



## **EDX Clearing LLC Clearinghouse Rules**

**BY ACCESSING THE CLEARINGHOUSE AND/OR PLACING TRADES ON THE MARKETPLACE FOR SETTLEMENT WITH THE CLEARINGHOUSE, EACH AUTHORIZED USER AND CLEARING MEMBER AGREES TO BE BOUND BY, AND COMPLY WITH, THE RULES, USER AGREEMENT, AND APPLICABLE LAW AT THE TIME IN EFFECT, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, HIM OR HER.**

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## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>CHAPTER 1</b> .....	<b>4</b>
<b>DEFINITIONS AND INTERPRETATIONS</b> .....	<b>4</b>
RULE 101    DEFINITIONS .....	4
RULE 102    SCOPE AND INTERPRETATION .....	9
<b>CHAPTER 2 GOVERNANCE</b> .....	<b>10</b>
RULE 201    OWNERSHIP .....	10
RULE 202    MAINTENANCE OF BOOKS AND RECORDS .....	10
RULE 203    THIRD PARTY SERVICE PROVIDERS .....	10
RULE 204    USE OF PROPRIETARY DATA AND PERSONAL INFORMATION .....	10
<b>CHAPTER 3 PARTICIPATION AND CLEARING MEMBERSHIP</b> .....	<b>12</b>
RULE 302    AUTHORIZED USERS .....	12
RULE 303    DUTIES AND RESPONSIBILITIES OF AUTHORIZED USERS .....	13
RULE 304    ACCESS REQUIREMENTS AND TERMS .....	13
RULE 305    DUES AND FEES .....	14
RULE 306    DISCLOSURE TO THE CLEARINGHOUSE .....	14
<b>CHAPTER 4</b> .....	<b>15</b>
RULE 401    BUSINESS CONDUCT .....	15
RULE 402    GENERAL CLEARING PRACTICES .....	15
RULE 403    COMPLIANCE .....	16
<b>CHAPTER 5 CLEARINGHOUSE OPERATIONS</b> .....	<b>17</b>
RULE 501    MARKET HOURS AND OPERATION .....	17
RULE 502    DISASTER RECOVERY; BUSINESS CONTINUITY .....	17
<b>CHAPTER 6 DISCIPLINE AND ENFORCEMENT</b> .....	<b>19</b>
RULE 601    DISCIPLINARY AND ENFORCEMENT PROCEDURES .....	19
RULE 602    PROCESS CONSIDERATIONS .....	19
RULE 603    RIGHTS AND RESPONSIBILITIES AFTER TERMINATION .....	20
<b>CHAPTER 7 [RESERVED]</b> .....	<b>21</b>
<b>CHAPTER 8 CLEARING</b> .....	<b>22</b>
RULE 801    CLEARING .....	22
RULE 802    CLEARING MEMBERS .....	22
RULE 803    APPLICATION FOR CLEARING MEMBERSHIP .....	24
RULE 804    WITHDRAWAL OF CLEARING MEMBERSHIP .....	24
RULE 805    RESPONSIBILITIES OF CLEARING MEMBERS .....	25
RULE 806    CLEARING MEMBER FINANCIAL REPORTING REQUIREMENTS .....	27
RULE 807    NOTICES REQUIRED OF CLEARING MEMBERS .....	27
RULE 808    CLEARINGHOUSE AUTHORITY .....	29
RULE 809    LIQUIDITY EVENTS .....	29
RULE 810    ACCEPTANCE FOR CLEARING AND SETTLEMENT .....	30
RULE 811    LIENS HELD BY THE CLEARINGHOUSE .....	31

RULE 812	SETTLEMENT.....	31
RULE 813	DEFAULTS.....	32
RULE 814	APPLICATION OF FUNDS FOR CLEARING MEMBER DEFAULT.....	33
RULE 815	LIQUIDATION ON TERMINATION OF CLEARING MEMBER.....	33
RULE 816	DEFAULT FUND.....	34
RULE 817	COLLATERAL AND LIQUIDATIONS.....	34
RULE 818	AMOUNTS PAYABLE TO THE CLEARINGHOUSE.....	34
RULE 819	CLEARING FEES.....	35
<b>CHAPTER 9 [RESERVED]</b>	<b>.....</b>	<b>36</b>
<b>CHAPTER 10 MISCELLANEOUS.....</b>	<b>.....</b>	<b>37</b>
RULE 1001	DATA RIGHTS AND INTELLECTUAL PROPERTY.....	37
RULE 1002	RECORDING OF COMMUNICATIONS.....	38
RULE 1003	CONFIDENTIALITY.....	38
RULE 1004	FORCE MAJEURE.....	39
RULE 1005	EXTENSION OR WAIVER OF RULES.....	39
RULE 1006	EFFECT OF AMENDMENT, REPEAL OR NEW RULE.....	39
RULE 1007	SIGNATURES.....	39
RULE 1008	GOVERNING LAW; LEGAL PROCEEDINGS.....	40

## CHAPTER 1 DEFINITIONS AND INTERPRETATIONS

### Rule 101      Definitions

The following terms as used in the Rules have the meanings set forth in this Chapter, unless otherwise specifically provided elsewhere in the Rules or required by the context.

“Affiliate” when used other than in reference to the Clearinghouse or the Marketplace, means a Person who directly or indirectly, controls, is controlled by, or is under common control with another Person. Control is defined as ownership, control, or holding with the power to vote 50% or more of a class of voting securities of the Person.

“API” means Application Programming Interface, a programmatic software interface.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including federal regulations and state regulations.

“Approved Financial Institutions” has the meaning set forth in Rule 802(b)(vii).

“Authorized User” means a natural person, designated by a Clearing Member to EDXC as having the authority to act on behalf of the Clearing Member.

“Bankruptcy Code” means Title 11 of the U.S. Code.

“Board” means the Board of Directors of the Clearinghouse.

“Business Day” means any day on which the Clearinghouse is open for clearing and settlement. References in these Rules to a “day” or “Business Day” shall, unless the context otherwise requires, mean the “Business Day” corresponding to the trading day of the Clearinghouse. Business Day shall be set out in a notice to Clearing Members and published on the Website.

“Chief Compliance Officer” means the individual appointed by the Board to serve as the chief compliance officer.

“Chief Executive Officer” means the individual appointed by the Board to serve as the chief executive officer.

“Chief Risk Officer” means the individual appointed by the Board to serve as the chief risk officer.



“Clearinghouse” or “EDXC” means EDX Clearing LLC, a Delaware limited liability company.

“Clearinghouse Proprietary Account” is an account(s) established at one or more Approved Financial Institutions by the Clearinghouse for the purpose of managing a Clearing Member Default, holding the Clearinghouse Default Fund, or otherwise in facilitating the operations of the Clearinghouse as it deems necessary or appropriate in its sole discretion.

“Clearing Member” means an entity meeting the requirements of, and approved for, clearing membership at the Clearinghouse that is authorized pursuant to the Rules to clear and settle trades in Digital Assets. “Clearing Membership” shall be construed accordingly.

“Clearing Member User Agreement” means an agreement between the Clearinghouse and a Clearing Member which must be duly executed in order for a Clearing Member to have access to the Clearinghouse for clearing services.

“Collateral” means fiat in US Dollars (“cash”), Digital Assets, financial assets, accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letter of credit, or such other property, in a form approved by EDXC, as may be delivered by a Clearing Member to the Clearinghouse as collateral for the obligations of such Clearing Member to the Clearinghouse (including but not limited to Collateral Requirements), and all proceeds of any of the foregoing, held omnibus, in or for the accounts of Clearing Members in connection with the financial obligations of such Clearing Member and in order to maintain pre-determined trading limits on the Marketplace, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

“Collateral Account” is an omnibus account established at one or more Approved Financial Institutions for the benefit of a Clearing Member for the purpose of holding Collateral.

“Collateral Requirement” means the minimum amount of Collateral that must be deposited to a Collateral Account by Clearing Members, in the forms prescribed in accordance with the Rules, as a performance bond in respect of the financial obligations associated with the such Clearing Member’s Obligations.

“Delivery Deadline” means the time as posted on the Website by when a Clearing Member must deliver their Obligations to the Clearinghouse.

“Default” means with respect to a Clearing Member, has the meaning set forth in Rule 813, or as otherwise specified in these Rules.

“Default Fund” means a proprietary fund of the Clearinghouse, as part of the



Clearinghouse Proprietary Account, comprising of US Dollars, Digital Assets, and instruments, financial assets, and/or investment property approved by EDXC as eligible collateral, and which fund may be used as provided in Rule 816.

