Trading Rules and Operations

PANTHERTRADE (HONG KONG) LIMITED

Version 1.0

Revision History

Version	Date of Revision	Content of Revision
1.0	Jun 1, 2024	Initial release

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1. Introduction

1.1 Purpose

These Rules are formulated by Panthertrade (Hong Kong) Limited to govern virtual asset trading behaviour conducted on its trading platform (the "Exchange" or "PantherTrade"), protect the legitimate rights and interests of all parties involved in virtual asset transactions and investors' interest, and provide better guidance for clients' trading activities.

1.2 Scope

These Rules apply to all users and clients of the Exchange and all virtual asset trading activities conducted on the Exchange. Staff members of the Exchange should observe and adhere to these Rules and report to their supervisor or the Compliance Department should there be any suspected contravention of the Rules.

1.3 Principles

The Exchange aims to maintain an open, fair and impartial market place for its clients to trade in virtual assets.

1.4 Roles, Responsibilities

● Business Department: formulating rules that govern the trading activities and operations of the Exchange, overseeing the trading activities and operations of the Exchange, reviewing the trading rules on a regular basis (at least annually in every December) and updating the trading rules as and when necessary. In particular, the Policy should be updated within one month prior to the following changes take place, and notification to the regulatory authority (e.g. SFC) should be arranged in accordance with the applicable notification requirements (e.g. Information Rules[1] and VATP Guidance[2]):

■ Non-conventional changes such as iteration, reconstruction, and method to conduct system/data backup and disaster recovery for the Exchange and associated systems.

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[1] The Securities and Futures (Licensing and Registration) (Information Rules)

[2] The Guidelines for Virtual Asset Trading Platform Operators (June 2023)

    ■ Changes to trading rules, including but not limited to, adjustments in trading hours, order logic, trade surveillance, market volatility control mechanisms, and handling of trading errors.

    ■ Adjustments to reconciliation rules.

- Compliance Department, Legal Department, and Risk Management Department: reviewing the Policy prepared by the Business Department, providing support to the Business Department in setting and updating this Policy by providing inputs and advice in their respective knowledge areas and endorsing the proposed changes or updates to this Policy made by the Business Department.

- Responsible Officer ("RO"): supervising the overall operations of the Exchange, managing and supervising the Business Department, participating in formulating and implementing the rules in this Policy, reviewing and approving any changes or updates to this Policy, and acting as the primary contact person to communicate with SFC and other relevant regulators.

- Information Technology & Cybersecurity Department: responsible for the security of the Exchange, developing and implementing systems, monitoring the API integration service, providing technical support and ensuring the systems run smoothly and properly.

1.5 Definitions

- Account ID: a unique identity code assigned to each account by the Exchange.

- App: the mobile application developed and provided by the Exchange.

- API: the Application Processing Interface (API), a software interaction tool for third-party access to the Exchange.

- BCP: Business Continuity Plan, a plan that ensures critical business functions can continue without interruption during business emergency.

- Client: a person (individual or corporation) who has registered a platform account, completed client onboarding and KYC verification and opened a trading account on the Exchange.

- IP Address: an Internet Protocol Address, which is used to access the

Exchange's services.

- Market composite price: the price is obtained by third-party exchange, our market data provider, who obtains the latest prices from 12 public exchanges to calculate the price.

- Masked IP: an IP address that has been partially or completely hidden or obscured by using various methods such as a virtual private network (VPN) or the Tor browser.

- PI: Professional investor, which has the meaning as defined in section 1, Part 1 of Schedule 1 to the Securities and Futures Ordinance ("SFO").

- RBAC: Role-Based Access Control which is an effective access control mechanism for implementing security policies within enterprises.

- ROs: the Responsible Officers who are responsible for the daily supervision of the trading activities and operations of the Exchange. ROs are approved by the Securities and Futures Commission of Hong Kong under Section 126 of the SFO.

- T+1: "T" means the trading day, and "T+1" means the next trading day.

- User: a person who has only registered a platform account and has not completed the client onboarding process; users do not have access to the Exchange's products and services.

- Virtual Asset means:

  (a) any "virtual asset" as defined in section 53ZRA of the AMLO; and

  (b) any security token.

- Work orders: work documents used to record, process, and track the completion of a job.

