

# Bundle Rules & Ancillary Disclosures

Last updated: 23 November 2022

This document sets out the methodologies for the calculation, eligibility requirements, and ancillary disclosures of the EasyCrypto bundle instruments. The document is intended to inform clients, prospective clients and all stakeholders about the functionality of the EasyCrypto bundle methodologies.

## 1. Disclaimer

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EasyCrypto provides no assurance as to the size of the anticipated tracking error incurred by the bundles. Transactional fees, rebalancing fees and deviations in pricing across exchanges may cause varying tracking errors to arise between the bundles and their underlying constituents. Crypto asset prices historically exhibit significant standard deviations of price and pose the risk of loss of invested capital. As such, EasyCrypto clients are encouraged to invest responsibly. The future value of crypto assets is conjectural, and returns are not guaranteed. The recommended investment horizon of investments using the bundles is the long term. To the maximum extent allowed by law, EasyCrypto, its licensors, respective employees, contractors, agents, suppliers and vendors shall bear no liability for any injury, damages or loss - whether direct or indirect, consequential, incidental, punitive or otherwise - arising in connection with the EasyCrypto bundle or any data or values relating thereto - whether arising from their negligence or otherwise. Without limiting any of the foregoing, in no event shall EasyCrypto have any liability for loss of capital or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.

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## 2. Introduction

Crypto asset defined:

A cryptocurrency, crypto asset, digital asset or virtual asset is defined herein as a cryptographically secured digital instrument for which the issuance, transfer and ownership are recorded on a data structure of a decentralised blockchain protocol.

Management responsibility:

EasyCrypto is responsible for the calculation, production and operation of all bundle instruments offered and their respective pricing. Moreover, EasyCrypto is responsible for maintaining and disseminating the correct price of the respective bundle instruments.

### 2.1. EC10



EC10, originally named DCX10, was launched on 15 September 2018. The EC10 index consists of the top 10 cryptocurrencies weighted by market capitalization, exclusive of Stablecoins. The EC10 bundle is a basket of cryptocurrencies that grants investors access to a low-cost index instrument to easily own and manage a diversified crypto portfolio. The EC10 bundle is a ready-made investment that provides clients with direct exposure and ownership of the underlying cryptocurrencies within the bundle. The bundle offers passive exposure to the industry because it is rebalanced weekly in conjunction with the reconstitution criteria outlined in Section 3.2. The EC10 seeks to appeal to a diverse investor base with a longer-term investment horizon and a greater tolerance for risk.

### 2.2. ECE10



The ECE10 constitutes the top 10 cryptocurrencies weighted equally. Since this bundle assigns comparatively greater weightings to altcoins and lower weightings to ETH and BTC, it could be argued to be a riskier investment product with regard to the volatility of price and downside deviation. The ECE10 bundle offers passive exposure to the industry given it is rebalanced weekly in conjunction with the reconstitution criteria outlined in Section 3.2.

### 2.3. ECA20



The EasyCrypto Altcoin bundle (ECA20), refers to a bundle of assets meeting the formal eligibility requirements of altcoins. The ECA20 is an equally weighted bundle of the top 20 crypto assets exclusive of Bitcoin. The ECE10 bundle offers equally weighted high-risk passive exposure to the industry and is rebalanced weekly in conjunction with the reconstitution criteria outlined in Section 3.2.

## 2.4. ECNMG



The EasyCrypto NFT / Metaverse / GameFi (ECNMG) bundle is an equally weighted bundle constituting the top 5 coins granting access to the growing sector of digital asset ownership. The ECNMG bundle constitutes the corresponding top 5 'NMG' crypto assets by market capitalisation, weighted equally. The biggest use-cases currently of digital ownership on blockchains extend to the ownership of digital images, virtual real estate, and online gaming assets. As such, ECNMG constituents are elected in consonance with such uses-cases embedded in the protocol of elected assets. Namely, digital assets formally classified as digital art, collectables & non-fungible Tokens (70201010) by the FTSE Digital Asset Research (DAR) nomenclature are included in the bundle, alongside digital assets falling under the classification of video games (70201020) of the FTSE DAR (see Section 8.5).