“Digital Asset” means any type of digital units that are used as a medium of exchange or a form of digitally stored value (including digital units of exchange) that (i) have a centralized repository or administrator, (ii) are decentralized and have no centralized repository or administrator, and/or (iii) may be created or obtained by computing or manufacturing effort, and which has been approved for clearing by the Clearinghouse pursuant to these Rules.

“Digital Asset Transaction” means a matched trade for the purchase or sale of Digital Assets for cash that takes place on the Marketplace which is then submitted for clearing and settlement to the Clearinghouse.

“Director” means an individual serving on the board of directors of the Clearinghouse.

“Disciplinary Action” has the meaning set forth in Rule 601.

“EDXM Member” means an entity meeting the requirements of, and approved for, membership on the Marketplace.

“Emergency” means any occurrence or circumstance which, in the opinion of the Clearinghouse, requires immediate action to be taken in accordance with Rule 501, and which threatens, or may threaten, the fair and orderly settlement or integrity of, any Digital Asset, including, without limitation, the following:

- (a) any circumstance that may materially affect the performance of a Digital Asset, including failure of the Clearinghouse system;
- (b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power that may have a direct impact on the settlement legality or enforceability of any Digital Asset;
- (c) any actual, attempted or threatened manipulative activities in a Digital Asset;
- (d) any circumstance that may have a severe, adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Clearinghouse, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;

- (e) Insolvency of any Clearing Member or the imposition of any injunction or other restraint by any government agency, clearinghouse, court or arbitrator upon a Clearing Member which may affect the ability of a Clearing Member to trade in or perform on a Digital Asset Transaction;
- (f) any circumstance in which it appears to the Clearinghouse that a Clearing Member or any other Person:
  - i. has failed to perform its obligations on or relating to a Digital Asset Transaction;
  - ii. is in a financial or operational condition or is conducting business such that the Clearing Member or Person is, in the sole judgment of the Clearinghouse, at risk of jeopardizing the financial safety and soundness of other Clearing Members or the Clearinghouse; or
  - iii. any other unusual, unforeseeable or adverse circumstance as determined by the Clearinghouse.

“EST” means Eastern Standard Time.

“Governmental Authority” means any domestic or foreign government (or political subdivision), state or federal governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).

“Insolvency” and “Insolvent” means the Clearing Member has become the subject of a bankruptcy petition, receivership proceeding, or an equivalent proceeding.

“Liquidity Event” has the meaning given to it in Rule 808.

“LLC Agreement” means the Limited Liability Company Agreement of the Clearinghouse as amended or restated from time to time.

“Marketplace” or “EDXM” means the platform operated by EDXC for displaying prices and quotes and matching orders for Digital Assets.

“Market Hours” means, for any Business Day, the hours specified on the operating calendar at the Website.

“Obligations” means a Clearing Member’s payment obligations due to the Clearinghouse or the Clearinghouse’s payment obligations due to the Clearing Member, each as calculated during the Settlement Window Start.

“Officer” means an individual that has been granted the rights and



responsibilities of an officer by the Clearinghouse.

“Person” means an individual, sole proprietorship, partnership, limited liability company, association, firm, trust, corporation or other entity, as the context may require.

“Policy Circular” means a policy circular issued by the Clearinghouse which shall be posted on the Website and shall be incorporated by reference into these Clearinghouse Rules, and shall be effective as of the date specified in such policy circular (but in no event shall such effective date be prior to the date such policy circular was first issued by the Clearinghouse).

“Requirements” means these Rules, other requirements implemented by the Clearinghouse pursuant to the Rules, and the documentation and other contractual obligations between a Clearing Member and the Clearinghouse.

“Rules” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, including these Rules, in each case as adopted from time to time by the Clearinghouse.

“Self-Regulatory Organization” Means any futures or securities exchange, derivatives clearing organization, securities clearing agency, National Futures Association, or similar self-regulatory organization.

“Settled Account” is an omnibus account established at an Approved Financial Institution, for the benefit of a Clearing Member for the purpose of custodial assets that were acquired by the Clearing Member during the Settlement Window, and any assets intended to be used to support clearing and settlement activities of the Clearing Member.

“Settlement Window Start” means such time, as may be posted on the Website, when the Clearinghouse calculates, and communicates to each Clearing Member, Obligations with respect to the Clearing Member’s Digital Asset Transactions.

“Settlement Window Completion” means such time, as may be posted on the Website, when the Clearinghouse completes the settlement process, and when Digital Asset Transactions recorded by the Clearinghouse become security entitlements.

“Settlement Window” means collectively the time period from the Settlement Window Start through the Settlement Window Completion.

“Trade Limits” means the net trade exposure limit attributed to the Trading Account of a Clearing Member.

“Trading Account” is an internal ledger account for the purpose of maintaining and





recording open Obligations of the Clearing Member.

“Trading Platform” means the electronic trading facility operated by the Marketplace to provide EDXM Members with the ability to display multiple bids and multiple offers within a predetermined, nondiscretionary automated trade matching and execution algorithm.

“Website” means [www.edxmarkets.com](http://www.edxmarkets.com), or other website as may be designated by the Clearinghouse.

“UCC” means the Uniform Commercial Code as in effect in the State of Illinois.

## **Rule 102      Scope and Interpretation**

As used in any Rule, terms in the singular include the plural and vice versa and references to the masculine, feminine or neuter gender includes each other gender, unless the context expresses a clear contrary intention. As used in any Rule, time references are to Eastern Time.



## **CHAPTER 2 GOVERNANCE**

### **Rule 201      Ownership**

The Clearinghouse is a Delaware limited liability company. The management and operation of the Clearinghouse is governed by the LLC Agreement and the Board, as may be established by the LLC Agreement.

### **Rule 202      Maintenance of Books and Records**

(a) The Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts of the Clearinghouse, including all books and records required to be maintained pursuant to required rules and regulations of any applicable Governmental Authority.

(b) The Clearinghouse shall retain all such books and records for at least seven (7) years.

### **Rule 203      Third Party Service Providers**

(a) The Clearinghouse may, in its sole discretion, contract with third-party service providers to provide services to the Clearinghouse. The Clearinghouse may provide information about Clearing Members and any other information necessary to provide services to the Clearinghouse, to such service providers, subject to the Privacy Policy available on the Website. Where such information contains confidential or proprietary information of any Member or of the Clearinghouse, the Clearinghouse shall require the service provider to execute a non-disclosure or similar agreement to protect the confidentiality of such information, as appropriate..

(b) Any of the powers or functions of the Clearinghouse under the Rules may be delegated to a third-party service provider pursuant to the relevant agreement in such manner and on such terms as the Clearinghouse and such third-party service provider may mutually agree; provided, however, that the Clearinghouse shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to such third-party service provider.

### **Rule 204      Use of Proprietary Data and Personal Information**

(a) The Clearinghouse may not use for marketing purposes any proprietary data or personal information collected or received, from or on behalf of any Person, provided, however, that the Clearinghouse may use such data or information for such purposes with prior written consent of the Person from whom such data or information is collected or received, and for the purpose of fulfilling regulatory obligations and for internal business purposes.



Notwithstanding the provisions of this Rule 204, each Authorized User and Clearing Member agrees that the Clearinghouse may share such proprietary data and personal information with a Governmental Authority or a third-party service provider only as needed to provide services to the Clearinghouse, and as applicable, provided however, if permitted by Applicable Law, each Authorized User and Clearing Member will be given reasonable notice of a non-routine request for such Authorized User's or Clearing Member's data and/or information prior to such disclosure of such data/and or information to a Governmental Authority

## **CHAPTER 3 PARTICIPATION AND CLEARING MEMBERSHIP**

### **Rule 301 Jurisdiction**

(a) Any Clearing Member initiating or entering into a Digital Asset Transaction for clearing and settlement on or subject to the Rules of the Clearinghouse directly or through an intermediary, and any Person for whose benefit such a Digital Asset Transaction has been initiated, expressly consents to the jurisdiction of the Clearinghouse and agrees to be bound by and comply with the Rules of the Clearinghouse then in effect in relation to such Digital Asset Transactions.

(b) Any Authorized User or Clearing Member whose right to access the Clearinghouse is revoked or terminated pursuant to these Rules will remain bound by the Rules and Applicable Law, in each case to the extent applicable, and subject to the jurisdiction of the Clearinghouse with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Authorized User or Clearing Member prior to such revocation or termination.