2. User and Client Management

2.1 Account Structure

The Exchange has a two-tier account structure:

- First-tier: Platform Account

  a. Interested investors can register a platform account with PantherTrade

("Platform Account") by providing their mobile phone number and a one-time password (OTP) received via short message service (SMS). The Exchange will create a unique ID code for each Platform Account ("Account ID").

b. A Platform Account provides access to virtual asset quotes, market news, discussion forums and other basic features. This account does not support virtual asset trading or custody services.

c. Upon first login, users will be prompted to set a login password for their Platform Account ("Login Password"). A Login Password must be between 8 and 20 characters long and contain at least three types of characters from uppercase letters, lowercase letters, numbers, and symbols. The Exchange also provides FAQs to remind users not to use passwords that are widely used, easily predictable, or susceptible to cracking.

- Second-tier: Trading Account

a. Once users have registered for a Platform Account, they may apply for a virtual asset trading account ("Trading Account"). Users (see definition under Section 1.5 above) are required to complete the account opening process, which includes Know Your Customer (KYC) verification, customer due diligence, risk tolerance assessment, and virtual asset knowledge assessment.

b. A Trading Account allows clients (see definition under Section 1.5 above) to access the full range of VA trading and custody services including depositing and withdrawing fiat or virtual assets, buy and sell virtual assets.

c. Before placing the first order or making the first funds (fiat or virtual asset) transfer, clients need to create a password for their Trading Account ("Trading Password"). A Trading Password must be 6 digits in length and cannot be consecutive or repetitive.

2.2 Identity Verification

2.2.1 Login Verification for Users (i.e. with Platform Account Only)

As only limited functionality of the Exchange is available to users of Platform

Accounts, the Exchange allows Platform Account users to log in using one of the following methods:

a. Using the registered mobile phone number (see Section 2.1a above) and an OTP sent via SMS;

b. Using the registered mobile phone number and the Login Password (see Section 2.1c above);

c. Using the Account ID (see Section 2.1a above) and the Login Password; or

d. Biometric authentication including fingerprint and facial recognition available on the user's mobile phone.

If users have no activity in the App for a default validity period (e.g. 10 minutes), their Platform Account will be automatically logged out.

Once a user successfully logs in from a new device, the system automatically marks it as a binding device. Each client can bind a maximum of three mobile devices. If a user attempts to bind an additional device, the earliest one must be unbound first. The Exchange sends SMS and email notifications to the user when a new device is successfully added for binding.

2.2.2 Login Verification for Clients (i.e. with Trading Account)

Two-factor authentication is required for clients to log in to their accounts. When clients log in from new devices (i.e. a non-binding device), they must provide the following information:

a. Account ID and Login Password; and

b. The OTP sent via SMS to the client's registered mobile phone number.

When clients log in from binding devices, they are required to provide one of the following information:

a. Login Password; or

b. Biometric authentication, including fingerprint and facial recognition available on the clients' mobile phones, requiring prior authorization from clients.

2.2.3 Transaction Verification

Clients must verify their Trading Password before engaging in trading activities, as

well as before withdrawing fiat and virtual assets.

To accommodate active clients who may trade frequently throughout the day, the Trading Password verification remains valid for up to four hours of continuous login. However, clients are still required to verify their Trading Password each time they make a withdrawal.

2.2.4 Error Controls

- Controls for Anomalous Login Behavior

    The Exchange continuously monitors client's account status by collecting their IP addresses, timestamps, geographic locations, and device identifiers each time they log in. The following actions are implemented in response to anomalous login behavior.

    a. If clients use masked IP addresses (e.g., proxy server, unresolved IP, virtual private network, The Onion Router, etc.) or their IP addresses are located in OFAC comprehensively sanctioned jurisdictions such as North Korea, Cuba, Iran, Syria, Crimea, or in jurisdictions where virtual asset trading is prohibited like Mainland China, Qatar, Egypt, their access to deposit, withdrawal and trading services will be restricted.

    b. The three IP addresses most frequently used by a client in the past 180 days are considered regular IP addresses. If a login is detected from a non-regular IP address, the Exchange will send email and in-App notifications to the client.

- Controls on Invalid Password Attempts

    a. To prevent brute force attacks, the Exchange has implemented controls on invalid password attempts. If clients have five consecutive invalid password attempts for their Login Password and Trading Password, they will be prevented from logging in for three hours. They can either wait for three hours or contact customer service for personal identity verification to lift the login restriction.

b. In the case of biometric authentication, if clients fail to pass it five consecutive times, they will be required to verify their Login or Trading Password.

● Password Reset

a. Clients can view their login records for all devices used in the last six months in the App. If there are any suspicious records, they can follow the Exchange's guidelines to reset their login passwords.

b. The Exchange sends periodic reminders via email and in-App notifications to clients who have not changed their Login or Trading Passwords for a long period (e.g., six months).

c. Clients can change their Login or Trading Passwords directly only if they pass the login verification and remember their own passwords. If not, they must first provide their registered mobile phone numbers (see Section 2.1a above) and the SMS OTP received for identity verification.

d. The Login or Trading Password must meet the password complexity requirements (see Section 2.1 above) and must not be the same as the last three passwords used. If these requirements are not met, the reset request cannot be submitted.