## 2.5. Bundle Benefits

The EasyCrypto bundles are functionally synonymous with exchange-traded funds (ETFs). Benefits of a bundling approach to crypto asset investing include:

- A mitigation of crypto-specific risk with investing attributed to greater crypto diversification. Many professional investors prefer a diversified approach, so you're 'not putting all your eggs in one basket. This follows the investment principles laid out by modern portfolio theory.
- Your crypto holdings are kept up to date with the dynamic crypto market through the automated weekly reconstitution of the bundles, and
- EasyCrypto provides immediate access to multiple secure, liquid and reputable crypto exchanges to offer superior trade execution pricing for both buy and sell transactions.
- Provides diversified exposure to specific sectors and/or classes of cryptocurrencies.

## 2.6. Our principles

We aim to consistently provide investors with a hassle-free, rules-based and transparent way to invest in crypto assets. The crypto market is relatively new and presents several challenges to traditional investment protocols associated with stocks and bonds. The EasyCrypto bundles aim to combine the best of traditional asset investing methodologies with appropriate adjustments to adapt to the decentralised characteristics exhibited in the cryptocurrency investment sphere.

The principles of the EasyCrypto bundles include :

- Maintaining a systematic and transparent approach to investment management.
- The pricing and corresponding performance of our bundle follow a structured, transparent and predefined rules-based approach.
- Maintaining investability.
- The bundles are designed in all aspects to be investable through the direct acquisition of the underlying crypto assets. So, our bundle will take into account factors impacting liquidity, exchange trading pairs, spreads, exchange stability, custody limitations, custody charges and other notable factors.
- Minimising bundle turnover.

- Maintaining fully backed collateral.
- To maintain a passive market-cap-weighted approach to index rebalancing, in consonance with the methodology of the eligibility requirements for each respective bundle.

### 3. Bundling Approach

#### 3.1. Defining a crypto bundle

The bundles are developed to provide customers with a clear, pre-defined, rules-based and transparent approach to owning a diversified basket of crypto assets constituents. When purchasing the bundle instruments, clients automatically purchase the underlying cryptocurrencies within the bundle. EasyCrypto's bundling approach is essentially a cryptographic rendition of direct indexing. This is a method for replicating the performance of a broader portfolio, or index, by purchasing the underlying assets rather than buying an ETF (exchange-traded fund), mutual fund or other structured financial product. As is the case with any industry, investing has evolved thanks to technological improvements over the decades. Direct indexing is the next evolution in the investing landscape. Direct indexing is a technology, not a financial instrument, which enables investors to instantly purchase, manage and sell a number of individual assets within a broader portfolio.

#### 3.2. Rebalancing and reconstitution

Every Sunday at 23:59 (SAST) we reconstitute the bundles to ensure that:

1. Clients hold the cryptocurrencies in consonance with the rules of the bundle, and
2. The cryptocurrencies within the bundles are appropriately distributed in alignment with target weightings and deployed across the EasyCrypto, EasyEquities and other clientele basis.
3. Deviations in constituent pricing are adjusted on a weekly basis (rebalancing).

The weekly reconstitution is considered a re-weighting and is performed by EasyCrypto's direct indexing algorithmic computation methodology. This process is fully automated and ensures that your portfolio stays up to date with the fast-paced crypto market.

