

Trading Rules

1. Preamble

1.1 These rules shall be known as the Trading Rules of Unicoi Digital Capital Exchange or “UDCX” (hereinafter referred to as “this Rules”). They shall come in to force and effective from (“Effective Date”). These rules shall be read with any regulations, guidelines, directions, circulars and clarification issued by the Unicoi Digital Capital Exchange (“the Exchange” or “UDCX”) and amendments made to these Rules subsequent to the Effective Date.

2. Definitions

“Arbitration” means a process for redressing any disputes in the Exchange.

“Arbitrator” means an arbitrator appointed by the Exchange from the panel of its arbitrators.

“Arbitration Tribunal” means a tribunal consisting of a sole arbitrator or two or more arbitrators appointed by the Exchange to adjudicate a reference made to arbitration.

“Asset” means a Digital Asset or Fiat Currency.

“Automated Trading System” (ATS) means the trading system provided online through internet by the Exchange to its Members and Clients to trade in Cryptocurrencies. ATS shall also be the official communication medium of the Exchange to provide information to its Members and Clients regarding Cryptocurrency, contract specification, details of trade executed by each Member and Client, guidelines, notifications or circulars issued by the Exchange. Any communication issued through ATS shall be binding on Members and Clients upon of its issuance. If the context so requires the ATS shall also mean and include any other trading system or offline trading facility provided by the Exchange.

“Board” means the Board of Directors of the “Unicoi Digital Capital Exchange”

“Broker” or “Broker Member” means a person or entity admitted by the Exchange as a Broker Member to introduce Clients and/or Sub-broker, to facilitate them for the trading in the Exchange, and to play a role in accordance with the criteria prescribed by the Exchange.

“Buy Order” means an order to buy a Cryptocurrencies by meeting the terms and conditions of such contract specified by the Exchange.

“Buyer” means a Member or Client who buys a Cryptocurrencies permitted to trade in the Exchange.

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

“Circular Trading” means trading by a Member or a Client or a group of related Members and/or their Clients with one or more entities of this group entering buy orders and on the other side one or more entities of the same group and/or with other unconnected entities in the market entering sell orders or vice versa with an intention to manipulate the price of a contract and/or to create artificial volumes in a contract in the Exchange.

“Clearing and Settlement Department” means a Department of the Exchange, which is responsible for Clearing and Settlement of Trades, Settlement of Trading Accounts of Customers and Members, keeping Account of Margin Deposits from Members and Customers and maintaining and reporting the Accounts related thereto and managing Bank Account at MTM with the Clearing Banks.

“Client” means an individual or an entity, who is registered with an exchange in accordance with the rules of the Exchange and thereby conferred with the right to trade in the Exchange.

“Committee” means any committee constituted by the Exchange to perform such functions as the Exchange may determine from time to time, including framing of Rules and Regulations.

“Conciliator” means a mediator appointed by the Exchange and/or mutually agreed by the parties and approved by the Exchange to mediate any dispute among Members, Customers and/or the Exchange.

“Contract Specification” means the specification and terms and conditions of each Cryptocurrencies prescribed by the Exchange.

“Customers” means Sub-brokers and/or Clients Registered with the Broker Member of the Exchange.

“Digital Asset” means an asset that uses the principle of blockchain network where technology is based upon peer to peer network.

“Exchange” means Unicorn Digital Capital Exchange and if the context so requires shall mean and include its Board of Directors, Share Holders, Committees, Chief Executive Officer, Management and/or staff of the Exchange, ATS and premise of the Exchange.

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

“Initial Margin” means the minimum Margin required from a contracting party to initiate a Position in a Cryptocurrencies contract.

“Instruments” means any tradable Cryptocurrencies contract for trading in the Exchange.

“Last day of trading Day” means the day on which Trading ceases for a contract and may also be known as “Expiry Date”.

“Limit Order to Buy or Sell”; Limit Order to Buy, an order to purchase at or better the specified price. Limit Order to Sell, an order to sell at or better the specified price

“Long Position” means the outstanding purchase obligations of a Member or a Client, in respect of his transactions in a contract month, at any given point of time, whose settlement is yet to be affected.

“Margin” means the minimum amount, prescribed by the Exchange, to enable him to buy or sell or maintain a position in a contract.

“Market” means the platform offered by the Exchange to its Members and Clients to trade in various Contracts, which may be either in the form of an online trading system or any other Trading System provided by the Exchange.

“Market Order” means an order for a Cryptocurrencies or contract to be bought or sold at the best available price prevailing on the ATS at the time of the entry of the order into the Order Book.

“Member” means registered Members of the Exchange.

“Net Open Position” means the difference in total open long positions and total open short positions held by a Customer or Member in any Cryptocurrency and/or Contract on a given day or at a given period of time.

“Order” means an offer to buy or sell a Contract from the Market at a defined price complying with the terms and condition of such Contract prescribed by the Exchange and the same is recorded in the Central Order Book.

“Order Book” or “Central Order Book” means an official record of all orders received and matched in the Market, maintained by the Exchange either in electronic form or manual form.

“Order Matching System” means the electronic process of auto-matching of all orders received in the ATS of the Exchange through any means: Any buy order is matched against outstanding sell orders with the lowest price until the buy order is completely executed. Any sell order is matched against outstanding buy orders with the highest price until the sell order is completely executed.

“Position” means the outstanding purchase or sell obligation of a Member or Client in the Exchange.

“Price-Time Priority” means that earlier in time Orders have priority over later Orders.

“Rules”, “Regulations”, “Circulars” means any rules, regulations, circulars or set(s) of procedures framed by the Exchange for governing the business, organization, and functioning of the Exchange and responsibilities of its Members and its Clients.

“Quote” means a ‘BID’ Price or an ‘ASK’ Price of a Cryptocurrency or Contract in the Market.

“Quote Asset” means the Asset in which trading is denominated on the Order Book; the second Asset in the Trading Pair. For example, on the BTC/USD Order Book, BTC is the Base Asset and USD is the Quote Asset.

