

**FORIS DAX, INC.**  
**(c.o.b. as CRYPTO.COM)**

**Pre-Registration Activities Undertaking**

To: The Ontario Securities Commission (the **Principal Regulator**) and the other members of the Canadian Securities Administrators (collectively, the **CSA**)

From: Foris DAX, Inc. operating as Crypto.com (the **Filer**)

Re: Undertaking in respect of pre-registration activities conducted on the Filer's Platform (defined below) in relation to clients resident in Canada during the CSA review of the Filer's application for registration and related application for exemptive relief (the **Undertaking**)

Date: August 3, 2022

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**Background**

The Filer operates a proprietary internet-based platform and exchange for the trading of crypto contracts based on crypto assets (collectively, the **Filer's Platform**) that enables clients to buy, sell, hold, deposit and withdraw crypto assets such as Bitcoin, Ether, and anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token, that are not themselves securities or derivatives (the **Crypto Assets**) through the Filer.

The Filer's Platform constitutes a Dealer Platform and a Marketplace Platform as those terms are defined in Joint CSA-IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements (CSA SN 21-329)*. In connection with the operation of the Filer's Platform, the Filer has:

- (a) made an application for registration in the category of restricted dealer that includes a completed and signed Form 33-109F6 *Firm Registration* including all schedules and supporting documents (the **Application for Registration**) in each province and territory in Canada;
- (b) made an application for prospectus relief, suitability relief, trade reporting relief and relief from the Marketplace Rules in each jurisdiction in Canada where the Filer carries on or intends to carry on business as a CTP (the **Application for Relief**) in connection with the operation of the Filer's Platform;
- (c) paid all required fees applicable to the Application for Registration and the Application for Relief; and

(d) filed a completed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*.

Given the Filer's business model, and the need to tailor the terms and conditions of the registration and exemptive relief to the specificities of the Filer's business model, trade flow process and relationship with its liquidity provider(s) and custodian(s), the CSA review of the Application for Registration and the Application for Relief are still ongoing.

The terms of this Undertaking are based on the obligations that will apply to the Filer once registered and pursuant to the terms and conditions set out in the Filer's Application for Relief. There are certain terms and conditions of this Undertaking that may not be consistent with the obligations that will apply to the Filer once registered, and those terms and conditions in this Undertaking do not necessarily reflect the decision that will be made by the Principal Regulator and the other members of the CSA in the Applicable Jurisdictions in connection with the Application for Registration and the Application for Relief.

The Filer understands that the Principal Regulator may disclose the name of the Filer and this Undertaking or the fact that the Filer has provided this Undertaking on the Principal Regulator's website and/or the CSA Website.

## **Definitions**

In this Undertaking including the Schedules attached hereto, the following terms have the following meanings:

"Account Appropriateness Factors" has the meaning ascribed to that term in paragraph 16 of Schedule I;

"Applicable Jurisdictions" means the jurisdictions in Canada in which the Filer has filed the Application for Registration and/or the Application for Relief;

"Client Account" means an account opened by a client of the Filer using the Filer's website and/or mobile application to access the Filer's Platform;

"Crypto Asset" means Bitcoin, Ether, and anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token, that are not themselves securities or derivatives;

"Crypto Asset Statement" has the meaning ascribed to that term in paragraph 23(e) of Schedule I;

"Crypto Contract" means an investor's contractual rights relating to a Crypto Asset and related rights under the investor's agreement with the Filer's Platform;

“CSA Staff Notice 21-329” means Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements*;

“Dealer Platform” has the meaning ascribed to that term in CSA Staff Notice 21-329;

“KYP Policy” has the meaning ascribed to that term in paragraph 15 of Schedule I;

“Marketplace Platform” has the meaning ascribed to that term in CSA Staff Notice 21-329;

“Marketplace Rules” means

- (i) National Instrument 21-101 *Marketplace Operation* (**NI 21-101**)
- (ii) National Instrument 23-101 *Trading Rules* (**NI 23-101**)
- (iii) National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103**)

“NI 31-103” means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

“permitted client” has the meaning ascribed to that term in NI 31-103;