#### **What does it mean to reconstitute a Bundle?**

Reconstitution:

We analyse the crypto market and compare the relative size of individual cryptocurrencies as measured by the market capitalisation weightings per respective bundle. If a cryptocurrency that is not included in the bundle has grown in value so that it has become more valuable than a cryptocurrency that was held within our bundle during the prior week, then we would sell the cryptocurrency which has declined in relative value and purchase the cryptocurrency that has increased in value and include it in the Bundle. For example, if we look at the EC10 bundle, at week-end we could see that Bitcoin Cash (BCH) has declined in relative value and fallen out of the top 10 largest cryptocurrencies. While VeChain (VET) has increased in relative value and overtaken BCH in market capitalisation. In this instance, we would automatically sell out of BCH in the Bundle and replace them by purchasing VET. This aligns with rebalancing methodologies

employed by funds across the globe. The same logic applies to the management of the ECE10, ECA20 and ECNMG bundles.

#### Buffer Rules:

The bundles harness a market capitalization buffering rule to accommodate sustainable and cost-efficient turnover of the lower ranking coins in the bundles. The EC10 is a purely market cap-weighted index, hence the lower the coin's ranking in the EC10, the smaller the influence on the overall performance of the index. Thus, the potential benefit of excessive swapping is outweighed by the cost and risk of doing so. However, the equally weighted bundle prices are affected equally by all constituents in the bundle. Thus, the potential benefit of excessive swapping is outweighed by the cost and risk of doing so. A crypto asset that is held in a bundle index will only be removed if there is an eligible crypto asset that exceeds its inflation-adjusted, free-float 7-day rolling average market capitalization by a minimum of a target percentage at the time of reconstitution. The buffer rule weightings for the respective bundles are as follows:

- EC10: 10%
- ECA20: 15%
- ECE10: 20%
- ECNMG: 20%

### 3.3. Crypto Bundles

The bundles are “passive” instruments meaning that there is minimal active fund management intervention or similar discretionary management that takes place. Active deviations in the passive strategy only arise from decisions instituted from the eligibility requirements of the index methodology, disclosed in section 5 of this report. The bundle follows the rules and structure outlined in this methodology. Our Bundle's passive approach aims to provide investors with diversified and low-cost exposure to the crypto market or crypto sector. The bundles do not aim to outperform any particular asset, but rather passively track the crypto sector.

## 4. Governance, protection and security

The EasyCrypto bundles governed by the EasyCrypto Index Committee

### Index Committee

**Overview:** The EasyCrypto Index Committee has sole responsibility for developing, maintaining, and adjusting the bundle methodologies, and for verifying the data sources used to calculate the index.

**Responsibilities:** The Committee meets monthly on the 20<sup>th</sup> of the month (or the first business day following the 20<sup>th</sup> of the month) with the following goals:

- Review and verify all data sources—existing and proposed—contributing to the EC10 bundle for uptime, accuracy, and robustness
- Review and approve new methodologies or changes to existing methodologies to the EC10 bundle
- Review and approve all methodological decisions that require judgment, and provide detailed public explanations of those decisions.

Voting: Decisions are made by a simple vote of a majority of the members of the committee present at the meeting. A quorum of two members is required for a meeting to take place.

## **Committee Members and Bios**

### **Chairman: Earle Loxton**

Earle is a successful entrepreneur and has been the founder of a variety of business ranging from Insurance to Pharmaceutical to Engineering. Since stepping down as CEO of Essential Med, a leading Health Insurer in South Africa, he has taken an interest in Blockchain and concluded that a balanced portfolio of crypto assets has substantially outperformed Bitcoin historically. This prompted him to create the EC10 Index which led to the formation of EasyCrypto and more recently to the creation of the EC10 Digital Token.

### **Member: Robert Graham (CA)**

Robert is an experienced financial executive and is VP of Finance at Purple Group, a leading JSE listed FinTech whose purpose is democratising investing for all. Robert completed his formal training as a chartered accountant (SA) with Deloitte in 2014. He combines his deep regulatory, banking, finance, FinTech and IT experience to deliver value. Robert is an innovator and leverages his strength as a strategic thinker and creative problem-solver in delivering tangible stakeholder value. His goal is to improve lives by removing friction, reducing the cost of doing business, and democratising access to wealth creation opportunities.