“Sell Order” means an order to sell a Contract in the ATS by meeting the terms and conditions of such contract.

“Seller” means a Member or Client who sells a Contract in the Exchange.

“Trading session” means the time period prescribed by the Exchange for trading in a Cryptocurrencies and its Contract.

“Trading System” means the ATS or any other electronic or manual systems and networks approved by the Exchange for trading in the various Contracts in the Exchange.

“Variation Margin” means the difference between the contractual value of a Cryptocurrency or Contract and the monetary value of the Cryptocurrency or Contract determined at the Settlement Price.

“Working day” for the purpose of trade means a day on which trading in a contract is permitted by the Exchange. For all other purposes, it refers to the official working day notified by the Exchange.

3. Power To Amend Trading Rules

3.1 Subject to the provisions of these Trading Rules, the Exchange or the Committee appointed by the Exchange shall have the powers to amend these Trading Rules and Regulations framed thereunder from time to time, for the efficient functioning and operations of the Exchange. Amendments so made shall be binding on all Members, their customers, clearing and Settlement Department, all employees, and other participants of the Exchange. Any amendment will be pre-notified to customers and members seven days in advance.

4. Applicable Rules And Regulations

4.1 Following rules and regulation will be applicable to customers, members and in the markets:

Trading Rules

Client Agreement

Membership Rules

Directive, circular and notification issued time to time

Cybersecurity policy

Privacy policy

KYC, AMLA & CFT

Broker Agreement

Risk Disclosure

Cookie Policy

5. Trading

5.1 The Exchange is operating on all days except Exchange-specified National and International Holidays. However, the exchange may operate on exchange specified national and international holidays for products if required. The Exchange shall notify Members and Clients with a list of Holidays for well in advance. The instruments dealt in the exchange are mainly in line with international markets; hence Members and Clients are directed to follow the working days and holidays list issued by Exchange from time to time. Trading participants: Trading participants will be categorized as per the level of KYC document submitted by any registered user. Customer with completed KYC documentation will be categorized as verified else unverified. Verified customer will be allowed to use all of the features whereas unverified user is restricted to a limited set of pre-defined features.

5.2 Trading Instruments: Following trading instrument shall be introduced by an exchange for the purpose of trading to its user. The instrument will be available in variable fiat as well as cryptocurrency as determined by exchange and permitted by the local regulator.

Spot contract

Margin Trading

Futures contracts

Option contracts

6. Trading Hours

6.1 The trading hours for each product shall be specified in the product specification issued by the Exchange to its Members and Clients. Details of products and its trading hours shall be notified by the Exchange from time to time. Trading hours may vary from one product to another with each having its own break time for scheduled maintenance.

7. Margin

7.1 Initial Margin:

7.1.1 The exchange shall apply initial margins based on market requirements. Initial margin may be fixed by the Exchange based on each contract/instrument and the Product Specification shall specify the fixed initial margin or % based initial margin of products to be applicable. The initial margin requirement of a Member/Client is determined based on the notional value of a contract which is required to initiate any new position, either buy or sell, on listed and available contracts. It may be a fixed amount or percentage of the total contract value. A Member/Client is required to pay margin separately on each of the contracts initiated by them. A trader must maintain the margin level above the maintenance margin level all the time, falling to do so leads to the margin call or equity hit. The Margin ratio for initial margin shall be in a range of 3% to 20%.

7.2 Intraday Margin:

7.2.1 Intraday margin facilitates contracts to be traded from the daily opening of the contract till the day session close. It shall act equal to the initial margin for the contract till the day session close. The Margin ratio for intraday margin shall be half of the initial margin ratio

7.3 Over Night Margin:

7.3.1 It is the margin applicable to hold an open position overnight. The Margin ratio for overnight margin shall double of initial margin ratio.

7.4 Variation margin:

7.4.1 It's the additional amount of cash you are required to deposit to your trading account after your position has taken sufficient losses to bring it below the "Initial Margin". This kind of margin can be enabled by the exchange at any point in time, basing on the market conditions. Generally, this kind of margin can be applied during anytime of the day where the user needs to bring back the deficit amount to the initial margin level.

7.5 Other Kinds of Margin:

7.5.1 Depending upon the requirement, Exchange can introduce various kinds of margin giving advances notices to the Members, Brokers and Clients.

7.6 Margin Call:

7.6.1 Margin Call is a Notice issued to the Clients/Members to bring or top up the margin deposit up to the required level. Margin Call, in general, shall be calculated based on the daily settlement price. The Clients/Members need to fulfil the margins as per the norms laid down by the exchange, noncompliance of margin notice within the specified time will lead to the liquidation of any/all positions. Margin Call Liquidation time and price shall be as per specified by the exchange. Margin ratio for initial margin depends upon the initial margin level as a client need to bring back their margin level whenever it goes below the initial margin level at the time of MTM.

8. Equity Hit

8.1 Equity Hit is a condition during which the open orders of the Clients/Members shall be liquidated. Such liquidation shall be done at the prevailing market. The level at which the equity shall hit and liquidation of an order will be considered shall be decided by the Exchange. Post Equity hit, the trader's equity may also reach negative figures in a trading console depending upon various market conditions. The Clients and Members shall be liable to pay the negative deficit in their account. The Equity hit level may be different for Clients and Members under the sole discretion of the Exchange.

9. Terms In Contract Specifications

9.1 Trading System:

9.1.1 The Exchange functions on an Automated Trading System (ATS) which functions online and provides connectivity to Members and Clients terminals via the internet. Such Members and Clients need to acquire the Trading Console and other related software on payment from the Exchange designated software vendor to obtain connectivity to the ATS of the Exchange or as directed by the Exchange from time to time. An exchange may also provide such facility directly to the Member and Clients on usage basis upon payment of service charges.

