



## CLEARING RULES

### Table of contents

<i>Sub-heading</i>	<i>Rule reference</i>	<i>Page reference</i>
<b>CHAPTER 1 – GENERAL PROVISIONS</b>		
Definitions, interpretation and references	Rules 1 - 8	Pages 1 - 16
Publication and Effectiveness of the Clearing Rules	Rules 9 - 11	Page 16
Notices, Communications and Procedures	Rules 12 - 15	Pages 16 - 17
<b>CHAPTER 2 – GENERAL CLEARING RULES</b>		
Status of Binance RCH and Binance Clearing Company under ADGM law	Rules 16 - 18	Page 18
Waivers and Modification	Rule 19	Page 18
Clearing Rules	Rules 20 - 21	Page 18
Operational hours	Rules 22 - 24	Pages 18 - 19
Conflicts of interest	Rules 25 - 27	Page 19
<b>CHAPTER 3 – MEMBERSHIP</b>		
Types of Clearing Participants	Rules 28 - 32	Pages 20 - 21
Legal Relationships	Rules 33 - 35	Page 21
Eligibility	Rules 36 - 37	Page 22
Clearing Participant – Applications	Rules 38 - 45	Pages 22 - 23
Eligibility Criteria	Rule 46 - 48	Pages 23 - 25
General obligations and requirements of Clearing Participants	Rules 49 - 50	Page 25
Authorised Users	Rules 51 - 54	Pages 25 - 26

<i>Sub-heading</i>	<i>Rule reference</i>	<i>Page reference</i>
--------------------	-----------------------	-----------------------

---

**CHAPTER 4 – RESIGNATION, RESTRICTION, SUSPENSION AND TERMINATION OF MEMBERSHIP**

Resignation	Rules 55 - 57	Page 27
Clearing Participant Restriction, Suspension and Termination	Rules 58 - 62	Pages 27 - 28
Consequences of resignation, suspension or termination	Rules 63 - 74	Pages 28 - 30

**CHAPTER 5 – NOVATION, CLEARING AND SETTLEMENT**

Scope and Application	Rule 75	Page 31
Derivatives Transactions Novation	Rules 76 - 81	Pages 31 - 32
Spot Transactions Novation	Rules 82 - 83	Page 32
Record of Title	Rules 84 - 89	Page 32
Settlement Finality	Rules 90 - 118	Pages 33 - 35
Settlement Risk	Rules 119 - 120	Pages 35 - 36
Settlement Netting and Set-Off	Rules 121 - 123	Page 36
Settlement Agents	Rules 124 - 142	Pages 36 - 38
Clearing Procedures	Rule 143	Page 38

**CHAPTER 6 – CLEARING RULES**

Novation and Irrevocability	Rules 144 - 160	Pages 39 - 41
Registration	Rules 161 - 168	Pages 41 - 42
Clearing Participant Account Structure	Rules 169 - 173	Page 42
Portfolio Compression	Rules 174 - 176	Pages 42 - 43
Clearing Member Account Structure	Rules 177 - 181	Page 43
Settlement of Derivative Transactions	Rules 182 - 189	Pages 43 - 44

<i>Sub-heading</i>	<i>Rule reference</i>	<i>Page reference</i>
Settlement of Spot Transactions	Rule 190	Page 44
Operational Management	Rules 191 - 199	Pages 45 - 46
<b>CHAPTER 7 – RISK MANAGEMENT</b>		
Margin	Rules 200 - 246	Pages 47 - 52
Default Waterfall	Rules 247 - 248	Page 52
LMA and Default Fund Structure and Purpose	Rules 249 - 268	Pages 53 - 55
Default Procedures	Rules 269 - 290	Pages 55 - 58
Auto-Deleveraging (ADL)	Rules 291 - 299	Pages 58 - 59
Member Defaults	Rules 300 - 340	Pages 59 - 68
Security Interest	Rules 341 - 352	Pages 69 - 72
Set Off	Rules 353 - 355	Page 72
<b>CHAPTER 8 – SUSPENSION AND CESSATION OF CLEARING AND SETTLEMENT SERVICES</b>		
Cessation of Clearing and Settlement Services in Exceptional Circumstances	Rules 356 - 382	Pages 73 - 77
Statements, Confirmations and Records	Rules 383 - 393	Pages 77 - 79
<b>CHAPTER 9 – MISCELLANEOUS</b>		
Custody Arrangements	Rules 394 - 395	Page 80
Binance RIE-Binance RCH Cooperation	Rules 396 - 399	Pages 80 - 81
Binance RCH Default	Rules 400 - 419	Pages 81 - 84
Interaction of the Clearing Rules and Default Procedures with the Insolvency Regulations 2022	Rules 420 - 423	Page 84
Survival of Obligations	Rules 424 - 425	Pages 84 - 85
Record Keeping and Audit	Rules 426 - 454	Pages 85 - 89
Liability	Rules 455 - 458	Pages 89 - 91
Extraordinary Events	Rules 459 - 462	Pages 91 - 92
Representations and Warranties	Rule 463	Pages 92 - 93

<i>Sub-heading</i>	<i>Rule reference</i>	<i>Page reference</i>
Indemnities	Rules 464 - 469	Pages 93 - 94
Disciplinary Proceedings	Rules 470 - 502	Pages 95 - 100
Complaints	Rules 503 - 518	Pages 100 - 102
Disputes	Rules 519 - 527	Pages 102 - 104
Class Action Waiver	Rule 528	Page 104
Governing Law	Rules 529 - 530	Page 104
Language	Rule 531	Page 105
Amendments to the Clearing Rules	Rules 532 - 539	Pages 105 - 106

## CHAPTER 1 – GENERAL PROVISIONS

### Definitions, interpretation and references

1. For the purposes of these Rules (the "**Clearing Rules**" or "**Rules**"), the following terms have the following meaning:
  - 1.1 "**Access Agreement**" means the agreement entered into between a Clearing Member and an Indirect Clearing Client for the purpose of clearing and/or settling eligible Clearing Transactions. For the avoidance of doubt, the Access Agreement may form part of a wider services agreement entered into between the Clearing Member and Indirect Clearing Client.
  - 1.2 "**Access IDs**" means the Clearing Participant's Binance Account details, username, passwords, personal identification numbers, API keys, API secret keys, or any other codes or forms of authentication that the Clearing Participant uses to access their Binance Account or services provided by the ADGM Binance Entities through the Binance Platform, or to send Instructions.
  - 1.3 "**Account**" means either a Client Account or a Clearing Member Account.
  - 1.4 "**Account Structure**" means the Clearing Member Account structure and the Client Account structure(s) registered in the Clearing and Settlement System in the name of a Clearing Member.
  - 1.5 "**ADGM**" means Abu Dhabi Global Market.
  - 1.6 "**ADGM Binance Entities**" means Binance RCH and Binance RIE and Nest Trading Limited.
  - 1.7 "**ADGM Rules**" means the FSMR, all applicable FSRA rules (including MIR) and all other laws and regulations applicable in the ADGM, as amended from time to time, that apply to Binance RCH when providing its services from the ADGM.
  - 1.8 "**ADL**" or "**Auto-Deleveraging**" means auto-deleveraging as described in Rule 292.
  - 1.9 "**Airdrop**" means the attempted distribution or distribution, by a Virtual Asset network or other parties, of any Virtual Asset to Virtual Asset addresses of a supported network.
  - 1.10 "**Alleged Breach**" means an alleged breach referred to in Rule 471.
  - 1.11 "**Alternative Margin Mode**" means an arrangement authorised under Rule 221 (which may include, without limitation, "Portfolio Margin" or "Portfolio Margin Pro" arrangements).
  - 1.12 "**API**" means application program interface.
  - 1.13 "**Applicable Law**" means, with respect to any Clearing Participant, all relevant or applicable statutes, laws (including rules of common law), principles of equity, rules, regulations, regulatory requirements, notices, orders, writs, injunctions, judgments, byelaws, rulings, directives, proclamations, circulars, mandatory codes of conduct, guidelines, practice notes and interpretations issued by any governmental body, regulatory or other authority, or self-regulatory organisation of which the Clearing Participant is a member, that apply to such Clearing Participant in connection with their use of Binance RCH Services.

- 1.14 "**Applicant**" means a Person applying to become a Clearing Participant of Binance RCH.
- 1.15 "**Ask**" has the meaning given to it in the Exchange Rules.
- 1.16 "**Asset Pool**" means a segregated holding maintained by Binance RCH, for a specific type of Digital Asset, Security or Settlement Instrument, within which Binance RCH's and Clearing Participants' holdings may be commingled.
- 1.17 "**Assigned Rights**" means all the rights relating to Secured Property which the Clearing Participant may have now or in the future against Binance RCH or any third party.
- 1.18 "**Assignment**" means the process, following an Exercise, by which a Clearing Participant that holds a selling Position in an Option Contract is designated to fulfil its commitments resulting from the Option Contract.
- 1.19 "**Authorised Representative**" means an individual authorised by a Corporate Clearing Participant to make representations, including the provision of information and instructions to, Binance Clearing Company and Binance RCH.
- 1.20 "**Authorised User**" means an individual authorised on behalf of a Clearing Participant to either:
- (a) access Binance RCH;
  - (b) Instruct Binance RCH; and/or
  - (c) submit Clearing Transactions of a Clearing Participant for Clearing and Settlement Services.

For Clearing Participants other than Corporate Clearing Participants, the Authorised User is the Clearing Participant.

- 1.21 "**Backed Digital Assets**" has the meaning given to it in the Exchange Rules.
- 1.22 "**Bankrupt Position**" arises where, following Stage 1 Liquidation the Clearing Participant's Margin Balance is negative.
- 1.23 "**Bankruptcy Price**" means the price at which the Clearing Participant's Margin Balance equals zero.
- 1.24 "**Bid**" has the meaning given to it in the Exchange Rules.
- 1.25 "**Binance Account**" means:
- (a) in respect of a Clearing Participant or Exchange Participant, an account maintained by Binance Clearing Company accessed through the Binance Platform, which is opened and maintained for the purpose of Exchange Participants and/or Clearing Participants accessing and using Binance RIE and Binance RCH, as well as other Binance products and services not covered by either the Exchange Rules and/or the Clearing Rules; or
  - (b) in respect of an Indirect Clearing Client or an Indirect Exchange Client, an account accessed through the Binance Platform, which is opened and maintained by the Clearing Member of the Indirect Clearing Client or the Indirect Exchange Client for the purpose of the Indirect Clearing Client and/or

Indirect Exchange Client indirectly accessing and using Binance RIE and Binance RCH, as well as other Binance products and services not covered by either the Exchange Rules and/or the Clearing Rules.

A Binance Account may consist of a master account and sub-accounts, which may include Product Accounts.

- 1.26 "**Binance Affiliate**" means with respect to the ADGM Binance Entities and Intercorp Holdco SAS, any of their respective affiliates, subsidiaries, or successors, as applicable, which operate or provide the Binance Platform and/or the Binance Services.
- 1.27 "**Binance API**" means an API made available by Binance Clearing Company and/or a Binance Affiliate to a Clearing Participant as a service, or third-party applications relying on such an API.
- 1.28 "**Binance Clearing Company**" means Nest Clearing and Custody Limited.
- 1.29 "**Binance Exchange Company**" means Nest Exchange Limited.
- 1.30 "**Binance Platform**" means the digital platform that Binance RCH, Binance Affiliates and/or any Clearing Members may make accessible to a Clearing Participant or Indirect Clearing Client via Sites, the Mobile App, a Binance API or by such other means as Binance RCH, Binance Affiliates or any Clearing Members may prescribe from time to time for the use of Binance RCH Services.
- 1.31 "**Binance RCH**" means the Recognised Clearing House operated by Binance Clearing Company in the ADGM for the Clearing and Settlement of Clearing Transactions in accordance with these Clearing Rules.
- 1.32 "**Binance RCH Default**" means a default of Binance RCH pursuant to Rule 400.
- 1.33 "**Binance RCH Services**" means Binance Services offered by Binance RCH to Clearing Participants through the Binance Platform.
- 1.34 "**Binance RIE**" has the meaning given to it in the Exchange Rules.
- 1.35 "**Binance Services**" means the services offered by the ADGM Binance Entities through the Binance Platform, including, but not limited to, Binance RCH Services.
- 1.36 "**Binance Website**" means the website located at [www.binance.com](http://www.binance.com).
- 1.37 "**Cancellation Date**" means the date of the relevant resignation, Restriction, Suspension or Termination referred to in Rules 58, 59 and 63 (as the case may be).
- 1.38 "**Claim**" means any dispute, claim, difference or controversy between a Clearing Participant and Binance RCH arising out of, in connection with, or relating in any way to:
- (a) the Clearing Rules and Clearing Procedures including their existence, validity, subject matter, interpretation, performance, breach, negotiation, termination, enforceability or the consequences of their nullity;
  - (b) the relationship between the Clearing Participant and Binance RCH (whether based in contract, tort, statute, fraud, misrepresentation, or any other legal

theory, and whether the claims arise during or after the termination of these Rules); or

- (c) any non-contractual obligations arising out of or relating to these Rules, or the relationship between the Clearing Participant and Binance RCH.

- 1.39 "**Clearing and Settlement Services**" or "**Clearing and Settlement**" means the Clearing and Settlement services provided by Binance RCH, using the Clearing and Settlement System. For the avoidance of doubt, this includes custody related activities conducted by Binance RCH under its stipulation (within its Recognition Order) for providing custody.
- 1.40 "**Clearing and Settlement System**" means the Clearing and Settlement system managed by Binance RCH to clear and settle Clearing Transactions.
- 1.41 "**Clearing Day**" means any day on which Binance RCH accepts Clearing Transactions for Clearing and Settlement. Unless otherwise specified by way of Notice, every day is a Clearing Day.
- 1.42 "**Clearing Member**" means a Clearing Member referred to in Rule 29.
- 1.43 "**Clearing Member Account**" means a Binance Account of a Clearing Member.
- 1.44 "**Clearing Member Asset**" means assets held by Binance RCH on behalf of a Clearing Member.
- 1.45 "**Clearing Participant**" means either a Clearing Member or an Intermediated Clearing Client, that each satisfies their applicable Eligibility Criteria and is permitted access to Binance RCH after having agreed to enter into, and being bound by, their relevant TOU. The term "Clearing Participant" as used in these Clearing Rules includes both Clearing Members and Intermediated Clearing Clients unless the context clearly indicates otherwise.
- 1.46 "**Clearing Procedures**" means the Procedures published by Binance Clearing Company which accompany and supplement these Clearing Rules in which Binance RCH sets out the mechanics, parameters and other requirements applicable to admission, access, settlement, clearing, custody, and the risk management of Clearing Transactions, by Binance RCH.
- 1.47 "**Clearing Transactions**" means Derivative Transactions or Spot Transactions.
- 1.48 "**Client**" means any of the following, as applicable:
  - (a) an Intermediated Clearing Client; and
  - (b) an Indirect Clearing Client.
- 1.49 "**Client Account**" means the Binance Account of:
  - (a) an Intermediated Clearing Client; or
  - (b) an Indirect Clearing Client.
- 1.50 "**Client Asset**" means assets held by Binance RCH on behalf of a Client.
- 1.51 "**Close-Out Price**" has the meaning given to it in Rule 362.2.