### **Member: Nicola Comninos (CFA)**

Nicola is the chief risk officer of Purple Group and possesses a wealth of experience from her previous years of service at the JSE. She brings expertise in the identification, analysis, and mitigation of events that could jeopardize the financial integrity of the EC10 ETF.

### **Member: Don Kruger (BCom(Hons), MCom)**

Don is an Investment Management graduate from the University of Pretoria currently with an MCom in Financial Management Sciences. His research focuses on the diversification benefits of cryptocurrencies in South African investment portfolios. Don's academic prowess and insight into the crypto asset industry fosters valuable support to the EasyCrypto Team.

### **Member: Jonathan Marais (BCom)**

Jonathan, a Stellenbosch University Investment Management graduate, is a dedicated member of EasyCrypto and contributes to business development solutions. Jonathan's wealth of experience in

cryptocurrency technology has armed him with the ability to deliver creative solutions in the sphere of decentralised finance.

## 5. Bundle rebalancing and reconstitution

Any amount held in a bundle over a rebalancing period will have a distributed rebalancing fee levied and deducted from the total value held. The process to complete a rebalance is as follows:

1. The value of a single unit of the bundle in USD is calculated using price data from CMC.
2. The EasyCrypto rebalancing fee is levied on the total bundle value being rebalanced.
3. The list of the largest cryptocurrencies as measured by market capitalisation is retrieved from CMC. This includes a closing value for each cryptocurrency in the list.
4. The post-rebalance bundle composition is calculated by using the new asset closing values, the list of largest cryptocurrencies by market capitalisation and the USD bundle unit price calculated above in step 1.
5. The differences between the old and new composition of the bundle are calculated and our system automatically initiates transactions to bring the underlying asset holdings in line with the new bundle composition target weightings.

## 6. Eligibility requirements

### 6.1. Crypto asset exchange eligibility requirements

Crypto asset exchanges from which we obtain prices and volumes for the bundle calculations are subject to the following selection criteria:

1. The exchange has significant trading volume for at least ten or more crypto assets.
2. The exchange has no capital controls in place for international investors in the country where the exchange is domiciled in.
3. The exchange charges trading fees.
4. The exchange operates in compliance with local laws and is not subject to a significant regulatory investigation or under severe legal action.
5. The exchange has an accumulative trading volume of over USD 10m per day calculated on a 20-day moving average basis.
6. The exchange has appropriate Know-Your-Client (KYC) and Anti-Money-Laundering (AML) policies and procedures in place and the processes are properly documented.
7. The exchange incorporates, or intends to incorporate trade surveillance measures.

Eligible exchanges that EasyCrypto currently employs are:

1. Binance
2. Bitfinex
3. OKEX
4. Luno
5. VALR



## 6.2. Bundle eligibility requirements

Crypto assets that are included in the EasyCrypto bundles are required to fulfil a set of eligibility requirements which are also subject to a monthly review. The eligibility requirements provide grounds for any discretionary omissions imposed on the bundle. The EC10 bundle draws its core constituents from a list of eligible crypto assets, which comprise those items that meet each of the following eligibility requirements:

1. The crypto asset is a cryptographically secure digital bearer instrument.
2. The crypto asset has sufficient liquidity, community support and trading history to ensure that the crypto asset is investable for an average retail investor. Additionally, any crypto asset to be included in the bundle must be listed on CMC on the rebalancing date for eligibility.
3. The crypto asset has a price that is not pegged to another crypto asset, fiat currency, group of those currencies, or hard asset. So, it cannot be a Stablecoin.
4. The crypto asset trades on two or more eligible exchanges.
5. The crypto asset has no more than 90% of its past trailing 30-day average trading volume on any single eligible exchange.
6. The crypto asset has no known security vulnerabilities, including critical bugs, undue exposure to 51% attacks, or other factors, as determined by the EasyCrypto Index Committee.
7. Allows for air-gapped cold storage, including offline wallet generation and offline transaction signing.