### **Rule 302 Authorized Users**

(a) All Clearing Members must have at least one employee designated as an Authorized User.

(b) By agreeing to act as an Authorized User, an individual agrees to be bound by the duties and responsibilities of an Authorized User set out in Rule 303 and to be subject to and comply with Applicable Law and the Rules.

(c) To designate an Authorized User, a Clearing Member must follow the procedures established by the Clearinghouse. The Clearinghouse may establish and amend at its sole discretion criteria that individuals must meet to act as an Authorized User. Without limiting the generality of the foregoing, each Clearing Member will ensure on an ongoing basis that (i) none of its Authorized Users is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and (ii) each of its Authorized Users is technically proficient and conducts its business in good faith.

(d) The Clearinghouse will promptly notify a Clearing Member in writing prior to the approval of a designated Authorized User or if the Clearinghouse declines to approve an Authorized User.

(e) The Clearinghouse will maintain a list of all designated Authorized Users for each Clearing Member.

(f) The Clearinghouse may, in its sole discretion, revoke or suspend the designation of an individual as an Authorized User and shall promptly notify the Clearing

Member in writing prior to taking such action.

(g) To request the termination of the designation of an individual as an Authorized User, the Clearing Member must follow the procedures established by the Clearinghouse. In the case where a Clearing Member only has one Authorized User, the Clearing Member must submit a request to designate a new Authorized User concurrently with termination.

### **Rule 303 Duties and Responsibilities of Authorized Users**

(a) By agreeing to act as an Authorized User, such Person agrees to be bound by the duties and responsibilities of an Authorized User and to be subject to, and comply with, the Rules.

(b) An Authorized User must:

- (i) ensure that activity conducted under its Authorized User ID complies with Applicable Law and the Rules;
- (ii) have the authority, at the Clearinghouse's request, to adjust or withdraw any Transaction submitted under such Authorized User ID for clearance and settlement, if and as permitted by these Rules;
- (iii) have and maintain all necessary regulatory approvals and/or licenses to operate as an Authorized User;
- (iv) cooperate promptly and fully with the Clearinghouse in any investigation, inquiry, audit, examination or proceeding regarding compliance with the Rules or any Disciplinary Action or arbitration proceeding related to the Clearing Member's activities on or with respect to the Clearinghouse or Marketplace;
- (v) comply with any Policy Circular issued by the Clearinghouse; and
- (vi) agree to such other terms and conditions as may be established by the Clearinghouse from time to time.

### **Rule 304 Access Requirements and Terms**

(a) Access to the Clearinghouse will be Internet-based, solely from white-listed IP addresses approved in advance by the Clearinghouse. Clearing Member accounts will be issued Authorized User IDs, passwords, and digital certificates for secure access. The Clearing Member is responsible for the security of these items, and any misuse is the responsibility of the Clearing Member.

(b) Certificates, Authorized User IDs, and passwords are for the Clearing



Member's and its Authorized Users' use only and shall not be shared with other parties.

(c) A Clearing Member must notify the Clearinghouse immediately upon any suspicion of theft of a password, Authorized User IDs or certificate, or any unauthorized access.

**Rule 305 Dues and Fees**

Clearinghouse dues and fees are posted on the Website, which may be amended from time to time, and shall be effective no less than forty-eight (48) hours after such posting. The Clearinghouse will provide Clearing Members with reasonable prior notice of each material change to dues and fees by issuing a Policy Circular regarding such material change and amending the Website accordingly prior to its effectiveness.

**Rule 306 Disclosure to the Clearinghouse**

The Clearinghouse may require a Clearing Member to furnish such information concerning the Clearing Member's business that is subject to the Rules of the Clearinghouse as necessary to enable the Clearinghouse to perform its obligations under Applicable Law, including information relating to (i) Digital Assets Transactions submitted for clearing and settlement to the Clearinghouse and (ii) information requested by a Governmental Authority relating to the Clearinghouse's business that are maintained by, or otherwise in the possession of, a Clearing Member.



## CHAPTER 4 BUSINESS CONDUCT

### Rule 401 Business Conduct

No Clearing Member or its Authorized User shall engage in conduct that is a violation of the Rules of the Clearinghouse or any other agreements entered into between a Clearing Member and/or its Authorized User with the Clearinghouse, including the Clearing Member User Agreement, to facilitate access to the Clearinghouse and the clearing and settlement of Digital Asset Transactions, and will conduct its business in accordance with all applicable laws, regulations, tariffs and rules, and in good faith, with a commitment to honest dealing.

### Rule 402 General Clearing Practices

(a) Rules. The Clearinghouse will provide updates and amendments to these Rules and notices or advisories regarding the application and interpretation of these Rules. The Clearinghouse will provide Clearing Members with reasonable prior notice of each material change to these Rules by issuing a Policy Circular regarding such material change prior to its effectiveness. It is the obligation of each Clearing Member and its Authorized User to ensure these documents are read and understood. It shall be prohibited for a Clearing Member and its Authorized Users to violate any Rule or any agreement made with the Clearinghouse, or to engage in fraud, dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade, even where a Rule does not specifically reference “Clearing Member” or “Authorized User.” By placing an order on the Marketplace or otherwise submitting a Transaction to the Clearinghouse, a Clearing Member agrees to be bound by the Rules and notices in effect at that time.

(b) Prohibition on the Use or Attempted use of Manipulative and Deceptive Devices. No Clearing Member or Authorized User shall:

- (i) engage or attempt to engage in any fraudulent act or engage or attempt to engage in any scheme or artifice to defraud, deceive or mislead in connection with or related to any Clearinghouse activity;
- (ii) Collude with other market participants to affect the price or supply of any Digital Asset, or otherwise unlawfully restrain competition;
- (iii) make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading;
- (iv) engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person; or
- (v) deliver or cause to be delivered or attempt to deliver or cause to be

delivered a false, misleading or inaccurate report concerning market information or conditions that affect or tend to affect the price of any Digital Asset in interstate commerce, knowing, or acting in reckless disregard of the fact that such report is false, misleading or inaccurate. Notwithstanding the foregoing, no violation of this subsection shall exist where the person mistakenly transmits, in good faith, false or misleading or inaccurate information to a price reporting service.

(c) False Reports. No Clearing Member or Authorized User shall make any knowing misstatement or omission of a material fact to the Clearinghouse related to or otherwise affecting its activities on the Marketplace or Clearinghouse.

(d) Acts Detrimental to the Clearinghouse. No Clearing Member or Authorized User shall engage in any act that is intended to be detrimental to the Clearinghouse.

(e) Misuse of the Clearinghouse. No Clearing Member or Authorized User shall permit the unauthorized use of the Clearinghouse, to assist any Person in obtaining unauthorized access to the Clearinghouse, to alter the equipment associated with the Clearinghouse, to interfere with the operation of the Clearinghouse, to intercept or interfere with information provided thereby, or in any way to use the Clearinghouse in a manner contrary to the Rules.

## **Rule 403      Compliance**

Each Clearing Member shall establish, maintain and administer supervisory policies and procedures and a compliance program commensurate with the size and scope of its clearing and settlement activities on the Clearinghouse and reasonably designed to ensure appropriate, timely and ongoing review of Clearinghouse activity and compliance with the Rules, including to but not limited to (i) monitoring the compliance of Authorized Users and supervised Persons with the Rules and any applicable provisions promulgated by a Governmental Authority and such Clearing Member may be held accountable for the actions of such Authorized Users or supervised Persons; and (ii) monitoring and enforcing risk management and other policies and procedures that are designed to ensure that clearing and settlement activities are conducted in good faith and in accordance with the Rules, and applicable provisions promulgated by a Governmental Authority, including but not limited to anti-money laundering policies and procedures, designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and the regulations promulgated thereunder, or otherwise, by the Department of the Treasury or other federal or state agencies, or bureaus.



## CHAPTER 5 CLEARINGHOUSE OPERATIONS

### Rule 501      **Market Hours and Operation**

(a)      Market Hours. The Clearinghouse will be open for clearing and settling on Business Days during the market hours specified in the operating calendar, which is available at the Website. The Clearinghouse will provide Clearing Members with reasonable prior notice of each material change to the market hours or the operating calendar by issuing a Policy Circular regarding such material change and amending the Website accordingly prior to its effectiveness.

(b)      Market Suspension and Emergencies. The Clearinghouse reserve the right to adjust Market Hours and suspend clearing and settlement activities for all or a subset of Digital Assets in the case of extenuating market circumstances which include, but are not limited to, any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly clearing and settlement of, any Digital Asset Transactions, and which is determined by the Clearinghouse to require immediate action.