- 1.52 "**Closed-Out Position**" has the meaning given to it in Rule 362.
- 1.53 "**Coin-M Futures**" means Futures Contracts that are quoted, margined and settled in Virtual Assets and shall not include USDS-M Futures.
- 1.54 "**Collateral**" means assets or Currency, including Digital Assets, as specified for the relevant Derivative, held in relevant Product Accounts to serve as security or credit support for any Derivative Transactions or that Clearing Participant's obligations under the Clearing Rules, the Product Terms, the Contract Specifications and/or the Clearing Procedures.
- 1.55 "**Complaint**" means a complaint under Rules 503 - 505.
- 1.56 "**Contract**" means a Futures Contract or Options Contract underlying a Derivative Transaction.
- 1.57 "**Contract Leg**" means any of:
- (a) a Direct Contract Leg; and/or
  - (b) an Indirect Contract Leg.
- 1.58 "**Contract Specification**" means the specific terms and parameters applicable to a class of Derivative contracts, including, without limitation, the underlying asset or reference index, contract size, Tick Size, settlement method, expiry date (if applicable), and margin requirements, as issued by way of a Notice.
- 1.59 "**Corporate Clearing Participant**" means a Clearing Participant that is a legal entity.
- 1.60 "**Cross Margin**" means that the entire available balance and all assets within a relevant Product Account in the Client Account are pooled together and shared as Collateral for all Positions in that Product Account.
- 1.61 "**Currency**" means a currency having legal tender status in one or more jurisdictions (*commonly referred to as "fiat currency"*). For the avoidance of doubt, Digital Assets are not Currencies.
- 1.62 "**Data Protection Regulations**" means the ADGM Data Protection Regulations 2021.
- 1.63 "**Decision Notice**" means a decision notice under Rule 490.
- 1.64 "**Default Fund**" means the pool of prefunded default-management resources comprised solely of Binance RCH's own capital, maintained in respect of specified Trading Pairs, Derivative Contracts or risk buckets, held for the account of Binance RCH, and governed, operated and applied in accordance with these Clearing Rules, and MIR.
- 1.65 "**Defaulting Clearing Participant**" means a defaulting Clearing Participant under Rule 303.
- 1.66 "**Default Rules**" means the Rules described in Rules 263 - 322.
- 1.67 "**Delayed Settlement**" means a process by which settlement of a Clearing Transaction occurs by final delivery and/or payment being executed through a Settlement Agent delivering funds or assets to, or receiving them from, Binance RCH within a prescribed timeline.

- 1.68 **"Default Payment Amount"** has the meaning given to it in Rule 492.1.
- 1.69 **"Default Waterfall"** means Binance RCH's recovery plan described in Rule 247 for dealing with a Binance RCH or Clearing Participant default.
- 1.70 **"Delivery-versus-Payment (DVP)"** means a settlement mechanism ensuring the transfer of assets occurs if, and only if, the corresponding payment or asset transfer occurs.
- 1.71 **"Derivative"** has the meaning given to it in the Exchange Rules.
- 1.72 **"Derivative Transaction"** means any Exchange Transaction in a Derivative that is executed, subject to the Exchange Rules, on Binance RIE and that is submitted to Binance RCH for Clearing and Settlement in accordance with these Clearing Rules.
- 1.73 **"Determination"** means a determination under Rules 485 - 488.
- 1.74 **"Digital Asset"** means, collectively, any Virtual Asset, Fiat-Referenced Token, or Digital Security, as defined herein.
- 1.75 **"Direct Contract Leg"** means a payment obligation in respect of a Contract owed by or, as applicable, to Binance RCH, resulting from a Derivative Transaction registered by Binance RCH in the name of a Clearing Participant, executed for the latter's own account.
- 1.76 **"Digital Security"** means Securities that are issued, transferred, and stored using distributed ledger technology or similar technology, as identified, and 'deemed' as a Security, by FSRA in accordance with its "Guidance – Regulation of Digital Securities Activities in ADGM" and MKT and that are accepted for Clearing and Settlement by Binance RCH.
- 1.77 **"Direct Position"** means in respect of a Clearing Participant and a specific Contract, the net sum of the Direct Contract Legs.
- 1.78 **"Direct Termination Amount"** means the amount referred to in Rule 410.1.
- 1.79 **"Disciplinary Committee"** means a disciplinary committee under Rule 476.
- 1.80 **"Disciplinary Proceedings"** means proceedings established in these Rules under which Binance RCH shall investigate and, where it considers appropriate, take action against a Clearing Participant following any breaches or alleged breaches of the Clearing Rules.
- 1.81 **"Discontinued Clearing and Settlement Service"** has the meaning given to it in Rule 356.
- 1.82 **"Dispute Resolution Procedure"** means the procedure specified at Rules 519 - 527 of these Clearing Rules.
- 1.83 **"Eligibility Criteria"** means the criteria set out in Rules 46 - 48.
- 1.84 **"Email Account"** means the email account(s) associated with a Clearing Participant's Binance Account(s).
- 1.85 **"Event of Default"** means any of the events set out in Rule 300.

- 1.86 **"Exchange Participant"** has the meaning given to it in the Exchange Rules.
- 1.87 **"Exchange Rules"** means the Exchange Rules of Binance RIE.
- 1.88 **"Exchange Transaction"** has the meaning given to it in the Exchange Rules.
- 1.89 **"Exercise"** means the process by which a Clearing Participant that holds a buying Position exercises its right under an Option Contract, and **"Exercised"** is to be interpreted accordingly.
- 1.90 **"Extraordinary Event"** means any of the following, as determined by Binance RCH acting in good faith:
- (a) index disruption: any failure, unavailability, manifest error, abnormal spread/latency or unrepresentativeness affecting one or more Price Index data sources or the calculation/publishing of the Price Index;
  - (b) reference price dislocation: extreme divergence between the Last Traded Price and the Price Index or between constituent venues beyond specified tolerance bands for a sustained period;
  - (c) Settlement Instrument disruption: a material price dislocation or disruption affecting any Settlement Instrument specified for a Contract;
  - (d) market integrity event: extreme market volatility, disorderly trading conditions, material technology failure, cyber-incident, liquidity collapse, or other operational disruption impacting fair and orderly trading or Clearing and Settlement;
  - (e) regulatory/legal intervention: directions, orders or guidance from the FSRA or any Regulatory Authority of Binance RCH impacting trading, pricing, settlement or the availability of data sources; or
  - (f) a Force Majeure Event.
- 1.91 **"Fiat-Referenced Token"** means fiat-referenced tokens as defined in section 258 of the FSMR that qualify as accepted Fiat-Referenced tokens for the purposes of Binance RCH.
- 1.92 **"Final Immediate Payment"** has the meaning given to it in Rule 376.
- 1.93 **"Final Withdrawal Payment"** has the meaning given to it in Rule 363.
- 1.94 **"Financial Crime"** means financial crime as defined in section 258 of FSMR.
- 1.95 **"Force Majeure Event"** means any extraordinary event which is outside the control of Binance RCH or relevant Clearing Participant(s), as applicable, and which hinders or prevents the performance in whole or in part of any of their obligations under the Clearing Rules and where such obligation has not yet fallen due, such an occurrence that would hinder or prevent performance in whole or in part of any of their obligations thereunder were the occurrence or effects of the occurrence to continue until the date of performance of the relevant obligations, including but not limited to: fire, flood, storm, hurricanes, earthquakes, explosions, strikes of lightning, international conflicts, hostilities, terrorist action, civil unrest, war, embargoes, the unavailability or

impairment of computer or data processing facilities or of distributed ledger networks, the failure of any external systems, including but not limited to Binance RCH.

- 1.96 **"Fork"** means any planned, unplanned, sudden, scheduled, expected, unexpected, publicised, not well-known, consensual, and/or controversial changes to the underlying operating rules of certain Digital Assets that may occur from time to time, in such a way as to result in the creation of one or more related versions of an existing Digital Asset.
- 1.97 **"FSMR"** means Financial Services and Markets Regulations 2015.
- 1.98 **"FSRA"** means the ADGM Financial Services Regulatory Authority.
- 1.99 **"Funding Fees"** means periodic payments that apply to Perpetual Futures Contracts, which are either paid to or owed by a Clearing Participant depending on whether the Clearing Participant holds a long or short position.
- 1.100 **"Funding Rates"** are used to compute Funding Fees and are calculated in accordance with the formula prescribed in the relevant Contract Specification.
- 1.101 **"Funding Times"** means the times as set out in the relevant Contract Specifications (or such other times as may be determined, including via Notice, under these Rules, from time to time), subject to an operational tolerance of up to 15 seconds.
- 1.102 **"Future"** has the meaning given to it in the Exchange Rules.
- 1.103 **"Futures Contract"** has the meaning given to it in the Exchange Rules.
- 1.104 **"Futures Trading Services"** means all services relating to Exchange Transactions in Futures and access to the use of any Trading Bot, in each case whether provided through the Binance Platform or otherwise.
- 1.105 **"Global Orderbook"** has the meaning given to it in the Exchange Rules.
- 1.106 **"ICC"** means the International Chamber of Commerce.
- 1.107 **"ICC Rules"** means the Rules of Arbitration of the ICC.
- 1.108 **"Immediate Closed-Out Price"** has the meaning given to it in Rule 375.
- 1.109 **"Immediate Withdrawal Event"** has the meaning given to it in Rule 370.
- 1.110 **"Immediately Closed-Out Positions"** has the meaning given to it in Rule 374.
- 1.111 **"Impacted Clearing Participants"** has the meaning given to it in Rule 370.
- 1.112 **"Impacted Margin Return"** has the meaning given to it in Rule 380.3.
- 1.113 **"Impacted Platform"** has the meaning given to it in Rule 370.2.
- 1.114 **"Indirect Clearing Client"** means any Person who:
  - (a) has entered into an Access Agreement with a Clearing Member, for the purpose of the Clearing and Settlement of Clearing Transactions; and

- (b) uses the facilitation services of such Clearing Member for Clearing and Settlement of Clearing Transactions, via back-to-back arrangements between the Clearing Member and the Indirect Clearing Client (as governed by the relevant Access Agreement).
- 1.115 "**Indirect Contract Leg**" means a payment obligation in respect of a Contract owed by or, as applicable, to Binance RCH, resulting from a Derivative Transaction registered by Binance RCH, executed for the benefit of an Indirect Clearing Client.
- 1.116 "**Indirect Position**" means, in respect of an Indirect Clearing Client and a specific Contract, the net sum of the relevant Indirect Contract Legs.
- 1.117 "**Indirect Termination Amount**" means the amount referred to in Rule 410.2.
- 1.118 "**Initial Margin**" means the Margin that Binance RCH requires to be available in a Clearing Participant's Product Account to establish a Position.
- 1.119 "**Insolvency Event**" means the occurrence of any of the following circumstances with respect to Binance RCH or a Clearing Participant:
- (a) it is declared bankrupt, or insolvent, or is unable or admits inability to pay its debts as they fall due, or suspends making payment on any of its debts;
  - (b) any step, application, order or proceeding has been taken by or against it or in respect of the whole or any part of its undertaking, for a voluntary arrangement or composition or reconstruction or rescheduling of its debts, winding up, bankruptcy, dissolution, administration, receivership or otherwise or any similar proceeding in any jurisdiction, or the passing of an order, presentation of a petition or convening of a meeting for winding up (dissolution) and in each case the equivalent proceedings in the relevant jurisdiction;
  - (c) the appointment of a liquidator, administrator or similar officer; or
  - (d) any similar event, action, application or proceeding in any jurisdiction under Applicable Law, to which it is subject.
- 1.120 "**Insolvency Event of Default**" means any of the following events:
- (a) the Clearing Participant being subject to an Insolvency Event; or
  - (b) a determination made by Binance RCH in its sole discretion that the Clearing Participant is likely to become subject to an Insolvency Event.
- 1.121 "**Insolvency Regulations 2022**" means the Insolvency Regulations 2022 of the ADGM.
- 1.122 "**Instructions**" means any instruction, request or order given to Binance RCH by an Authorised User in relation to the operation of the Clearing Participant's Binance Account or in relation to Clearing and Settlement Services, through such medium and in such form and manner as Binance RCH may require and "**Instruct**" is to be interpreted accordingly.
- 1.123 "**Intermediated Clearing Client**" means an intermediated clearing client under Rule 30.

- 1.124 "**Internal Ledger**" means the controlled, reconciled, record maintained by Binance RCH that evidences:
- (a) the assets held for each Clearing Participant, Indirect Clearing Client and for Binance RCH itself; and
  - (b) settlement finality in accordance with Rule 89 for all Clearing Participants, Indirect Clearing Clients and for Binance RCH itself.
- 1.125 "**Investigation Committee**" means an investigation committee under Rules 509 and 510.
- 1.126 "**IOC**" has the meaning given to it in the Exchange Rules.
- 1.127 "**Isolated Margin**" means a specific, limited amount of funds (Margin) is assigned to a single, individual Position.
- 1.128 "**Last Price**" means the latest trade price of the relevant Futures Contract in the last Trade in the Futures Contract.
- 1.129 "**Legal Record of Settlement**" means the authoritative record within the Internal Ledger evidencing the final and irrevocable discharge of obligations between Binance RCH and Clearing Participants, in accordance with Rule 91.
- 1.130 "**Liquidation Price**" means, in respect of a Position, the Mark Price at which a Clearing Participant's Margin Balance falls below the Margin Requirement.
- 1.131 "**LMA**" (or "**Liquidation Management Accounts**") means the LMA for specified Trading Pairs, Derivative Contracts or risk buckets and in which Binance RCH maintains its own funds at its sole discretion, through which liquidated Positions and Bankrupt Positions are managed and into which funds from the applicable Default Fund will be transferred as required.
- 1.132 "**Loss**" means any losses, claims, injuries, damages, judgments, interest on judgments, assessments, taxes, imposts, levies, costs, fees, charges, expenses, amounts paid in settlement or other liabilities (including, without limitation, legal costs, costs of collection and any cost incurred in successfully defending against any claim), howsoever arising.
- 1.133 "**Maintenance Margin**" means the minimum amount of Margin that must be maintained by a Clearing Participant in respect of its Positions.
- 1.134 "**Manifest Error**" means any error, omission, or misquote that is manifest or palpable, including a misquote of any price or rate, account balance, current quotes, or any lack of or inaccuracy in any information.
- 1.135 "**Margin**" means the Collateral provided by Clearing Participants as a condition of opening Positions and maintaining Positions.
- 1.136 "**Margin Balance**" means, in respect of a relevant Product Account, the sum of:
- (a) the value of Margin held in that Product Account; and
  - (b) any Unrealised P&L connected to Positions in that Product Account.

- 1.137 "**Margin Breach**" means an instance when the Margin Balance falls below the Maintenance Margin:
- (a) when using Isolated Margin Mode for the relevant Position; or
  - (b) when using Cross Margin Mode, for all Positions in the relevant Product Account, collectively.
- 1.138 "**Margin Call**" means a margin call in Rules 209 - 214.
- 1.139 "**Margin Mode**" means the system a Clearing Participant uses to allocate Collateral within their Account, which determines how positions interact with the Account's total balance and manages risk. The two primary Margin Modes are Isolated Margin Mode and Cross Margin Mode.
- 1.140 "**Margin Requirements**" means the requirements in respect of Initial Margin and Maintenance Margin.
- 1.141 "**Mark Price**" means a price determined by considering several factors, including the Last Price of the Derivative, the first Bid and first Ask prices from the Global Orderbook respect of that Contract, the Funding Rate, and the Price Index. The calculation method in respect of each Contract is set out in the relevant Contract Specifications.
- 1.142 "**Market Infrastructure Rules**" or "**MIR**" means the market infrastructure rules under which Binance RCH is supervised by the FSRA.
- 1.143 "**Market Rules**" or "**MKT**" means the market rules under which Securities are offered and listed within ADGM.
- 1.144 "**Meeting**" means a meeting under Rule 480.
- 1.145 "**Mobile App**" means any mobile application developed or provided by Binance Clearing Company, any Binance Affiliates or Clearing Members that enables Clearing Participants to use or otherwise access Binance RCH Services.
- 1.146 "**Network Event**" means in relation to a Digital Asset, any event (other than an Airdrop or Fork) in respect of the blockchain or the smart contract that underlies a Digital Asset, which is beyond Binance RCH's control, and results in either (a) a loss of control or ownership by Binance RCH or a third party of any amount of such Digital Asset; or (b) transaction records on the blockchain being altered, reversed or otherwise invalidated, whether by way of a fraudulent act or consensus, which shall include without limitation any double spending attack, 51-percent attack, or blockchain reorganization, in each case as determined by Binance RCH in good faith and in its discretion.
- 1.147 "**Nominated Account**" means, with respect to each Alternative Margin Mode, the Binance Account or Product Account(s) specified by a Client for the purposes of inclusion in that Alternative Margin Mode.
- 1.148 "**Notice**" means a notice issued by Binance RCH under these Clearing Rules, informing Clearing Participants generally, or a particular category of Clearing Participants, of specific matters of relevance under these Rules, including with respect to the proper functioning of the Clearing and Settlement Services. Notices are binding upon Clearing Participants under Rule 12. Notices may cover technical, operational, regulatory and supervisory matters.