2.3 System Messages

● After the client places an order, the Exchange will send a trading confirmation to the client through in-App messages. The confirmation will include the following trade details: Name of the virtual asset involved in the transaction;

a. Amount or value of the transaction;

b. Time of the transaction; and

c. Associated fees and charges incurred by the client, including applicable exchange rates.

● In addition, the Exchange provides clients with daily and monthly statements. For more information on statements, please refer to Section 7.2 below.

● Furthermore, the Exchange notifies clients by email after the following client activities have taken place:

a. system login;

b. password reset; and

c. change to personal information or account-related information.

2.4 Document Disclosures

● During the account opening process, the Exchange will provide the following documents to clients:

    a. PANTHERTRADE Client Agreement

    b. PANTHERTRADE Privacy Policy Statement

    c. PANTHERTRADE Risk Disclosure and Warning Statements

    d. PANTHERTRADE Perjury Statement

    e. PANTHERTRADE Tax Self-Certification Statement

● The Exchange also publishes the following information on its official website (https://www.panthertrade.com/):

    a. Frequently asked questions (FAQs) about PantherTrade, including its business and services, contact details, account opening methods, deposit and withdrawal processes, market models, order types, trading rules, reconciliation rules, fee structure, illustrative examples of how the fees are calculated, customer services, and other commonly used functions;

    b. PantherTrade's trading rules, including the criteria for inclusion, suspension and removal of virtual assets;

    c. Relevant information for each of the virtual assets available for trading on the Exchange;

    d. PantherTrade's account opening forms and client agreement;

    e. Arrangements for dealing with reconciliation failures in respect of transactions executed on the Exchange;

    f. Detailed documentation regarding various connection channels, synchronous and asynchronous requirements and responses, market events, error messages, and other relevant information on the Exchange;

    g. Detailed documentation regarding the simulation environment as well as constant and active simulated quote and order feed into the

simulation environment;

h. Client's liability for unauthorized virtual asset transactions;

i. The right of clients of the Exchange to terminate a pre-authorized virtual asset transfers and the procedure for initiating such a stop-payment order;

j. The circumstances under which PantherTrade may disclose client's personal information to third parties (including regulatory authorities and auditors);

k. The right of clients to be notified in advance of any changes in rules, procedures, or policies;

l. PantherTrade's dispute resolution mechanisms, including the complaint procedures;

m. PantherTrade's system upgrade and maintenance procedures and schedules; and

n. Categories of services that would only be provided to professional investors.

- The Exchange will publish on its website any revisions or updates to the above information as soon as practicable. The Exchange will inform the clients of the revisions or updates by email. In the notification email, material amendments will be identified to the clients and an explanation for making such changes will also be provided to the clients. The following information on the listed virtual assets is also available on the Exchange's website:

a. Information related to price and trading volume of virtual assets on the Exchange, including, but not limited to, the latest transaction price, price changes over the past 24 hours, opening, high, low, and closing prices, price fluctuations, trading volume, and order book;

b. Background information of the management or development team of the virtual asset;

c. Issuance date of the virtual asset;

d. Material terms and characteristics of the virtual asset;

e. Relationship, if any, between the Exchange and the issuer, management team, or development team of the virtual asset (or their key members);

f. Link to the official website of the virtual asset (if applicable);

g. Link to smart contract audit report and other bug reports of the virtual asset (if applicable); and

h. Where the virtual assets have voting rights, how those voting rights will be handled by PantherTrade.

2.5 Access to Information of Virtual Assets

The Exchange distinguishes between retail and professional investors when presenting virtual asset information:

- All users (i.e. Platform Account holders) and clients (i.e. Trading Account holders) who have not completed or passed the PI assessment can only view information of virtual assets that are offered to them.

- They cannot view information of virtual assets that are offered to professional investors.

- Clients who have completed and passed the professional investor assessment can have access to information of all virtual assets available on the Exchange.

3. Trading Management

3.1 Trading Channels

All users and clients can access the Exchange through the following two channels:

- Mobile Application: download from the Exchange's official website or application platforms, such as Apple store and Google Play. Clients can view virtual asset information, account balance, market data, order information, transaction history, deposit and withdrawal history.

- Application Programming Interface (API): provides services for account asset inquiry, market data subscription, order placement, and order status inquiry.