“principal” means a promoter, director, officer or control person;

“Risk Statement” has the meaning ascribed to that term in paragraph 21 of Schedule I;

“Specified Crypto Asset” means Bitcoin, Bitcoin Cash, Ether, Litecoin and any other Crypto Asset in respect of which the Principal Regulator and the other CSA members in the Applicable Jurisdictions have provided written confirmation to the Filer subsequent to the date of this Undertaking may be designated a Specified Crypto Asset for the purposes of this Undertaking;

“Staked” means a Crypto Asset that has been pledged or locked in a smart contract to permit the owner or the owner’s delegate to act as a Validator for a particular proof-of-stake consensus algorithm blockchain;

“Staking” means the act of committing or locking Crypto Assets in smart contracts to permit the owner or the owner’s delegate to act as a Validator for a particular proof-of-stake consensus algorithm blockchain;

“Staking Services” means any and all services conducted by the Filer and third parties in order to enable the Staking of clients’ Crypto Assets that are held on the Filer’s Platform;

“Validator,” in connection with a particular proof-of-stake consensus algorithm blockchain, means a node meeting protocol requirements that participates in consensus by broadcasting votes and committing new blocks to the blockchain.

### **Undertaking re Pre-Registration Activities**

Until such time that a decision is made by the Principal Regulator and the other members of the CSA in the Applicable Jurisdictions in connection with the Application for Registration and the Application for Relief, and unless this Undertaking is otherwise withdrawn by the Filer in accordance with the manner described below, the Filer hereby undertakes to comply with the terms and conditions of this Undertaking:

1. The Filer will conduct all transactions with clients resident in Canada in compliance with the Pre-Registration Terms and Conditions as set out in Schedule I.
2. The Filer will comply with the Derivatives Data Trade Reporting Terms and Conditions as set out in Schedule II.
3. If the Filer operates a Dealer Platform and Marketplace Platform, the Filer will comply with the Marketplace Terms and Conditions as set out in Schedule III.
4. The Filer will promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of the Filer that may reasonably be perceived by the Principal Regulator or a client of the Filer to be material to the client.
5. The Filer will promptly inform the Principal Regulator in writing of any material breach or failure of the Filer's or its custodian's system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets impacting the Filer's customers will be considered a material breach or failure.
6. The Filer will promptly inform the Principal Regulator in writing if a self regulatory organization or any other regulatory authority or organization or governmental authority in any jurisdiction including any foreign jurisdiction initiates proceedings or renders a judgment related to a compliance or enforcement action involving the Filer that may reasonably be perceived by the Principal Regulator or a client of the Filer to be material to the client.
7. The Filer will promptly inform the Principal Regulator in writing if the Filer becomes subject to any of the following under the laws of any jurisdiction including any foreign jurisdiction:
  - a. a bankruptcy, a filing for bankruptcy or a proceeding governing an event similar to a bankruptcy;

- b. a proposal, including a consumer proposal, under any legislation relating to bankruptcy or insolvency or any similar proceeding;
  - c. proceedings under any legislation relating to the winding up or dissolution of the entity, or under the *Companies' Creditors Arrangement Act* (Canada);
  - d. any proceedings, arrangement or compromise with creditors, including the appointment of a receiver, receiver-manager, administrator or trustee;
8. The Filer will work diligently and use its commercially reasonable best efforts to advance the Application for Registration and Application for Relief and acknowledges that, unless waived in writing by the Principal Regulator, will have obtained a decision from the Principal Regulator respecting registration by the date that is 12 months from the date of filing of the Application for Registration and the Application for Relief or it will cease to carry on the registerable activity in any of the Applicable Jurisdictions.
9. The Filer further acknowledges that the giving of this Undertaking does not mean that the Filer has been or will be granted registration in any CSA jurisdictions or that the relief requested in the Application for Relief will be granted in any CSA jurisdictions. The Filer undertakes not to make any representation to suggest that it is registered under securities legislation in Canada. The Filer's Platform will clearly indicate that the firm has submitted an application for registration under securities legislation in Canada but it is not registered and is operating pursuant to the terms of a Pre-Registration Undertaking. There can be no assurance that the Filer will be registered and if it fails to become registered in an Applicable Jurisdiction, it will cease carrying on registerable activity in each of the Applicable Jurisdictions in which it is not registered.
10. The Filer further acknowledges that the Filer's compliance with the Pre-Registration Terms and Conditions as set out in Schedule I does not mean that any documents delivered or made available to clients have been reviewed or approved by the Principal Regulator and/or other members of the CSA and the Filer further acknowledges that it may be required to make changes to any such documents as a result of the continued review of the Application for Registration and the Application for Relief.
11. The Filer will provide not less than 30 days' prior written notice to the Principal Regulator and the other members of the CSA in the Applicable Jurisdictions if the Filer wishes to withdraw this Undertaking.