- 1.149 "**Notice of Claim**" means a notice of Claim under Rule 519.
- 1.150 "**Notification Limit Date**" has the meaning given to it in Rule 412.
- 1.151 "**Option**" has the meaning given to it in the Exchange Rules.
- 1.152 "**Option Premium**" means the amount payable by the buyer of an Option Contract to the seller for the rights under such Option Contract, as determined in accordance with the Exchange Rules and applicable Contract Specifications.
- 1.153 "**Options Contract**" has the meaning given to it in the Exchange Rules.
- 1.154 "**Order**" has the meaning given to it in the Exchange Rules.
- 1.155 "**Perpetual Futures Contracts**" means Coin-M Futures and/or USDS-M Futures without a set expiry date.
- 1.156 "**Person**" means any natural person, legal entity, corporation, partnership, association, fiduciary or entity as the context admits or requires.
- 1.157 "**Position**" means:
- (a) an Indirect Position; and/or
  - (b) a Direct Position.
- 1.158 "**Position Loss**" means in respect of a Position, the amount by which the cost of fully closing out that Position exceeds the available Margin Balance.
- 1.159 "**Position Mode**" refers to the core setting that determines how a Clearing Participant can manage long (buy) and short (sell) positions for the same Derivative contract.
- 1.160 "**Price Index**" means, in respect of an Underlying Asset and at any time  $t$ , the volume-weighted average spot price across the approved constituent exchanges and liquidity sources designated by Binance RCH for that Underlying Asset (as specified in the Clearing Procedures) and rounded to the nearest applicable Tick Size.
- 1.161 "**Product Account**" means a sub-division of a Binance Account in which balances relating to Digital Assets, Currencies and/or Positions in Derivatives are recorded.
- 1.162 "**Product Terms**" means the product-specific terms and conditions that apply to the use of the services offered by Binance RCH or Binance Affiliates as the case may be, to Clearing Participants through the Binance Platform, in addition to the TOU.
- 1.163 "**Real-Time Settlement**" or "**RTS**" means a process by which novation and settlement of a Spot Transaction occurs instantaneously within the Internal Ledger and the process by which a Derivative Position is settled pursuant to Rule 182 and instantaneously recorded on the Internal Ledger.
- 1.164 "**Recognised Clearing House**" means a Recognised Clearing House as defined in section 258 of FSMR.
- 1.165 "**Recognised Investment Exchange**" means a Recognised Investment Exchange as defined in section 258 of FSMR.

- 1.166 **"Recognition Order"** means a recognition order as defined in section 258 of the FSMR.
- 1.167 **"Registration Date"** means the date on which a Derivative Transaction has been registered into the Clearing and Settlement System, in accordance with Rule 144.
- 1.168 **"Record of Title"** means the authoritative record within the Internal Ledger evidencing the entitlement of Clearing Participants to a beneficial interest in the Digital Assets held by Binance RCH for Clearing Participants or for itself, in relation to each Asset Pool; for Derivatives, it means the record of rights and obligations between Binance RCH and each Clearing Participant.
- 1.169 **"Recovery Assessment"** has the meaning given to it in Rule 247.6.
- 1.170 **"Regulatory Authority of Binance RCH"** means the FSRA and any regulatory authority or judicial, administrative or governmental body in the ADGM having direct jurisdiction over Binance Clearing Company and Binance RCH.
- 1.171 **"Regulatory Authority of the Clearing Participant"** means any regulatory authority or judicial, administrative or governmental body having direct jurisdiction over any Clearing Participant, including the FSRA for those incorporated in the ADGM.
- 1.172 **"Regulatory Function"** has the meaning given to it in the FSRA's Glossary Rulebook.
- 1.173 **"Relevant Event"** means (i) any event determined by Binance RCH in its sole discretion as an "Event of Default" under Rule 300 or (ii) any liquidation event pursuant to Rule 269.
- 1.174 **"Remote Investment Exchange"** means a Remote Investment Exchange as defined in section 258 of FSMR.
- 1.175 **"Remote Member"** means a remote member as defined in section 258 of the FSMR.
- 1.176 **"Report"** means a report under Rule 475.2.
- 1.177 **"Resignation"** means a resignation by a Clearing Participant, ceasing its access to Binance RCH, and **"Resign"** is to be interpreted accordingly.
- 1.178 **"Restricted Person"** means a person or legal entity who is (a) named on, or owned or controlled by any person or legal entity named on the lists maintained by the United Nations Security Council, the European Union, and the United States, or any other sanctions authority as determined by Binance from time to time (including but not limited to the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (OFAC)) or (b) located, incorporated, otherwise established in, or resident in any territory in the list of prohibited countries available [[HERE](#)].
- 1.179 **"Restriction"** means, for a Clearing Participant, the:
- (a) temporary restriction of access to Binance RCH pursuant to Rule 58; or
  - (b) temporary or permanent restriction of access to certain Derivatives or Digital Assets which that Clearing Participant can clear and/or settle through Binance RCH, or certain services provided by Binance RCH pursuant to Rule 59,

and "**Restrict**" is to be interpreted accordingly.

- 1.180 "**Secured Obligation**" has the meaning given to it in Rule 341.
- 1.181 "**Secured Property**" has the meaning given to it in Rule 341.
- 1.182 "**Securities**" means securities as defined in section 258 of FSMR.
- 1.183 "**Security Breach**" means:
- (a) a Clearing Participant's Binance Account(s) or any Clearing Participant's Access IDs have been compromised;
  - (b) the loss, theft, or unauthorised use of any of the Clearing Participant's Access IDs or any unauthorised access to and use of the Clearing Participant's Binance Account or services of Binance RCH through the Binance Platform on the Clearing Participant's behalf; or
  - (c) any other security incident (including a cyber-security attack) affecting the Clearing Participant, Binance RCH or a Binance Affiliate.
- 1.184 "**Settlement Agent**" is a settlement agent under Rule 125.
- 1.185 "**Settlement Instrument**" means a digital or electronic representation of a Currency, Fiat-Referenced Token or other instrument approved by the FSRA, used as the payment leg in settlement within the Internal Ledger.
- 1.186 "**Sites**" means the Binance Website and any other websites, pages, features, or content Binance RIE, any other Binance Affiliates or Exchange Members own or operate.
- 1.187 "**Spot Transaction**" means an Exchange Transaction in a Digital Asset or Currency that is executed, subject to the Exchange Rules, on Binance RIE and that is submitted to Binance RCH for Clearing and Settlement in accordance with these Clearing Rules.
- 1.188 "**Stage 1 Liquidation**" means liquidation under Rule 275.1 and 276 - 278.
- 1.189 "**Stage 2 Liquidation**" means liquidation under Rules 275.2 and 279 - 285.
- 1.190 "**Suspension**" means any temporary suspension of a Clearing Participant's access to Binance RCH and "**Suspend**" is to be interpreted accordingly.
- 1.191 "**Systems and Operations**" means all parts and components of the technical system of a Clearing Participant, including hardware and software that is operated and maintained by or on behalf of a Clearing Participant to clear and settle Clearing Transactions, together with the procedures that are in place to operate such system, including risk management provisions.
- 1.192 "**Termination**" means a permanent discontinuation of a Clearing Participant's access to Binance RCH, and "**Terminate**" is to be interpreted accordingly.
- 1.193 "**Termination Amount**" means for the purpose of Rule 405, each of the single, net positive or negative amounts determined pursuant to and in accordance with Rules 406 - 414, denominated in the Currency, Virtual Asset or Fiat-Referenced Token specified by Binance Clearing Company in the applicable Notice, or in the absence of such specification, in USD or a USD-referenced Fiat-Referenced Token.

- 1.194 "**Termination Date**" means for the purpose of Rules 401 - 404 the date determined in accordance with the provisions of Rules 400 - 403 upon which Positions in a Clearing Participant's Account Structure will be terminated and liquidated in accordance with Rules 400 - 418.
- 1.195 "**Tick Size**" has the meaning given to it in the Exchange Rules.
- 1.196 "**TOU**" means, as applicable, the terms of use entered into between:
- (a) the ADGM Binance Entities, in relation to the services they provide, and each Clearing Participant for the purposes of these Rules; or
  - (b) Clearing Members and each of their Clients for the purposes of the services provided by Clearing Members to the Clients (including access to Binance RCH), in connection with these Rules,
- each, amended from time to time.
- 1.197 "**Trade**" has the meaning given to it in the Exchange Rules.
- 1.198 "**Trading Pair**" has the meaning given to it in the Exchange Rules.
- 1.199 "**Transfer of Positions**" means the process by which a Clearing Participant transfers:
- (a) either the Positions registered in one of its Accounts, to another Account within its own Account Structure; or
  - (b) the Positions registered in one or several Accounts to the Account Structure of another Clearing Participant,
- as applicable.
- 1.200 "**Underlying Asset**" means the underlying asset or Index referenced by a Derivative (such as an Option or Future).
- 1.201 "**Unrealised P&L**" means, at any time, for each Position or Product Account, the net profit or loss that has not yet been realised on that Position or Product Account.
- 1.202 "**USDS-M Futures**" means Futures Contracts, other than COIN-M Futures, that are quoted, margined and settled in USDT or USDC.
- 1.203 "**Virtual Asset**" means virtual assets as defined in section 258 of FSMR that qualify as accepted Virtual Assets for the purposes of Binance RCH.
- 1.204 "**Withdrawal Margin Return**" has the meaning given to it in Rule 366.6.
2. Headings are used for ease of reference and shall not affect the interpretation of these Clearing Rules or the Clearing Procedures.
3. Words in the singular include the plural and vice versa as appropriate and/or necessary in any given context. References to a gender include any other gender as appropriate and/or necessary in any given context.
4. Any references to time should be interpreted in accordance with local time in the ADGM (Gulf Standard Time, UTC+4) unless otherwise specified.

5. References to any laws, rules, regulations and guidance are references to the latest versions of any such laws, rules, regulations and guidance, including any secondary or subordinate laws, rules, regulations and guidance that may supplement them, each as applicable from time to time.
6. In the event and to the extent of any conflict of interpretation between the following documents, the order of precedence shall be:
  - 6.1 the Clearing Rules;
  - 6.2 the Contract Specifications;
  - 6.3 Notices;
  - 6.4 the Clearing Procedures;
  - 6.5 Product Terms;
  - 6.6 the TOU; and
  - 6.7 any other Binance Clearing Company's policy or guidance as published by Binance Clearing Company from time to time.
7. Without prejudice to the order of precedence established in Rule 6, where a term is defined in any of the documents referred to in Rules 6.2 - 6.7 above, such definition shall apply for the purposes of the interpretation of that document, notwithstanding that the same term may carry a different meaning in another document that ranks higher in the order of precedence. For the avoidance of doubt, no definition of a term in a document shall affect the interpretation of that term for the purposes of another document that ranks higher in the order of precedence.
8. Where a Notice is expressed to be subject, or without prejudice, to any of the documents referred to in Rules 6.4 - 6.7, such Notice shall, in the event and to the extent of any conflict of interpretation, not take precedence over such documents, notwithstanding the order of precedence established in Rule 6.

#### **Publication and Effectiveness of the Clearing Rules**

9. The access and use of Binance RCH is governed by the Clearing Rules, the Clearing Procedures and the TOU, as amended from time to time.
10. Clearing Members, Intermediated Clearing Clients and Indirect Clearing Clients have access to the Clearing and Settlement Services of Binance RCH in accordance with the Clearing Rules, the Clearing Procedures, applicable Contract Specifications, Product Terms, the TOU, Notices and Applicable Law.
11. Binance Clearing Company will publish on the Binance Platform the Clearing Rules, the TOU, the Clearing Procedures, the Contract Specifications and the Product Terms, as amended, extended, varied or supplemented from time to time.

#### **Notices, Communications and Procedures**

12. Communications of a general, operational or supervisory nature concerning the operation of Binance RCH, as well as any correspondence or notification required to be given by Binance Clearing Company to a Clearing Participant under the Clearing Rules or ADGM Rules, will be made through a Notice.

13. Notices will be considered received on the day, and time, of posting on the Binance Platform.
14. Any correspondence or notification required to be given by a Clearing Participant to Binance Clearing Company under the Clearing Rules, the Clearing Procedures or the TOU, including, but not limited to, as set out under Rules 56 and 401 may be sent to Binance Clearing Company at the Email Account or through such other channels of communication specified by Binance Clearing Company for this purpose from time to time.
15. Binance Clearing Company is entitled to rely on, and treat as binding, information provided by the Corporate Clearing Participant's Authorised Representative exclusively. Any communication to the Corporate Clearing Participant will be addressed to the Corporate Clearing Participant's Authorised Representative exclusively.

## CHAPTER 2 - GENERAL CLEARING RULES

### Status of Binance RCH and Binance Clearing Company under ADGM Law

16. Binance RCH is regulated by the FSRA as a Recognised Clearing House under the FSMR. Binance RCH conducts Clearing and Settlement of Clearing Transactions entered into by Clearing Participants within the Clearing and Settlement System.
17. As a Recognised Clearing House, Binance RCH is subject to and complies with the relevant regulations set out in the FSMR and the applicable FSRA rulebooks (including MIR).
18. Binance RCH may, in its discretion, and as set out within these Rules:
  - 18.1 adopt and publish the Clearing Procedures (which may incorporate other documents by reference) to support and help interpret these Rules, subject to the FSRA's approval in accordance with applicable ADGM Rules;
  - 18.2 adopt and publish the Contract Specifications;
  - 18.3 issue Product Terms; and
  - 18.4 adopt and publish any other documents or guidance to ensure fair, orderly and efficient Clearing and Settlement on Binance RCH.

### Waivers and Modification

19. Binance RCH may, in its discretion, and as set out within these Rules, grant a waiver or modification that a Rule is not to apply to a Clearing Participant or is to apply with such modifications as Binance RCH may specify, subject to the following conditions:
  - 19.1 such waiver or modification cannot conflict with regulatory requirements or core regulatory obligations of Binance RCH and/or Clearing Participants, including, as set out in these Clearing Rules;
  - 19.2 this power shall be applied by Binance RCH in a fair and non-discriminatory manner; and
  - 19.3 such waiver or modification may be published by Binance RCH via Notice.

### Clearing Rules

20. These Clearing Rules set out the rules governing the organisation and operation of the Clearing and Settlement activities of Binance RCH.
21. The purpose of these Clearing Rules is to establish:
  - 21.1 transparent and non-discriminatory rules for fair and efficient Clearing and Settlement of Clearing Transactions through Binance RCH; and
  - 21.2 the criteria for access and the admission of Clearing Participants to Binance RCH.

### Operational Hours

22. Binance RCH will operate 24 hours a day and 7 days a week, subject to declaring by Notice:
  - 22.1 scheduled maintenance;

- 22.2 unscheduled maintenance or interruptions due to technical issues or Force Majeure;
  - 22.3 an emergency shutdown; or
  - 22.4 winding down in accordance with Rule 419.
23. Additional detail in relation to the events set out in Rule 22, including maintenance and emergency shutdowns, is set out in the Clearing Procedures.
24. To minimise interruptions to its Clearing and Settlement Services as a result of the events set out in Rule 22, Binance RCH will implement business continuity procedures set out in the Clearing Procedures.

### **Conflicts of Interest**

25. Binance RCH will have systems for identifying, and drawing to the attention of its senior management and governing body, situations where its commercial interests conflict, or may potentially conflict, with the proper performance of its Regulatory Functions to take appropriate steps to ensure that such conflicts do not adversely affect the proper performance by Binance RCH of its Regulatory functions. For the avoidance of doubt, Binance Clearing Company may outsource certain of its functions to Binance Affiliates, subject to putting in place adequate systems and controls to manage conflicts of interest and its responsibilities for ensuring its Regulatory Functions continue to operate as required under MIR.
26. Binance Clearing Company will not act as a Clearing Participant.
27. Binance Affiliates may act as Clearing Participants of Binance RCH.

## CHAPTER 3 – MEMBERSHIP

### Types of Clearing Participants

28. Both Clearing Participants and Intermediated Clearing Clients are bound by these Clearing Rules and have Clearing and Settlement relationships with Binance RCH.