3.2 Type of Trading Account

All Trading Accounts are cash accounts.

3.3 Trading Hours

The Exchange operates on Hong Kong Time (UTC+8). It supports 7*23 hours of

trading, except for the daily system maintenance time (16:00 - 17:00 every day).

Session	Time	Order Rules
Maintenance Period	16:00-17:00	No order can be placed, modified or cancelled
Auction Phase	17:00-17:15	Orders can be placed, modified, and cancelled. Orders will not be matched.
Trading Session	17:15-16:00(+1)	Orders can be placed, modified, and cancelled. Orders will be matched.

Outstanding orders in the order book before the daily routine maintenance will be processed after trading resumes.

Note: Services are available on weekends and public holidays.

3.4 Order Types

● Order Types:

■ Limit Order (LMT): Allows a client to buy or sell virtual assets at a specified price.

The validity period for all the above types of orders is Good-Til-Cancelled (GTC), meaning the order remains valid until cancelled or fully executed.

3.5 Trading Mechanism and Order Operations

3.5.1 Trading Mechanism

The Exchange uses a real-time automated trading system where funds or virtual assets obtained from selling virtual assets can be used to buy virtual assets on the same day, and virtual assets bought can be sold on the same day. There is no limit on the number of trades per day.

3.5.2 Order Operations

● Order Submission: Clients can submit buy or sell orders through their Trading Accounts by specifying the trading pair, order type, quantity and price.

● Confirmation: Before submitting an order, a message will prompt up requiring the clients to confirm the trade details. The information to be confirmed includes:

- Account ID

- Order type

- Buy/sell direction

- Trading pair

- Order valid period

- Buy/sell price

- Buy/sell quantity

- Total order value

● Modification: Clients can modify orders at any time before the orders are executed, but the Exchange does not guarantee that modification requests will be successful. Orders that have been executed or closed cannot be modified.

● Cancellation by Client:

- Clients can cancel orders at any time before the orders are executed, though the Exchange does not guarantee that cancellation requests will be successful. Orders that have been executed or closed cannot be cancelled.

- No fees are charged for the cancelled portion of the order.

● Cancellation by the Exchange: The Exchange reserves the right to cancel outstanding, unexecuted, or completed orders in the following circumstances:

- Orders placed by clients engaging in abnormal trading behavior on the Exchange.

- Orders placed by clients before the virtual asset was delisted, but the orders are not completed and the clients have not cancelled the orders.

- Under abnormal circumstances, the Exchange confirms that there are obvious errors in price, quantity or other relevant parameters of the order.

- When any applicable laws or regulations require it, particularly in cases where the Exchange needs to suspend or terminate client accounts.

- When it is necessary due to technical reasons.

3.6 Trading Pairs and Minimum Asset Tick Size

● The Exchange supports spot trading pairs between virtual assets and another virtual asset or fiat currency (USD or HKD). The list of virtual assets available for trading on the Exchange will be disclosed on the Exchange's official website and will be updated as and when there are any changes to the virtual assets

listed on the Exchange.

- Minimum Asset Tick Size: The smallest unit of quantity change, which is determined by the Minimum Quantity of the Exchange (which mentioned in Section 3.7.1 below). The Exchange reserves the right to make adjustments according to the circumstances. Information on the minimum tick size will be available on the Exchange's official website.

Example of Minimum Tick Size:

Virtual Asset	Minimum Asset Tick Size
ETH	1.E-03

3.7 Trading Restriction Rules

In order to ensure a fair and orderly operation of the Exchange, the Exchange has implemented buying and selling restrictions as well as position limits. These trading restrictions are defined by established rules, and the Exchange will regularly review and modify them based on market conditions. Information regarding these trading restrictions will be displayed on the Exchange's official website, and any changes will be communicated to clients via email.

- Quantity Rules: Following the rule of "buying and selling must be greater than or equal to $1 USD and less than or equal to $3 million USD" and the rule of minimum tick size, the quantity limit is calculated by dividing the upper and lower limits by the corresponding virtual asset's market composite price at 16:00 on the previous day.

- Price Rules: To prevent significant price fluctuations and protect clients from substantial deviations in their order execution prices compared to market prices, the Exchange will reject orders for a trading pair if the price is higher or lower than the latest market composite price by a certain percentage (e.g., for BTC/USD, orders with prices higher or lower than 25% of the latest market composite price will be rejected). The 25% threshold is determined by multiplying 5 times the average daily volatility of 5% for that trading pair as a reference. The Exchange will monitor the volatility level on a daily basis and will

adjust the threshold as and when necessary.