## 6.3. ECE10 eligibility requirements

Crypto assets that are included in the ECE10 bundle are required to fulfil a set of eligibility requirements which are also subject to a monthly review. The eligibility requirements provide grounds for any discretionary omissions imposed on the bundle. The ECE10 bundle draws its core constituents from a list of eligible crypto assets, which comprise those items that meet each of the following eligibility requirements:

## 6.4. ECA20 eligibility requirements

The formal eligibility requirements of the EasyCrypto altcoin bundle necessitate an equally weighted methodology of the top 20 crypto assets by market capitalisation *exclusive of Bitcoin*. Crypto assets that are included in the ECA20 bundle are required to fulfil a set of eligibility requirements which are also subject to a monthly review. The eligibility requirements provide grounds for any discretionary omissions imposed on the bundle. The ECA20 bundle draws its core constituents from a list of eligible crypto assets, which comprise those items that meet each of the eligibility requirements in Section 6.2.

## 6.5. ECNMG eligibility requirements

The EasyCrypto NFT / Metaverse / GameFi bundle is a bundle constituting the top 5 coins granting access to the growing sector of digital asset ownership. The biggest use-cases at the moment of digital

ownership on blockchains extend to the ownership of digital images, virtual real estate, and online gaming assets. The formal eligibility requirements of the NFT / Metaverse / GameFi bundle necessitate that the current and prospective constituents in the bundle accommodate the following use cases of gaming, digital art, digital real estate and other forms of novel blockchain digital ownership. ECNMG constituents are elected in consonance with such uses-cases embedded in the protocol of elected assets. Namely, digital assets formally classified as digital art, collectables & non-fungible Tokens (70201010) by the FTSE Digital Asset Research (DAR) nomenclature are included in the bundle, alongside digital assets falling under the classification of video games (70201020) of the FTSE DAR (see Section 8.5).

Crypto assets that are included in the ECNMG bundle are required to fulfil a set of eligibility requirements which are also subject to a monthly review. The eligibility requirements provide grounds for any discretionary omissions imposed on the bundle. The ECNMG bundle draws its core constituents from a list of eligible crypto assets, which comprise those items that meet each of the general bundle eligibility requirements in Section 6.2.

## 7. Asset pricing

This section outlines how we identify the prices of individual crypto assets and price the bundles. This section also describes how EasyCrypto handles network distributions including hard forks and airdrops.

### 7.1. Crypto asset pricing

- The USD price for each crypto asset on our platform is the latest available price on CMC.
- CMC offers the most accurate and reliable prices for crypto assets globally
- Our pricing system automatically switches to CoinGecko which is of a similar standing to CMC should CMC be down for longer than 10 minutes.
- Conversion of USD prices to ZAR is performed applying the ratio between the pairs BTCUSD as displayed on CMC and BTCZAR on Luno and VALR, thereby factoring in any premium or discount due to arbitrage.
- CMC provides up-to-the-minute updates for all market data found on their website. All data is run through several data cleaning and verification algorithms to ensure data integrity.
- CMC offers a detailed overview of its pricing methodology at <https://coinmarketcap.com/methodology/>.

### 7.2. Bundle pricing

In calculating crypto Bundle prices, we incorporate USD-based pricing data from CoinMarketCap (CMC) and CoinGecko together with ZAR based data from Luno and VALR. On 18 September 2018 a single EC10 bundle (at the time referred to as an EC10 Token) was arbitrarily pegged at a price of \$1.00. This valuation was apportioned to the relative coins that constituted the EC10 index at the time and from this a number of coins per bundle (token) was determined. The price of the ECA20 bundle was arbitrarily set to R50 at its inception.

