

HIMALAYA EXCHANGE TRADING RULES

This document sets out the trading rules applicable to Members of the Himalaya Exchange (the “**Trading Rules**”). These Trading Rules are incorporated by reference into and form part of the Himalaya Terms and Conditions, as amended from time to time (the “**Agreement**”). By agreeing to the Agreement, Members also agree to abide by these Trading Rules. All capitalised terms used but not defined herein shall have the meaning ascribed to them in the Agreement.

Himalaya International Clearing Ltd. operating as the Himalaya Exchange provides spot purchase and sale of Credits corresponding to Digital Assets on a many buyers and many sellers basis through a central order book matching facility, known as Himalaya Markets.

Himalaya Markets consist of a set of limit order books that are accessed by Members through the Himalaya Exchange Site and the Himalaya Exchange App (the “**Platform**”).

The following set of Trading Rules govern all Orders and Transactions on the Platform and will apply to a Member immediately upon the opening of an Account with the Himalaya Exchange. These Trading Rules form part of and should be read in conjunction with the Agreement. The Agreement, including these Trading Rules, are governed by and construed in accordance with the law of England and Wales and the section of the Agreement entitled “*Governing Law and Arbitration*” is included *mutatis mutandis* as if set out in full in these Trading Rules.

The terms in these Trading Rules may be amended, supplemented and/or replaced from time to time, in accordance with the applicable provisions of the Agreement.

In the event that there is any conflict between these Trading Rules and any other statement whether written or oral made by the Himalaya Exchange or any other Provider or Affiliate Provider at any time (excluding the statements in the Agreement), the terms of these Trading Rules shall prevail. In the event there is any conflict between the terms of these Trading Rules and any term of the Agreement, the terms of the Agreement shall prevail.

1. Trading on Himalaya Markets

1.1 Orders

- a. To place an Order on an Order Book, a Member must have Available Credits of the relevant Credit Type on their Account which is sufficient to cover the total value of the Order plus any applicable fees.
- b. When a Member places an Order, that quantity of the relevant Credit Type becomes subject to a Hold.
- c. A Member can place an Order as either a Limit Order or a Market Order.
- d. A Member may request the cancellation of an Open Order at any time before it is Filled. Where a cancellation request is accepted by the Himalaya Exchange, no fees will be charged for the cancelled Order.

1.2 Limit Orders

- a. A Limit Order is an Order to buy or sell a specified quantity of a particular Credit Type with the price being a specified quantity of a different Credit Type.
- b. A Limit Order will be immediately posted to the Order Book and will only ever Fill at the specified price or a better price however, there is no guarantee that a Limit Order will be Filled.
- c. Limit Orders through the Platform are on a strictly best efforts basis. The Himalaya Exchange will not be liable for any failure to execute a Transaction for technical or operational reasons.

1.3 Market Orders

- a. A Market Order is an Order to buy or sell a specified quantity of a particular Credit Type at the best available price from existing Orders on the Order Book.

- b. There is no guarantee that a Market Order will Fill at the price specified. A Market Order may Fill at a number of different prices, based on the quantity of the Market Order and the quantities of the existing Orders on the Order Book at the time.
- c. Depending on the volume and prices of Orders on the Order Book at the time when a Market Order is posted, the Market Order may Fill at a price less favourable than the most recent trade price.
- d. A valid Market Order will be immediately posted to the Order Book.

1.4 Order Placement

(Taker Order) If an Order is placed in the Order Book at the same price as one or more existing Orders, it is a Taker Order which will result in an immediate Fill at that price, to the extent of the total quantity of those existing Orders.

(Maker Order) To the extent that an Order is placed in the Order Book at a different price to all existing Orders, it is a Maker Order which will remain open at that price on the Order Book until:

- a. it is cancelled by the Member; or
- b. it is completely Filled by one or more Taker Orders placed by another Member at the same price.

1.5 Order Minimums and Maximums

The Himalaya Exchange may impose minimum and maximum order size requirements for each Trading Pair. Please refer to FAQ page for the most up-to-date requirements.