- Position Rules: Following the rule of "position amount must be less than or equal to $3 million USD", the position limit is calculated by dividing the upper limit amount by the market composite price of the corresponding virtual asset at 16:00 on the previous day.

3.7.1 Trading Restrictions

- Quantity Limits: According to the above quantity rules, the Exchange imposes minimum and maximum quantity restrictions on each buy and sell order for virtual assets, as shown in the following example:

Asset	Minimum Quantity	Maximum Quantity
ETH	0.001	1614[1]

- Price Limits: According to the above price rules, the Exchange will reject buy and sell orders with prices 25% higher or lower than the latest market composite price for the respective trading pair.

- Pre-funding: The Exchange will only execute trades for clients if they have sufficient funds or virtual assets in their accounts.

- Self-Trade Prevention: The Exchange will reject any new orders that would match with an existing open order from the same client if the new order is successful placed.

- Trading Restrictions for Retail Clients and PI Clients: The Exchange distinguishes between the virtual assets tradable by retail clients and PI clients through its system settings, ensuring that retail clients can only view and trade their tradable virtual assets, while PI clients can view and trade their tradable virtual assets.

3.7.2 Position Limits

According to the above position rules, the Exchange imposes a maximum limit on

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[1] For example: Market composite price at 16:00 on May 31: ETH: 1858 USD, BTC: 26915 USD

the position for each virtual asset. Examples are as follows:

Asset	Maximum Position
ETH	1614
BTC	111

Since the price of virtual assets fluctuates in real-time, if the position of a client's virtual assets on the Exchange exceeds the limit, the client will not be allowed to purchase additional virtual assets to add on the position.

3.7.3 Unavailable Products and Services

● The Exchange does not offer any products or services considered to be of high leverage or high risk, including but not limited to derivatives.

● PantherTrade does not offer off-platform trading services or route orders to other trading platforms.

4. Order Book and Matching Rules

The Exchange employs an aggregated central limit order book system, ensuring shared trading liquidity for all clients and guaranteeing fairness, transparency, and justice in trading.

4.1 Order Book Rules

The Exchange's order book follows the following rules:

● Queueing Rule: Orders in the order book are arranged based on the "price/time priority" rule. Each order is assigned a unique and orderly index when stored in the database to ensure orderly and proper placement.

● Update Rule:

■ New Orders: new orders are inserted and the queue is updated according to the queueing rule mentioned above. If the matching conditions are met, trades are executed according to the trade matching rules.

■ Order Modification: Modification to pending orders' prices or quantities are allowed.

   - Price Modification: When an order's price is modified, its position in the order book is updated according to the queueing rule mentioned above, i.e.,

reinserted into the queue.

    - Decrease of Quantity: If the quantity of an order is decreased, its position in the order book remains unchanged.

    - Increase of Quantity: If the quantity of an order is increased, its position in the order book is updated according to the queueing rule mentioned above, i.e., re-inserted into the queue.

■ Order Cancellation: When a cancellation instruction is received for an order in the queue that has not yet been executed or is pending execution, the Exchange will remove the corresponding order. The other orders will be re-ordered according to the queuing rule mentioned above.

4.2 Order Matching Rules

Trades of virtual assets on the Exchange are matched based on the "price/time priority" rule.

● Price Priority Rule: Buy orders with higher prices are given priority over buy orders with lower prices, and sell orders with lower prices are given priority over sell orders with higher prices.

● Time Priority Rule: If there are buy or sell orders with the same price, the order that is received earlier is given priority over the one received later, based on the time when the Exchange accepts the instruction.

5. Trading Fees

The Exchange uses Maker-Taker to determine trading fee. After the execution of a trade, commission will be charged to the client. The details are shown below:

● Taker: Commission: 0.3% of the transaction amount

● Maker: Commission: 0.3% of the transaction amount

- Taker: Taker refers to a limit order created by the client and is immediately matched with an open order in the order book (e.g. a market or limit order that can be filled immediately).

- Maker: Maker refers to a limit order created by the client and is not immediately matched with an open order in the order book (e.g., a buy limit order that is 20%

below the current market price). The order will enter to the order book waiting to be matched.

- Transaction amount: Transaction amount refers to the actual executed amount. If an order is divided into multiple transactions, multiple fee records will be generated.

The Exchange will adjust the fee rates depending on the market situation at appropriate times.

6. Opening Price and Quote

● Opening Price: The Exchange obtains the composite quote of the new trading pair at the time of listing from the third-party exchange as the opening price.