During an Emergency, the Clearinghouse may implement temporary emergency procedures and rules (“**Emergency Rules**”). Emergency Rules may require or authorize the Clearinghouse to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:

- (i)      providing alternative settlement mechanisms;
- (ii)     extending, limiting or changing the Market Hours;
- (iii)    temporarily modifying or suspending any provision of the Rules;
- (iv)    requiring Clearing Members to provide additional or modified Collateral;

Whenever the Clearinghouse takes actions necessary or appropriate to respond to an Emergency a duly authorized representative of the Clearinghouse, where reasonably possible, will provide reasonable prior notice to Clearing Members by issuing a Policy Circular or by such other means as may be reasonably practical regarding such actions taken in response to an Emergency. When the Clearinghouse determines that the Emergency has been reduced sufficiently to allow the Clearinghouse to resume normal functioning, any such actions responding to an Emergency will be terminated as appropriate.

### Rule 502      **Disaster Recovery; Business Continuity**

(a)      Each Clearing Member shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its

operations. At a minimum, the following areas must be addressed in the Clearing Member's policies and procedures:

- (i) each Clearing Member will have procedures in place to allow it to continue to operate during periods of stress with minimal disruption to the Clearinghouse;
- (ii) each Clearing Member will designate a senior business leader who is responsible for its Disaster Recovery and Business Continuity programs and provide Clearinghouse with information regarding the foregoing upon request;
- (iii) each Clearing Member will designate a Recovery Time Objective ("RTO") (e.g., the maximum tolerable length of time that a business process can be down after a failure or business disruption takes place); and
- (iv) each Clearing Member will conduct (at minimum) an annual review and ongoing testing of its disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information and provide Clearinghouse with information regarding the foregoing upon request.

## CHAPTER 6 DISCIPLINE AND ENFORCEMENT

### **Rule 601      Disciplinary and Enforcement Procedures**

All Clearing Members and their Authorized Users are subject to Clearinghouse disciplinary jurisdiction. Any Clearing Member or Authorized User that is alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Clearinghouse or applicable law for which the Clearinghouse maintains disciplinary jurisdiction is subject to this Rule. The Clearinghouse may initiate any inquiry, investigation, or disciplinary proceeding, including but not limited to: summary imposition of fines, summary suspension or other summary action including termination of the Clearing Member, together with its Authorized User, or liquidation of outstanding Obligations for reasonable cause as determined by the Clearinghouse, with payment of damages and expenses to the Clearinghouse (collectively, “Disciplinary Action”).

### **Rule 602      Process Considerations**

(a) Information. The Clearinghouse is authorized to conduct market surveillance, investigation and enforcement of clearing and settlement activities on the Clearinghouse by Clearing Members to ensure compliance with Clearinghouse Rules and applicable laws.

(b) Investigations. The Clearinghouse may investigate any matter within the Clearinghouse’s jurisdiction of which it becomes aware. The Clearinghouse will commence an investigation upon the discovery or receipt of credible information by Clearinghouse that indicates a possible basis for a finding that a violation has occurred or will occur.

(c) Disciplinary Action. The Clearinghouse may initiate Disciplinary Action against any Clearing Member and/or its Authorized User at its sole discretion.

(i) Sanctions. The Clearinghouse may impose sanctions if any Clearing Member or its Authorized User is found to have violated or to have attempted to violate a Rule of the Clearinghouse or provision of applicable law for which the Clearinghouse possess disciplinary jurisdiction, up to, and including termination of the Clearing Member and/or its Authorized User from the Clearinghouse.

(ii) Fines. Upon notice to the Clearing Member and/or Authorized User, the Clearinghouse may impose any fines no less than \$1,000 and no more than \$15,000 for each violation, against any Clearing Member and/or its Authorized User for each violation of Clearinghouse Rules. Failure to pay fines will subject the Clearing Member and/or its Authorized User to Disciplinary Action. Fines assessed pursuant to this provision are in addition to, not in lieu of, any damages or other remedies at law or equity sought by the Clearinghouse.

(d) Expense Liability. At the discretion of the Clearinghouse, any Clearing Member found in violation of the Rules may be required to pay to the Clearinghouse any and all expenses incurred as a result of the investigation of the violation and prosecution of the Clearing Member. This assessment is in addition to any monetary fines imposed for the Rule violation(s).

(e) Summary Fine Schedule. The Clearinghouse shall post any applicable fine schedule, as amended from time-to-time to its Website or provide it to Clearing Members via a Policy Circular. The Clearinghouse will provide Clearing Members with reasonable prior notice of each material change to any such fine schedule by issuing a Policy Circular regarding such material change and amending the Website accordingly prior to its effectiveness.

### **Rule 603      Rights and Responsibilities After Termination**

(a) When the Clearing Member's right to access the Clearinghouse, or the association of an Authorized User with a Clearing Member, is terminated, all of its rights will terminate, except for the right of the Clearing Member or Authorized User in question to assert claims against others, as provided in the Rules, and such Clearing Member's or Authorized User's surviving rights pursuant to the Clearing Member User Agreement. Any such termination will not affect the rights of creditors under the Rules. The Clearinghouse may reinstate a terminated Clearing Member or Authorized person in its sole discretion.

(b) A terminated Clearing Member or Authorized User remains subject to the Rules and the jurisdiction of the Clearinghouse for Transactions, acts, and omissions prior to the termination, and must cooperate in any inquiry, investigation, or Disciplinary Actions, as if the terminated Clearing Member or Authorized User still had the right to access the Clearinghouse.

**CHAPTER 7**  
**[RESERVED]**

## CHAPTER 8 CLEARING

### Rule 801 Clearing

(a) All Digital Assets shall be cleared and settled through the Clearinghouse in accordance with the Rules. The clearing and settlement services provided by the Clearinghouse with respect to any Digital Assets, and the rights and obligations of purchasers and sellers under cleared Digital Assets will be governed by the Rules. The Clearinghouse will clear and settle any Digital Assets that are mutually agreed upon between the Clearinghouse and the Marketplace.

(b) The Clearinghouse shall have the right to reject Digital Assets that arise from Digital Asset Transactions and to suspend clearing and settlement of such Digital Asset Transactions without notice, in accordance with the Rules of the Clearinghouse.

### Rule 802 Clearing Members

(a) The Clearinghouse imposes eligibility requirements for Clearing Members and may modify these requirements to maintain an orderly clearing process and mitigate risks to the Clearinghouse and other Clearing Members. The Clearinghouse may approve a firm to be a Clearing Member and the Clearinghouse may revoke Clearing Member approval at any time.

(b) Clearing Membership may be approved and maintained only when the terms and conditions set forth below have been met and continue to be met as determined by the Clearinghouse:

- i. The Clearing Member is a corporation, limited liability company, partnership or other entity in good standing in its jurisdiction of formation;
- ii. The Clearing Member is qualified to conduct business in the State of Illinois or has an agency agreement in place with an entity qualified in the State of Illinois that provides an agent for service of process and other communications from the Clearinghouse in connection with the business of the Clearing Member;
- iii. The Clearing Member is in compliance with the Clearing Member User Agreement.
- iv. The Clearing Member is in compliance with the Rules;
- v. The Clearing Member is in good financial standing and meets the minimum financial requirements established by the Clearinghouse;



- vi. The Clearing Member has adequate personnel and systems to effectively conduct its business with the Clearinghouse;
  
- vii. Each Clearing Member authorizes the Clearinghouse to establish for the benefit of the Clearing Member one or more accounts in the name of the Clearinghouse or its agent for the benefit of such Clearing Member, including as a subaccount of an omnibus account held in the name of the Clearinghouse or its agent for the benefit of Clearing Members, at one or more banks, trust companies or other financial institutions approved or permitted by the Clearinghouse for confirmation, payment, and/or receipt of Collateral, Obligations, fees, and/or other settlements with the Clearinghouse (each, an “Approved Financial Institution”). Each Clearing Member acknowledges and agrees that the Clearinghouse may allocate Clearing Member’s funds, including but not limited to Collateral, among such Approved Financial Institutions in its discretion and may commingle Clearing Member funds in an omnibus account, provided that the Clearinghouse maintains records in good faith and the ordinary course of business reflecting each Clearing Member’s interest in the funds in such omnibus account. Further, Clearinghouse shall maintain in good faith and in the regular course of its business such records as are necessary to satisfy the requirements of 12 CFR § 330.5 concerning the availability of “pass-through” FDIC deposit insurance with respect to Clearing Member funds, including but not limited to Collateral, in such omnibus account, including by indicating on its own records that funds are held for the benefit of customers acting for themselves and others. Clearinghouse shall title such omnibus account on the books and records of the applicable Approved Financial Institution in a manner sufficient to satisfy such requirements for pass-through FDIC deposit insurance. Each Clearing Member also acknowledges and agrees that Clearing Member will not receive interest or other return on funds held through the Clearinghouse and its agents (except as otherwise expressly agreed to between Clearing Member and Clearinghouse), and that the Clearinghouse may receive fees or other payments in connection with the placement of Clearing Member funds at Approved Financial Institutions; and
  
- viii. The Clearing Member has adequate operational capabilities, including the ability to process expected peak volumes and values within required time frames, fulfill Collateral payment obligations imposed by the Clearinghouse and to participate in Default management activities. The Clearing Member shall immediately notify the Clearinghouse if any of the foregoing requirements are not true and accurate.