**FORIS DAX, INC.**

Per: Original signed by "James H. Grabow"

Name: James H. Grabow

Title: President

*"I have authority to bind the firm"*

Date: August 3, 2022

**Schedule I**  
**Pre-Registration Terms and Conditions**

***Pre-Registration Business Conduct Obligations***

*Acting fairly, honestly and in good faith*

1. The Filer will act and will take reasonable steps to cause each individual acting on its behalf to act fairly, honestly and in good faith with clients.

*Conflicts of interest*

2. The Filer will establish, maintain and apply reasonable policies and procedures to identify existing material conflicts of interest, and material conflicts of interest that the Filer in its reasonable opinion would expect to arise, between the Filer, including each individual acting on behalf of the Filer, and its client.
3. The Filer will respond to an existing or potential conflict of interest identified under the preceding paragraph. If a client, acting reasonably, would expect to be informed of a conflict of interest identified under the preceding paragraph, the Filer will disclose, in a timely manner, the nature and extent of the conflict of interest to a client whose interest conflicts with the interest identified.

*Restrictions on products and services*

4. The Filer will only trade Crypto Contracts based on Crypto Assets that the Filer has reasonably determined are not in and of themselves securities or derivatives.
5. The Filer will only engage in the business of trading Crypto Contracts in relation to Crypto Assets, and perform its obligations under those contracts, and will not offer derivatives based on Crypto Assets other than Crypto Contracts to clients.
6. The Filer will not offer Crypto Asset lending products or services or Staking Services to clients without the prior written consent of the Principal Regulator and the regulator or securities regulatory authority of the Jurisdiction(s) in which such products or services are offered. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation.
7. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a client in a Jurisdiction, without the prior written consent of the regulator or securities regulatory authority of the Jurisdiction, where the Crypto Asset was issued by or on behalf of a person or company that is or has in the last five years been the subject of a publicly announced order, judgment, decree, sanction, fine or administrative penalty imposed by, or has entered into a publicly announced settlement agreement with, a government or

government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of AML laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar or analogous conduct; for the purposes of this condition, the term “Specified Foreign Jurisdiction” means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, Republic of Korea, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America.

#### *Restriction on margin and leverage*

8. (a) The Filer will not offer margin, credit or other forms of leverage to clients other than clients that are permitted clients in connection with trading of Crypto Contracts or Crypto Assets on the Filer’s Platform.

(b) Despite paragraph (a), the Filer may offer margin, credit or other forms of leverage to clients that are not permitted clients in connection with trading of Crypto Contracts or Crypto Assets on the Filer’s Platform if the Filer obtains the prior written consent of the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s) in which such products or services are offered. For clarity, the regulator or securities regulatory authority may consider granting consent for the Filer to offer margin, credit or other forms of leverage to clients that are not permitted clients in connection with trading of Crypto Contracts or Crypto Assets on the Filer’s Platform on the basis of Margin and Leverage Terms and Conditions that may be developed and any such other conditions imposed by the regulators and securities regulatory authorities.

(c) Despite paragraph (b), in Ontario and such other jurisdictions as staff may advise, the Filer may not offer margin, credit or other forms of leverage to clients that are not permitted clients in connection with trading of Crypto Contracts, Crypto Assets or any other products on the Filer’s Platform.