9.2 Daily Price Limit:

9.2.1 Daily price limit is the maximum level that the price of any Cryptocurrency can move for a particular day. If a price reaches the published price limit, the exchange may at its discretion change the price limit without any prior information or may suspend the trading for a certain time period or the day.

9.3 High/Low:

9.3.1 The High for a given instrument is the highest price on that particular day and the Low is the lowest price on that particular day. Day High-Low of a contract shall be re-set at 00:00:00 hours.

9.4 Market Open Gap:

9.4.1 The price gap [difference] between the two trade sessions is Market Open Gap. The Market Open Gap will affect the financial condition of the trader. Also, under such circumstances, contingent orders placed with prices between two trade sessions, for any contract gets triggered at the second session opening price.

9.5 Market Depth:

9.5.1 Market Depth will list the best Bid and Ask quotes from clients and which shall include the Limit orders placed by the trader.

9.6 Membership Code:

9.6.1 The Membership code is a unique serial code assigned to each Broker of the Exchange.

9.7 Broker Code:

9.7.1 The Broker code is a unique code assigned to each broker registered under the Exchange.

9.8 Mistrade:

9.8.1 If a trade is erroneously entered and deviates considerably from the market price (reference price) then it is considered as a “mistrade”. Upon final determination of trade as a “mistrade” it shall be cancelled.

9.9 Minimum and maximum order size:

9.9.1 All contract/instrument listed for trade and transaction in UDCX can have minimum and maximum order size which will be solely determined by exchange and will be informed to market participants through exchange circular. Minimum and Maximum order size can also vary from time and time and as per the order types. The minimum order quantity for various digital currencies are as follows:

Digital Assets

Minimum (USD)

Maximum (USD)

Bitcoin (BTC)

Bitcoin Cash (BCH)

Ethereum (ETH)

Litecoin (LTC)

5

1,50,000

9.9.2 Maximum Order size will depend upon the availability of quantity in the market depth. Moreover, Minimum and Maximum order quantity can also vary from time to time depending upon the availability of contracts in the trading platform.

10. Trading Limits

10.1 The Exchange will impose a trading limit to its customer from time to time as per the market condition and financial capacity of its customers. The review shall be periodically (every quarter) conducted by the compliance department and any outcome will be notified to customers and members and shall be binding to all after issuance.

11. Slippage

11.1 The trader placing their order could get their order completely or partially fill at the price more than last traded price. The market order placed can be filled at a price different than most recent price due to the volume and price of orders which can be referred to slippage.

12. Withdrawal Limitations

12.1 Exchange in its sole discretion can place a withdrawal limitation on fiat currency and digital asset that Client has in their wallet and trading account. Withdrawal limitation can vary from time to time and market participants will be informed about it through circular and messages. The client can withdraw their asset within the exchange limitation during any time of trading period.

13. Trade History

13.1 Trade history refers to the executed trade in the exchange ATS which will display in a trading console. Trade History for last 15 minutes in an exchange ATS will get visible in the trading console and Exchange can change the minimum time frame display of trade history in trading console anytime in its sole discretion.

14. Type Of Orders

14.1 Various types of orders accepted by the Exchange are as follows:

14.1.1 Market Order:

A market order is an order which does not specify a price limit; rather market orders are matched to the best available contra-side bid or offer.

14.1.2 Stop Order:

Stop orders are orders that create market orders when the specified stop price is reached (or triggered). Stop orders are often referred to as stop-loss orders since they are often used to protect a trader's position from deteriorating beyond a certain point and stopping further loss.

14.1.3 Limit Order:

Limit Orders include a specified price limit and maybe executed at the specified price limit or better than the specified price limit.

15. Instruction Of Order

15.1 Instruction for the order can be given with the following medium

Online Trading platform: Here the user can place any available order in the market from online trading platform which may be available in web or mobile application devices.

Offline support: In the case of unavailability of the online trading platform due to any unforeseeable circumstances, user can make a phone call to close their existing order if they have any. However, they cannot place any new order in such circumstances. Any call received under such circumstances will be recorded and kept as proof for the order instruction by user to an exchange.

16. Time In Force Instruction

16.1 Stop Orders and Limit Orders may be placed with one of the following Time in Force Instructions.

Good till Cancelled: if posted, the Order will remain on the Order Book until cancelled by the Trader. This is the default Time in Force Instruction.

Good till Friday: if posted, the order will remain on the order book until Friday of the particular week.

Good till day: if posted, the order will remain on the order book until the end of the particular trading day.

17. Matching Principles

17.1 The Order matching takes place in the ATS by giving the highest priority to market orders entered in the order-matching process.

All orders and quotes shall remain anonymous in the central book system.

The Clients shall act as the counterparty for every trade.

Order matching takes place on price/time priority principle.

The best bid would be the one with the highest price and the best Ask would be the one with the lowest price. The best Bid and Ask shall represent the prevailing market price for that contract.

A requested order can be executed at more than one price as per the matching rule.

18. Matching System

18.1 Unicoindigital capital exchange platform matching system is based upon the price-time priority system where each market order is matched with the best possible price available in the market.

After Price Priority, the time of the intention for BID & ASK Quotes is the second priority while matching orders.

Clients' Limit orders will also be visible in the Market Depth if the Limit prices fall within the best quotes displayed in the market depth.

ASK Price will be sorted in ascending order i.e. lower to higher

BID Price will be sorted in descending order i.e. higher to lower

Highest BID is the best BID and lowest ASK is the best ASK, which represents the best available price (Market Price) too.

If any client takes Order or their contingent Order gets triggered, then the order of the client will be matched to the best available orders available in market depth where the single order can get matched with multiple prices if the number of lots is not sufficient.

19. Minimum And Maximum Limitation

19.1 Order is placed in Unicoi Digital Capital Exchange have a limitation on minimum order and maximum order sizes which will be determined by the exchange in its sole discretion. The exchange will inform the same to the Brokers, Members and clients through circular and messages in the trading platform. The applicable minimum limit for a user is 0.01 to 0.001 depending upon the asset. Generally, a customer can take a maximum of 1 lot per trade and can keep on adding position as per their funding status in the trading account. However, as per the risk assessment, compliance can also set the maximum limit after evaluating customer KYC, financial details and trade history.