#### Clearing Members

29. Clearing Members are Clearing Participants that:
- 29.1 provide access to the Clearing and Settlement Services to:
    - (a) Intermediated Clearing Clients by acting as agent for such Intermediated Clearing Clients in relation to the Intermediated Clearing Clients' Clearing and Settlement arrangements with Binance RCH; and/or
    - (b) Indirect Clearing Clients by entering into Clearing Transactions and also entering into equal but off-setting transactions with such Indirect Clearing Clients on a back-to-back basis;
  - 29.2 maintain both Clearing Member Accounts and Client Accounts;
  - 29.3 are Corporate Clearing Participants; and
  - 29.4 satisfy the Eligibility Criteria.

#### Intermediated Clearing Clients

30. Intermediated Clearing Clients:
- 30.1 access Clearing and Settlement Services through a Clearing Member;
  - 30.2 have their positions recorded in Client Accounts within their Clearing Member's Client Account Structure;
  - 30.3 interact directly with Binance RCH's Clearing and Settlement Systems (including viewing Positions, managing Margin, submitting instructions, and for liquidation/default purposes) notwithstanding their legal relationship with their Clearing Member;
  - 30.4 can be either Corporate Clearing Participants or natural persons; and
  - 30.5 are directly bound by these Clearing Rules and have direct obligations to Binance RCH, even though they access Clearing and Settlement Services through a Clearing Member.
31. Where an Intermediated Clearing Client provides access to Binance RCH to its clients, such access shall be on the basis of the relationship between the Intermediated Clearing Client and its relevant Clearing Member, as outlined in Rule 30.

#### Indirect Clearing Clients

32. Indirect Clearing Clients, while not being a Clearing Participant:
- 32.1 access Clearing and Settlement Services indirectly through a Clearing Member;

- 32.2 have positions relating to their transactions with their Clearing Member recorded in Client Accounts within their Clearing Member's Client Account Structure;
- 32.3 may interact indirectly with Binance RCH's Clearing and Settlement Systems (including viewing Positions, managing Margin, submitting instructions, and for liquidation/default purposes) notwithstanding their legal relationship with their Clearing Member);
- 32.4 can be either a legal entity or a natural person; and
- 32.5 are indirectly bound by these Clearing Rules, via the TOU with their Clearing Member and the Access Agreement, which sets out that the Indirect Clearing Client acknowledges that they have indirect obligations to, and from, Binance RCH.

### **Legal Relationships**

- 33. Where a Clearing Member acts as agent for an Intermediated Clearing Client, the:
  - 33.1 Clearing Member agrees to these Clearing Rules on behalf of the Intermediated Clearing Client;
  - 33.2 Intermediated Clearing Client's Exchange Transactions on Binance RIE are given up to Binance RCH for Clearing and Settlement and are settled within the Clearing and Settlement System directly for the Intermediated Clearing Client;
  - 33.3 Intermediated Clearing Client's Positions are registered directly in the name of the Intermediated Clearing Client; and
  - 33.4 Binance RCH has direct recourse against the Intermediated Clearing Client for the Intermediated Clearing Client's obligations.
- 34. Where a Clearing Member enters into back-to-back transactions with Indirect Clearing Clients:
  - 34.1 the Indirect Clearing Client is not a Clearing Participant or an Intermediated Clearing Client, and is bound only indirectly by the Clearing Rules by virtue of the Access Agreement;
  - 34.2 the Clearing Member's Positions (including such Positions that relate to the Clearing Member's Indirect Clearing Clients) with Binance RCH are recorded in the Client Account relating to that Indirect Clearing Client;
  - 34.3 the relationship between the Clearing Member and its Indirect Clearing Client is governed by their bilateral TOU and the Access Agreement; and
  - 34.4 where Binance RCH takes Clearing and Settlement actions under these Clearing Rules in relation to an Indirect Clearing Client (including in relation to Client Accounts, Collateral, Margin and its use of the Internal Ledger), it does so in the context of Rules 34.1 - 34.3 above.
- 35. For the avoidance of doubt:
  - 35.1 all Clearing Members are Clearing Participants; and
  - 35.2 where Rules apply only to Clearing Members, or only to Intermediated Clearing Clients, this will be expressly stated.

## **Eligibility**

36. To become a Clearing Participant of Binance RCH, Applicants must meet the Eligibility Criteria set out in these Rules.
37. In accordance with ADGM Rules, Binance Clearing Company will provide access to Binance RCH on a non-discriminatory basis to a Person that complies with these Rules including the Eligibility Criteria.

## **Clearing Participant - Applications**

38. The Application process:
  - 38.1 for Clearing Members: Clearing Members must complete the application process set out in Rule 41 directly with Binance RCH;
  - 38.2 for Intermediated Clearing Clients: where a Clearing Member acts as agent for Intermediated Clearing Clients, the Clearing Member must complete the application process set out in Rule 41 on behalf of such Intermediated Clearing Clients to establish them as Intermediated Clearing Clients; and
  - 38.3 for Indirect Clearing Clients: such Clients are not Clearing Participants and do not require admission to Binance RCH. Their relationship with Binance RCH is established indirectly through their Clearing Member.
39. The specific documentation and information required to demonstrate satisfaction of the Eligibility Criteria may be specified by Binance RCH in these Rules, the Clearing Procedures, TOU or in other relevant application material provided to Applicants.
40. Binance RCH may, at its discretion, request and accept additional information towards an Applicant's satisfaction of the Eligibility Criteria where it determines such additional information further supports the determination of the Applicant meeting the Eligibility Criteria, these Rules, ADGM Rules or Applicable Law.

## Application Procedure

41. In addition to satisfying the Eligibility Criteria in Rules 46 - 48, Applicants must:
  - 41.1 provide the application documentation and any relevant information requested by Binance RCH for the purpose of assessing satisfaction of the application and Eligibility Criteria, and as Binance RCH otherwise deems necessary;
  - 41.2 have entered into any other agreement that Binance Clearing Company may require in relation to their access to and use of Binance RCH; and
  - 41.3 have acknowledged that by obtaining access to Binance RCH, and being provided an Account, they will be deemed to have read, understood and agreed to be bound by the Clearing Rules.

## Assessment of Eligibility Criteria:

42. Upon receipt of a complete application, Binance RCH will in its discretion evaluate whether or not the Applicant satisfies the Eligibility Criteria set out in Rules 46 - 48.

43. Binance RCH will assess whether Applicants satisfy the requirements in the Eligibility Criteria on a non-discretionary, proportionate and risk-based basis, taking into account:
  - 43.1 the Clearing Participant type applied for;
  - 43.2 the nature and scale of the Applicant's intended Clearing and Settlement activity; and
  - 43.3 whether the Applicant is subject to supervision or regulation by a Regulatory Authority of the Clearing Participant.
44. In addition, Binance RCH may always, in its sole discretion, reject an Applicant's application, including (without limitation) where it determines that accepting the Applicant as a Clearing Participant:
  - 44.1 would be inconsistent with its obligations under these Rules or ADGM Rules;
  - 44.2 is likely to undermine the stability of the Clearing and Settlement System; or
  - 44.3 is likely to harm the reputation and/or interests of Binance Clearing Company and/or other Clearing Participants.
45. Binance RCH will notify its decision as to whether or not accept the Applicant as a Clearing Participant of Binance RCH in accordance with Rule 12.

#### **Eligibility Criteria**

46. All Clearing Participants must satisfy the requirements in, and comply with the obligations imposed by, these Rules and the Clearing Procedures.

#### Clearing Members

47. Clearing Members must:
  - 47.1 be fit and proper and of sufficiently good repute;
  - 47.2 where applicable, have adequate organizational arrangements, including financial and technological resources to use and access Binance RCH and to provide clearing services to Intermediated Clearing Clients and Indirect Clearing Clients, as applicable;
  - 47.3 maintain adequate financial resources, including as specified in the Clearing Rules and/or Clearing Procedures;
  - 47.4 have robust risk management systems and controls;
  - 47.5 comply with all applicable regulatory requirements in their home jurisdiction relating to client asset protection and segregation;
  - 47.6 enter into and satisfy all conditions referred to in the TOU and applicable Product Terms;
  - 47.7 where that Applicant seeks, or is required, to become a Remote Member, they must either (i) have been granted a Recognition Order by the FSRA under MIR Rule 2.8.3(d) and MIR Chapter 8, or (ii) otherwise comply with all applicable requirements under ADGM Rules;

- 47.8 have acknowledged that by being admitted as a Clearing Member, and establishing an Account, with Binance RCH they will be deemed to have read, understood and agreed to be bound by the Clearing Rules;
- 47.9 obtain the permission or acknowledgment of Intermediated Clearing Clients under the applicant Clearing Member's own TOU with such Intermediated Clearing Clients that they can act on behalf of and bind each Intermediated Clearing Client in connection with the obligations in these Clearing Rules, Clearing Procedures, Contract Specifications and other documentation relevant to the obligations in these Clearing Rules as agent with full authority on behalf of such Intermediated Clearing Client;
- 47.10 impose on Indirect Clearing Clients under the applicant Clearing Member's own TOU with such Indirect Clearing Clients the obligations, as applied by Binance RCH, in these Clearing Rules, Clearing Procedures and other documentation relevant to such Indirect Clearing Clients;
- 47.11 satisfy any additional requirements specified by Binance RCH in the Clearing Procedures; and
- 47.12 represent and warrant that:
  - (a) it has been duly appointed as an agent by any and each of its Intermediated Clearing Clients, and has full authority to act on behalf of and bind each Intermediated Clearing Client in connection with the Intermediated Clearing Client's obligations in these Clearing Rules;
  - (b) all actions taken, or to be taken by it in relation to its Clients and under these Clearing Rules are within the scope of its authority and have been duly authorised by its Clients; and
  - (c) nothing, including in any Applicable Law or binding agreement between it and its Clients prevents the:
    - (i) execution, delivery and performance of obligations under the Clearing Rules by its Clients;
    - (ii) enforcement of obligations under the Clearing Rules by Binance RCH against its Clients;
    - (iii) exercise or enforcement by Binance RCH of any right or remedy under the Clearing Rules against its Clients; and/or
    - (iv) enforcement of any action taken or direction implemented against its Clients by Binance RCH as required or directed by the FSRA, the ADGM Courts or any other Regulatory Authority of the Clearing Participant.

#### Intermediated Clearing Clients

- 48. Intermediated Clearing Clients must:
  - 48.1 be fit and proper and of sufficiently good repute;
  - 48.2 where applicable, have adequate organizational arrangements, including financial and technological resources to use and access Binance RCH;

- 48.3 maintain adequate financial resources, including as specified in the Clearing Rules and/or Clearing Procedures;
- 48.4 have robust risk management systems and controls;
- 48.5 set out the jurisdiction in which it is located;
- 48.6 set out whether it is subject to regulation by any Regulatory Authority of the Clearing Participant;
- 48.7 comply with all applicable regulatory requirements in their home jurisdiction relating to client asset protection and segregation;
- 48.8 have satisfied all conditions referred to in the TOU;
- 48.9 set out its status as a natural person or corporate entity; and
- 48.10 set out the nature and scale of its intended Clearing and Settlement activity.

### **General Obligations and Requirements of Clearing Participants**

- 49. Clearing Participants must meet the Eligibility Criteria at all times, as well as comply at all times with the Clearing Rules, the TOU and any other agreement governing the access to, and use of, Binance RCH, including without limitation any Notices, the Clearing Procedures and any other information amending or supplementing the Clearing Rules.
- 50. Each Clearing Participant will comply with the following conduct requirements:
  - 50.1 submit Clearing Transactions for Clearing and Settlement by Binance RCH in a responsible manner;
  - 50.2 engage with Binance RCH in an open and transparent manner; and
  - 50.3 not engage in any behaviour which, in the reasonable opinion of Binance Clearing Company:
    - (a) could adversely affect orderly Clearing and Settlement through Binance RCH;
    - (b) causes or contributes to a breach of the Clearing Rules by the Clearing Participant;
    - (c) causes or contributes to a breach of the Clearing Rules by another Clearing Participant; or
    - (d) is likely to bring Binance Clearing Company into disrepute.

### **Authorised Users**

- 51. Clearing Participants will not allow any person that is not an Authorised User to access Binance RCH.
- 52. Corporate Clearing Participants shall appoint an Authorised User that will be authorised to act and issue Instructions on their behalf.

53. Corporate Clearing Participants are responsible for ensuring that their Authorised Users:
  - 53.1 have sufficient authority within the Corporate Clearing Participant;
  - 53.2 are of sufficiently good repute;
  - 53.3 have sufficient knowledge and understanding of their responsibilities under the Clearing Rules and Applicable Law at all times;
  - 53.4 have sufficient knowledge, understanding and experience in respect of financial markets and trading;
  - 53.5 are, where applicable, adequately trained and have adequate knowledge and experience to access and use Binance RCH; and.
  - 53.6 are properly supervised and monitored when using Binance RCH.
54. Corporate Clearing Participants must promptly notify Binance RCH of any change in their Authorised Users so that access rights can be terminated or new access rights granted where necessary.

## **CHAPTER 4 - RESIGNATION, RESTRICTION, SUSPENSION AND TERMINATION OF MEMBERSHIP**

### **Resignation**

55. A Clearing Participant may Resign its participation and cease to be a Clearing Participant of Binance RCH by giving 30 Clearing Days' prior notice in writing (which may include email) to Binance RCH.
56. In the situation described in Rule 433, if any modification of the Clearing Rules adversely affects the rights or obligations of the Clearing Participants, then any Clearing Participant so affected may immediately terminate its membership by notification in writing to Binance RCH, in accordance with Rule 14, subject to prior closure, at the Clearing Participant's own initiative, of Clearing and Settlement obligations, including all Positions.
57. Binance RCH may, in its sole discretion, acting in good faith:
  - 57.1 waive some or all of the notice period referred to in Rule 55; and/or
  - 57.2 impose conditions or restrictions, including without limitation requiring a longer notice period, on the Resignation of the Clearing Participant to the extent that such conditions or restrictions are necessary to ensure the integrity of Binance RCH.

### **Clearing Participant Restriction, Suspension and Termination**

58. Binance RCH may, in its sole discretion, acting in good faith, without liability and without notice to the Clearing Participant at any time:
  - 58.1 Restrict;
  - 58.2 Suspend; or
  - 58.3 Terminate,a Clearing Participant's admission and/or access to Binance RCH.
59. Binance RCH may, in its sole discretion, acting in good faith and at any time Restrict the:
  - 59.1 Derivatives or Digital Assets which that Clearing Participant can use for Clearing and Settlement, as applicable, through Binance RCH; and/or
  - 59.2 Clearing and Settlement Services a Clearing Participant can avail itself of as provided by Binance RCH.
60. Binance RCH will immediately issue a Notice to a Restricted, Suspended or Terminated (as applicable) Clearing Participant, except in emergency situations where immediate action is required to maintain fair and efficient Clearing and Settlement, comply with ADGM Rules or comply with a direction from the FSRA.
61. When determining any action under Rules 58 and 59 Binance RCH will take into account whether:
  - 61.1 the Clearing Participant no longer satisfies the Eligibility Criteria;
  - 61.2 the Clearing Participant has breached Applicable Law, the Clearing Rules, the Clearing Procedures or TOU;

- 61.3 the Clearing Participant resides in a country in which Binance Clearing Company no longer conducts business;
  - 61.4 the Clearing Participant is subject to an Insolvency Event of Default;
  - 61.5 the Clearing Participant is subject to enforcement or other proceedings by the FSRA or a Regulatory Authority of the Clearing Participant;
  - 61.6 Binance RCH is required to do so by the FSRA, a Regulatory Authority of Binance RCH or under ADGM Rules;
  - 61.7 Binance Clearing Company considers such action to be necessary to preserve Binance RCH's rights or interests, to preserve the security or integrity of Binance RCH, to prevent breaches of ADGM Rules or Applicable Law, or to protect other Clearing Participants of Binance RCH; or
  - 61.8 Binance Clearing Company reasonably believes that the continued participation of the Clearing Participant poses a risk of reputational damage to Binance Clearing Company or Binance RCH.
62. In relation to Indirect Clearing Clients, Binance RCH may, in its sole discretion, acting in good faith and at any time and without notice to the Indirect Clearing Client or its Clearing Member, use the powers set out in Rules 56 and 58 - 61 (subject to the same considerations set out in Rule 61), including in circumstances when the Indirect Clearing Client's Clearing Member takes, or does not take, similar actions to those set out in Rules 58 - 61.