#### *No recommendations or advice*

9. Neither the Filer nor any representative of the Filer will provide recommendations or advice to any client or prospective client.

#### *Advertising and social media use*

10. The Filer has reviewed Joint CSA-IIROC Staff Notice 21-330 *Guidance for Crypto-Trading Platforms - Requirements relating to Advertising, Marketing and Social Media Use (Staff Notice 21-330)* and federal government guidance on the general scope of the false or



misleading representations and deceptive marketing practices provisions of the *Competition Act* and will establish, maintain and apply reasonable policies and procedures to ensure advertising and social media use regarding the Filer's Platform by the Filer and persons and companies acting on behalf of the Filer is fair, balanced and not misleading.

Until such time as the Filer obtains registration in the Applicable Jurisdictions, the Filer will also include the following statement (or a link to the following statement when impractical to include) in all advertising and social media that is related to the Filer's Platform and targeted at Canadian investors:

“[Name of Filer] has filed an application for registration in certain Canadian jurisdictions but has not yet obtained registration. Until such time as the Filer obtains registration, the Filer has agreed to abide by the terms of an undertaking available at the following link [Link to be inserted].”

#### *Account opening*

11. The Filer will establish, maintain and apply eligibility criteria for the onboarding of all Canadian clients. All Canadian clients must successfully complete the Filer's know-your-client (**KYC**) process which satisfies the requirements applicable to money service businesses (**MSBs**) under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations (**AMF/ATF Law**).
12. Canadian clients who wish to enter into Crypto Contracts using fiat currency must open an account with an affiliate of the Filer (which is a registered MSB) and are required to hold an account with a Canadian financial institution or foreign equivalent.
13. Each Canadian client who is an individual, and each individual who is authorized to give instructions for a Canadian client that is a legal entity, must be: (a) a Canadian citizen or permanent resident; and (b) 18 years or older.

#### *Investment Limits*

14. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a client, other than (i) clients resident in Alberta, British Columbia, Manitoba and Québec and (ii) clients that are permitted clients, may enter into Crypto Contracts to purchase and sell on the Filer's Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.

*Account appropriateness assessment*

15. The Filer has established and will maintain and apply reasonable policies and procedures (**KYP Policy**) to review Crypto Assets before offering Crypto Contracts based on the Crypto Assets in the Applicable Jurisdictions;
16. The Filer will perform product assessments pursuant to the KYP Policy and account assessments taking into account the following factors (the **Account Appropriateness Factors**):
  - (a) the client's experience and knowledge in investing in Crypto Assets;
  - (b) the client's financial assets and income;
  - (c) the client's risk tolerance; and
  - (d) the Crypto Assets approved to be made available to a client by entering into Crypto Contracts on the Filer's Platform.
17. The Account Appropriateness Factors will be used by the Filer to evaluate whether entering into Crypto Contracts with the Filer is appropriate for a prospective client before the opening of a Client Account.
18. The Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client that is not a permitted client can incur, what limits will apply to such client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the client approaches or exceeds their Client Limit. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limit.
19. After completion of the account-level appropriateness assessment, a prospective client that is not a permitted client will receive appropriate messaging about using the Filer's Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case and that the client will not be permitted to open an account with the Filer.
20. Additionally, the Filer will monitor and will continue to monitor Client Accounts after opening to identify activity inconsistent with the client's Account Appropriateness Factors. If warranted, the client may receive further messaging about the Filer's Platform and the Crypto Assets, specific risk warnings and/or direct outreach from the Filer about their activity. The Filer monitors compliance with the Client Limits as described above. If

warranted, the client will receive messaging when their account is approaching their Client Limit and receive instructions on how to implement a stop loss order to prevent further losses.