● Quote: The quote is corresponding to each trading pair. The Exchange supports quoting virtual assets against another virtual asset, or virtual assets against fiat currency. The rule for the minimum tick size follows the same rule as the minimum tick size of the transaction. Examples are as follows:

Base Currency	Quote Currency	Quote Tick Size (minimum tick size of the quote)
ETH	BTC	1.E-05

7. Reconciliation Rules

7.1 Workflow

● Trading

1. Clients initiate trades and submit orders to the Exchange for matching execution;

2. After the matching process is completed on T day, the transaction report will be sent back to the clients;

3. The transaction report is synchronized with the Exchange's asset system to update the corresponding changes in the assets of the counterparties of the trade (i.e. buyer and seller) in real time.

● Reconciliation

1. On T+1 day, the reconciliation system retrieves all transaction details from the trading system, wallets, blockchain event system, and manual asset adjustment system for T day, and the account asset balance for T day from the asset system.

2. The reconciliation system calculates the reconciliation result based on the T-1 day account asset balance stored in the reconciliation system and the T day transaction details. The calculated result is then compared with the T day account asset balance retrieved from the asset system.

3. If the comparison shows consistency, it indicates a correct reconciliation, and then the reconciliation result will be confirmed automatically. If discrepancies arise, the reconciliation system will display the discrepancy accounts and values on the corresponding page and notify the Reconciliation & Error Handling staff from Exchange Operations Team in Business Department, to investigate and resolve the issue.

4. The Reconciliation & Error Handling staff investigates the reasons for the reconciliation discrepancies, then confirms and implements the adjustment plan. After the adjustment is completed, the reconciliation is triggered again until the system shows consistency.

5. The Reconciliation & Error Handling staff confirms the reconciliation result, and based on the reconciliation outcome, offline settlement is conducted.

7.2 Statement Generation

Data will be presented to clients in the form of statements after reconciliation confirmation. PantherTrade offers both daily and monthly statements to clients.

- The daily statement is sent on T+1 day.

- The monthly statement is sent within the first seven business days of each month, containing the monthly summary of the previous month.

● Clients will receive monthly or daily statements under either of the following circumstances:

1. If there are funds/assets in the client's account, a monthly statement will be sent (no later than the end of the seventh business day after the end of the

monthly accounting period).

2. If there were any transaction activities on T day (i.e. trading, fund transfer), a daily statement will be sent on T+1 day (no later than the end of the second business day after the activity took place).

- Each statement includes the following information:
  1. Basic information about the client and account;
  2. Asset quantities and changes at the beginning/end of the period;
  3. End-of-period virtual asset prices and market valuations;
  4. Details of fund/asset changes for the current period, including trades, fees, deposits and withdrawals.
- Clients can access statements via the App or receive them via email.

8. Trade Surveillance

- The Exchange strictly prohibits clients from engaging in any form of market manipulation or any other abusive trading activities. Market manipulation refers to actions that deceive the market through trades or orders to influence the supply and demand or prices of virtual assets.

- PantherTrade employs a market surveillance system that continuously monitors trading activities on the Exchange. This system analyzes trading behaviors and alerts if it detects suspicious market manipulation and abusive trading. The system monitors the following types of manipulative and abusive behaviors:
  - Wash trading;
  - False trading;
  - High volatility trades in execution price;
  - High-frequency repetitive buying and selling;
  - Frequent order cancellations;
  - Cross trading;
  - Frequent order placement and order modification.

9. Market Volatility Control Mechanism

In order to maintain market stability, the Exchange may implement a market volatility control mechanism.   This mechanism monitors the price fluctuation of all

trading pairs on the Exchange in comparison to the general market conditions. All buy and sell orders placed on the Exchange during normal continuous trading hours are subject to monitoring under the volatility control mechanism. The control mechanism may be triggered during the market volatility monitoring period if abnormal fluctuations are detected. In such cases, a cooling-off period, as described in Section 9.2 below, may be activated. The control measures may involve rejecting orders or cancelling orders.

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9.1 Conditions for Abnormal Fluctuations

● Abnormal fluctuations occur when the price of a specific trading pair on the Exchange deviates by a certain percentage (e.g., 50%) from the highest or lowest market composite price within a ten-minute period. This deviation must occur three times within a day, with the ten-minute intervals being mutually independent.

● Exception: If the market composite price for the same trading pair deviates by the same percentage (e.g., 50%) within the same ten-minute interval, it indicates an overall deviation in the market price, which is not an abnormal fluctuation.

9.2 Handling of Abnormal Fluctuations

● Triggering of Cooling-Off Period: If the price of a trading pair meets the criteria for abnormal fluctuations described in Section 9.1 above, a cooling-off period of five minutes will be immediately triggered. Once the cooling-off period ends, the relevant volatility control mechanism will resume operations. More than one cooling-off period may be triggered in a single trading day.