1.6 Matching Engine and Order Priority

- a. the Himalaya Exchange matches Taker Orders with open Maker Orders on each Order Book based on Price-Time Priority. All Members on accessing the Platform are subject to the same Price-Time Priority.
- b. Price-Time Priority means that each time a Taker Order is posted: The Taker Order is matched with the earliest in time Maker Order at the best price on the Order Book; and to the extent that the Taker Order is not completely Filled by that Maker Order, it is matched with any subsequent Maker Orders at that price, in the sequence those Maker Orders were posted; and To the extent that the Taker Order is not completely Filled by one or more Maker Orders described above, it is matched with one or more Maker Orders at the next best price, in the sequence those Maker Orders were posted, and this process is repeated until the Taker Order is completely Filled.
- c. Taker Orders are matched with the best available existing Maker Orders. This means that a Limit Order placed outside the market (i.e. a sell Order below the highest existing buy Order, or a buy Order above the lowest existing Sell Order) will be Filled by the best available existing Order rather than an existing Order with the same price as the Limit Order.

1.7 Fills and Settlement

- a. When a Maker Order is matched with a Taker Order, those Orders are Filled. An Order may be matched with and Filled by one or more Orders at the same price.
- b. The Himalaya Exchange settles all Filled Orders immediately, by debiting and crediting the relevant quantity of Credit Types in both Members' Accounts.

1.8 Trading Fees

- a. The Himalaya Exchange charges a fee for each Transaction ("Fee"). The applicable Fee is deducted from the Credits to the Member's Account in the Credit Type which is the subject of the Transaction in settlement of the Transaction following the Filling of an Order. The current Fee rates can be found in the Fee Schedule on the Himalaya Exchange Site.

- b. Fees may differ between Members depending on a number of factors including types of Orders, Credit Types traded, and trading volume.

2. Market Integrity

2.1 All trades are final. Subject to the remaining provisions of this section 2, all Fills are final, and no Member shall have the right to reverse or cancel any Transaction or Fill.

2.2 The Himalaya Exchange is not required to accept every Order that you make and reserves the right to decline any Order or Transaction. If the Himalaya Exchange has accepted your Order it is not required to and does not guarantee that the Order will be Filled.

2.3 The Himalaya Exchange may, reverse, cancel, and/or modify any Transaction, Fill or Order for the following reasons:

- a. the Himalaya Exchange may, subject to applicable law, in its sole and absolute discretion, reverse, cancel, modify and/or disregard any Transaction, Fill or Order under any circumstance and for whatever reason or no reason whatsoever, including but not limited to where:
- b. the Himalaya Exchange is compelled to do so by any applicable law or regulation, including but not limited to where the Himalaya Exchange is required to suspend or terminate a Member's Account;
- c. due to a technical error, Transactions, Orders, or Fills do not occur as specified in these Trading Rules;
- d. Orders placed by Members who, in our sole discretion, have engaged in abusive use of the Platform, for example, Market Manipulation, or using the Himalaya Exchange APIs in a manner which unreasonably burdens the Platform;
- e. a Member does not have Available Credits of the relevant Credit Type credited to their Account which is sufficient to cover the total value of the Order plus any applicable Fees;
- f. Orders which involve an obvious error with respect to price, quantity, or other parameters – a "Clearly Erroneous Transaction". In determining whether a transaction is a Clearly Erroneous Transaction, the Himalaya Exchange will take into account the circumstances at the time of the Transaction, the need to preserve the integrity of the market, and the need to maintain a fair and orderly marketplace. The Member agrees and understands that if the Himalaya Exchange determines a Transaction to be a Clearly Erroneous Transaction, the Himalaya Exchange may declare it null and void, in whole or in part, even if the Member and/or the other party do not agree to cancel or modify it;
- g. for technical reasons or to maintain the proper functioning of the Platform, it would be necessary to do so; and/or
- h. where a Member is in breach of the terms of the Agreement.

