. The Company shall use reasonable efforts, but shall be under no duty, to give Participants or Sponsoring Firms notice of any irregularities in an order placed on the OTCXN Solution.

## **VIII. CLEARLY ERRONEOUS TRANSACTIONS**

A. An execution of an order at a price substantially different from, or inconsistent with, the prevailing market for a given asset or currency pair on a trading day or outside the traded range for a given asset or currency pair for a particular moment in time may be deemed by the Company a “Clearly Erroneous Transaction”. Any order executed at a different price than the wholesale market best bid/offer or any other exchange, trading venue or index price deemed appropriate as a reference rate by the Company shall not be deemed to be erroneous solely because it was executed at such different price, provided that the price was within the trade range in the market at the time the trade was executed. In determining whether an order is a Clearly Erroneous Transaction, the Company will consider the following factors: (1) price range; (2) price volatility; (3) relative volume; (4) overall market conditions; and (5) other facts and circumstances as the situation may warrant.

B. The Company will review Objections (defined below) to Transactions, and further, reserves the right to initiate a review of a Transaction regardless of whether an Objection to Transaction is received.

C. If, based on the data reasonably available to it, the Company determines that a trade is a Clearly Erroneous Transaction, the Company will use its good faith efforts to assist the parties to that Transaction to arrive at a resolution that is reasonably acceptable to the Participants. If no resolution is reached, to the Company's knowledge, within a reasonable period of time relative to the risk involved with a trade, as determined by the Company in the Company's sole and reasonable discretion, the Company will notify each of the Participant's Sponsoring Firms and work with the Sponsoring Firms to take remedial action if necessary, which may include breaking, cancelling, nullifying, amending, or modifying the transaction or requiring the Participants to perform countervailing transactions or the Sponsoring Firm to debit and credit the collateral accounts to nullify the transactions and may further take such actions as reasonably necessary to maintain efficient operation of the OTCXN Solution. The Company shall have no liability for any such action or failure to take action. Participants are financially responsible for any offsetting transactions.

## **IX. DEADLINE FOR OBJECTIONS TO TRANSACTIONS**

If a Participant believes a transaction was a Clearly Erroneous Transaction, or believes that a transaction is not an eligible Transaction for any other reason, the Participant must provide the Company with notice of its objection by email or telephone within twenty minutes from the time the disputed or questioned trade was executed. Such objections must be submitted via e-mail to [support@otcxn.com](mailto:support@otcxn.com), with the subject line "Objection to Transaction" or by telephone to (877) 773-0488 from within the United States or (415) 636-7451 outside of the United States, provided that Participants shall follow objections submitted by telephone with an email, confirming the telephonic communication, to be sent within thirty minutes from the time the disputed or questioned trade was executed (each notice of objection so submitted, with the information provided below, shall be an "Objection"). The Company may, in its sole discretion, consider Objections submitted after these deadlines, depending on the facts and circumstances surrounding such request. An Objection must include the following information: (1) Participant name, account number and contact information; (2) currency pair; (3) execution price or range of execution prices; (4) time of trade execution; (5) number of units executed; and (6) basis for objection.

## **X. AMENDMENTS TO OPERATING RULES**

Amendments to the Operating Rules become effective one day after their announcement by the Company, which shall be effectuated by posting on the OTCXN Solution, unless a later point in time is indicated.

## **XI. EFFECTIVENESS**

These Operating Rules are effective as of January 14, 2019.

## SCHEDULE 1

An “Eligible Participant” is a Participant entity or person:

A. Whose business is subject to a level of regulation and oversight (under applicable securities, banking or other appropriate law) that imposes upon the participant a combination of requirements such as audits, public disclosure of financial information, capital rules, collateral requirements, record keeping requirements or other similar safeguards that will protect it and its owners and participants from potential financial loss or third party claims that may arise as a result of such entity’s participation; and,

B. That is a financial institution or intermediary as defined under applicable laws covering securities, commodities and futures trading activities in the United States, or comparable laws in jurisdictions outside of the United States, that is acting in its own name and not in the capacity as a broker, dealer, or financial intermediary, as described under applicable laws in the United States or comparable laws in jurisdictions outside of the United States, for purposes of using the OTCXN Solution; or

C. Is an FX ECP (as defined below) that has entered into a written agreement with a Sponsoring Firm or Custodian participating in the OTCXN Solution pursuant to which Participant is authorized to trade in the Sponsoring Firm’s name and uses the OTCXN Solution either:

i. to enter into transactions as a principal for its own account and not in the capacity of a broker or a dealer capacity as described under applicable laws covering securities, commodities and futures trading activities in the United States, or comparable laws in jurisdictions outside of the United States; or

ii. as an entity authorized by its clients to exercise investment discretion to buy, sell or otherwise trade in foreign currency interests (“Interests”) for such clients, which clients of Participant are buying or selling Interests as principals for their own accounts and not in a brokerage capacity (as contemplated above in Sections A and B) in respect of Transactions effectuated via the OTCXN Solution, and each such customer of Participant is an FX ECP.

For the purposes of these Operating Rules, “FX ECP” means:

A. An eligible contract participant (“ECP”) as defined in section 1a(18) of the U.S. Commodity Exchange Act (the “Act”), other than an eligible contract participant that is a commodity pool operator described in section 1a(18)(iv) of the Act;

B. A collective investment vehicle that invests in commodity interests that (1) has total assets exceeding US \$5,000,000 or its equivalent in another currency; AND (2) is formed and operated by a person subject to regulation under the Act or by a non-U.S. person performing a similar role or function and subject as such to non-U.S. regulation (regardless of whether each

investor in the commodity pool or the non-U.S. person is itself an ECP) (“Qualified Commodity Pool”), which Qualified Commodity Pool trades Interests only for bona fide hedging purposes as defined in U.S. Commodity Futures Trading Commission (“CFTC”) Regulation 1.3(z);

C. A Qualified Commodity Pool in which all direct participants are ECPs and that has not been structured to evade any provision of the Act that requires that each counterparty to an FX transaction be an ECP;

D. A Qualified Commodity Pool in which all direct and indirect participants are ECPs;

E. A Qualified Commodity Pool (I) that is not operated by a commodity pool operator (as defined in section 1a(5) of the Act) located within the United States, its territories or possessions (II) in which each of its participants is a “Non-United States person” as defined in CFTC Regulation 4.7(a)(1)(iv) AND (III) all units of participation in each of its participants that is an entity organized principally for passive investment are held by “Non-United States persons” as defined in CFTC Regulation 4.7(a)(1)(iv); or

F. A collective investment vehicle that invests in commodity interests that: (1) has total assets exceeding US \$10,000,000 or its equivalent in another currency; AND (2) is operated by a commodity pool operator registered with the CFTC or by a commodity pool operator which is exemption from such registration pursuant to CFTC Rule 4.13(a)(3); AND (3) has not been structured to evade any provision of the Act.