The Clearinghouse may grant exemptions to the requirements for membership in Rule 802 in its sole discretion.



### **Rule 803      Application for Clearing Membership**

(a) Any Person desiring to become a Clearing Member shall execute a Clearing Member User Agreement and submit an application in such form as shall be prescribed by the Clearinghouse, which shall include a certification that the applicant has received, reviewed and agrees to abide by the Rules and perform the duties and responsibilities of a Clearing Member. All Clearing Members and prospective Clearing Members who wish to become Clearing Members of the Clearinghouse will be subject to Clearinghouse anti-money laundering policies and procedures, designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and the regulations promulgated thereunder, or otherwise, by the Department of the Treasury or other federal agencies, bureaus, or other Governmental Authority.

(b) Only Persons found to meet the qualifications set forth in Rule 802 will be permitted to be Clearing Members. For the purpose of determining whether any applicant or Clearing Member is so qualified, the Clearinghouse may examine the books and records of any applicant or Clearing Member and may take such other steps as it may deem necessary to assess the qualifications of an applicant or Clearing Member. An applicant for Clearing Member status shall be conclusively deemed to have agreed to have no recourse against the Clearinghouse if its application to become a Clearing Member is rejected by the Clearinghouse.

### **Rule 804      Withdrawal of Clearing Membership**

(a) A Clearing Member may request to withdraw as a Clearing Member of the Clearinghouse upon written notice in a form and manner specified by the Clearinghouse. The Clearinghouse will process the formal withdrawal request within 30 days of receipt of the withdrawal form. Within or prior to the 30-day period, the Clearing Member will remain subject to all obligations of a Clearing Member under the Rules.

(b) A Clearing Member that has provided the Clearinghouse with notice that it seeks to withdraw its status:

- (i) shall use all reasonable efforts to close-out or settle all Obligations;
- (ii) after notifying the Clearinghouse, shall only be entitled to submit Digital Asset Transactions for clearing and settlement which can be demonstrated to have the overall effect of reducing its financial obligations and risks to the Clearinghouse;

(c) Upon a Clearing Member's request to withdraw, the Clearinghouse may call for additional Collateral until such time as all of such Clearing Member's open obligations have been extinguished, and such Clearing Member shall provide such additional Collateral to the Clearinghouse as is requested in a timely manner; and

(d) Any withdrawal notice issued by a Clearing Member shall be irrevocable





by the Clearing Member and membership may only be reinstated pursuant to a new application for membership following the satisfaction of all open Obligations to settle with the Clearinghouse.

#### **Rule 805 Responsibilities of Clearing Members**

Each Clearing Member shall, and where applicable, shall cause its Authorized Users, employees and agents to:

- (a) ensure that all funds deposited with the Clearinghouse are properly identified;
- (b) ensure that all clearing and settlement activity conducted by the Clearing Member is performed in a manner that is consistent with the Rules;
- (c) ensure that only the Clearinghouse's facilities are used to conduct clearing and settlement business pursuant to the Rules or which is required to be conducted pursuant to the Rules;
- (d) ensure that the Clearinghouse's facilities are used in a responsible manner and are not used for any improper or wrongful purpose;
- (e) comply with any Policy Circular issued by the Clearinghouse;
- (f) meet all financial requirements required under the Rules;
- (g) guarantee and assume complete responsibility for all Digital Asset Transactions submitted by it for clearing, including any Digital Asset Transactions cleared on behalf of an EDXM Member pursuant to any letter of authorization submitted by the Clearing Member to the Marketplace, with a copy to the Clearinghouse, authorizing a Clearing Member to clear trades on behalf of an EDXM Member ("Clearing Authorization Letter"). Any Clearing Authorization Letter submitted by a Clearing Member to the Marketplace shall be deemed accurate, and supersedes anything in these Rules to the contrary, and neither the Clearinghouse or Marketplace have any duty to investigate the accuracy of such Clearing Authorization Letter;
- (h) observe high standards of integrity, market conduct, commercial honor, fair dealing and just and equitable principles of trade in the conduct of its clearing and settlement business with the Clearinghouse in the conduct of its business as a Clearing Member or any aspect of any business connected with or concerning the Clearinghouse;
- (i) conduct its activity in connection with the Clearinghouse in a manner that is not intended to or would reasonably be foreseen as resulting in market disruptions, manipulation, or system anomalies associated with the clearing and settlement of Digital Assets;



(j) immediately inform the Clearinghouse of any changes to the account information provided by the Clearing Member;

(k) keep Authorized User IDs, account numbers and passwords related to the Clearinghouse confidential;

(l) promptly review and, as necessary, respond to all communications issued by the Clearinghouse;

(m) keep, or cause to be kept, complete and accurate books and records relating to its activities on or with the Clearinghouse and to calculate net settlement obligations on a daily basis (together with an accounting of assets held with the Clearinghouse, including, without limitation, all books and records required to be maintained pursuant to Applicable Law, for at least seven (7) years, and make such books and records available for inspection by a representative of the Clearinghouse, or a Governmental Authority of competent jurisdiction;

(n) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Clearinghouse or in connection with a disciplinary action;

(o) be responsible, or have its successors or assigns be responsible, for any violations of Rules committed by it while it was a Clearing Member;

(p) cooperate with the Clearinghouse and any Governmental Authority in any inquiry, investigation, audit, examination or proceeding, except that nothing in this paragraph shall prevent a Clearing Member from lawfully defending itself in any matter or proceeding;

(q) adopt, adhere to and enforce risk management and other policies and procedures that are designed to address the risks that the Clearing Member poses to the Clearinghouse and promptly provide, upon request by the Clearinghouse, information related to the risk management policies, procedures and practices of the Clearing Member, including but not limited to policies and procedures related to compliance with risk limits and disaster recovery and business continuity, provided however, if a Clearing Member is regulated by a state or federal regulator and submits materially the same information to such regulator, the Clearinghouse may accept a written certification from the Clearing Member of adherence to the immediately preceding requirements;

(r) coordinate with the Clearinghouse to develop and test business continuity and disaster recovery plans that enable effective resumption of daily processing, clearing and settlement following a disruption; and

(s) develop and implement a written compliance program approved in writing by senior management of such Clearing Member that is reasonably designed to achieve and monitor the Clearing Member's compliance with all applicable requirements of the Clearinghouse and Applicable Law, and to be responsible for all Digital Asset Transactions



effected on the Clearinghouse by or for the account of such Clearing member, its Authorized Users or by any Person using its or their Authorized User IDs.

## **Rule 806      Clearing Member Financial Reporting Requirements**

Clearing Members shall comply with applicable Clearinghouse rules and Policy Circulars relating to minimum financial requirements and financial reporting requirements.

(a) Each Clearing Member shall timely file with the Clearinghouse, related to, arising out of, or otherwise in connections with its activities with or on the Clearinghouse:

(i) A financial statement in the form prescribed by the Clearinghouse within ninety (90) days after the end of such Clearing Member's fiscal year, together with a summary description in reasonable detail of the risk management, policies, procedures and systems that were maintained by such Clearing Member during such fiscal year and a financial statement in the form prescribed by the Clearinghouse within thirty (30) days after the end of each quarter; and

(ii) The financial statements required by this Rule shall be submitted in the form and manner prescribed by the Clearinghouse. The financial statement for the fiscal year of a Clearing Member shall be certified by an independent public accountant, and the quarterly financial statements shall be certified by the president, the chief financial officer or a general partner of the Clearing Member, or a designee or other person approved by the Clearinghouse to make such certification.