20. Settlement

20.1 Exchange settled executed Orders by updating the relevant account balances maintained by the buyer and seller with an exchange. Withdrawal of asset from the account of buyer and seller are subject to withdrawal limitation policy of an exchange. The settlement of trades is conducted on real-time basis for any trade conducted in the platform. Moreover, open orders are settled on the mark to market basis during the closing hour of the trading day.

21. Clearing And Settlement Procedure

21.1 Mark to Market (MTM): MTM is the process of settling all open positions for the day, based on the daily settlement price of the respective contract. This will determine the floating loss or profit on every position, which shall be communicated to the members of the Exchange and its Clients. MTM is also known as end-of-the-day settlement. For the purpose of MTM settlement, the closing price shall be derived by the Exchange in its sole discretion.

21.2 Daily Settlement Price: The daily settlement price shall be the last Bid price at 23:59:30 local time of that day's trading session and this calculation methodology may be changed by the Exchange by giving prior notice about the change.

21.3 Final Settlement Price: The final settlement price shall be last bid price at 12 GMT local time of the last day of trading for that Cryptocurrency contract. Final settlement shall take place on the expiry of the Cryptocurrency contracts. This calculation methodology may be changed by the Exchange by giving prior notice about the change.

22. Clearing Limits

22.1 The Exchange may specify the limits of Open Positions applicable to the Members of the Exchange based on the amount Deposited towards the Advance Transaction Fund/Margin Fund or any other fund established by the Exchange.

22.2 The Exchange may specify different Clearing Limits for different Instruments. Members may make Additional Deposits to the Advance Transaction Fund/Margin Fund or to Other Fund/s specified by the Exchange.

22.3 The aggregate monetary value of Cryptocurrencies and Contracts shall be determined on the basis of (i) the Net Open Positions in each of the Cryptocurrencies or Contracts of a Member (ii) the respective Settlement Prices or Market Price.

23. Trading Fees

23.1 Exchange charge fee for all the trade placed with the exchange where a certain percentage of the total order quantity or fixed amount is charged.

23.2 Fee is deducted from the buyer/seller account at the time of placing an order. The fee may vary as per the various factor and exchange shall timely inform the market participants about the same through circular and website updates.

23.3 Fee may base upon the kind of order placed by the buyer and seller and can vary as per the quantity. You can check the fees for maker and taker through exchange circular and are posted in the website as well.

24. Maker Order And Taker Order

24.1 The order that creates the market depth is maker order and the order that kills the market depth is taker order.

24.2 Market orders are taker orders. Pending orders may be considered as maker or taker order depending upon whether the order is creating the market depth or killing the market depth.

24.3 Trader shall pay maker and taker fee for maker order and taker order respectively.

25. Access Restrictions

25.1 Exchange shall suspend or terminate its Brokers or Clients online access if it is determined that their actions threaten the integrity or liquidity of any contract or violate any Exchange rules or if they fail to cooperate in an investigation.

25.2 Each Member and Client shall be supplied with a unique user ID by the Exchange to access the ATS. In no event may a person enter an order or permit the entry of an order by an individual using a user ID other than the individual's own unique user ID. Such orders shall be cancelled on detection and penalty shall be levied by the Exchange from such defaulters for permitting such wrong entries at their end.

25.3 If any Member or Client acts in violation of the Trading Rules and terms of use Exchange shall terminate or suspend its Member's or Client's online access

26. Order Validation

26.1 The orders that are confirmed in an exchange will be verified to the user in the form of notification pop up in their trading account. Similarly, they can check the same details in the account statement and Fills section. Likewise, any pending orders placed by the user will also be notified in the form of notification pop up in their trading account. User can also check the same details in the account statement and the pending section of the online trading platform. Matched order in an exchange Automated Trading System are final except in the following circumstances:

If the local laws ask to do so

Technical failure which leads to order matching that doesn't follow the exchange specified trading rules. Here exchange would make a reasonable effort to revert those trades up to the trading rules.

Any order placed by any client or market participant with the intention to manipulate the market and price can be cancelled in our sole discretion.

Due to any technical reason, if exchange deemed necessary, then the order can be cancelled.

27. Access To Unicoi n Digital Capital Exchange

27.1 All the market participant and client are treated on an equal basis and they will have equal and real-time excess to market data available in Unicoi n Digital Capital Exchange API, trading platform, and web interface.

27.2 Market data that can be accessed by a market participant on a real-time basis are all best bid and ask price along with an associated quantity.

27.3 Client is allocated with a user ID and can set their password at the time of creating an account and can also change it any time.

28. Interruption

28.1 If there is an interruption, cancellation or lack of access to exchange API, trading platform, and web interface or affect the functioning of exchange order books or matching engine than an exchange in its sole discretion can take following actions as per the requirement:

Temporarily restrict fund transactions.

Cancel Open Orders.

Restrict placing new Orders (Cancel-Only Mode).

Restriction on login access to trade account and wallet

Restriction on access to APIs.

28.2 Due to any technical reason if access to a trading account is not possible than exchange would manually close the position of the client on request from the client.

29. Circuit Breakers

29.1 Exchange may or may not use price band or automatic trading halts for listed Cryptocurrencies, therefore, exchange will take any action deemed appropriate to preserve market integrity.

30. Market Manipulation

30.1 Market Manipulation refers to the action taken by market participants against market integrity and can be broadly defined as follows:

Deceiving or misleading other market participants;

Engaged in a circular trading practice

Artificially influencing or manipulating price or volume of any listed instrument and asset

Any action taken in the trading account, wallet or outside of a trading account and wallet in order to assist, support, finance, or endorse price action

30.2 Exchange reserves the right to reject the transaction if an exchange is aware of or, suspect that fraud and/or criminal activity that has been done and/or will be done

31. Exchange Operation

31.1 Unicoi Digital Capital Exchange doesn't trade its fund on its own ATS/trading platform and also restrict its employee to use inside, corporate information to trade from a personal account on Unicoi Digital Capital Exchange.