Following the creation date, multiple reconstitutions ensued to the present moment and we are left with a “coins per bundle” breakdown. The price per bundle ( $P_B$ ) is calculated as the sum of the number of individual coins *per bundle* ( $c_i$ ), multiplied by their respective prices ( $p_i$ ).

$$P_B = \sum_{i=1}^{n=10} (c_i \times p_i)$$

As a reconciliatory mechanism, this value is compared to the total amount of coins across all bundles in the ecosystem, traditionally referred to the Assets under Management (“AUM”) divided by the number of bundles in existence.

$$P_B \text{ cf. } \frac{AUM}{\sum(\text{Client Bundles})}$$

### 7.3. Treatment of hard forks and distribution

Hard forks:

When a hard-fork occurs, we consider the asset with the larger post-fork market capitalisation to be the original coin, and the asset with smaller post-fork market capitalisation to be a new asset. Provided that:

- At least 2 eligible exchanges, as listed above, agree to list the hard-forked asset in a period of 10-days, and
- The combined trading volume is at least 5% of the combined trading volume of the original pre-forked token as measured in USD.

Bundle owners who hold the pre-forked crypto asset will then receive direct ownership of the newly formed forked crypto asset in the commensurate amount to their holdings prior to the fork. This means that during a given month you may hold more crypto assets in a given Bundle than at the start of the month. At the next rebalancing date, the hard-forked asset(s) will be treated in the same manner as all other crypto assets when considered for inclusion.

### 7.4. Distributions

Distributions can come about in two ways:

1. Certain crypto assets provide regular rewards to holders in the form of crypto asset grants, typically in the form of “gas” that powers transactions on the network itself.
2. Some crypto assets entitle their owners to airdrops.

If network distributions have a tradable price on at least two eligible exchanges and they are significant enough in total value to be traded (i.e. the combined distributed assets’ value must exceed the supporting exchanges’ minimum trading value), they will then be priced using the average price of the two eligible exchanges offering the highest price for the particular asset. If no trade price is available for distribution, or if a network distribution trades on fewer than two eligible exchanges, then the network distributed asset will not be included in a bundle’s holdings. This means that during a given

month investors may hold more crypto assets in a given bundle than at the start of the month. At the next rebalancing date, the distributed asset will be treated in the same manner as all other crypto assets when considered for inclusion.

## 8. Contingency treatment

### 8.1. Data interruption or delay

If the retrieval time of the relevant price source at an eligible crypto asset exchange is at least 15 minutes later than the time of calculation of the real-time prices, then the eligible exchange is removed in the pricing calculation, and the weighting of the affected exchange will be automatically re-distributed proportionally into the remaining functional exchanges until the affected exchange resumes operation.

### 8.2. Erroneous data

All relevant pricing sources are subject to a filtering process to screen out erroneous data. Erroneous data is disregarded in the calculation of the spot price of a Bundle, and the weighting of the affected exchange will be automatically re-distributed proportionally into the remaining functional exchanges until the affected price source is no longer regarded as erroneous.

### 8.3. Exceptional events

It is clearly acknowledged that the ability to connect to the internet is subject to limitations on the stability of the global network, residence of user, network in use, power supply, computer viruses, hacking, and other uncertain factors. EasyCrypto is not liable to any stop in service due to the above-mentioned situations. We may, at our sole discretion, suspend trading, especially in circumstance of force majeure events, including but not limited to typhoon, earthquake, tsunami, flood, power outage, terrorist attacks, computer viruses, Trojan horse, hacking attacks, system instability or government behaviours, material adverse change of applicable laws or policies and other reasons, which result in our inability to provide a reliable service or if, in our reasonable opinion, continuous provision of services would result in significant risks.