2.4 Subject to any applicable Jurisdiction Conditions, under no circumstances shall the Himalaya Exchange be responsible or liable for any direct or indirect losses (including loss of profits, business or opportunities), damages or costs suffered by any Member or any other person or entity, arising from or in connection with the Himalaya Exchange's decision to reverse, cancel, modify and/or disregard any Transaction, Fill, or Order.

3. Access to Himalaya Markets Platform

3.1 All Members have equal access to the APIs and Web Interfaces. The Himalaya Exchange does not provide prioritised access to any Member.

3.2 The Himalaya Exchange has the authority to take any action deemed appropriate to preserve market integrity. Such actions include, but are not limited to, the halting of trading, modifying risk-mitigating parameters, restricting Member access to the Platform, restricting order types, cancelling Open Orders, or any other actions deemed to be in the best interest of the Exchange.

3.3 Interruptions

- a. If technical reasons prevent or degrade Members' ability to place or cancel Orders, or prevent or degrade access to the Himalaya Exchange APIs, the Himalaya Exchange Site or the Platform or affect the operation of Order Books or matching engines, then the Himalaya Exchange may, in its discretion, take one or more of the following actions in respect of one or more Order Books;
 - disable or suspend the ability of Members to purchase Credits from the Himalaya Exchange with Digital Assets or fiat currency;
 - disable or suspend the ability of Members to request an exchange by the Himalaya Exchange of Credits to their Account for corresponding Digital Assets;
 - disable or suspend the ability of Members to request an exchange of Himalaya Dollar Credits to their Account for fiat currency;
 - reverse, cancel, modify and/or disregard Open Orders;
 - disable or suspend the ability to place new Orders;
 - disable or suspend any entry into, completion and/or settlement of any Filled Orders, and/or Transactions;
 - disable the ability of Members to access their Account through the Himalaya Exchange Site or the Himalaya Exchange App;
 - disable or suspend the Himalaya Exchange APIs; and/or
 - disable or suspend access to the Platform through the Himalaya Exchange Site or the Himalaya Exchange App and/or disable or suspend access to the Himalaya Exchange Site.
- b. If access to the Platform through the Himalaya Exchange Site and the Himalaya Exchange App is unavailable for 5 minutes or longer, the Himalaya Exchange will move to Cancel-Only Mode as soon as possible.
- c. If the Himalaya Exchange is in Cancel-Only Mode, it will be restored to fully operational only after access through the Site becomes available for at least 5 minutes and the Himalaya Exchange deems it safe to restore to full operation. Members will be notified via the Himalaya Exchange Site and/or the Himalaya Exchange App.

3.4 Flash Crashes and Circuit Breakers

The Himalaya Markets do not use circuit breakers or automated trading halts based on predetermined price bands. However, the Himalaya Exchange may, in its discretion, halt trading based on the Trading Rules set out above.

4. Market Manipulation and Misconduct Prohibited

4.1 Traders are prohibited from engaging in Market Manipulation or Misconduct, including the following:

- a. *General Fraudulent Acts.* Members shall not engage in any fraudulent act or engage or attempt to engage in any scheme to defraud, deceive or trick users of the Himalaya Exchange, employees of the Himalaya Exchange or the underlying software of the Himalaya Exchange.
- b. *Ultra High Speed Trading.* Members shall not use any software, artificial intelligence, ultra-high speed, or mass data entry which might manipulate, game, abuse, or give a Member an unfair advantage when using the Platform.
- c. *Fictitious Transactions.* Members shall not place any Order with no intention to execute.