#### **Consequences of Resignation, Restriction, Suspension or Termination**

63. Binance RCH will issue a Notice in accordance with Rule 12 to the Relevant Clearing Participant in the event of:
- 63.1 Resignation under Rules 55 - 57, accepting such Resignation and specifying the effective time and Cancellation Date of such Resignation; or
  - 63.2 Restriction, Suspension or Termination under Rules 58 - 62, specifying the effective time and of the Cancellation Date of such Restriction, Suspension or Termination (as the case may be).
64. Following the receipt of a Notice pursuant to Rule 63, the relevant Clearing Participant shall, by the Cancellation Date, close any Clearing and Settlement obligations, including Positions.
65. In the event of failure on the part of the Clearing Participant to affect such closing of Clearing and Settlement obligations by the Cancellation Date, Binance RCH will:
- 65.1 prevent the Clearing Participant from using Clearing and Settlement Services; and
  - 65.2 instruct Binance RIE (which may further instruct an Exchange Participant) to close any Positions under the Exchange Rules.
66. Following the Resignation, Restriction, Suspension or Termination, the concerned Clearing Participant will remain liable to perform its obligations under these Rules, including in relation to any Clearing Transaction concluded by it prior to receiving the Notice of acceptance of Resignation, of Restriction, of Suspension or Termination, as applicable.

67. The Clearing Participant will remain liable for any fees owed to Binance Clearing Company, and Binance Clearing Company may deduct any outstanding amount from:
- 67.1 Clearing Members: the Clearing Member Account(s), and/or in respect of fees that relate to Indirect Clearing Clients of that Clearing Member, Client Account(s) of that Indirect Clearing Client as appropriate; or
  - 67.2 Intermediated Clearing Clients: the Client Account(s) in which their positions are recorded.
68. Binance Clearing Company will not be liable for any Losses or forgone profits that the relevant Clearing Participant suffers as a result of its Resignation, Restriction, Suspension or Termination.
69. A Clearing Member subject to Restriction, Suspension or Termination may appeal the decision made by Binance RCH within 14 Clearing Days following receipt of the Notice. Any appeal must be made in writing in accordance with Rule 14 and must include:
- 69.1 the grounds for the appeal; and
  - 69.2 any relevant supporting information.
70. The appeal will be reviewed in accordance with Rules 503 - 507 (*Complaints*). Pending resolution of any appeal, the Restriction, Suspension or Termination shall remain in effect unless Binance Clearing Company determines otherwise in its discretion.
71. Following the resignation, Restriction, Suspension or Termination, Binance RCH will be entitled to take all measures necessary to prevent the relevant Clearing Participant from the use of Clearing and Settlement Services in relation to new Clearing Transactions through Binance RCH, until any further Notice to the relevant Clearing Participant.
72. The Clearing Participant concerned will remain subject to the Clearing Rules, and to the extent necessary the TOU, in respect of any and all:
- 72.1 outstanding obligations under the Clearing Rules and the TOU unless and until those obligations have been fully discharged;
  - 72.2 acts and omissions in connection with Clearing and Settlement on Binance RCH that occurred during the time of admission of the Clearing Participant; and
  - 72.3 any request for information made by Binance RCH in relation to the period of the Clearing Participant's admission, following the Resignation, Restriction, Suspension or Termination.
73. In certain cases, a Clearing Participant may be unable to close its Clearing Member Account or Client Account(s), including (but not limited to):
- 73.1 where to do so would, in Binance RCH's reasonable view, be designed to evade an investigation by the FSRA or a Regulatory Authority of Binance RCH;
  - 73.2 where that Clearing Participant has a registered Clearing Transaction subject to Clearing and Settlement, or is in an open dispute relating to the same;
  - 73.3 if the Clearing Member Account or Client Account(s) of that Clearing Participant has any outstanding amounts owed to Binance RCH under Rule 67; or

- 73.4 if the Clearing Member Account or Client Account(s) of that Clearing Participant is subject to a freeze, hold, limitation or reserve.
74. In taking any of the actions in Rules 63 - 73, Binance RCH will act proportionately having regard to the circumstances and the reasonableness of such action. In relation to this Rule 74, in the event of a conflict between these Clearing Rules and the Exchange Rules, the Clearing Rules will take precedence.

## CHAPTER 5 – NOVATION, CLEARING AND SETTLEMENT

### Scope and Application

75. This Chapter governs the Clearing and Settlement of Clearing Transactions through Binance RCH. It applies to all Clearing Participants and Settlement Agents and to all Clearing and Settlement Services (including custody) relevant to Derivatives, Virtual Assets, Securities and Settlement Instruments.

### Derivative Transactions Novation

76. Derivative Transactions will give rise to novation by Binance RCH provided that the following are met:
- 76.1 the Derivatives are admitted for Clearing and Settlement under these Rules;
  - 76.2 the Derivative Transactions are submitted for Clearing and Settlement to Binance RCH by the relevant Clearing Participants;
  - 76.3 any adjustment on Positions reflecting any event occurring in respect of the Underlying Asset determining the value of the Derivatives, as referred to in Rule 167, is capable of being managed by Binance RCH;
  - 76.4 all necessary information as required by Binance RCH from Binance RIE (including, but not limited to, all Contract Legs, pricing data, Tick Size, reference data and transaction data) in respect of the Derivative Transaction, shall have been provided in the form, and by the times, prescribed by Binance RCH. Such information must be complete, must not be corrupted and must be legible at the time of receipt by Binance RCH;
  - 76.5 the Derivatives are capable of being settled in Currencies or Digital Assets; and
  - 76.6 the relevant Derivative is included in the list of Derivatives admitted to Clearing and Settlement by Binance RCH, as set out by way of Notice.
77. Any Derivative Transaction which is submitted for Clearing and Settlement to Binance RCH by a Clearing Participant that does not comply with Rule 76 is excluded from novation by Binance RCH and therefore excluded from the scope of the Clearing and Settlement Services.
78. In the event that Derivative Transactions previously eligible for novation pursuant to Rule 76 are no longer declared eligible, a Notice will specify:
- 78.1 the affected Derivative Transactions;
  - 78.2 the effective date and time of the change; and
  - 78.3 any transitional Clearing and Settlement arrangements, including for existing Positions.
79. A Notice issued under Rule 78 will be published as soon as reasonably practicable and, except in circumstances where immediate implementation is necessary for risk management purposes, will provide at least 24 hours' notice before taking effect. Where immediate implementation is necessary for risk management purposes (including changes to Margin Requirements in response to extreme market volatility), Binance RCH may implement changes with immediate effect upon issue of the Notice.

80. Any eligible Derivative Transaction novated pursuant to Rule 78 prior to the entry into force of a Notice issued under Rule 78 will remain within the scope of the Clearing and Settlement Services provided by Binance RCH until its expiry date.
81. Binance RCH must use its reasonable endeavours to assist the relevant Clearing Participants in managing their Positions in Derivatives that are no longer eligible for Clearing and Settlement Services, which may include:
  - 81.1 working with Binance RIE to provide orderly close-out opportunities;
  - 81.2 extending timeframes for Position closure where market conditions warrant; or
  - 81.3 alternative Clearing and Settlement arrangements.

### **Spot Transactions Novation**

82. Spot Transactions will give rise to novation by Binance RCH provided the following are met:
  - 82.1 the Spot Transactions are submitted for Clearing and Settlement to Binance RCH by the relevant Clearing Participants; and
  - 82.2 all necessary information as required by Binance RCH from Binance RIE, in respect of the Spot Transactions shall have been provided in the form, and by the times, prescribed by Binance RCH. Such information must be complete, must not be corrupted and must be legible at the time of receipt by Binance RCH.
83. Any Spot Transaction which is submitted for Clearing and Settlement to Binance RCH by a Clearing Participant that does not comply with Rule 82 is excluded from novation by Binance RCH and therefore excluded from the scope of the Clearing and Settlement Services.

### **Record of Title**

84. The Internal Ledger maintained by Binance RCH constitutes Binance RCH's Record of Title to all Virtual Assets, Securities, Fiat-Referenced Tokens and Currencies held within its custody and control.
85. Assets shall be segregated by asset type. Binance RCH shall maintain separate Asset Pools for each Virtual Asset, Fiat-Referenced Token or Security.
86. Within each Asset Pool, Binance RCH may commingle the assets it holds for itself and the assets it holds for Clearing Participants. Each entry in the Internal Ledger represents the holding of a Clearing Participant or Binance RCH (for itself) of a beneficial interest in a proportionate quantity of assets in the relevant Asset Pool.
87. The Internal Ledger also records assets held by a Clearing Member for its Indirect Clearing Clients.
88. Binance RCH is the holder of the aggregate amount of assets in each Asset Pool, which it will hold for itself and for Clearing Participants, in proportions calculated by reference to the records in the Internal Ledger, and enforceable under these Rules and TOU.
89. Transfers between Clearing Participants, or between a Clearing Participant and Binance RCH, recorded in the Internal Ledger constitute binding reallocations from transferor to transferee of holdings of interests in assets within the relevant Asset Pool, and are legally effective.

## **Settlement Finality**

### Legal Record of Settlement – Settlement Finality

90. The Internal Ledger maintained by Binance RCH constitutes the Legal Record of Settlement for all Clearing Transactions submitted for Clearing and Settlement through Binance RCH.
91. All settlement obligations of Clearing Participants and Binance RCH arising from the Clearing and Settlement of Clearing Transactions are final, irrevocable and unconditional once recorded as settled in the Internal Ledger in accordance with Rule 94.
92. A settlement entry in the Internal Ledger marked as complete evidences the final, irrevocable and unconditional discharge of settlement obligations between Binance RCH and each relevant Clearing Participant.
93. Within Binance RCH, access to the Internal Ledger shall be secure, time-stamped and continuously monitored by Binance RCH's Risk and Operations functions.
94. Settlement finality occurs, and Settlement of Clearing Transactions shall be recorded in the Internal Ledger as settled, in relation to:
  - 94.1 RTS, when the Internal Ledger simultaneously debits and credits the balances in relevant Clearing Participant Accounts and Binance RCH's accounts; or
  - 94.2 Delayed Settlement, when Binance RCH has received or delivered the relevant funds or assets from or to the Settlement Agent, and has updated the Internal Ledger accordingly.
95. Binance RCH shall maintain one-for-one reconciliation between aggregate ledger entries and the total quantity or value of each asset actually held.
96. No reversal or amendment of a finalised settlement may occur, except in accordance with Rule 115.
97. Settlement Finality has effect for the purposes of Part 13 of FSMR and MIR Rule 4.11.

### Internal Ledger Settlement

98. Binance RCH shall maintain an Internal Ledger system capable of atomic RTS and Delivery-versus-Payment (DvP) settlement, reconciliation and comprehensive audit traceability.
99. The Internal Ledger constitutes both the Record of Title and the Legal Record of Settlement.

### Real-Time Settlement (RTS)

100. Unless a Clearing Transaction is designated for Delayed Settlement pursuant to Rule 104 below, Real-Time Settlement (RTS), where novation and settlement occurs concurrently within the Internal Ledger, will apply.
101. RTS Clearing Transactions must be processed on an atomic DvP basis.
102. Binance RCH shall integrate RTS within its Margin and liquidity-management systems (as operated within its Clearing and Settlement System).
103. RTS applies primarily to Digital Assets and Derivatives cash flows that are fully prefunded within the Internal Ledger.

### Delayed Settlement via Settlement Agent

104. Binance RCH may designate Derivatives, or Digital Assets, for specific Clearing Participants following a request from such Clearing Participants for Delayed Settlement where Settlement Agents are used.
105. Under Delayed Settlement, all obligations remain between Binance RCH and the Clearing Participant. The Settlement Agent acts solely as an intermediary by delivering, or receiving, funds or assets to, or from, Binance RCH on behalf of Clearing Participants.
106. Binance RCH shall issue irrevocable settlement instructions to the Settlement Agent, specifying the asset, amount, counterparty and timing.
107. Each Settlement Agent must complete delivery to, or receipt from, Binance RCH within the timeframes as may be set out in the Clearing Procedures.
108. Once Binance RCH confirms receipt or delivery from the Settlement Agent, it shall update the Internal Ledger to mark the Clearing Transaction as settled and final.
109. In respect of a Clearing Transaction involving (i) a Clearing Participant (Party A) whose assets are subject to Delayed Settlement and (ii) its counterparty (Party B), DvP is enforced by Binance RCH in respect of the novated transaction between Party A and Binance RCH using conditional release or escrow arrangements ensuring that no corresponding asset or payment is released for withdrawal to Party A until Binance RCH has received settlement of its leg of the novated transaction. For the avoidance of doubt, this provision does not relieve Binance RCH of its obligations to Party B under the novated transaction between Binance RCH and Party B.

### Settlement Safeguards

110. Clearing Participants must maintain sufficient cleared Currency, Digital Asset or other Settlement Instrument balances, or confirmed prefunding with Binance RCH or its Settlement Agents, prior to registering a Clearing Transaction within the Clearing and Settlement System.
111. Binance RCH may impose intraday liquidity buffers or haircuts to safeguard both RTS and Delayed Settlement processes.

### Notification of Acceptance/Rejection of Settlement

112. The Clearing and Settlement System shall prevent settlement where prefunding requirements are not met.
113. Binance RCH shall notify a Clearing Member of the acceptance or rejection of settlement in accordance with the criteria for notices, communications and procedures specified at Rule 12.

### Settlement Delays

114. Binance RCH may delay settlement where:
  - 114.1 technical or operational issues prevent immediate settlement;
  - 114.2 it is required to do so by the ADGM Rules, Applicable Law, the FSRA or a Regulatory Authority of Binance RCH;
  - 114.3 it is necessary to investigate potential Manifest Error, fraud, or other irregularities; or

- 114.4 the Clearing Participant is subject to Restrictions (per Rule 58.1 and/or 59) or is a Defaulting Clearing Participant.

#### Exceptions to Settlement Finality

115. Binance RCH may reverse a settlement or a Position, as applicable, only where:
- 115.1 *Legal or Regulatory Requirement*: required to do so by ADGM Rules, FSRA, a direction from a Regulatory Authority of Binance RCH or, to the extent not contrary to the ADGM Rules, an order from a court of competent jurisdiction or Applicable Law;
  - 115.2 *Contractual Right*: entitled to do so under these Clearing Rules, or the TOU (including in relation to Indirect Clearing Clients);
  - 115.3 *Binance RCH-Binance RIE Cooperation*: a request of, and to, Binance RIE is received, where the, or a, corresponding Exchange Transaction on Binance RIE is being, or is to be, reversed in accordance with the Exchange Rules;
  - 115.4 *Manifest Error*: an Order, Exchange Transaction, matching, settlement, or any parameter relevant thereto was affected by Manifest Error;
  - 115.5 *Non-Compliance*: the Clearing Participant has not complied with these Clearing Rules;
  - 115.6 *Fraud or Manipulation*: Binance RCH reasonably suspects fraud, market manipulation, or other serious misconduct;
  - 115.7 *Unauthorised Activity*: the registration of a Clearing Transaction within the Clearing and Settlement System resulted from unauthorised access to the Clearing Participant's Account;
  - 115.8 *System Error*: a technical or operational error in the Clearing and Settlement Systems resulted in incorrect settlement;
  - 115.9 *Insolvency or Default*: it is necessary in connection with the default or insolvency of a Clearing Participant; or
  - 115.10 *Exceptional Circumstances*: Binance RCH deems there to be exceptional circumstances (pursuant to its obligations under Rules 356 - 357).
116. Additional conditions and procedures for reversal of settlement may be set out in the Clearing Procedures.
117. Where the required conditions for reversal of Positions are met, Binance RCH will reverse the affected Positions by instructing Binance RIE to place offsetting Orders on behalf of the relevant Clearing Participant on the Global Orderbook (as provided for under Exchange Rule 133.4. Additional conditions and procedures for reversal of Positions may be set out in the Clearing Procedures.
118. Reversals will be notified to the affected Clearing Participants in accordance with Rule 12.