(iii) Each Clearing Member shall file with the Clearinghouse such financial or other information, in addition to that which is explicitly required by this Rule, as may be requested by the Clearinghouse from time to time.

(b) In the event that a Clearing Member: (i) fails to meet any obligation to deposit or pay any Collateral or any obligations related to Digital Assets Transactions, when and as required by any clearing organization of which it is a member; (ii) fails to be in compliance with any applicable financial requirements of any Governmental Authority; or (iii) becomes or reasonably anticipates that it will be Insolvent, such Clearing Member shall immediately so advise the Clearinghouse telephonically and in writing.

## **Rule 807      Notices Required of Clearing Members**

(a) A Clearing Member must provide prompt written notice (but in no event, later than five (5) business days) to the Clearinghouse of:

(i) Any material changes to the information provided to the Clearinghouse by the Clearing Member;

(ii) any change in its name, business address, telephone or facsimile

number, electronic mail address, or any number or access code for any electronic communication device used by it to communicate with the Clearinghouse;

- (iii) any refusal of admission to, withdrawal of any application for membership in (in connection with or reasonably related to its activities with respect to the Clearinghouse, or that would reasonably be foreseen as affecting or causing actual reputational harm to the Clearinghouse), any suspension, expulsion, bar, material fine, censure, denial of membership, registration or license, withdrawal of any application for registration, cease and desist order, temporary or permanent injunction, denial of clearing privileges, or any other material sanction or discipline through an adverse determination, voluntary settlement or otherwise, by any Governmental Authority, Self-Regulatory Organization, settlement facility, or other business or professional association;
- (iv) any announced merger, combination or consolidation between the Clearing Member and another Person;
- (v) the assumption or guaranty by the Clearing Member of all or substantially all of the liabilities of another Person in connection with a direct or indirect acquisition of all or substantially all of that Person's assets;
- (vi) failure to maintain minimum financial requirements as established by the Clearinghouse from time to time;
- (vii) any material change to the Clearing Member's financial conditions, whether by sale of the Clearing Member's business or assets to another Person or a planned material reduction in equity capital, or otherwise;
- (viii) any material damage to, malfunction of, or failure or inadequacy of, the systems, facilities or equipment of the Clearing Member used to effect Transactions on the Clearinghouse;
- (ix) the commencement of any judicial or administrative proceeding against the Clearing Member by a Governmental Authority or the imposition of any fine, cease and desist order, denial of operating privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Authority, in connection with or reasonably related to its activities with respect to the Clearinghouse, or that would reasonably be foreseen as affecting or causing actual or reputational harm to the Clearinghouse; the indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, the Clearing



Member or any of its officers for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, security, futures contract, option or other financial instrument, or involving or arising from fraud or moral turpitude;

- (x) to the extent it is material to a Clearing Member's obligations to the Clearinghouse, notice of an unqualified audit opinion from an external auditor; and
- (xi) the Insolvency or reasonable anticipation of Insolvency of the Clearing Member or any of its Affiliates, if materially related to the Clearing Member's ability to meet its obligations to the Clearinghouse.

(b) Each Clearing Member shall notify the Clearinghouse at least ten (10) business days prior to any merger, sale or transfer of substantially all of its assets, acquisition, consolidation, combination, sale or other material change of ownership.

(c) Nothing in this Rule 807 is intended to substitute for or limit any other reporting obligations that a Clearing Member may have to the Clearinghouse or any regulatory agency or Governmental Authority.

#### **Rule 808 Clearinghouse Authority**

(a) The Clearinghouse shall have authority, in its sole discretion, to take such action against any Clearing Member, including but not limited to terminating the Clearing Member User Agreement and requiring the withdrawal of a Clearing Member, imposing enhanced capital requirements, imposing enhanced Collateral Requirements, prohibiting an increase or requiring a reduction in Obligations of the Clearing Member, and requiring the satisfaction of the Clearing Member's Obligations when, in the sole discretion of the Clearinghouse, such action is appropriate or necessary to manage one or more risks posed to the Clearinghouse by a Clearing Member.

(b) If at any time the Clearinghouse, in its sole discretion, determines that there is a question as to a Clearing Member's good standing, financial condition or such Clearing Member is in Default, the Clearinghouse may suspend such Clearing Member or take any other action needed to protect the best interests of the other Clearing Members, and/or the Clearinghouse.

#### **Rule 809 Liquidity Events**

In the event the Clearinghouse requires additional capital to enable it to promptly meet all of its Obligations to Clearing Members, the Clearinghouse may, without limitation, delay or cancel settlement timeframes, sell any Digital Assets, apply any Collateral, use uncommitted funding arrangements, and/or the Default Fund or committed lines of credit, if any, provided however, the Clearinghouse will not require Clearing Members to contribute additional capital in excess of their



existing capital requirements as Clearing Members.

In the event the Clearinghouse is unable to obtain sufficient capital to promptly meet settlement and payment through such means, the Clearinghouse may declare the occurrence of a liquidity event (a “Liquidity Event”). If the Clearinghouse declares a Liquidity Event, it may do any or all of the following: cease clearing and settlement operations and satisfy all open Digital Asset Transactions; calculate Clearing Member Obligations at the time it declares a Liquidity Event; settle all Obligations for which it has capital available; any Obligations that cannot be settled by the Clearinghouse will be allocated based on Applicable Law. If the Clearinghouse declares a Liquidity Event it may take any other reasonable steps it deems necessary to attempt to resolve the Liquidity Event.

### **Rule 810      Acceptance for Clearing and Settlement**

(a) The Clearinghouse will coordinate with the Marketplace and Clearing Members to accept or reject Digital Asset Transactions for clearing and settlement as quickly after notice from the Marketplace as technologically practicable. The Clearinghouse will accept Digital Asset Transactions for clearing and settlement when such Digital Asset Transactions have been received by the Clearing System if the Clearing Member has clearing arrangements in place, either on behalf of itself or an EDXM Member as indicated on its Clearing Authorization Letter, and has satisfied any applicable risk limits imposed by the Clearing Member, the Marketplace or the Clearinghouse. Subject to the foregoing, the Clearinghouse shall accept for clearing and settlement any Digital Asset Transaction that has been properly submitted by the Marketplace to the Clearinghouse for clearance and settlement, and shall not accept for clearing any Digital Asset Transaction submitted to it by any Person other than the Marketplace. The Clearinghouse may reject for clearing and settlement any Digital Asset Transactions that have not been properly submitted by the Marketplace to the Clearinghouse for clearance and settlement, or, if in the sole discretion of the Clearinghouse, the rejection of a Digital Asset Transaction is in the best interest of the Clearinghouse and/or Clearing Members. All Digital Asset Transactions accepted for clearing and settlement by the Clearinghouse shall be subject to these Rules.

(b) The Clearinghouse, by accepting a Digital Asset Transaction offered to it for clearing and settlement, shall be the principal party to each Digital Asset Transaction and the Clearing Member shall be the other party to each Digital Asset Transaction as principal. A Clearing Member shall have no rights or obligations as against another Clearing Member with respect to any Digital Asset Transaction submitted for clearing and settlement, and shall be a counterparty only to the Clearinghouse.

(c) The Clearinghouse shall be entitled to rely conclusively on the accuracy and authenticity of any information regarding any Digital Asset Transaction submitted to the Clearinghouse by the Marketplace on behalf of a Clearing Member, including the accuracy of a Clearing Authorization Letter, if the Clearing Member, or EDXM Member identified by a Clearing Member on a Clearing Authorization Letter, submitted, caused to be submitted or authorized for submission, or ratified submission of, such Digital Asset



Transaction.

## **Rule 811      Liens Held by the Clearinghouse**

The Clearinghouse shall have, and each Clearing Member hereby grants, a first lien and perfected security interest in, and right of setoff against, all Collateral and other property (including Digital Assets), and all proceeds of any of the foregoing, held in or for the accounts (including Collateral Accounts) of a Clearing Member in connection with the financial obligations of such Clearing Member to the Clearinghouse, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due. A Clearing Member shall execute any documents required by the Clearinghouse to create, perfect and enforce such lien. The Clearinghouse may assign, pledge, repledge or otherwise create a lien on or security interest in, and enter into repurchase agreements involving any Digital Assets, cash or other assets credited to a Clearing Member, as permitted by Applicable Law.