### 8.4. Security and custody

Security is the primary mandate of the EasyCrypto development directive. We're committed to keeping assets and personal information safe. We invest heavily to ensure both a secure system and a continually developing internal process for identifying and remedying any vulnerabilities detected. To offer additional investment security facilities, EasyCrypto has contracted with First World Trader (Pty) Ltd and BitGo as reliable custody solutions and will implement this during April and May 2021. BitGo's custody solution was built for firms based in jurisdictions that have a regulatory requirement to manage keys locally in deep cold storage. BitGo's self-managed custody is the same technology utilized by BitGo Trust Company, the world's largest, regulated, and purpose-built digital asset custodian. BitGo provides powerful enterprise-grade features and complete customer control over how and where both client and backup keys are stored and generated. Fireblocks is used as a secondary custody solution, through we EasyCrypto harnesses crypto deposit and withdrawal functionality on the platform. To ensure

system integrity, we employ industry-standard information security practices. These include, but are not limited to:

1. The separation and full isolation of the production environment from all development or testing environments. The production system cannot be accessed, nor deployed via any other means than a pre-configured delivery pipeline.
2. The use of key vaults, operated on globally distributed hardware security modules (HSMs) to securely store an application secret key or access key for the production environment.
3. All accounts and integration partners, or provider accounts, are protected by multi-factor authentication and disable all unneeded functionality.
4. Bi-directional authentication between front and backend systems, network address restriction and whitelisting for communication between distinct applications in the EasyCrypto universe.
5. Distinct identity server for central user authentication across all EasyCrypto services.
6. Standard web protection techniques to combat injection attacks.
7. Full SSL protection.

### 8.5. FTSE Taxonomy Tables

The following taxonomy tables are compiled in direct reference to the FTSE Digital Asset Research (DAR) nomenclature of crypto asset classification, and are used to enhance the constituent attribute definitions of the EasyCrypto bundles throughout this document.

Supersector Digital Currencies		
Sector Privacy-Preserving		
Sub-sector	FTSE DAR Code	Definition
Default Privacy Coins	70101010	Digital currency protocols where private transactions occur by default.
Optional Privacy Coins	70101015	Digital currency protocols whereby both pseudonymous and anonymous transactions are enabled by default, allowing users to decide whenever to transact privately.
Sector General Purpose		
Sub-sector	FTSE DAR Code	Definition
Standard Monetary Protocols	70102010	Digital currency protocols intended to be used as money and bound by algorithmic money issuance.
Retail Payments & Point of Sale	70102015	Projects pursuing compatibility with existing payment infrastructure through debit or credit cards and specialized Point-of-Sale software and hardware.
Commodity-Backed Coins	70102020	Digital currencies pegged to the value of real-world commodities, such as oil, precious metals and minerals.
Gas Fee Tokens	70102025	Currencies designed to be solely used as payment for transaction and computational fees in networks where a secondary token is used as a medium of exchange.
Sector Stable & Fiat backed		
Sub-sector	FTSE DAR Code	Definition
Fiat Collateralized Stablecoins	70103010	Stablecoins backed by a pool of fiat collateral held by a centralized custodian.

Crypto Collateralized Stablecoins	70103015	Stablecoins where collateral is posted in the form of a digital asset, often in a multi- signature smart contract that can clawback assets as a result of volatility in the collateralized asset.
Algorithmic, Non-Collateralized Stablecoins	70103020	Stablecoins that do not employ a reserve model to guarantee stability, but instead rely on a purely algorithmic system to value the asset on par with fiat currencies using seigniorage shares.