#### **Settlement Risk**

119. A Clearing Participant acknowledges and agrees that it bears settlement risk, including the risk that:
- 119.1 settlement may be delayed due to operational, technical, or market factors;

- 119.2 settlement may be reversed in the circumstances specified in Rule 115;
- 119.3 assets received in settlement may fluctuate in value between matching and settlement or following settlement;
- 119.4 settlement in specific Digital Assets or Settlement Instruments may not be possible due to technical, operational, or liquidity constraints, in which case Binance RCH may settle in alternative Settlement Instruments at an exchange rate determined by Binance RCH;
- 119.5 in extraordinary circumstances, settlement may not be completed at all; and
- 119.6 errors in settlement may not be identified or rectified immediately.

120. No Guarantee of Settlement

- 120.1 Binance RCH does not guarantee that settlement will occur at any particular time, or at all.
- 120.2 Binance RCH may suspend or cancel the settlement process in respect of any Clearing Transaction at any time prior to settlement if:
  - (a) the Clearing Participant becomes a Defaulting Clearing Participant;
  - (b) Binance RCH identifies Manifest Errors or other irregularities;
  - (c) required to do so by ADGM Rules, the FSRA or a Regulatory Authority of Binance RCH, or to the extent not contrary to the ADGM Rules, Applicable Law; or
  - (d) necessary to manage operational or credit risk.

**Settlement Netting and Set-Off**

- 121. Binance RCH may, in its discretion, net settlement obligations arising from multiple Clearing Transactions:
  - 121.1 between the same Clearing Participants;
  - 121.2 in the same Derivatives or Digital Assets; and
  - 121.3 settling on the same settlement date.
- 122. Settlement netting does not affect the validity or enforceability of individual Clearing Transactions, as registered within the Clearing and Settlement System.
- 123. Without prejudice to any other rights or remedies available to it, Binance RCH may exercise rights of set-off in accordance with Rules 316 to 318 in connection with its settlement obligations.

**Settlement Agents**

Designation and Approval

- 124. Binance RCH may designate one or more Settlement Agents to be authorised to receive or deliver funds or assets on behalf of Clearing Participants.

125. A Settlement Agent must be:
- 125.1 a bank, custodian, central Securities depository or financial institution authorised by the FSRA to hold client money, Digital Assets or Settlement Instruments; or
  - 125.2 where incorporated outside ADGM, is approved for use by Binance RCH by the FSRA.
126. Each Settlement Agent shall operate under a written agreement(s) with Binance RCH and the relevant Clearing Participant, specifying duties, access rights, collateral or guarantee arrangements, service standards, and delivery and receipt obligations.
127. Binance RCH remains responsible to the FSRA, and to Clearing Participants, for the selection of any Settlement Agent.

#### Functions and Responsibilities

128. A Settlement Agent shall:
- 128.1 hold settlement accounts in the name of Binance RCH and/or Clearing Participants, as applicable (including Currencies and Digital Assets);
  - 128.2 receive funds or assets from Clearing Participants, which will be reflected in the Binance Account of the relevant Clearing Participant;
  - 128.3 deliver funds or assets from Binance RCH to Clearing Participants upon settlement instruction or vice versa;
  - 128.4 confirm each receipt and delivery electronically to Binance RCH; and
  - 128.5 provide reconciliation and reporting to Binance RCH at intervals approved by Binance RCH.
129. Settlement Agents must complete all Binance RCH-directed transfers within the applicable settlement schedule and support conditional DvP processing.
130. Settlement Agents must hold sufficient liquidity and credit lines to meet their delivery and receipt obligations, if applicable.
131. Binance RCH shall monitor and manage credit, liquidity and operational risks arising from the use of Settlement Agents on a continuous basis and set quantitative exposure limits (reviewed periodically).

#### Default or Failure of a Settlement Agent

132. If a Settlement Agent fails to perform, or becomes insolvent, Binance RCH may suspend the Settlement Agent.
133. Binance RCH must, by way of Notice, inform all affected Clearing Participants, and the FSRA, immediately.
134. Funds or assets held with the defaulting Settlement Agent shall, to the extent practicable in accordance with instructions from relevant Clearing Participants, and following FSRA approval, be segregated and transferred to an alternate Settlement Agent.

### Reporting and Binance RCH Oversight

135. Settlement Agents shall provide Binance RCH with real-time access to balances and transaction data for reconciliation.
136. Periodic statements and exception reports shall be supplied to Binance RCH and made available to the FSRA on request.
137. Binance RCH shall conduct an annual due diligence review of each Settlement Agent and submit a summary report to the FSRA.

### Termination and Replacement

138. Binance RCH may revoke a Settlement Agent's designation giving no less than 30 Clearing Days' notice.
139. Any replacement Settlement Agent must be approved by the FSRA before operations commence.
140. Binance RCH shall make efforts to procure an orderly transfer of settlement data and balances to any new Settlement Agent without interruption to the Clearing and Settlement Services.

### Transitional Arrangements

141. Binance RCH may phase in new RTS and Delayed Settlement functionalities under its Clearing and Settlement System subject to FSRA approval.
142. Testing and certification of any new functionalities referred to in Rule 141 must be completed by Binance RCH before live operations.

### **Clearing Procedures**

143. Additional provisions in respect of settlement, including the settlement of Transactions, covering the reversal process, the settlement obligations of the Clearing Participant and Binance RCH and the requirements in respect of settlement records are set out in the Clearing Procedures.

## CHAPTER 6 – CLEARING RULES

### Novation and Irrevocability

#### General Futures and Options Clearing Requirements

144. Eligible Derivative Transactions pursuant to Rules 76 - 81 that are submitted by a Clearing Participant or by a Clearing Member on behalf of an Intermediated Clearing Client to Binance RCH, at a time when Binance RCH provides Clearing and Settlement Services in respect of such Derivative Transactions, are registered in the name of the Clearing Participant pursuant to Rules 161 - 163.2.
- 144.1 Upon registration in the Clearing and Settlement System, novation occurs, and as a result:
- (a) the contractual obligations between the Clearing Participants in respect of that Derivative Transaction shall be discharged; and
  - (b) Binance RCH becomes counterparty to the Clearing Participants and becomes, therefore, subject to the rights and obligations arising from the Derivative Transaction registered in the name of such Clearing Participants.
145. By submitting Derivative Transactions complying with the criteria mentioned in Rule 76, a Clearing Participant shall irrevocably be deemed to have accepted the novation.
146. Novation takes place on a gross basis with respect to the original Derivative Transactions.

#### Settlement of Perpetual Futures Contracts

147. Perpetual Futures Contracts have no expiry date and remain open until closed by the Clearing Participant or liquidated (pursuant to Rules 269 - 274).
148. Binance RCH may adjust Funding Rates and Funding Times at any time in accordance with Rules 222 - 226.

#### General Spot Clearing Requirements

149. Eligible Spot Transactions pursuant to Rules 82 that are submitted by a Clearing Participant or by a Clearing Member on behalf of an Intermediated Clearing Client to Binance RCH, at a time when Binance RCH provides Clearing and Settlement Services in respect of such Spot Transactions, are registered in the name of the Clearing Participant pursuant to Rule 161.
- 149.1 Upon registration in the Clearing and Settlement System, novation occurs, and as a result:
- (a) the original contractual obligations between the Clearing Participants in respect of that Spot Transaction shall be discharged; and
  - (b) Binance RCH becomes counterparty to the Clearing Participants and becomes, therefore, subject to the rights and obligations arising from the Spot Transaction registered in the name of such Clearing Participants.
150. By submitting Spot Transactions complying with the criteria mentioned in Rule 82, a Clearing Participant shall irrevocably be deemed to have accepted the novation.

### Scope of Binance RCH's obligations

151. In respect of Spot Transactions, upon registration and as a consequence of Rule 161 Binance RCH undertakes to fulfil its obligation to pay each Clearing Participant the amount of Digital Assets or Currency due to the relevant Clearing Participant, registered in the Account Structure of the relevant Clearing Member.
152. Upon novation of Spot Transactions, the obligations that Binance RCH undertakes to perform as a counterparty to the relevant Clearing Participants cover the creation of a settlement entry in the Internal Ledger, subject to RTS or Delayed Settlement.
153. In respect of Derivative Transactions, upon registration, and as a consequence of Rule 161, Binance RCH undertakes to fulfil its obligation to pay each Clearing Participant on the basis of Positions registered in that Clearing Participant's name.
154. Upon novation of Derivative Transactions, the obligations that Binance RCH undertakes to perform as counterparty to the relevant Clearing Participants cover:
  - 154.1 for Option Contracts:
    - (a) payment of Option Premium from buyers to sellers upon opening of Positions;
    - (b) payment of settlement amounts resulting from Exercise and Assignment; and
    - (c) return of Margin upon closure of Positions or expiry of Contracts.
  - 154.2 for Futures Contracts:
    - (a) payment of settlement amounts upon expiry or early termination of Contracts; and
    - (b) return of Margin upon closure of Positions or expiry of Contracts.
155. The fulfilment of Binance RCH's obligations in respect of Clearing Transactions is conditional upon the:
  - 155.1 timely performance by such Clearing Participant of all its obligations under the Clearing Rules, including, without limitation, where applicable, payment of all required Margin; and
  - 155.2 Clearing Participant not being subject to an Event of Default.
156. For the avoidance of doubt, Binance RCH operates on an Unrealised P&L model. Changes in the value of Positions are reflected in Margin Requirements but do not result in daily cash settlement flows unless and until Positions are closed or Contracts expire.
157. Binance RCH calculates the profit and loss of a Clearing Participant's Positions in Futures based on a proprietary model and Binance RCH has the sole discretion to choose and amend the specifications of such proprietary model to reflect Binance RCH's view of the fair market price of the Futures at the relevant time.

### Clearing Process

158. Binance RCH continuously aggregates Derivative Transactions into Positions on a real-time basis. Margin Requirements are calculated based on such Positions and are updated continuously in accordance with the Clearing Procedures.

159. Details on the information needed by Binance RCH from Binance RIE in order to clear Derivative Transactions, and the format in which that information shall be provided, are described by way of Notice.

#### Clearing Procedures

160. Additional operating provisions may be set out in the Clearing Procedures in respect of the novation and Clearing and Settlement of Derivative Transactions, including settlement in circumstances of bankruptcy or default.

### **Registration**

#### Registration of Clearing Transactions

161. Clearing Transactions eligible for novation pursuant to Rule 76 or 82, as applicable, shall be registered by Binance RCH in the Clearing and Settlement System in the Account Structure of the relevant Clearing Participants.
162. The Clearing and Settlement System monitors the Clearing and Settlement of Clearing Transactions on a real time basis.
163. In respect of Derivative Transactions, Binance RCH:
- 163.1 registers in real time the Contract Legs of all Clearing Participants concerning Derivative Transactions, and the related rights and obligations in an Account Structure, which Binance RCH opens and operates within its books in the name of each Clearing Participant.
  - 163.2 informs each Clearing Participant of the Contract Legs registered in its name.
164. In respect of Spot Transactions, Binance RCH:
- 164.1 settles the transactions in accordance with Rules 100 - 109;
  - 164.2 registers the amount of Digital Assets or Currency belonging to the relevant Clearing Participant, resulting from the Spot Transaction in the Account Structure of the relevant Clearing Participants; and
  - 164.3 informs each Clearing Participant of such amount.

#### Registration of Positions in the Settlement and Clearing System

165. On the basis of the registered Derivative Transactions under Rule 161, Binance RCH calculates a Position for each Clearing Participant, separately for each:
- 165.1 type of Derivative contract;
  - 165.2 Trading Pair within such Derivative contract;
  - 165.3 Position Mode (where applicable); and
  - 165.4 Margin Mode (where applicable, such as Cross-Margin or Isolated Margin).
166. The methodology for calculating Positions and the applicable Margin Modes are set out in the Clearing Procedures.

167. Binance RCH may perform adjustments on Positions to reflect any event occurring in respect of the Underlying Asset determining the value of Derivatives, including without limitation, and in the context of an Underlying Asset being a Virtual Asset:
- 167.1 hard Forks, Airdrops or other distributions relating to the Underlying Asset;
  - 167.2 delisting or permanent trading suspension of the Underlying Asset on major exchanges;
  - 167.3 failure or permanent discontinuation of reference price sources;
  - 167.4 the Underlying Asset ceasing to exist or becoming subject to a consensus change that materially affects its characteristics;
  - 167.5 regulatory actions that materially affect the Underlying Asset; or
  - 167.6 other extraordinary events affecting the Underlying Asset.
168. Any adjustments will be made in accordance with the Clearing Procedures. Binance RCH will issue a Notice advising Clearing Participants of any adjustments as soon as reasonably practicable.

#### **Clearing Participant Account Structure**

169. Binance RCH opens and maintains, in the Clearing and Settlement System, an Account Structure in the name of each Clearing Participant.
170. The Clearing Participant's Account Structure is created by Binance RCH in accordance with the Clearing Participant's instructions pursuant to Rules 169 - 173 and provided it does not adversely affect, or is not likely to adversely affect, the proper functioning of the Clearing and Settlement System.
171. A Clearing Member may request the opening of additional Client Accounts to segregate different categories of Clients, provided that the opening of such additional Client Accounts does not adversely affect, or is not likely to adversely affect, the proper functioning of the Clearing and Settlement System.
172. Within each Account of each Clearing Participant, Binance RCH nets, for the purpose of risk calculation, as described in Chapter 7 (*Risk Management*), the Contract Legs registered in the Account(s) per Derivative.
173. A Clearing Member shall register:
- 173.1 Direct Positions resulting from its own Derivative Transactions in one of its Clearing Member Accounts; and
  - 173.2 Indirect Positions resulting from Derivative Transactions registered for the account of its Clients, as the case may be, in one of its Client Accounts.

#### **Portfolio Compression**

174. Within each Product Account, Binance RCH will net opposing Positions in the same Contract to calculate the Clearing Participant's Position in that contract.

175. Unless otherwise specified in these Clearing Rules, a Clearing Participant may not set-off or net:
- 175.1 Positions in different Derivative contracts against each other;
  - 175.2 obligations in Clearing Member Accounts against obligations in Client Accounts; or
  - 175.3 payment obligations arising from Derivative Transactions against other amounts owed to or from Binance RCH.
176. For the avoidance of doubt, this Rule 176 does not prevent the operation of the close-out netting provisions in Rules 406 - 418 in the event of a default of Binance RCH.

### **Clearing Member Account Structure**

177. For each Clearing Member, Binance RCH shall open at least:
- 177.1 one Clearing Member Account; and
  - 177.2 one Client Account Structure, within which Client Accounts are maintained for each of the Clearing Member's Clients.
178. For the avoidance of doubt:
- 178.1 assets and positions in Clearing Member Accounts are separate from assets and positions in Client Accounts;
  - 178.2 within Client Accounts, each Client's assets and positions recorded separate from those of other Clients (as recorded within the Internal Ledger);
  - 178.3 the Clearing Member remains responsible for maintaining segregation between its own assets and Client assets in accordance with Applicable Law in its jurisdiction; and
  - 178.4 the segregation maintained by Binance RCH is operated independently of, and in addition to, any segregation maintained by the Clearing Member in its own books and records.
179. For each Intermediated Clearing Client, Binance RCH shall open at least one Clearing Member Account.
180. A Clearing Participant is responsible for the accurate registration of each Contract Leg in the relevant Account(s). All Contract Legs registered in the account(s) of a Clearing Participant are deemed to have been posted in the correct Account(s).
181. Where a Clearing Participant identifies a Contract Leg has been posted to an incorrect Account, the Clearing Participant must notify Binance RCH immediately in accordance with Rule 191.

### **Settlement Of Derivative Transactions**

#### Settlement on Closure or Expiry

182. Final settlement of a Derivatives Position (or the relevant portion thereof) occurs when the:
- 182.1 Position is closed by the Clearing Participant;
  - 182.2 Position is liquidated under Rules 269- 285;

- 182.3 Contract expires or is exercised; or
- 182.4 Position is subject to Auto-Deleveraging under Rules 291 - 299.
- 183. Upon final settlement:
  - 183.1 any Unrealised P&L crystallises and is credited to or debited from the Clearing Participant's Account;
  - 183.2 any Margin allocated to the Position (as Maintenance Margin) is released;
  - 183.3 settlement occurs immediately on an RTS basis, or a Delayed Settlement basis, upon the triggering event; and
  - 183.4 the Position is removed from the Clearing Participant's Account.