32. Technical Maintenance

32.1 Unicoi Digital Capital Exchange can suspend trading activities on a temporary basis for maintenances, updating and upgrading of its trading system. An exchange will inform such activity in advance through its circular or websites.

33. Phantom Orders

33.1 Definition: A phantom order is an order that:

is out of Bust Range

Quotes which was not authorized by any person but was caused by a failure, malfunction or negligent operation of the system, service or facility.

33.2 An order in which terms (e.g., contract, quantity, price or direction) were changed without authorization of the person placing the order solely as a result of a failure, malfunction, or negligent operation of the system, service or facility.

33.3 Permissible Responses: If the Exchange has reason to believe that phantom orders have been or are being entered into and/or executed on the system from a trading console by a Member/Client, the Exchange shall be empowered to take appropriate action against the concerned Member/Client with respect to any affected market, including without limitation, closing the market, deleting bids and offers, and/or suspending new bids and offers.

33.4 The Exchange shall promptly give notice that all online transactions that were directly or indirectly caused by the execution of phantom orders and were executed at prices outside of the bust range, as described in the Exchange rules, shall be voided. The Exchange shall have no liability or responsibility to the parties to any transactions that are voided pursuant to this paragraph.

33.5 The Exchange shall also be empowered to void online transactions that were directly or indirectly caused by the execution of phantom orders and were executed at prices outside of bust range or phantom orders that were executed if the Exchange concludes that such transactions impair the integrity of the market. The Exchange shall also be empowered to make adjustments in the account of Members and Clients for such cases. The Exchange's liability for voiding transactions or making adjustments outside the bust range is limited as provided below:

Limitation of Liability

Any liability of the Exchange for transactions voided or adjustments made by the Exchange that are outside the bust range shall be subject to the limitations and conditions of Exchange rules. If phantom order transactions executed on the system are not voided or adjustments not made, the person who traded opposite a phantom order shall have no recourse against the Exchange. The Exchange shall not be responsible for gain or loss on the liquidation of positions resulting from the execution of such phantom orders or adjustments made therein. The Exchange shall promptly direct the Member carrying such positions to liquidate them or make adjustments in a commercially reasonable manner. Such Member shall liquidate such order within 30 minutes of such notification or within 30 minutes of the time it knew or should have known that it had been assigned transactions resulting from phantom orders, whichever is sooner. The Exchange does not hold any liability to such person and the trade will be treated as cancelled.

34. Trade Cancellations

34.1 Clearing and Settlement Department trade cancellation authority: The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Clearing and Settlement Department (herein after termed as CD) to mitigate market-disrupting events caused by the improper or erroneous use of the system or by possible system defects or by adjusting trade prices or cancelling trades. Notwithstanding any other provisions of this rule, the CD may also adjust trade prices or cancel any trade if the CD determines that failure to adjust the price or cancel the trade may have a material, adverse effect on the integrity of the market. The decision of the CD shall be final.

34.2 Review of Trades: The CD may review a trade based on its analysis of market conditions or a request for review by the member/customer. A request for review must be made within 5 minutes of the trade occurring. The CD shall promptly determine whether the trade will be subject to review. In the case of illiquid contracts, the CD may initiate a review up to one hour after the trade occurred. Promptly after deciding to review trade, the CD will issue an alert indicating that the trade is under review.

34.3 Trade Price Adjustment and Cancellation Process: The CD will first determine whether the trade price is outside the Bust Range for the contract. During fast market conditions, upon the release of significant news events, or in other circumstances in which the CD determines that it is appropriate, the CD may temporarily double the published Bust Range without prior notice. In applying the Bust Range, the CD shall determine the actual or implied market price for that contract immediately before the trade under review. The CD may consider any relevant information, including but not limited to the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on system, a better bid or offer price, a more recent price in a different contract, theoretical value of a contract based on the current (most recent) implied volatility and any other factors that the CD deems relevant.

34.4 Trade Price inside the Bust Range: If the CD determines that the price of the trade is inside the Bust Range, the CD will promptly issue an alert indicating that the trade shall stand.

34.5 Trade Price Outside the Bust Range: If the CD determines that a trade price is outside the applicable Bust Range for an implied-eligible contract, either the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled Bust Range, as may be applicable or shall bust the trade. The CD will promptly issue an alert indicating that the prices of the trades outside the Bust Range have been adjusted to the Bust Range limit.

34.6 Liability for Losses Resulting from a Price Adjustment or Trade Bust:

i. Adjusted Stop Orders: A member or customer responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each contract executed as part of a stop order shall be the difference between the adjusted prices, as determined by the CD.

ii. Other Transactions: A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in the above circumstance.

iii. All Other Contracts: A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined by the CD-based upon all relevant facts and circumstances, including the conduct of the respective parties. All claims in connection with such losses must be pursued under the Exchange applicable rules.

35. Claim Process

35.1 A claim for a loss pursuant to the above must be submitted to the Exchange, within five business days of the price adjustment or the election of the stop. The Exchange shall reject any claim that is not permitted by the above rules. Such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that results in a trade bust or a price adjustment and to the member through whom the trade was placed. Such party, or the member on behalf of the party, shall within ten business days of receipt of the claim admit or deny responsibility in whole or in part. The whole issue will be handled by CD with the help of Disciplinary Committee of the Exchange. Any decision in this issue by the CD shall be final. If any member or customer is aggrieved by such decision, they can file an appeal before the Board of Directors of the Exchange. The Exchange shall form a committee to review the decision by CD and such committee shall pass an award after due deliberations. Such awards shall be final. Exchange may also limit the liability for losses.

