

Segregation of Client-Crypto Assets and Funds

The proper separation of client assets from the Company's own funds and crypto-assets is ensured by the Segregation of Client-Crypto Assets and Funds Policy (the Policy). The primary purpose of the Policy is to ensure protection of client funds and crypto-assets by strictly separating them from the funds and crypto-assets of the Company, thereby always ensuring their safety and integrity.

The procedures detailed in the Policy are designed to meet the stringent requirements set forth by Article 70 of the Regulation (EU) 2023/1114 (MiCA Regulation).

Principles of the segregation process

The Company implements measures to ensure client assets are segregated from its own and used only as authorized, including:

1. **Segregation:** Client funds are kept separate to avoid misuse and ensure protection in case of insolvency.
2. **Prohibition of Rehypotheccation:** Client assets cannot be used for the Company's purposes, such as lending or collateral.
3. **Technological Barriers:** Segregated ledger systems enforce digital separation between client and Company assets.
4. **Transaction Documentation:** All transactions are fully documented with an audit trail and client consent.
5. **Client Reporting:** Clients receive quarterly statements and can request reports at any time.
6. **Incident Reporting:** Any breaches involving client assets will be immediately reported to clients and regulators, with corrective actions taken.

Fiat fund segregation

The Company ensures client funds are protected by safeguarding client ownership rights and preventing the use of funds for the Company's account. Client funds (excluding fees) are placed in a segregated account with a credit institution by the next business day after the day of receipt.

Funds remain in the segregated account until the client issues a payment instruction, at which point they are transferred out of the Company's control. These accounts are used exclusively for client funds, preventing withdrawals by others. Client funds are only used for purposes authorized by the clients themselves, not for internal Company operations.

Client funds must be segregated from the Company's funds upon receipt. If held beyond the end of the business day after the receipt of the funds, they are to be deposited into the Segregated Accounts.

If mistakenly received into operational accounts, the funds must be transferred to the Segregated Account by the next business day, with temporary company funds used if necessary.

The Company selects credit institutions for Segregated Accounts based on security, reliability, and compliance, ensuring they are licensed within the EU and offer quality service at reasonable costs.

Contracts with institutions must ensure client fund ownership, provide regular reports, and outline fund transition processes. Credit institution selection is reviewed annually or more frequently due to regulatory or financial changes.

Crypto-assets segregation

The Company safeguards client crypto-assets by holding them in Segregated Wallets, separate from its own assets. These wallets include Hot Wallets for operational purposes and Cold Wallets for secure storage of most client assets. Hot Wallets are used for transactions and are regularly minimized, while Cold Wallets are protected by advanced encryption and multi-signature protocols.

Client crypto-assets remain in these wallets until the client issues a payment instruction. Segregated Wallets are exclusively for client funds, with no other company having access. Enhanced security measures are in place to protect against unauthorized access.

To ensure client crypto-assets remain separate from the Company's assets, the Company implements several measures. Upon receipt of client crypto-assets, the corresponding transactions are immediately recorded, with any fees separately noted. Any crypto-assets received through Hot Wallets are promptly withdrawn to Cold Wallets for secure storage. Fees are physically separated on a weekly basis from both Hot and Cold Wallets.

Client crypto-assets are encrypted using distinct cryptographic keys, and key management procedures are followed to maintain separation. If client assets are mistakenly deposited into a non-Segregated Wallet, the Company promptly transfers them to the correct Segregated Wallet and documents the correction.

Additionally, the Company will ensure that daily reconciliations of Segregated Wallet balances are performed, ensuring discrepancies are resolved by the end of the business day.

Reconciliation and record keeping

Each business day, reconciliation reports will be generated to ensure compliance with safeguarding requirements. Reconciliation ensures the accuracy of segregated funds, their proper allocation, and readiness for client inquiries or regulatory requests. The Company also keeps precise records of the ownership and allocation of client crypto-assets and funds.

Statement of positions

To comply with MiCA Regulation, the Company will provide clients with a statement of position (Statement) every three months, covering the period since the last statement. Statements will be issued within ten business days after the end of each quarter (March 31, June 30, September 30, and December 31).

Each Statement will include details of the client's crypto-assets, account ID, balance, cryptocurrency rate in EUR, and total value. Statements will be available through a secure client portal, with all communications encrypted. Clients can request additional statements anytime, which will be provided within five business days.