- d. *Market Manipulation.* Members shall not engage in any disruptive trading or manipulation on the Platform. This includes Orders placed for the purpose of generating volatility or creating a condition in which prices do not or will not reflect bona fide supply and demand.
- e. *Violation of Applicable Laws and Regulations.* Members shall not use the Platform in a way that violates the laws and regulations applicable to the Himalaya Exchange or any other Provider or Affiliate Provider.
- f. *Misstatements.* Users shall not make any misstatement of material fact to the Himalaya Exchange or any other Provider or Affiliate Provider.
- g. *Activities That Bring Disrepute.* Users shall not access the Platform or use the Platform in any way that could be expected to bring disrepute upon the Himalaya Exchange or any other Provider or Affiliate Provider.
- h. *Disclosing Orders.* Members shall not disclose to any person, including, but not limited to, another Member, any Order placed by Member or any related party or any Order placed by another Member.
- i. *Pre-Arranged Trades.* Members shall not place any Order on the Platform that has been pre-arranged (or discussed with another Member prior to being placed) for the purpose of creating an artificial price, fictitious trade, or other disruptive, fraudulent, non-competitive, or unfair impact on the Platform or other Members.
- j. *Wash Trades.* Members, through one or more Accounts owned by a Member and/or any related party, shall not place or accept buy and sell Orders at the same price, where the Member or any related party knows that the purpose of the Orders is to artificially create the appearance of activity (transactions commonly known as wash trades).
- k. *Money Passes.* Members shall not pre-arrange the execution of transactions on the Platform for the purpose of passing money between Accounts.
- l. *Accommodation Trading.* Members shall not enter into Transactions on the Platform for the purpose of assisting another person to engage in Transactions that are in violation of these Trading Rules, any other part of the Agreement or any applicable laws and regulations.
- m. *Insider Dealing.* Members shall not take a position based upon non-public information regarding an impending Transaction by another Member.
- n. *Disruptive Practices.* Members shall not engage in any trading, practice or conduct on the Platform that: (i) demonstrates intentional or reckless disregard for the orderly execution of Transactions or (ii) involves spoofing (bidding or offering with the intent to cancel the bid or offer before execution). For example, using the API in a manner which unreasonably burdens the Platform.
- o. *Abusive or Threatening Behaviour.* Members shall not engage in any conduct that threatens, harasses, coerces, intimidates or otherwise attempts to improperly influence another Member or any other person.
- p. *Security Measures.* Members shall not reverse engineer or attempt to avoid any security measures on the Platform.

4.2 Violations

- a. Without prejudice to the other suspension and termination rights set forth in the Agreement, if we suspect a Member has violated the above Market Manipulation and Misconduct provisions, we may cancel the Member's Orders, freeze and/or block access to or suspend the Member's Account, and we will give a written notice of such suspected violation, including the general nature of the activity observed, subject to any applicable law.
- b. A Member will have the right to submit within ten (10) calendar days from the date of notification, a written explanation to the Himalaya Exchange as to why no disciplinary action should be taken. Members are obligated to respond in writing to any queries from us within the time period for response set forth therein and to furnish documents and other information in connection with any investigation initiated under these Trading Rules.

Following the conclusion of the investigation, we will make a determination, in our sole discretion, as to whether the Member's conduct violated these Trading Rules. If a Member is found to have violated these Trading Rules, in addition to terminating their Account, we may notify any regulators, self-regulatory organisations, including any organisations with which we share Market Data, and law enforcement of the activity, including the Member's identity. We may, but are not required to, give you notice of this, subject to any applicable law.

5. Scheduled Downtime

5.1. From time to time due to technological factors, scheduled software updates and the performance of other maintenance or upgrades, as well as factors beyond or within our control, the Himalaya Exchange may suspend trading on the Platform temporarily. Information on scheduled maintenance windows can be found on the Himalaya Exchange Site. The Himalaya Exchange will use all reasonable efforts to close and reopen trading as follows:

Step 1: Announce Scheduled Downtime

Step 2: Scheduled Downtime Begins

Step 3: Immediately after Scheduled Downtime is completed, all Order Books to enter into Cancel-only Mode

6. Market Makers and Liquidity Support

6.1 A corporation may be approved by the Himalaya Exchange as a Market Maker, in which case the corporation shall execute a Market Maker Agreement in such form as is prescribed by the Himalaya Exchange.