35.2 To the extent that liability is admitted, payment shall be made within ten business days. If liability is admitted but the total claims exceed the claims limited by the Exchange, the claims shall be reduced pro rata so that the total payment does not exceed liability limited by the Exchange.

36. Trade Cancellation or Offset Procedures

36.1 Upon determination by the CD that trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

36.2 Positions that result from a trade determined by the CD to be outside the Bust Range that cannot be busted because the trade was not reported within five minutes of the trade occurring may be transferred between the parties using the original trade price and quantity upon agreement of the parties. Any party may, but is not required to, include a cash adjustment to another party to the trade.

36.3 Trades determined by the CD to be inside the Bust Range may not be reversed or transferred as mentioned above. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction.

37. Arbitration of Disputes Regarding Such Transfer

37.1 If a party does not agree to transfer a position as stated above, any other party to the trade may file an arbitration claim against the member representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five business days of the trade occurrence. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined by Exchange rules or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with the Arbitration proceedings of the Exchange.

37.2 In deciding the claim, the Arbitrators may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

38. Voluntary Adjustment Of Trade Price

38.1 When a trade outside of the Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to re-establish the trade but to adjust its price and make cash adjustment provided that all of the following conditions are met:

The CD approves the adjustment;

The quantity of the position being re-established is the same as the quantity of the trade that was busted.

In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.

The parties to the adjusted trade must report that trade to the clearing and settlement department not later than the close of business on the business day after the trade occurred.

39. Busting Trades After System Freeze

39.1 In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen and before the CD can restart the matching engine. The CD is authorized to bust trades resulting from such matches if the price of such trades is outside of the Bust Range at the time that a confirmation of the trades was sent.

39.2 Trading can be suspended only under these grounds:

Technical issues and maintenance

Security breaches

Market manipulation

40. Disciplinary Actions

Settlement Guarantee Fund:

40.1 If the Exchange has reasonable ground to believe that the Transactions in the Exchange by a Member and/or Customers are being conducted in a manner detrimental to the Investors or Trading Market or any Member or person associated with the Trade with the Exchange has violated the Code of Conduct or any of the provisions of the Rules and Regulations of the Exchange, it shall at any time direct the Disciplinary Committee to investigate the affairs and business of such Member or Customer and submit a report thereon to the Exchange.

40.2 The Exchange shall give an opportunity for giving an explanation and also an opportunity for a personal hearing to such Members in the manner prescribed by the Exchange before taking any Disciplinary Action against such Member on any such report by such Committee.

40.3 Any Order passed by the Exchange in such Disciplinary Proceeding shall be binding on such Members. The Exchange may impose fine, suspend or terminate such Members considering the nature of the violation.

40.4 The Exchange shall prescribe Norms and Procedure for Investigation and procedure for hearing.

41. Action Against Default or Types of Sanctions

41.1 Compensation Action: A defaulting Member or its Client, based on the nature of the default, shall be levied with a penalty not exceeding ten times the defaulted amount. Further, the Exchange shall also take disciplinary proceedings against such defaulting Member and its Clients in accordance with the Trading Rules and regulation of the Exchange.

41.2 Penal Action: Exchange may take criminal action against any Member or Client, who commits any fraud, misrepresentation or cheating during trading, clearing and settlement on the Exchange in accordance with the prevailing laws.

42. Jurisdiction

42.1 All disputes arising out of or in connection with the Exchange shall be subject to the exclusive jurisdiction of the Courts in the place of the Exchange irrespective of the location of the parties to the dispute or the place where the concerned Transaction may have taken place.

42.2 For the purpose of jurisdiction, all the transactions entered or executed through the ATS of the Exchange shall be deemed to have been taken place at the place of the Exchange and the place of contracting shall also be the place of the Exchange irrespective of the location at which the Transaction is entered or executed.

43. Records For Evidence

43.1 The record of the Exchange as maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner shall constitute an authentic record in relation to any Transaction entered into with the Exchange or through the Online Trading System of the Exchange. Such records shall constitute valid evidence for the purpose of resolving any disputes or claims between the Members and the Exchange, Member's inter-se and Members and the Customer or any other person, or entity.

44. Governing Language

44.1 English shall be the governing language of the Exchange. All proceedings in the Exchange shall be recorded in English. The governing law shall be law of Labuan in all disputes.

45. Conciliation

45.1 All claims, differences and disputes, between a Member and the Exchange, Members inter se or Member and Customers, arising out of or in connection with the Transactions on the Exchange including any agreements and contracts, made subject to these Trading Rules or Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereof and including any question of whether such agreements, contracts and transactions have been entered into or not, the parties shall adopt conciliation proceedings, before a conciliator or a panel of conciliator appointed by the Exchange prior to referring the dispute to arbitration, subject to the provisions of this Trading Rules made thereunder.

45.2 The place of Conciliation shall be at the Arbitration and Conciliation centre at the Exchange or any place prescribed by the Exchange.

45.3 The Exchange shall prescribe the Norms, Procedure and Fees including the procedure for appointment of Conciliator for such conciliation process.

46. Arbitration

46.1 If parties fail to resolve any claims, dispute or difference through Conciliation, the dispute shall be referred to and decided by Arbitration subject to the provisions of this Trading Rules made thereunder.

46.2 Reference to Arbitration: All claims, differences and disputes, between a Member and the Exchange, Members inter se or Member and Customers, arising out of or in connection with the Transactions on the Exchange including any agreements and contracts, made subject to these Trading Rules or Regulations of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfilment or the rights, obligations and liabilities of the parties thereof and including any question of whether such agreements, contracts and transactions have been entered into or not, the parties shall be submitted to Arbitration in accordance with the provisions of these Trading rules and any rules framed thereunder.