### *Risk Statement*

21. Before a prospective client opens an account with the Filer, the Filer will deliver to the client a statement of risks (the **Risk Statement**), and will require the client to provide an electronic acknowledgement of having received, read and understood the Risk Statement.
22. For each client with a pre-existing account at the date of the Undertaking and for whom the Filer has not already performed the following with respect to such client as at the date of this Undertaking, the Filer will deliver to the client a Risk Statement and will require the client to provide an electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of: (a) before placing their next trade or deposit of Crypto Assets on the Filer's Platform and (b) the next time they log in to their account with the Filer.
23. The Risk Statement will clearly explain the following in plain language:
  - (a) the Crypto Contracts;
  - (b) the risks associated with the Crypto Contracts;
  - (c) a prominent statement that no securities regulatory authority has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Filer's Platform, including any opinion that the Crypto Assets themselves are not securities and/or derivatives;
  - (d) the due diligence performed by the Filer before making a Crypto Asset available through the Filer's Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
  - (e) that the Filer has prepared a plain language description of each Crypto Asset made available through the Filer's Platform, with instructions as to where on the Filer's Platform the client may obtain the description (each, a **Crypto Asset Statement**),

- (f) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Filer's Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients,
- (g) the location and manner in which Crypto Assets are held for the client, the risks and benefits to the client of the Crypto Assets being held in that manner,
- (h) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner,
- (i) that the Filer is not a member of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection,
- (j) a statement that the statutory rights in section 130.1 of the *Securities Act* (Ontario), and, if applicable, similar statutory rights under securities legislation of other Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement, and
- (k) a prominent statement that the Filer has submitted an application for registration and an application for certain exemptive relief under securities laws of certain jurisdictions of Canada but there is no guarantee these applications will be granted and the Filer is not currently registered under the securities or derivatives laws of any jurisdiction of Canada and has not been granted an exemption from any requirements of securities or derivatives laws of any jurisdiction of Canada;

24. The Filer will ensure it has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, as the case may be. In the event that the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event that a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through electronic disclosure on the Filer's Platform, with links provided to the updated Crypto Asset Statement.

#### *Custody of Crypto Assets*

25. The Filer is proficient and experienced in holding Crypto Assets and has established and will maintain and apply policies and procedures that manage and mitigate custodial risks, including but not limited to, an effective system of controls and supervision to safeguard

the Crypto Assets. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities and business continuity plans.

26. The Filer will hold Crypto Assets for the benefit of clients separate and apart from its own assets and from the assets of any custodial service provider. The Filer will not pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.
27. The Filer has and will retain the services of third-party custodians to hold not less than 80% of the total value of Crypto Assets held on behalf of clients.
28. The Filer has conducted due diligence on the third-party custodians, including reviewing a copy of the Service Organization Controls (**SOC**) audit report prepared by the custodians' auditors, if applicable, and has not identified any material concerns.
29. The Filer has established and will maintain and apply policies and procedures to ensure that:
  - (a) Each of the Filer's custodians holds all Crypto Assets for clients of the Filer in an omnibus account in the name of the Filer and separate and distinct from the assets of the Filer, the Filer's affiliates and all of the custodian's other clients.
  - (b) Each of the Filer's custodians maintains an appropriate level of insurance for Crypto Assets held by the custodian. The Filer has assessed the custodian's insurance policy and has determined, based on information that is publicly available and on information provided by the custodian and considering the controls of the Custodian's business, that the amount of insurance is appropriate.
  - (c) Each of the Filer's custodians has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents. The Filer's custodian has established and applies written disaster recovery and business continuity plans.
30. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure the Filer's custodian's records related to Crypto Assets that the custodian holds in trust for clients of the Filer are accurate and complete.

### *Insurance*

31. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure that:

- (a) any third-party insurance obtained by the Filer includes coverage for the Crypto Assets held by the Filer in cold storage in the event of loss or theft in accordance with the terms of the insurance policy in question.
- (b) the Filer's hot wallet provider has insurance coverage which, in the event of theft of crypto assets from hot wallets secured by the hot wallet provider will be distributed among applicable customers, which could include the Filer, pursuant to an insurance settlement agreement.

#### *Confidentiality of Clients' Order and Trade Information*

- 32. The Filer has established and will maintain and apply policies and procedures to safeguard the confidentiality of client information, including information relating to their trading activities.