#### Futures Contracts Settlement

- 184. Futures Contracts are settled on expiry by way of payment of a Currency, Digital Asset or other Settlement Instrument, made in accordance with the applicable Contract Specifications, and paid in accordance with these Rules and the Clearing Procedures.
- 185. For the avoidance of doubt, this Rule 185 relates to final settlement upon Contract expiry. Changes in the value of Positions prior to expiry are reflected in Margin Requirements but do not give rise to settlement payments unless or until the Contract expires or the Position is closed.

#### Option Contracts Settlement

- 186. Option Contracts are settled by way of payment of a Currency, Digital Asset or other Settlement Instrument, calculated in accordance with these Rules and applicable Contract Specifications, and paid in accordance with these Rules and the Clearing Procedures.

#### Exercise and Settlement

- 187. Option Contracts may be Exercised in accordance with the applicable Contract Specifications, which will specify:
  - 187.1 whether Exercise is automatic (for in-the-money Options) or requires a manual instruction;
  - 187.2 the deadline for Exercise instructions; and
  - 187.3 the settlement value calculation methodology.
- 188. Upon Exercise of a buying Position, Binance RCH will assign the corresponding obligation to one or more Clearing Members holding selling Positions in accordance with the assignment methodology specified in the Clearing Procedures.
- 189. Settlement amounts resulting from Exercise and Assignment will be calculated and paid in accordance with the applicable Contract Specifications and Clearing Procedures.

#### **Settlement of Spot Transactions**

- 190. Settlement of Spot Transactions is effected by the creation of a settlement entry in the Internal Ledger, subject to RTS or Delayed Settlement.

## **Operational Management**

### Corrections

191. Corrections to the information submitted when registering a Clearing Transaction may be made where:
- 191.1 incorrect data was submitted to Binance RCH;
  - 191.2 a Contract Leg was posted to an incorrect Account; or
  - 191.3 other Manifest Errors require correction.
192. Corrections may be initiated by:
- 192.1 the affected Clearing Participant, by notification to Binance RCH in accordance with Rule 14; or
  - 192.2 Binance RCH, upon discovering an error.
193. Additional procedures for corrections, including timeframes for requesting corrections and restrictions on corrections, may be set out in the Clearing Procedures.

### Transfer of Positions

194. Transfers of Positions may be carried out in accordance with these Rules 194 - 199 until the expiry of the relevant Positions.

#### *Types of transfers*

195. Positions may be transferred:
- 195.1 within a Clearing Member's Account Structure, from one Client Account to another, subject to both affected Clients consenting; or
  - 195.2 from one Clearing Participant's Account Structure to another Clearing Participant's Account Structure (subject to both Clearing Participants consenting).

#### *Transfer Conditions*

196. Transfers of Positions are subject to:
- 196.1 explicit consent of all affected parties (including, for the avoidance of doubt, Binance RCH);
  - 196.2 the receiving Clearing Participant or Account having adequate Margin to support the transferred Positions;
  - 196.3 the transfer not being used to evade Margin Requirements or other risk management measures; and
  - 196.4 any additional conditions considered necessary by Binance RCH (as may be further specified in the Clearing Procedures).

#### *Transfer Process*

197. Transfers are performed by Binance RCH upon an explicit request submitted by a Clearing Participant.
198. Upon completion of a transfer, the relevant Positions and associated Margin are moved to the receiving Account.
199. The Transfer of Positions does not affect the segregation requirements set out in Rules 177 and 178.

## CHAPTER 7 - RISK MANAGEMENT

### Margin

#### General Provisions – Margin Requirements

200. In relation to Margin Requirements:
- 200.1 Binance RCH will require Clearing Participants to provide Margin;
  - 200.2 The value of any Margin shall be as determined by Binance RCH in its sole and absolute discretion;
  - 200.3 Margin Requirements include Initial Margin and Maintenance Margin;
  - 200.4 Margin Requirements are determined by Binance RCH in its sole discretion and may be adjusted at any time by way of Notice;
  - 200.5 Initial Margin requirements are calculated by Binance RCH using a risk-based model, approved by the FSRA. Initial Margin must be sufficient to cover at least the minimum confidence interval, liquidation period, and contract-specific risk factors in accordance with Binance RCH's.
  - 200.6 In relation to Maintenance Margin, if the value of the Margin held by Binance RCH falls below the required threshold due to market movements or re-valuation, Binance RCH may issue a Margin Call, under Rules 209 - 214, requiring the Clearing Participant to restore the Margin Balance to comply with the applicable Margin Requirements.

For more detail on Margin Requirement calculations, note the methodologies set out in the Clearing Procedures.

#### Acceptable Forms of Margin

- 201. Binance RCH determines in its sole discretion which Digital Assets or Currencies are acceptable as Margin.
- 202. The list of acceptable Margin assets and any applicable haircuts or discounts, as well as any amendments to such, are published by way of Notice.
- 203. Binance RCH may apply haircuts to the value of Margin assets to reflect market, credit, or liquidity risks.

#### Provision of Margin

- 204. Clearing Participants must ensure that sufficient Margin is maintained in their Account at all times to satisfy applicable Margin Requirements.
- 205. Margin must be provided by:
  - 205.1 depositing acceptable Digital Assets or Currencies to the Account; or
  - 205.2 such other methods as Binance RCH may permit from time to time, as set out by Notice.
- 206. Binance RCH may reject or refuse to accept any assets as Margin, in its sole discretion.

### Margin Balance

207. Information relating to Margin Balance is made available through the Binance Platform, as set out in the Clearing Procedures.
208. In determining the Margin Balance for any Account, Binance RCH will not take into consideration Margin (or any other assets) held in respect of any other Account.

### Margin Calls

209. Binance RCH may, but is not obliged to, issue Margin Call notifications or reminders when a Clearing Participant's Margin Balance approaches or falls below Maintenance Margin requirements.
210. Margin Calls can be made by Notice, email, internal message, or through the Binance Platform.
211. Margin Calls:
  - 211.1 may not be binding and are therefore provided as a courtesy and risk warning only;
  - 211.2 do not create any obligation on Binance RCH to make further Margin Calls;
  - 211.3 may not be received in time due to market conditions, system latency, or technical factors; and
  - 211.4 do not relieve Clearing Participant's of the responsibility to monitor their Margin Balance and Positions continuously.
212. Binance RCH is under no duty or obligation to issue Margin Calls.
213. Given Rule 211.1, failure to receive a Margin Call does not excuse a Clearing Participant from the obligation to comply with its Margin Requirements.
214. If a Clearing Participant fails to comply with its Margin Requirements, Binance RCH may take any action it deems appropriate, including liquidation under Rule 269.

### Margin Modes

215. Binance RCH may restrict the availability of Margin Modes for certain products, Contract types, or Clearing Participants at its discretion.
216. Clearing Participants may select the preferred Margin Mode made available by Binance RCH through the Binance Platform.
217. If Clearing Participants have a number of different Product Accounts, each Product Account shall be treated entirely independently from any other Product Account for the purposes of determining Margin Requirements. Accordingly, Cross Margin Mode will not allow different Product Accounts to benefit from a shared pool of Margin and each Product Account will have its own independent Margin Requirements.

### Alternative Margin Modes

218. Binance RCH may establish and operate one or more Alternative Margin Modes for eligible Clearing Participants.

219. Participation in an Alternative Margin Mode is by explicit opt-in at Binance Account or Product Account level within a Clearing Participant's Account structure, recorded by Binance RCH in its systems. For Intermediated Clearing Clients and Indirect Clearing Clients, the opt-in must be instructed via the Clearing Member and reflected in the Client Account records.
220. Under an Alternative Margin Mode, Binance RCH may:
- 220.1 aggregate Positions and collateral across the relevant Nominated Accounts of the same Clearing Participant; and
  - 220.2 apply set-off, valuation haircuts, risk adjustments and issue Margin Calls on a portfolio basis, in each case only within the Nominated Accounts.
221. The commercial and technical particulars of any Alternative Margin Mode shall be documented in written terms agreed with the Clearing Participant as Product Terms, for the purposes of these Rules. Such terms will provide for the identification of the Nominated Accounts to which the Alternative Margin Mode applies.

#### Funding Fees

222. At each Funding Time, Funding Fees are calculated and settled between Clearing Participants holding opposing Positions.
223. Funding Fees are:
- 223.1 calculated based on the Funding Rate and the notional value of Positions;
  - 223.2 credited to, or debited from, Clearing Participant Accounts automatically;
  - 223.3 settled immediately at the Funding Time; and
  - 223.4 final and irrevocable subject to Rule 115.
224. Funding Fees apply only to Positions open at the relevant Funding Time.
225. If a Position is closed before a Funding Time, no Funding Fee is payable or receivable in respect of that Funding Time.
226. Actual Funding Times may deviate by up to 60 seconds from the specified Funding Time.

#### Continuous Position Management

227. For a Position in respect of Derivative Transactions:
- 227.1 Unrealised P&L is continuously marked-to-market in real-time;
  - 227.2 variation in value is immediately reflected in the Clearing Participant's Margin Balance;
  - 227.3 no separate Maintenance Margin transfers are required; and
  - 227.4 settlement of Unrealised P&L occurs continuously through the adjustment of the Margin Balance.
228. This continuous settlement mechanism achieves the economic equivalent of frequent (intraday) Maintenance Margin while maintaining operational efficiency.

### Use and Treatment of Margin

229. Margin is held and used by Binance RCH to secure the performance of the Clearing Participant's obligations in relation to Derivative Transactions under these Clearing Rules, and for such other purposes as ADGM Rules may permit or stipulate.
230. Subject to Binance RCH's rights under these Clearing Rules (including the rights in the context of a liquidation under Rule 269 or the rights on the occurrence of an Event of Default under Rule 300), Binance RCH will not:
- 230.1 sell, transfer, loan, hypothecate, rehypothecate, or pledge any Margin allocated to a Clearing Participant's Account, unless such action has been:
- (a) instructed by the Clearing Participant in writing (including under applicable Product Terms), in compliance with these Clearing Rules;
  - (b) compelled under ADGM Rules or by the ADGM Court;
  - (c) instructed by the FSRA or a Regulatory Authority of Binance RCH; or
  - (d) otherwise allowed under the Clearing Rules.

### No Interest / Liability

231. Binance RCH does not pay interest on Margin held in Clearing Participant Accounts.
232. Binance RCH has no liability for fluctuations in the fiat currency-equivalent value or market value of Margin.

### No Obligation to Return Identical Assets

233. Binance RCH is not required to return to the Clearing Participant the identical assets delivered as Margin.
234. Any obligation on Binance RCH to return Margin is satisfied by delivering assets:
- 234.1 of substantially the same kind and amount as the Margin originally delivered; and
- 234.2 subject to adjustments for quantity and quality variations, at the market price prevailing at the time of delivery.
235. Binance RCH does not act as a fiduciary to the Clearing Participant in respect of Margin or otherwise.

### Transfer of Margin

236. Upon specific written instructions provided by a Clearing Participant, Binance RCH may (but is not obligated to) transfer all or any part of the Margin held by Binance RCH for the Clearing Participant in respect of any Futures Product Account to any other Binance Account, or to utilise such Margin for any purposes as required by the Clearing Participant with respect to any other Services offered by Binance RCH which do not constitute Futures Trading Services.
237. Where Binance RCH transfers (or decides not to transfer) all or any part of the Margin under Rule 236 above, Binance RCH will do so in compliance with these Clearing Rules.

### Segregation and Commingling

- 238. Margin and other Virtual Assets held by Binance RCH on behalf of Clearing Participants are segregated from Binance RCH's own assets by way of separate ledger accounting entries within the Internal Ledger (pursuant to Rules
- 239. 84 - 87).
- 240. Client Margin is segregated in accordance with Rule 86.
- 241. All Margin is held subject to:
  - 241.1 Binance RCH's rights under these Clearing Rules;
  - 241.2 Binance RCH's general rights under ADGM Rules;
  - 241.3 Clearing Participant's rights under these Clearing Rules; and
  - 241.4 as otherwise set out in the TOU, in support of the Clearing Rules.

### Clearing Participant Responsibilities

- 242. Each Clearing Participant is solely responsible for:
  - 242.1 monitoring its Margin Balance, Margin Requirements, and Liquidation Prices continuously, 24 hours a day, 7 days a week;
  - 242.2 ensuring sufficient Margin is maintained at all times;
  - 242.3 understanding the implications of its chosen Margin Mode;
  - 242.4 understanding the risks of leverage and high-volatility markets;
  - 242.5 being available to respond to Margin Requirements at any time;
  - 242.6 maintaining adequate systems and procedures to monitor risk and Margin Requirements; and
  - 242.7 ensuring compliance with any position limits or restrictions.
- 243. No Person other than the Clearing Participant may have any interest in, or security or encumbrance over:
  - 243.1 the Clearing Participant's Account;
  - 243.2 any Digital Assets or Settlement Instruments held in the Clearing Participant's Account; and/or
  - 243.3 any Margin provided by the Clearing Participant,except for:
  - (a) security, encumbrances or title created under these Clearing Rules;
  - (b) security or encumbrances expressly consented to in writing by Clearing Participants and/or Binance RCH; and/or

- (c) security or encumbrances arising by operation of Applicable Law.

#### Margin for Product Accounts

244. Subject to any Alternative Margin Modes, where a Clearing Participant maintains multiple Product Accounts:
- 244.1 each Product Account is treated as a separate Account for Margin purposes;
  - 244.2 Margin Balance is calculated separately for each Product Account;
  - 244.3 Margin in one Product Account may not be applied to satisfy obligations in another Product Account; and
  - 244.4 liquidation of positions in one Product Account does not affect positions in other Product Accounts.
245. Any position limits, leverage restrictions, or other controls apply on an aggregate basis across all Product Accounts unless otherwise specified.

#### Clearing Procedures

246. Additional provisions in respect of the settlement of Margin, including Margin Modes and the process for the adjustment of Margin Requirements, may be set out in the Clearing Procedures.

#### **Default Waterfall**

247. In terms of Binance RCH's Default Waterfall, the following steps will be taken, in order:
- 247.1 Initial Margin (Rule 200);
  - 247.2 Margin Call (Rules 209 - 214);
  - 247.3 Stage 1 Liquidation (Rules 275.1 and 276 - 278);
  - 247.4 Stage 2 Liquidation (Rules 275.2 and 279 - 283), including:
    - (a) the use of the relevant LMA and if insufficient; and
    - (b) the use of the relevant Default Fund and resources,  
(Rules 249 - 256);
  - 247.5 ADL (Rules 291 - 299);
  - 247.6 Recovery Assessment – Binance RCH may carry out an assessment to determine whether any additional funds or assets may be procured or made available to avoid proceeding to cessation pursuant to Rule 247.7; and
  - 247.7 Cessation (Rules 356 - 382).
248. Notwithstanding Rule 247 above, for the last hour of trading in respect of a Futures Contract that is to be delisted, the steps of the Default Waterfall will apply such that Stage 2 Liquidation in Rule 247.4 will not apply, and the Default Waterfall will proceed directly from Stage 1 Liquidation as set out in Rule 247.3 to ADL as set out in Rule 247.5.

## **LMA and Default Fund Structure and Purpose**

249. Binance RCH operates one or more LMAs and an equivalent number of Default Funds to manage Position Losses arising from liquidated Positions and Bankrupt Positions.
250. Each LMA and Default Fund may cover specific Trading Pairs, Contracts, or risk buckets, as determined by Binance RCH.
251. In each LMA for specified Trading Pairs, Derivative Contracts or risk buckets, Binance RCH maintains its own funds at its sole discretion, through which liquidated Positions and Bankrupt Positions are managed and into which funds from the applicable Default Fund will be transferred, as required.
252. Subject to FSRA approval of material changes, Binance RCH may at any time:
  - 252.1 establish new Default Funds;
  - 252.2 merge or subdivide existing Default Funds;
  - 252.3 reallocate coverage of Trading Pairs or Contract types between Default Funds;
  - 252.4 adjust the risk buckets covered by each Default Fund; and
  - 252.5 rebalance assets between Default Funds.
253. For the avoidance of doubt, the Default Fund constitutes proprietary default management related assets of Binance RCH, maintained for its own account (within the Internal Ledger), and operated and applied in accordance with these Clearing Rules and MIR.
254. No Clearing Participant contributions are required, mutualised or called.
255. Funds from the relevant LMA will be used to manage losses from liquidated Positions and Bankrupt Positions. If such funds are insufficient, or if Binance RCH otherwise determines, in its discretion, that additional funds are required in the LMA, funds from the relevant Default Fund may be transferred to the LMA to manage these losses from liquidated Positions and Bankrupt Positions.