46.3 In all Trade, Contracts, Agreements and Transactions, which are made or deemed to be made subject to these Trading Rules and Regulations of the Exchange, this provision of arbitration shall form and deemed to form a part of such Trade, Contract, Agreements and Transactions and parties therein shall be deemed to have entered into an Arbitration Agreement in writing by which all claims, differences or disputes shall be submitted to Arbitration as per the provisions of these Trading rules and regulations.

46.4 Appointment of Arbitrators: The Exchange shall prescribe by Rules or Notification the qualification of Arbitrators. The Exchange shall also constitute a panel of not less than five Arbitrators, consisting of professionals conversant with the Trading in the Exchange and its Trading Rules and Regulations, or having expertise in such areas like law or economics, finance, business or from any other profession approved by the Exchange.

46.5 Place of Arbitration: The place of Arbitration shall be at the Arbitration and Conciliation Centre at the Exchange or any place prescribed by the Exchange.

46.6 Jurisdiction and procedures: All parties to a reference to Arbitration under these Trading Rules and Regulations and the persons, if any, submitting claims under them, shall be deemed to have submitted to the exclusive jurisdiction of the Court for the purpose of giving effect to the provisions of the Act, these Trading Rules and Regulations in force.

46.7 All the reference to Arbitration shall be conducted including the procedures, taking of evidence, passing of award and decided in accordance with the procedure and provision of these Trading rules and regulations framed thereunder by the Exchange.

46.8 Language of Arbitration: The language of Arbitration shall be in English and the proceedings also conducted in English Language. If the documents are in a language other than English, parties shall submit its true copies along with the documents.

46.9 Fees and Charges: The Exchange shall prescribe the Fees for the proceedings, Charges of Arbitrators and any other fees as may be required for the proceedings and the manner of payment from time to time.

46.10 Set-off and Counter Claim: On a reference to Arbitration by one party, the other party or parties shall be entitled to claim a set-off or make a counterclaim against the former party, provided such set-off or counterclaim arises out of or relates to Trades, Contracts and Transactions made subject to the Trading Rules and Regulations of the Exchange and subject to Arbitration as provided herein, and provided further such set-off or counterclaim is presented, together with full particulars, at or before the first hearing of the reference but not afterwards unless specifically permitted by the arbitral tribunal.

46.11 Award: The award passed by the Arbitrator whether interim or final shall be binding on the parties and their respective representatives, notwithstanding the death of or legal disability occurring to any party before or after the making of the award and such death or legal disability shall not operate as a revocation of the reference or award or shall not affect the rights under the award of the awardees in any manner whatsoever. After the award is being passed, a signed copy of the award shall be delivered to each party.

46.12 Penalty on Failure to Submit to or Abide by Award in Arbitration: Exchange on receiving an award against a Member and who fails or refuses to submit to or abide by or comply with any award in Arbitration between Members or between a Member and a Customer or the Exchange, as may be provided in these Trading Rules and Regulations shall declare such Member as a defaulter and suspended or terminated from its Membership, and thereupon the other party shall be entitled to institute legal proceedings to enforce the award in the same manner as if it is a decree of court.

46.13 Right to Appeal: A party, who is aggrieved with the award, may appeal to the competent court of jurisdiction, within 30 days from the date of the award, in accordance with the Arbitration Act. Provided that the aggrieved party shall deposit the amount in award with the Exchange before filing the appeal and such amount shall be kept with the Exchange in abeyance and shall be disposed of eventually as per the direction of the Court.

46.14 Enforceability of Award as a Decree: When the time for preferring an appeal has been expired and no appeal has been preferred or the appeal has been preferred and the appeal has been rejected the award is enforceable as if it is a decree of the court.

46.15 Power to make rules: Subject to this provision, the Exchange shall frame necessary Rules and Regulations regarding the procedure of Arbitration, procedure for appointment of Arbitrators, procedure for making an award, Fees, Forms and all other procedures in relation to the conduct of Arbitration, which is not specifically mentioned in these Trading rules.

47. Right To Take Criminal Actions

47.1 If the Exchange finds or has reasons to believe that any Member or any person related to a Member, Sub-Brokers, Client or Person or Entity dealing with the Exchange has committed or intends to commit any fraud, misrepresentation, money laundering or cheating on the Exchange, the Exchange shall take criminal action against such Members or Person or Entity and its Directors, Partners in accordance with law of Labuan.

48. Risk Management Mechanism

48.1 Settlement Guarantee Fund:

48.1.1 The Exchange shall maintain Settlement Guarantee Fund(s), either separately or jointly, in respect of different clearing segment(s) for such purposes, as may be prescribed by the Exchange from time to time.

48.1.2 The Exchange may prescribe from time to time the norms, procedures, terms and conditions governing each Settlement Guarantee Fund which may, inter-alia, specify the amount of deposit or contribution to be made by each Members, Brokers and Clients to the relevant Settlement Guarantee Fund, the terms, manner and mode of deposit or contributions, conditions of repayment of deposit or withdrawal of contribution from the Settlement Guarantee Fund, charges for utilization, penalties and disciplinary actions for non-performance thereof.

48.1.3 Members shall be required to contribute to and provide a deposit, as may be determined by the Exchange from time to time, to the relevant Settlement Guarantee Fund. The Settlement Guarantee Fund shall be held by the Exchange. The money in the Settlement Guarantee Fund shall be applied in the manner, as may be prescribed by the Exchange from time to time.

48.1.4 The Settlement Guarantee Fund may be utilized for such purposes, as may be provided in these Trading Rules and regulations and subject to such conditions as the Exchange may prescribe from time to time, which may include:

Temporary application of Settlement Guarantee Fund to meet shortfalls and deficiencies arising out of the clearing and settlement obligations of market participants as deemed by the exchange in order to protect market integrity.

Meeting any loss or liability of the Exchange arising out of clearing and settlement operations of such transactions.

Any other purpose to protect the market integrity, as may be specified by the Exchange, from time to time.