Each Clearing Member (“You”) agrees that all Digital Assets, cash and other assets credited to your account will be treated as “financial assets” under Article 8 of the Uniform Commercial Code as in effect from time to time in the State of Illinois. The Clearinghouse is a “securities intermediary” as that term is defined in Article 8 of the Uniform Commercial Code (“UCC”) as enacted in the State of Illinois (“Article 8”) because in the ordinary course of its business it maintains securities accounts for others. The Clearinghouse is acting as a securities intermediary when it holds Digital Assets and cash for its Clearing Members. Although it holds only Digital Assets and cash and not securities, the account the Clearinghouse maintains for you on its books and records is a “securities account” under Article 8, and you are the “entitlement holder” of the securities account under Article 8. The Clearinghouse is obligated by Article 8 to maintain sufficient cash and Digital Assets to satisfy all entitlements of customers of the Clearinghouse to such cash and Digital Assets. Under Article 8, the Digital Assets and cash credited to your account are not general assets of the Clearinghouse and are not available to satisfy claims of general creditors of the Clearinghouse. The treatment of assets credited to your account as financial assets under Article 8 does not determine the characterization or treatment of the cash and Digital Assets under any other law or rule.

## **Rule 812      Settlement**

(a) In the absence of a clerical error, payments of funds or transfer of funds to and from the Clearinghouse, including, but not limited to, intraday and end of day Collateral payments are final and unconditional when effected and cannot be reversed.

(b) Clearing Members must use Approved Financial Institutions approved for use by the Clearinghouse.

(c) Clearing Members must provide sufficient Collateral as set by the Clearinghouse.



- (d) Settlement timelines shall be as posted on the Website, from time to time. The Clearinghouse will provide Clearing Members with reasonable prior notice of each material change to settlement timelines by issuing a Policy Circular regarding such material change and amending the Website accordingly prior to its effectiveness.
- (e) Clearing Members may initiate withdrawals of funds from the Clearinghouse at any time, which will then be processed during regular Market Hours, with the exception of the Settlement Window.
- (f) Settlement Process.
  - i. When a Digital Asset Transaction is submitted for clearance and settlement to the Clearinghouse, the Clearinghouse shall record the purchase of Digital Assets and the Obligation to deliver US Dollars in the buying Clearing Member's Trading Account, and will record the sale of a Digital Asset and the Obligation to receive US Dollars in the selling Clearing Member's Trading Account. No Obligations will be final until the close of the Settlement Window Completion.
  - ii. Following the Settlement Window Start, if a Clearing Member satisfies its Obligations by the Delivery Deadline, the Clearinghouse will move the funds of each Clearing Member to their respective Settled Accounts by the Settlement Window Completion. If a Clearing Member fails to satisfy its Obligations by the Delivery Deadline, the Clearinghouse, at its sole discretion, may restrict credit of any Digital Assets and/or cash to that Clearing Member's Settled Account in connection with the Digital Asset Transaction, and shall retain such Digital Assets and/or cash and may satisfy such Obligations in accordance with Rule 814.
  - iii. Once the Settlement Window Completion is reached and all Obligations have been satisfied by the Clearinghouse and Clearing Members, settlement will be final.

### **Rule 813 Defaults**

If any of the following events occurs with respect to a Clearing Member (each, a "Default"), the Clearing Member shall be in Default if the Clearing Member:

- (a) fails to fulfill any financial, settlement or other obligation to the Clearinghouse when due, including, without limitations, satisfying its Obligations in Digital Asset Transactions or the delivery of additional Collateral or other funds, as required by the Clearinghouse;
- (b) presents increased credit or liquidity risk to the Clearinghouse, or whose financial condition, operational capability, or risk management capability





otherwise makes it necessary or advisable to call this Clearing Member to be in Default for the protection of the Clearinghouse and its Clearing Members;

- (c) fails to pay when due any amount owing to the Clearinghouse;
- (d) makes a materially false misrepresentation, statement, or omission to the Clearinghouse;
- (e) is Insolvent; or
- (f) Fails to meet, on an ongoing basis, any of the requirements applicable to such Clearing Member in Rules 805, 806, or 807.

If the Clearing Member is in Default, then such Clearing Member, in addition to any other remedy available to the Clearinghouse pursuant to these Rules, at law or equity shall:

- (a) be liable to the Clearinghouse as set forth in Rules 815 and 816;
- (b) be automatically and without further action terminated by the Clearinghouse as a Clearing Member, except that such termination may be temporarily postponed by the Chief Compliance Officer, Chief Risk Officer, or Chief Executive Officer or their designees, if the Officer or designee determines that such termination would not be in the best interests of the Clearinghouse; and
- (c) shall take no action, including but not limited to attempting to obtain a court order, that would interfere with the ability of the Clearinghouse to exercise its rights under the Rules and the Clearing Member User Agreement.

#### **Rule 814 Application of Funds for Clearing Member Default**

In the event of a Clearing Member Default, all such Clearing Member's Collateral, and any other assets, entitlements, or Obligations may be drawn upon to cure that Clearing Member's Default along with any other resources available to the Clearinghouse including but not limited to the use of lending facilities.

#### **Rule 815 Liquidation on Termination of Clearing Member**

If a Clearing Member is in Default, or ceases to be a Clearing Member, then such Clearing Member shall be prohibited from establishing new settlement Obligations and must timely satisfy all existing Obligations satisfied by the Clearing Member as provided in these Rules. If a Clearing Member fails to timely satisfy its Obligations, the Clearinghouse may take such actions and remedies as provided in these Rules.



## **Rule 816      Default Fund**

The Clearinghouse shall establish and maintain a proprietary Default Fund within the Clearinghouse Proprietary Account, in the amount determined from time to time in the discretion of the Clearinghouse. The Default Fund shall be maintained in US Dollars or other liquid assets free and clear of any claims that would be senior to the Clearinghouse's Obligations to its Clearing Members. The Clearinghouse may, including without limitation, use the Default Fund to obtain Digital Assets, or other assets of the same value, or draw upon the Default Fund, in its sole discretion, as liquidity to assist in the orderly operation of the Clearinghouse. For avoidance of doubt, the Default Fund is established by the Clearinghouse.

## **Rule 817      Collateral and Liquidations**

- (a) The Clearinghouse shall establish minimum Collateral Requirements.
- (b) The Clearinghouse may change Collateral Requirements at any time superseding previous Collateral Requirements based on the Clearing Member's Digital Asset Transactions by providing such Clearing Member reasonable prior notice of such change;
- (c) Failure by a Clearing Member to satisfy its Collateral Requirements will result in decreased limits for Digital Asset Transactions submitted for clearing and settlement by the Clearing Member, and other remedies at the Clearinghouse's disposal including but not limited to terminating a Clearing Member from the Clearinghouse.

## **Rule 818      Amounts Payable to the Clearinghouse**

In the event of a Clearing Member Default, and upon completion of any liquidation, the Clearinghouse shall be entitled on demand to recover from such Clearing Member all amounts due to the Clearinghouse for all losses, liabilities, damages, costs and expenses (including without limitation legal fees and disbursements) incurred by the Clearinghouse in connection with such Default, and/or liquidation, and such Clearing Member's Collateral, together with any other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee, shall be applied by the Clearinghouse to discharge the obligations of such Clearing Member to the Clearinghouse (including any amounts, and costs and expenses associated with the liquidation or management of Digital Asset Transactions held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member). The foregoing is in addition to any other remedy available to the Clearinghouse at law or equity.



## **Rule 819      Clearing Fees**

The Clearinghouse shall have the right to offset any fees, charges or other amounts (other than fines or penalties) due to the Clearinghouse against a Clearing Member's Settled Account, or to add fees to any Obligations due to the Clearinghouse, and shall have the right to instruct an Approved Financial Institution, if applicable, to debit the Settled Account maintained by a Clearing Member to offset any amounts due to the Clearinghouse, or to add fees to any Obligations due to the Clearinghouse. All fees schedules shall be posted to the Website, which may be amended from time to time.