● Restrictions during Cooling-Off Period:

■ Any unfilled or partially unfilled part of a buy and sell order that triggers the cooling-off period will be rejected by the Exchange and will not be matched.

■ Any orders in the order book for trading pairs subject to volatility control mechanisms, including unfilled portions, with buy prices higher than the upper price limit or sell prices lower than the lower price limit, will be

cancelled by the Exchange.

- The limit price for buy orders entered into the Exchange must not exceed the upper price limit, and the limit price for sell orders must not be lower than the lower price limit.

10. Trading Suspension, Halt, and Resumption

To ensure fair trading for clients and maintain market fairness, the Exchange reserves the right to stop trading services at specific moments in accordance with our internal policies on trading suspensions, halts, and resumptions.

In the case of system maintenance or upgrades requiring a trading suspension, the following procedure should be followed:

1. Evaluate the actual impact scope, start time and estimated end time of the event;

2. Notify clients seven business days in advance through in-App announcements and email. Provide details of the suspension's reason, the scope of impact, start time, estimated end time and the arrangement of outstanding orders;

3. Trading services for relevant trading pairs, including order placement, modification, and cancellation would be suspended during the system interruptions;

4. The Customer Service & Complaint Team would be ready and responsible for any customers enquiries upon the disruptions;

5. The Exchange will cancel outstanding orders in the order book, including unfilled and partially unfilled orders;

6. Timely inform clients of the restoration of trading services; and

7. Resume trading services for relevant trading pairs. This means that the trading service enters the auction phase first and then enters the trading session. In the auction phase, orders can be placed and cancelled, and all orders within the validity period can be modified and cancelled. Orders will not be matched in the auction phase.

11. Handling of Trading Anomalies

11.1 Unexpected Events

In any of the following unexpected circumstances that disrupt some or all trading activities, the Exchange may decide to implement the measures described in Section 11.3 below in order to maintain the normal order of transactions and market fairness:

- Force majeure events;

- Unforeseen incidents;

- Major technical malfunctions;

- Significant human errors;

- Market anomalies;

- Detection of significant security vulnerabilities;

- Identification of any market manipulation or abusive trading behavior; or

- Other situations deemed by the Exchange to undermine market fairness and justice.

11.2 Trading or Market Disruptions

If circumstances arise that prevent buying or selling virtual assets or interrupt market data transmission, the Exchange will promptly notify clients through in-App announcements and email. The cause of the disruption will be investigated, and remedial measures will be taken immediately. If the interruption is not an isolated case, the Exchange will consider suspending trading services. If applicable, the procedures outlined in Section 10 above will be followed.

11.3 Response Measures

After evaluating the nature of the unexpected incident, the extent of trading anomalies and their impact on other services, the security of clients' assets, and the risks of continuing operations, the Exchange may take one or more of the following measures based on the incidents-handling procedures described in Section 11.4 below:

- Cancel affected transactions or all transactions during a certain period of time;

- Cancel all unfilled or pending orders;

- Suspend trading activities;

- Temporarily halt trading services;

- Temporarily suspend deposits and withdrawals;

- Temporarily suspend account logins;

- Temporarily interrupt API connections;

- Suspend all services and customer account functions; or

- Support email or phone order service.

11.4 Communication with Clients

11.4.1 Announcements

The Exchange will announce the decision to take measures as described in Section 11.3 above.

- For disruptions caused by unexpected system malfunctions, the Exchange will notify clients the cause and expected duration within half an hour of the disruption through in-App announcements and email.

- Once the anomaly handling is completed, the Exchange may decide to resume trading and will promptly announce the resumption on the website, in App, or by email.

11.4.2 Emergency Contact Information

Contact information, such as customer service hotline and email address, will be provided on the official website or social media platforms, enabling clients to make urgent contact if necessary.

11.4.3 Compensation Policy

If clients suffer financial losses due to a service interruption on the trading platform, the Exchange usually compensates based on the principle of "customer interest first". The Exchange will do its best to ensure clients' right to information and interests, and resolve clients' problems.

12. Conflict of Interest

The Exchange adopts the following measures to manage conflict of interest issues:

- Categorizing information into inside information and confidential information;

- Implementing the Chinese Wall policy and procedure;

- Managing watchlists and restriction lists;

- Managing conflict of interest; and

- Declaring and managing personal interest.