48.1.5 The liability of the Exchange resulting from the deemed contracts of Members and Clients with the Exchange and to losses in connection there from shall be limited to the extent of contributions made to the Settlement Guarantee Fund. The Settlement Guarantee Fund shall not be available for obligations of broker to other Members and Clients, obligations of a Clients to other Members and Clients towards transactions to which the Exchange is not a counterparty or where the Exchange withdraws as a counterparty on account of fraud or fraudulent transactions as provided in the relevant Trading Rules from time to time or obligations to a client by a Broker, and to losses arising therefrom or in connection therewith or incidental thereto.

48.1.6 Any contribution made to the Settlement Guarantee Fund is non-refundable and shall be forfeited by the Exchange upon the termination or cancellation of Membership by the Member and Brokers. The amount so forfeited shall be used by the Exchange for any of the purpose mentioned above.

48.2 Clawback System:

48.2.1 When the Settlement Guarantee Fund is insufficient to cover the clearing and settlement losses and market integrity is at risk subsequently clawback system gets activated. Under the clawback system, clawback rate is calculated depending upon the loss amount and Members & Clients entire profit for a particular week i.e. from Sunday to Saturday. Clawback rate is applicable for covering the difference between liquidated price and settled price when SGF is insufficient to cover such loss arises in the market. While calculating clawback provision, cash settled system and physical buying and selling system of digital asset would be segregated. Exchange as per guidance from trading rules and Regulations in its sole discretion will decide the clawback rate and manner as per the situation arises in the market.

48.2.2 Clawback system gets activated when; Clearing and settlement loss > Settlement Guarantee fund; in above scenario; clawback rate = (clearing and settlement loss+ insurance amount) / net profit of all Members and Clients for a week

For example:

Clearing and settlement loss 50 BTC

Insurance fund 35 BTC

Profit of all Members and Brokers 2000 BTC

Clawback rate = $(-50 \text{ BTC} + 35 \text{ BTC}) / 2000 \text{ BTC} = 0.75\%$

Now any individual Clients or Members will have to bear 0.75 % of their week profit towards clawback provision. Therefore, a client with a profit of 5 BTC for that week will bear 0.75% profit i.e. 0.0375 BTC.

48.3 Forced Liquidation:

48.3.1 If a position held by any Members and Clients is huge and poses threat to the clearing and settlement system of exchange and even threat to activate the clawback system; then the exchange will request to cancel and/or close part of open and/or pending orders. Moreover, exchange hold the rights to partially cancel and/or close open order and pending order in order to reduce the risk arises in the system which may ultimately hamper the integrity of the market.

48.3.2 Moreover, Client position can be forcefully liquidated under the following circumstances:

Equity Hit scenario: when user equity level reached to 4% of user's equity and half commission in total, his position shall be forcefully liquidated in order to safeguard the risk that can pose to other market participants.

Unaddressed Margin Call scenario: if the margin call is unaddressed by a client then exchange will forcefully close down the client's position in order to protect the other market participants.

49. Market Integration, Surveillance & Regulatory Cooperation

49.1 Clearing & Settlement Department and Risk Management & IT Security department will jointly involve in market surveillance as per the cybersecurity policy of an exchange. All systems monitored for breach by the Security Operations Centre (SOC). The Unicoins SOC features:

AI Engine

File Integrity Monitoring
Case Management
Geolocation & Visualization
Host Activity Monitoring
Incident Reporting

49.2 This SOC comprised of CD and Risk Management & IT will maintain the fair operation of the market. Moreover, the Compliance department will be involved in the regulatory compliance where they will enforce exchange and government rules and regulation and correct if any deviation found out.

50. Exclusion Of Liability

50.1 To facilitate the Members and customers to carry on Trading in the event of a failure of ATS owing to failure of internet link, the Exchange shall provide Offline Trading facility as emergency Order handling support, provided that no liability can be attached to the Exchange in case of failure of the system due to non-provision of contingency Offline facility, even if it results into loss to the Members and customers of the Exchange.

50.2 Without prejudice to anything contained in the provisions above, such failure or malfunctioning of ATS or loss of access to the ATS or any failure of contingency Offline facility shall not reduce, alter or affect the liability of a Member or the Customers in respect of any Trades, already executed by any Member or Customer.

51. Withholding and Set-off

51.1 Notwithstanding any other provision of this trading rules, UDCX may, to the extent permitted by law, withhold applicable federal, state and local income and other taxes from any payments due to member and customers hereunder in respect of any payments and benefits provided to members and customers hereunder in respect of which there exists an obligation of UDCX to withhold taxes or other amounts.

52. Force Majeure

52.1 Exchange shall not be liable to any Members, Customers or Exchange Participants for any failure to perform its functions, defaults, latches, or delay happens to the Trading, Clearing and Settlement functions of the Exchange as a result of circumstances beyond the control of the Exchange or act of God. In the event that the functions of the Exchange are prevented or hindered in consequence to the act of God or circumstances beyond the control of the Exchange, the functions of the exchange shall be suspended during the period of continuance of any such event. These acts may amongst other things include electrical, communication, computer system failure beyond the reasonable control of the Exchange, war, invasion, riot, strike, rebellion, revolution, military or usurped power or confiscation, terrorist activities, nationalization, government sanction, embargo and natural calamities.

53. Disclaimer

53.1 Exchange reserves the right to reject the transaction if exchange is aware of or, suspect that fraud and/or criminal activity that has been done and/or will be done.

53.2 Exchange shall refuse to process any transaction as per the applicable laws which Member shall agree and acknowledge.

53.3 Member acknowledges that exchange is subject to the Law on financial crimes, including but not limited to, Money Laundering Act applicable internationally, any applicable legislation applies in UDCX and its internal policies. For such purpose, Members and client fully acknowledge exchange in order to use the following personal information but not limited to such as name, address, age, gender, individual identity, income, profession, property, debt, sources of income, account opening purposes, investment objectives, any financial plans or other related financial information from Members.

53.4 The Member understands and agrees that the transactions made through UDCX are final and cannot be cancelled by Member.