#### *Books and Records*

- 33. The Filer keeps books and records and other documents to accurately record its business activities, financial affairs and client transactions, and to demonstrate the Filer's compliance with applicable requirements of securities legislation as if the Filer were a registered firm, including but not limited to:
  - (a) a record of all clients and prospective clients granted or denied access to the Filer's Platform;
  - (b) daily trading summaries of all Crypto Assets traded, with transaction volumes and values; and
  - (c) records of all orders and trades, including the price, volume, times when the orders are entered, matched, cancelled or rejected, and the identifier of the client that entered the order or that was counterparty to the trade.

#### *Reporting Requirements*

- 34. The Filer will promptly notify the Principal Regulator of any of the following:
  - (a) Any material system failure involving the Filer's service and, if applicable, any clearing and settlement services, including cybersecurity breaches, that impacts its Canadian clients;
  - (b) Any known investigations of, or regulatory action against, the Filer by a regulatory authority in any jurisdiction in which it operates which may impact the operation of the Filer's Platform in Canada;
  - (c) Details of any material litigation instituted against the Filer which may impact the operation of the Filer's Platform in Canada;

- (d) Notification that the Filer has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Filer or has a proceeding for any such petition instituted against it; and
  - (e) The appointment of a receiver or the making of any voluntary arrangement with creditors.
35. In addition to any other reporting required herein, the Filer will provide to the Principal Regulator, on a timely basis and on demand, any report, data, document or information that the Filer has available or would be reasonably expected to have available regarding the marketplace service and, if applicable, any clearing and settlement services provided to Canadian clients that may be reasonably requested by the Principal Regulator from time to time. Unless otherwise prohibited under applicable law, the Filer will share with the Principal Regulator information relating to regulatory and enforcement matters that will materially impact the marketplace service or any clearing and settlement services provided to the Canadian clients.

## Schedule II

### Derivatives Data Trade Reporting

#### Terms and Conditions

##### ***Data Reporting***

1. The Filer will provide the following information to the Principal Regulator, and to the securities regulatory authority or regulator in each of the Applicable Jurisdictions with respect to clients in those jurisdictions individually, within 30 days of the end of each March, June, September and December:
  - (a) aggregate reporting of activity conducted pursuant to Crypto Contracts during the applicable calendar quarter that will include the following:
    - (i) number of Client Accounts opened each month in the quarter;
    - (ii) number of Client Accounts closed each month in the quarter;
    - (iii) number of trades in each month of the quarter;
    - (iv) average value of the trades in each month of the quarter;
    - (v) number of Client Accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
    - (vi) number of Client Accounts with no trades during the quarter;
    - (vii) number of Client Accounts that have not been funded at the end of each month in the quarter; and
    - (viii) number of Client Accounts that hold a positive amount of Crypto Assets at the end of each month in the quarter;
  - (b) the details of any material client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
  - (c) the details of any fraudulent activity or cybersecurity incidents on the Filer's Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future;
  - (d) the amount of any Crypto Assets held in hot wallets as of the end of the quarter;
  - (e) the amount of the guarantee described in paragraph f as of the end of the quarter;



- (f) the name of the financial institution and the amount of any money held at the end of the quarter in an account with the financial institution, separate from the Filer's operational accounts and Filer's Client Accounts, to supplement any insurance policy or guarantee relating to the Filer's hot wallets; and
  - (g) the details of the transaction volume per liquidity provider, per Crypto Asset during the quarter.
2. The Filer will deliver to the Principal Regulator and the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following anonymized account-level data for activity conducted during the applicable calendar quarter pursuant to a Crypto Contract for each client within 30 days of the end of each March, June, September and December:
- (a) unique account number and unique client identifier, as applicable;
  - (b) jurisdiction where the client is located;
  - (c) the date the account was opened;
  - (d) the amount of any fiat currency held by the Filer at the beginning of the reporting period and at the end of the reporting period;
  - (e) cumulative realized gains/losses on the Filer's Platform since account opening in CAD;
  - (f) unrealized gains/losses on the Filer's Platform as of the report end date in CAD;
  - (g) quantity traded, deposited and withdrawn by Crypto Asset during the quarter in number of units;
  - (h) Crypto Asset traded by the client;
  - (i) quantity held of each Crypto Asset by the client as of the report end date in units;
  - (j) CAD equivalent aggregate value for each Crypto Asset traded by the client, calculated as the amount in paragraph (i) multiplied by the market price of the asset in paragraph (h) as of the report end date;
  - (k) age of account in months; and
  - (l) if applicable, the Client Limit established by the Filer on each account.