**CHAPTER 9**  
**[RESERVED]**

## CHAPTER 10 MISCELLANEOUS

### Rule 1001 Data Rights and Intellectual Property

(a) Each Clearing Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Clearinghouse owns and shall retain all right, title and interest in and to the Clearinghouse, all components thereof, including without limitation all related applications, all application programming interfaces, user interface designs, software and source code (together with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, except Clearing Member Data, as defined below, transmitted by means of any of the foregoing, including, without limitation, the Clearing Data, as defined below, the “Proprietary Information”) and any and all intellectual property rights therein, including, without limitation all registered or unregistered, as applicable (i) copyright, (ii) trade mark, (iii) service mark, (iv) trade secret, (v) trade name, (vi) data or database rights, (vii) design rights, (viii) moral rights, (ix) inventions, whether or not capable or protection by patent or registration, (x) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (xi) patent, and (xii) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Clearinghouse and all other related proprietary rights of the Clearinghouse, and/or any of their Affiliates. Each Clearing Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Clearinghouse. Each Clearing Member acknowledges and agrees that it shall not and shall not permit its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Clearinghouse or the Proprietary Information. Each Clearing Member further agrees to and to cause each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, to keep the Proprietary Information confidential and not to transfer, rent, lease, loan, sell or distribute, directly or indirectly, all or any portion of the Clearinghouse or any Proprietary Information.

(b) Notwithstanding any other provision of this Rule 1001, each Clearing Member retains all rights with respect to data submitted to the Clearinghouse by such Clearing Member and its Authorized Users (the “Clearing Member Data”). Each Clearing Member hereby grants the Clearinghouse a non-exclusive, non-assignable, non-transferable, worldwide, irrevocable license to combine the Clearing Member’s Clearing Member Data with the Clearing Member Data of all other Clearing Members to generate Clearing Data. “Clearing Data” means the aggregated, anonymized data generated by Clearinghouse from Clearing Member Data that has been altered using measures to render such data as de-identified so that it does not reasonably identify, relate to, or describe a particular Clearing Member or Authorized User, or other Person affiliated with either of



the foregoing, and cannot be combined with other information to re-identify a Clearing Member or Authorized User, or other Person affiliated with either of the foregoing.

(c) Subject to the provisions of paragraphs (a) and (b), all Clearing Members, Authorized Users and other Persons affiliated with either of the foregoing hereby acknowledge and agree that the Clearinghouse is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in Clearing Data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit Clearing Data and any such derivative works, provided that Clearing Member, Authorized Users and such other Persons, including Affiliates, may use Clearing Data for their own internal business purposes or as necessary to comply with Applicable Law or any request of a Governmental Authority or Self-Regulatory Organization. Without limiting the generality of the foregoing, Clearing Members, Authorized Users and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit Clearing Data to any third party.

(d) Subject to the provisions of paragraphs (a) and (b), Clearinghouse may use, distribute, sub-license, disclose and sell Clearing Data, in any manner, media and jurisdiction, for the benefit of the Clearinghouse and/or its Affiliates; provided that, except as may otherwise be required by law or in any written agreement between the Clearinghouse and such Clearing Member, the Clearinghouse shall not disclose Clearing Data other than on an aggregated basis that does not directly or indirectly identify individual Clearing Members, except to a Governmental Authority or to an Affiliate, or as otherwise permitted by these Rules, in order to provide services under these Rules, and shall not permit or otherwise allow any Person to re-identify such Clearing Data or attempt to correlate, associate, supplement or otherwise process Clearing Data such that the resulting data or information is reasonably capable of identifying or being associated or linked with a particular Clearing Member or Authorized User, or other Person affiliated with either of the foregoing.

## **Rule 1002 Recording of Communications**

As permitted by Applicable Law, the Clearinghouse may record conversations and retain copies of electronic communications between Clearinghouse personnel, on the one hand, and Clearing Member and their Authorized Users, employees, and/or agents, on the other hand. Any such recordings may be retained by the Clearinghouse for a period of at least seven (7) years or in such manner and for such periods of time as required by the Clearinghouse or Applicable Law.

## **Rule 1003 Confidentiality**

The Clearinghouse will maintain the confidentiality of Clearing Member information pursuant to the Clearing Member User Agreement entered into with each Clearing Member, and as required by these Rules. The Clearinghouse will only identify Clearing Members as required by regulations, for operation of the Clearinghouse, in the event it needs to reject a Digital Asset Transaction or adjust a price on a post-transaction basis, or as otherwise permitted in these Rules.

#### **Rule 1004 Force Majeure**

Notwithstanding any other provision of the Rules, the Clearinghouse shall not be obligated to perform its obligations under the Rules or any agreement with a Clearing Member, or to compensate any Clearing Member, Authorized User or other Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of circumstances that the Clearinghouse determines, in its sole discretion, may have an adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, fire or other natural disasters, inclement weather, embargos, bomb threats, pressure waves, disruption of electricity, pandemics, lockdowns, government-mandated work restrictions, communication outages or delays, acts or threats of terrorism, riots, commotions, strikes, war, invasions, hostilities (whether declared or not), and contaminations.

#### **Rule 1005 Extension or Waiver of Rules**

The time frames fixed by these Rules, interpretations or policies of the Clearinghouse for the doing of any act or acts may be extended, or the doing of any act or acts required by these Rules or any interpretations or policies of the Clearinghouse may be waived, and any provision of these Rules or any interpretations or policies of the Clearinghouse may be suspended by the Clearinghouse whenever, in the judgment of the Clearinghouse, such extension, waiver or suspension is necessary and in the best interest of the Clearinghouse and a majority of the Clearing Members. Before the Clearinghouse may implement any such material extension, waiver or suspension, the Clearinghouse must provide Clearing Members with reasonable prior notice of such extension, waiver or suspension by issuing a Policy Circular regarding such extension, waiver or suspension prior to its effectiveness, with such effective period as reasonable under the circumstances. Any such extension, waiver or suspension may continue in effect after the event or events giving rise thereto but shall not continue in effect for more than thirty calendar days after the date thereof unless it shall be approved by the Directors within such period of thirty calendar days. A written report of any such extension, waiver or suspension, stating the pertinent facts and the reasons such extension, waiver or suspension was deemed necessary or in the best interest of the Clearinghouse shall be presented to the Directors of the Clearinghouse.

#### **Rule 1006 Effect of Amendment, Repeal or New Rule**

The Clearinghouse may, in its sole discretion, amend or repeal any rule and/or adopt new Rules. Any such amendment or repeal of a Rule or adoption of a new Rule will not be effective until the Clearinghouse provides reasonable prior notice to Clearing Members by issuing a Policy Circular regarding such amendment or repeal of a Rule or adoption of a new Rule and by posting a new version of the Rules on the Clearinghouse Website (the “Effective Date”). Any such amendment, repeal or adoption, as applicable, shall be binding on all Clearing Members, Authorized Users, and other Persons subject to the jurisdiction of the Clearinghouse and all Digital Asset Transactions, as of the Effective Date.

#### **Rule 1007 Signatures**

Rather than rely on an original signature, the Clearinghouse may elect to rely on a



signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

#### **Rule 1008     Governing Law; Legal Proceedings**

(a)     The Rules, the Clearing Member User Agreement, and the rights and obligations of the Clearinghouse and Clearing Members under the foregoing (including the creation of security interests in Collateral) shall be governed by, and construed in accordance with, the internal laws of the State of Illinois applicable to contracts executed and performed wholly within the State of Illinois without regard to any provisions of Illinois law that would apply the substantive law of a different jurisdiction.

(b)     In connection with the following agreement to arbitrate, the Clearinghouse and each Clearing Member understands that: (i) arbitration is final and binding on the parties; (ii) the parties are waiving their right to seek remedies in court, including the right to jury trial; (iii) pre-arbitration discovery is more limited than and different from court proceedings; and (iv) the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the cryptocurrency trading industry. Subject to the preceding disclosures, each party agrees that any controversy arising out of or relating to the Rules or the breach thereof will be resolved and settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in accordance with such other rules and procedures as are agreed to by the parties. The arbitration proceeding shall be conducted in Chicago, Illinois, unless otherwise agreed to by the parties. Judgment upon arbitration may be entered in any court, state or federal, having jurisdiction; provided, however, that nothing herein will prevent either party from: (i) petitioning a regulatory body regarding a matter in question over which the regulatory body has administrative jurisdiction; or (ii) pursuing injunctions before any administrative or judicial forum provided that all monetary and other relief is submitted for arbitration.

(c)     Any action, suit or proceeding by either the Clearinghouse or a Clearing Member must be brought within two (2) years from the time that a cause of action has accrued, was discovered, or should reasonably have been known in the exercise or reasonable due diligence. Any such action, suit or proceeding shall be brought in the State or Federal courts located within the City of Chicago, Illinois. The Clearinghouse and each Clearing Member, for itself and its Authorized Users, expressly consents to the jurisdiction of any such court, and waives any objection to venue therein. The Clearinghouse and each Clearing Member, for itself and its Authorized Users, waives any right it may have to a trial by jury.