Supersector  
**Digital Currencies**

Sector  
**Application tokens**

Sub-sector	FTSE DAR Code	Definition
Digital Art, Collectibles & Non-Fungible Tokens	70201010	Digitized and cryptographically-bound ownership rights to both real world and digital assets, often in the form of Non-Fungible Tokens (NFTs).
Video Games	70201020	Projects pursuing tokenized video games that allow players to use digital tokens to wager bets, exchange skins, and purchase in-game services.
Exchange Tokens	70201025	Tokens used as trading pairs, liquidity providers, IEO and/or listing gateways for centralized and decentralized digital asset spot exchanges.
Prediction Markets	70201030	Tokens used to pay for the creation, dispute and/or trading of events listed on prediction markets.
Advertising Platforms	70201035	Projects pursuing tokenized advertising models and ad revenue sharing platforms.
Social Networks	70201040	Tokenized social media networks where users employ specific tokens to “like,” vote, monetize or reward content.
Decentralized Identity Solutions	70201045	Tokenized identity solutions where a user’s identity is tied to a specific token and cryptographic identity, or where specialized services such as AML/KYC checks are paid for using the application’s token.
Tokenized Wallet Applications	70201050	Wallet applications or browsers where through a specialized token users can source access to different applications.
Accounts Receivable Factoring Platforms	70201055	Applications where enterprise users can tokenize and factor accounts receivable to source liquidity in a short time-frame.
Smart Contract Oracles	70201060	Tokens used to report the outcome of events and/or feed data to smart contracts, which then use that information to update their state and/or trigger asset transfers.
Gift Cards, Rebates and Coupons	70201065	Projects pursuing the tokenization of gift cards, rebate rewards, and coupons.

Sector  
Smart Contract platforms

Sub-sector	FTSE DAR Code	Definition
General Purpose Smart Contract Platforms	70202010	Platforms for the computation and verification of multi-purpose Turing-complete contracts.
Security-Focused Smart Contract Platforms	70202015	Platforms that provide security-focused, Turing-complete contracts that can be created using functional programming languages with semantics that can be formally verified.
Privacy-Focused Smart Contract Platforms	70202020	Platforms that provide privacy-focused, Turing-complete contracts that can be executed and verified privately.
Scalability-Focused Smart Contract Platforms	70202025	Platforms that enable smart contracts to be processed and verified in parallel through techniques such as blockchain sharding and centralized database management systems.

Sector  
Protocol Interoperability

Sub-sector	FTSE DAR Code	Definition
Intermediary Interoperability Solutions	70203010	Tokenized intermediary networks in charge of validating the proof of the existence of one asset, and recreating it in another chain.
Atomic Swap Solutions	70203015	Protocols that facilitate cross-chain atomic swap exchanges.

Sector  
Notarization and Supply Chain Management

Sub-sector	FTSE DAR Code	Definition
Data Notarization Platforms	70204010	Notarization protocols that leverage public blockchains to timestamp general arbitrary data.
Supply Chain Management Platforms	70204015	Platforms that aim to use blockchains to provide tamper-proof supply chain management systems.

Sector  
Distributed Computation and Storage

Sub-sector	FTSE DAR Code	Definition
Cloud-Computing Intermediary	70205010	Platforms that enable smart contracts and their developers to source centralized cloud-computing resources via a tokenized intermediary.
Crowdsourced Computation Platform	70205015	Platforms that enable users to receive passive income by renting unused computational resources, which can then be purchased by smart contract applications and developers.

Supersector  
Financial Instruments

Sector  
Staking instrument and decentralised autonomous organisations

Sub-sector	FTSE DAR Code	Definition
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DAO Governance Shares	70301010	Tokenized shares that grant members of a Decentralized Autonomous Organization units of voting power.
Staking Token	70301015	Tokens for the purpose of time-locking, whereby holders receive passive income by increasing a network's resistance against Sybil attacks.
Sector		
<h2>Security Tokens</h2>		
<b>Sub-sector</b>	<b>FTSE DAR Code</b>	<b>Definition</b>
Tokenized Indexes	70302010	Tokenized baskets of real-world securities or digital assets.
Tokenized Hedge Funds & Venture Capital Funds	70302015	Tokenized securities whereby holders have a claim on a fund's performance.
Tokenized Real Estate & REITs	70302020	Tokenized securities that represent shares of ownership of a real estate property or Real Estate Investment Trust.
Tokenized Debt	70302025	Tokenized debt instruments, P2P loans, and Collateralized Debt Obligations.