3. Within 7 calendar days from the end of each month, the Filer will deliver to the Principal Regulator and the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all accounts for which the Client Limits established pursuant to representation [18] were exceeded during that month.
4. The Filer will deliver to the Principal Regulator within 30 days of the end of each March, June, September and December, either:
  - (a) blackline copies of changes made to the policies and procedures on the operations of its wallets that were previously delivered to the Principal Regulator; or
  - (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.
5. In addition to any other reporting required by Legislation, the Filer will provide, on a timely basis, any report, data, document or information that the Filer has available or would be reasonably expected to have available to the Principal Regulator, including any information about the Filer's custodian(s) and the Crypto Assets held by the Filer's custodian(s), that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Undertaking, in a format acceptable to the Principal Regulator.
6. Upon request, the Filer will provide the Principal Regulator and the regulators or securities regulatory authorities of each of the Applicable Jurisdictions with aggregated and/or anonymized data that the Filer has available or would be reasonably expected to have available concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading Crypto Assets.
7. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Filer's Platform.

## Schedule III

### Marketplace Terms and Conditions

#### *Fair access*

1. The Filer will not unreasonably prohibit, condition or limit the access of any Canadian client.
2. The Filer will not permit unreasonable discrimination among its Canadian clients.

#### *Market Integrity*

3. The Filer will take reasonable steps to ensure that the operation of the marketplace does not interfere with fair and orderly markets.
4. The Filer will establish, maintain and ensure compliance with policies and procedures to address concerns relating to fraud and market manipulation in connection with the marketplace, including policies and procedures to monitor for and investigate potential instances of manipulative and abusive trading.
5. The Filer will establish, maintain and ensure compliance with policies and procedures for addressing and escalating complaints internally or to the regulators, as applicable, and governing the cancellation, variation or correction of trades executed through the marketplace service.

#### *Conflicts of Interest*

6. The Filer will identify and address material conflicts of interest arising from the operation of the marketplace and the related services it provides, including conflicts between the interests of its owners, its commercial interests and the responsibilities and sound functioning of the marketplace services and, if applicable, any clearing and settlement services.

#### *Transparency of operations and of Order and Trade Information*

7. The Filer will provide the Canadian clients with information reasonably necessary to enable them to understand the marketplace services and, if applicable, any clearing and settlement services, including how orders are handled and interact, how trades are priced and any associated fees or spreads.
8. For orders and trades entered into and executed on the marketplace, the Filer will make

available to the Canadian clients an appropriate level of information regarding those orders and trades in real-time to facilitate the trading activities of the Canadian clients.

#### *Systems and Internal Controls*

9. The Filer will maintain effective internal controls over systems that support the marketplace services and, if applicable, any clearing and settlement services, including internal controls to ensure that its systems function properly and have adequate capacity and security.
10. The Filer will maintain effective information technology controls to support the marketplace service and, if applicable, any clearing and settlement services, including controls relating to operations, information security, cyber resilience, change management, network support and system software support.
11. The Filer will maintain, update and test a business continuity plan, including emergency procedures, and a plan for disaster recovery that provides for the timely recovery of operations and fulfilment of its obligations with respect to the marketplace service and, if applicable, any clearing and settlement services, including in the event of a wide-scale or major disruption.
12. If applicable, the Filer will maintain effective procedures and processes to ensure the provision of accurate and reliable clearing and settlement services.
13. If applicable, the Filer will maintain appropriate risk management policies and procedures and internal controls in place to minimize the risk that settlement will not take place as expected.