13 Custody Management

13.1 Custodial Structure

The PantherTrade should only hold client assets on trust for its clients through its associated company PantherTrade Holdings Limited ("the AE"). The AE establishes a clear structure that governs the management of Wallets used to hold virtual assets. It includes the Client Wallet and the House Wallet, which contain hot wallet and cold storage for different purposes respectively. The Company and AE should hold virtual assets that are the same as those virtual assets that are owed to or held on behalf of its clients and in the same amount. The Client Wallet and the House Wallet are not co-mingled with each other and operate independently. There are no other transfer transactions in the House Wallet except for handling network fee reconciliations.

13.2 Virtual Assets Deposit and Withdrawal

The deposit procedure is conducted as follows:

1. The client completes the account opening and logs in to the App.

2. The client selects the network and obtains the deposit address based on the account ID from the Wallet Service System.

3. The Wallet Service System retrieves the deposit address and returns it to the client. The system will continuously monitor whether there is a new deposit that transfers to this deposit address.

4. The client inputs the deposit address as a destination address in a third-party wallet App or an exchange withdrawal process.

5. The client initiates a transfer and makes a new deposit into the Receiving Wallet.

6. The transaction should be identified by the Wallet Service System and create a deposit order, then it should be completed the Anti-Money Laundering ("AML") checks by the Know Your Transaction ("KYT") System and Address Screening

System, the Sanction Screening as well as Travel Rule information verification.

7. If the transaction does not pass the AML checks or Sanction Screening, the deposit should be moved to the abnormal funds wallet, the client should be informed of this pending deposit order. Otherwise, the address should be whitelisted based on the wallet address type.

8. If it is the unhosted wallet, the client should complete the proof of ownership by signing a message or micropayment method. If it is the hosted wallet, the Travel Rule messages should be received from the counterparty VATP or any evidence that can prove that the wallet address in this VATP belongs to the client should be provided by the client. If additional evidence needs to be obtained from the client, the transaction needs to be reviewed by the Customer Service & Complaint Team to verify the personal information and transaction details.

9. If the transaction passes the AML checks, Sanction Screening and the original address has been whitelisted, the position in the account should be added successfully.

10. If the position is added successfully, the deposit should be completed. The details transaction should be shown in the client in the App. The client should also be informed through the in-App message and Email.

The withdrawal procedure is conducted as follows:

1. The client completes the account opening and logs in to the App.

2. The destination address should be whitelisted before requesting the withdrawal.

3. The client selects the cryptocurrency, the network, the destination address and enters the withdrawal amount. The client should enter the trading password to request the withdrawal. The IP Monitoring System should check whether the current activity is an abnormal behavior.

4. The Risk Pre-Control of the Wallet Service System will determine whether it is allowed to request the withdrawal, it depends on the current network, the whitelisted address, the blacklisted address and accounts, the cryptocurrency,

and the amount of withdrawal. The destination address should be checked by the KYT System and Address Screening System, and the client should be checked by the Sanction Screening System.

5. After passing the verification of Risk Pre-Control, the withdrawal order should be created, and then the Wallet Service System will freeze the position. If it fails to pass the verification, the client should be informed that the withdrawal request failed.

6. After freezing the position, the transaction should be initiated and transfer on the blockchain should be requested by the Wallet Service System from the Sending Wallet address to the client's destination address.

7. At the same time, the required information in the Travel Rule message should be submitted to the beneficiary immediately and securely via a third-party Travel Rule service provider. If the Travel Rule system receives the response from the counterparty, the data and order information will be kept in the database for audit as needed.

8. After the transfer is completed, the client should receive the withdrawal. If the transaction is confirmed on the blockchain, the position and the withdrawal fee in the account should be deducted successfully, and the related transaction information should be updated in the Travel Rule message.

9. If the position in the account is deducted successfully, the client should be informed through the in-App message and Email. The order details and funds flow of withdrawal should be shown in the App. Otherwise, the position cannot be deducted, the client should be also informed that the withdrawal fails through the In-App message and Email.

13.3 Fiat Currency Deposit and Withdrawal

PantherTrade holds client money through the segregated bank account of its AE maintained with the authorized financial institution.

PantherTrade supports Hong Kong Dollar ("HKD") and United States Dollar ("USD") deposits and withdrawals.

In general, all fiat currency deposit or withdrawal should be made through the bank account in the name of the customer and designated by the customer for this purpose.

The clients are required to designate a bank account which is in the name of the client for making fund deposit or withdrawal ("designated bank account").

1. When making deposit or withdrawal instruction, the customer should inform the PantherTrade which bank account the funds are deposited from/withdrawn to, including the bank involved and bank account number.

2. The designation of bank account will be completed after the PantherTrade confirm the bank account being informed is in the name of the client.