6.2 The Market Maker shall comply with these Trading Rules.

6.3 The Market Maker shall continually, or upon demand, place two-way quotes in all Credit Types specified in the applicable Market Maker Agreement:

(a) on a continuous basis or in such manner as prescribed by the Himalaya Exchange in the relevant Market Maker Agreement to provide for an adequately liquid market;

(b) within the maximum spread prescribed by the Himalaya Exchange in the relevant Market Maker Agreement;

(c) for not less than the minimum quantity prescribed by the Himalaya Exchange in the relevant Market Maker Agreement; and

(d) in accordance with such other requirements or specifications as the Himalaya Exchange may from time to time require under the terms of the relevant Market Maker Agreement.

6.2.3 The Himalaya Exchange may grant exemptions from the obligations of Market Makers under the Market Maker Agreements for a limited period of time in exceptional circumstances for a specific or all Market Makers in one or several Credit Types. The Himalaya Exchange will use reasonable efforts to make public the occurrence of exceptional circumstances as soon as reasonably possible when it has become aware of such occurrence. It shall also make public the resumption of normal trading after such exceptional circumstances have ceased to exist.

6.3 The Himalaya Exchange may modify, suspend or terminate the activities of the Market Maker where extreme market conditions arise. In such an event, the Himalaya Exchange would issue a general notice to all Members.

6.4 Himalaya International Reserves Ltd may, in accordance with the terms of the Agreement, place quotes to provide liquidity support or reduce price volatility on the Platform in respect of Himalaya Dollar Credits.

7. Definitions

Account means an account of a Member opened and maintained with the Himalaya Exchange for purposes of accessing the Platform and associated products and services.

API means application programming interface.

Available Credits means a Member's Total Credit Value less any amounts held for Open Orders and Fees.

Base Credit means the Credit Type being traded on the Order Book; the first Credit Type in the Trading Pair. For example, on the HCN/HDO Order Book, HCN is the Base Credit and HDO is the Quote Credit.

Cancel-only Mode means that Members cannot place new Orders. Members are able to cancel open Orders. No Orders will be filled.

Credit Type means a Credit corresponding to a particular type of Digital Asset supported by the Himalaya Exchange.

Digital Asset means a blockchain-based digital currency, app coin or protocol token in respect of which corresponding Credits may be traded on the Platform.

Fill means a match of two Orders. Also referred to as an execution.

Hold means the setting aside of Credits allocated to an Order.

Limit Order means an Order to buy or sell a specified quantity of a Credit Type for a specified quantity of a different Credit Type.

Market Order means an Order to buy or sell a specified quantity of a Credit Type at the best available price of existing Orders on the Order Book.

Market Maker means a person who, under the terms of a Market Maker Agreement with the Himalaya Exchange, on an organised, continuous and systematic basis enters into Transactions in Credits on the Platform for its own account and thereby create a market for such Credits.

Member means each customer who registered and has an Account with the Himalaya Exchange.

Order means an instruction to buy or sell a specified quantity of the Base Credit at a specified price in the Quote Credit.

Order Book means each order book on which Orders are placed for trading in a Trading Pair.

Open Order means a Maker Order which has been placed but not Filled, cancelled, or expired.

Quote Credit means the Credit Type in which trading is denominated on the Order Book; the second Credit Type in the Trading Pair. For example, on the HCN/HDO Order Book, HCN is the Base Credit and HDO is the Quote Credit.

Scheduled Downtime means a planned temporary outage for maintenance or upgrades.

Total Credit Value means the gross value of all of a Member's Credits for the relevant Order Book, expressed in the Quote Credit based on the last trade price. This includes all Credits allocated to Open Orders.

Trading Pair means each pair of a Base Credit and a Quote Credit offered on the Himalaya Exchange.

Transaction means any sale, purchase or other transaction in such Credit Types as the Himalaya Exchange may from time to time permit to be carried out on the Platform.