## **LMA and Default Fund Application**

256. When Binance RCH assumes a liquidated Position under Rule 275.2, LMA and/or Default Fund resources are available to:
  - 256.1 cover the Position Loss that crystallises on assuming the assumed Position;
  - 256.2 fund the management of the assumed Position; and
  - 256.3 absorb any losses arising from managing the assumed Position.
257. All losses arising from managing assumed Positions, including those set out in Rule 256, are borne by the applicable LMA at Binance RCH's discretion and, then if required or if so determined by Binance RCH, the applicable Default Fund.
258. All liquidation clearance fees collected are available to fund the corresponding LMA.

### Default Fund Sizing

259. Each Default Fund is maintained at a level sufficient to cover expected risk exposure under stressed but plausible scenarios.
260. Default Fund sizing methodology considers:
  - 260.1 historical liquidation data and loss patterns;
  - 260.2 market volatility and correlation parameters;
  - 260.3 Position concentration across trading pairs;
  - 260.4 extreme but plausible stress scenarios; and
  - 260.5 product-specific risk characteristics.
261. Default Fund sizing is assessed in accordance with Binance RCH's risk methodology, and is reviewed at least quarterly or more frequently during periods of market stress (as required under MIR).
262. Subject to FSRA approval of material adjustments, Binance RCH retains full discretion to adjust Default Fund sizing, composition and allocation in response to changes in market conditions, risk profile, product offerings, or operational requirements.

### Default Fund Management

263. Subject to FSRA approval, Binance RCH may at any time and in its sole discretion:
  - 263.1 withdraw funds from any Default Fund, subject to Rule 259;
  - 263.2 transfer funds between Default Funds;
  - 263.3 adjust the composition of assets held within any Default Fund;
  - 263.4 rebalance Default Fund assets; and
  - 263.5 redistribute excess balances above the required Default Fund balance for other purposes.
264. Binance RCH may at any time and in its sole discretion contribute additional funds to:
  - 264.1 any LMA; and
  - 264.2 any Default Fund.
265. Withdrawals and redistributions under Rules 263 - 264 may be made provided such action does not cause the relevant Default Fund balance to fall below the target level determined in accordance with Rules 259 - 262 (unless, for the avoidance of doubt, Binance RCH determines that the target level itself should be adjusted).
266. Binance RCH is not required to provide advance Notice to Clearing Participants of any actions taken under Rule 263.

## Default Fund Governance

267. Binance RCH maintains policies and procedures for the management, governance, stress testing of and reporting in respect of the Default Funds in accordance with its obligations under ADGM Rules.
268. Binance RCH retains full discretion to amend Default Fund policies at any time without Clearing Participant consent or consultation.

## **Default Procedures**

### Liquidation Triggers, Liquidation Events and Clearing Procedures

269. A Clearing Participant's Position will be subject to liquidation when:
- 269.1 the Mark Price of the relevant Derivative reaches the Liquidation Price calculated for that Position; or
  - 269.2 a Margin Breach has occurred.
270. The Mark Price, Liquidation Price and Maintenance Margin requirements operate as follows (with further details on calculation and methodologies set out in the Clearing Procedures):
- 270.1 the Price Index is used for the purposes of calculating the Mark Price;
  - 270.2 the Mark Price is used by Binance RCH as a liquidation trigger and for calculation of Unrealised P&L, Margin Requirements and the valuation of Positions;
  - 270.3 the Price Index and Mark Price shall be determined and issued by Notice by Binance RCH at such intervals as it may determine in its discretion. All reference prices issued by way of Notice shall be rounded to the Tick Size applicable to the relevant Contract, as specified via Notice;
  - 270.4 all calculations and determinations in respect of the Price Index and the Mark Price shall be made by Binance RCH in good faith;
  - 270.5 in the event of Manifest Error, Binance RCH may correct any Price Index or Mark Price by Notice, which includes correcting the relevant value and, if relevant, any resulting adjustment to margin or funding calculations;
  - 270.6 if, in the determination of Binance RCH, any constituent data source for the Price Index is unavailable, materially erroneous, or otherwise not representative, Binance RCH may:
    - (a) exclude such source;
    - (b) re-weight remaining sources; and/or
    - (c) include a substitute source, in each case acting in good faith and in accordance with the Clearing Rules; and
  - 270.7 Contract-level parameters (including, without limitation, Price Index constituents, weights, filters and other calculation parameters) may be amended by Binance RCH from time to time, in accordance with the Clearing Rules. Binance RCH shall, where practicable, issue by way of Notice such amendments prior to the effective time.

271. Liquidation triggers are applied in relation to:
- 271.1 Isolated Margin, separately for each individual Position. Only Margin allocated to that specific Position is at risk, and liquidation of one Position does not affect other Positions held by the Clearing Participant; or
  - 271.2 Cross Margin, across all Positions of the same Contract type held in the Account. All available Margin in the Account may be applied to satisfy Margin Requirements, and liquidation may affect all Positions if the aggregate Margin Balance is insufficient.
272. Binance RCH may adjust Margin Requirements (including Initial Margin and/or Maintenance Margin) at any time and without prior Notice, in accordance with these Clearing Rules and the Clearing Procedures. Such adjustments may:
- 272.1 apply to existing Positions as well as new Positions;
  - 272.2 result in changes to Liquidation Prices; and/or
  - 272.3 be effected immediately in response to market conditions.
273. Liquidations may occur at any time, 24 hours a day, 7 days a week, and without advance notice, reflecting the continuous operation of Clearing and Settlement Services. Following any liquidation, Clearing Participants will receive automated notifications through the Binance Platform and be able to review records of their Positions on Binance RCH via the Binance Platform.
274. Position liquidation under this Rule does not automatically constitute an Event of Default by the Clearing Participant for the purposes of Chapter 6, unless the Clearing Participant also satisfies one or more of the criteria specified in Rule 300.

#### Stages of the Liquidation Process

275. Liquidation under this Rule 275 comprises two stages:
- 275.1 Stage 1 Liquidation IOC Orders: Binance RCH will instruct Binance RIE to place IOC Orders in respect of the affected Positions on behalf of the relevant Clearing Participant on the Global Orderbook to attempt to close or reduce the affected Position (as provided for under Exchange Rule 74.3); and
  - 275.2 Stage 2 Liquidation - Position Assumption: If Stage 1 Liquidation is unsuccessful in fully closing out all affected Positions, Binance RCH assumes any remaining Positions in accordance with Rule 279.

#### Stage 1 Liquidation – IOC Orders

276. Orders placed by Binance RIE on behalf of the relevant Exchange Participant on the instruction of Binance RCH, under Stage 1 Liquidation:
- 276.1 are client Orders placed on behalf of a Clearing Participant that is an Exchange Participant under the Exchange Rules;
  - 276.2 are subject to the Exchange Rules;
  - 276.3 have no guaranteed execution and may be filled partially, wholly, or not at all; and

- 276.4 if unsuccessful or only partially successful, do not prevent Binance RCH from proceeding to Stage 2 Liquidation.
- 277. Binance RCH has absolute discretion:
  - 277.1 whether to attempt Stage 1 Liquidation, or to proceed directly to Stage 2 Liquidation;
  - 277.2 as to the size and type of Orders submitted on behalf of Clearing Participants at Stage 1 Liquidation (provided they comply with the Exchange Rules); and
  - 277.3 to cease Stage 1 Liquidation at any time and proceed to Stage 2 Liquidation.
- 278. Binance RCH will not be liable to any Clearing Participant or any other Person for:
  - 278.1 any decision to submit or not submit Orders at Stage 1 Liquidation;
  - 278.2 the parameters, execution or outcome of any Orders at Stage 1 Liquidation (given these exist within the Exchange Rules, in any event);
  - 278.3 any losses suffered as a result of Stage 1 Liquidation measures or the absence thereof; and/or
  - 278.4 any market impact resulting from Stage 1 Liquidation Orders.

#### Stage 2 Liquidation - Position Assumption

- 279. Where Stage 1 Liquidation under Rules 276 - 278 is unsuccessful, not attempted, or only partially successful, Binance RCH may proceed to Stage 2 Liquidation and assume the affected Position (or the remaining portion thereof).
- 280. Upon assuming a liquidating Position:
  - 280.1 the Clearing Participant's Position is transferred to Binance RCH as described in Rule 281 below;
  - 280.2 Binance RCH assumes all rights and obligations in respect of the Position for its own account;
  - 280.3 the Clearing Participant's obligations in respect of the assumed Position are then extinguished at the point of assumption by Binance RCH (pursuant to Rule 280.2 above); and
  - 280.4 Default Fund resources are available as provided for in Rule 256.
- 281. Assumption of the Position itself under Rules 279 - 281:
  - 281.1 is effected as a direct action within the Clearing and Settlement System by Binance RCH;
  - 281.2 does not involve the Binance RIE order book or matching engine; and
  - 281.3 therefore does not relate to any Order activity.

#### *Stage 2 Liquidation - Valuation and Pricing*

- 282. The Position is assumed by Binance RCH at the Bankruptcy Price.

283. Upon assumption, any Unrealised P&L in respect of the Position crystallises and is applied against the Clearing Participant's Margin Balance.

#### *Liquidation Clearance Fee*

284. Upon assumption of a Position, Binance RCH will charge a liquidation clearance fee in accordance with the fee schedule published by way of Notice.
285. Further details on timing, and other operational parameters for Stage 1 Liquidation may be set out in the Clearing Procedures.

#### Automated Negative Balance Clearance

286. If on completion of liquidation under Rule 283, a Clearing Participant's Account Balance is negative due to one or more Bankrupt Positions, the applicable LMA and subsequently the related Default Fund, or in Binance RCH's Discretion, the applicable Default Fund only, will automatically cover the deficit to the extent the capacity of the applicable LMA and/or the Default Fund is sufficient.
287. Binance RCH has no obligation to cover negative balances that do not meet the eligibility criteria or where the applicable LMA capacity and subsequently the related Default Fund capacity, or at Binance RCH's discretion, the specified Default Fund capacity only, is insufficient.
288. Negative balance clearance arrangements are performed in accordance with the processes and criteria as may be set out in the Clearing Procedures.

#### Bankrupt Positions

289. Where a Bankrupt Position arises, the Position Loss is covered by the applicable LMA and, if required, the applicable Default Fund in accordance with Rule 255 - 257.
290. The assumed Position is held and managed by Binance RCH for its own account, supported by the applicable LMA and, if required, the applicable Default Fund in accordance with Rules 251 - 252.

#### **Auto-Deleveraging (ADL)**

##### ADL Trigger

291. Subject to Rules 249 - 266 and Rules 286 - 288, if Position Losses from assumed Positions exceed the available capacity of the applicable Default Fund, Binance RCH will initiate ADL.

##### Nature of ADL

292. ADL is effected by Binance RCH unilaterally adjusting Positions within the Clearing and Settlement System, without any communication or interaction with Binance RIE. As such, ADL relates to actions taken directly within Binance RCH only, and does not involve Binance RIE or any off-order book transaction.

##### ADL Selection and Priority Ranking

293. When ADL is triggered, Binance RCH will select Positions on the opposite side of the registered Derivative Transaction to the Bankrupt Position to be reduced or closed.

294. The method for the selection of Positions that are not Bankrupt Positions but will be subject to ADL is set out in the Clearing Procedures.

#### ADL Execution

295. When a Clearing Participant's Position is subject to ADL:
- 295.1 the Position is reduced or closed at the Bankruptcy Price of the Bankrupt Position that triggered the ADL; and
  - 295.2 the affected Clearing Participant is, as soon as reasonably practicable, notified in accordance with Rule 12.
296. ADL operates automatically without the requirement for specific consent from the affected Clearing Participant. By maintaining Positions on Binance RCH, each Clearing Participant acknowledges and agrees that its Positions may be subject to ADL in accordance with this Rule 296.

#### Scope of ADL

297. ADL is applied on a Contract-by-Contract basis. A Clearing Participant's Position in one Contract type will not be subject to ADL to cover Position Losses from a different Contract type.
298. ADL operates within the Default Fund structure set out in Rules 249 - 266. Each Default Fund's coverage and available capacity determines which Positions may be subject to ADL.
299. Binance RCH will not be liable to any Clearing Participant for:
- 299.1 any decision to trigger or not to trigger ADL;
  - 299.2 the selection of Positions for ADL in accordance with the priority ranking;
  - 299.3 the timing of ADL execution;
  - 299.4 any losses or opportunity costs suffered as a result of ADL; or
  - 299.5 any market movements following ADL.

### **Member Defaults**

#### Events of Default

300. For the purposes of these Rules, an Event of Default means the occurrence, or reasonable belief by Binance RCH of the likely occurrence, of any of the following in relation to a Clearing Participant:
- 300.1 it fails at any time to duly comply with any of its material obligations under the Clearing Rules, the TOU, or any other relevant agreement with Binance RCH or any Binance Affiliate, and (where capable of remedy) fails to remedy such breach within any cure period specified by Binance RCH or such Binance Affiliate;
  - 300.2 it is likely to become unable to meet any of its obligations under the Clearing Rules;
  - 300.3 it is subject to an Insolvency Event of Default;

- 300.4 it convenes a meeting of its creditors or proposes or makes any compromise or arrangement with, or any assignment for the benefit of, its creditors;
- 300.5 it is an individual and becomes deceased;
- 300.6 it fails to make any payment or delivery when due under these Clearing Rules;
- 300.7 it provides any representation, warranty, certification, agreement or undertaking to Binance RCH that is or proves to have been untrue, incorrect, incomplete or misleading in any material respect when made or given and it fails to inform Binance RCH or the relevant Binance Affiliate of the true position as soon as reasonably practicable;
- 300.8 it fails to provide any information or documentation reasonably requested by Binance RCH for the purposes of KYC, AML, sanctions screening, credit assessment, or other regulatory or risk management purposes within the time specified;
- 300.9 it fails to satisfy any KYC, AML or sanctions screening requirements to the satisfaction of Binance RCH;
- 300.10 it becomes subject to any regulatory investigation, enforcement action, disciplinary proceeding or action to enforce any security interest against it, that, in the reasonable opinion of Binance RCH, materially affects or is likely to affect the Clearing Participant's ability to perform its obligations under these Clearing Rules;
- 300.11 it has its authorisation, license, registration or permission to carry on any regulated activity suspended, withdrawn, revoked or made subject to material restrictions by any Regulatory Authority of the Clearing Participant;
- 300.12 it engages, or is reasonably suspected by Binance RCH of engaging, or a credible allegation has been made against it (whether by Binance RCH or a third party) of engaging, in fraud, misconduct, embezzlement, insider trading, market manipulation, market abuse, money laundering, terrorist financing, sanctions violations, or any other serious misconduct, breach of regulation, illegal activity or impropriety;
- 300.13 it uses or is reasonably suspected by Binance RCH of using the Binance Services with improper intent, which Binance RCH determines, acting in good faith and in a commercially reasonable manner, could reasonably result in reputational harm to Binance RCH, compromise the integrity of the markets maintained by Binance and/or result in losses being sustained by other Clearing Participants;
- 300.14 it takes any action, or any event occurs, which in the reasonable opinion of Binance RCH gives rise to material concerns about the Clearing Participant's creditworthiness, financial condition, verification of its identity or ability to perform its obligations;
- 300.15 it fails to respond to communications from Binance RCH within any reasonable time period specified, where such failure materially impacts Binance RCH's ability to manage risk or perform its obligations;
- 300.16 it has acted in a manner that Binance RCH determines in its sole and absolute discretion to be abusive to any representative of Binance Clearing Company or Binance RCH; or
- 300.17 any guarantor or credit support provider of the Clearing Participant defaults on its obligations or becomes subject to any event that would constitute an Event of Default if it were the Clearing Participant.

For the avoidance of doubt, a Margin Breach alone will not constitute an Event of Default.

301. Position-level liquidations under this Chapter do not automatically constitute an Event of Default, unless:
  - 301.1 the Clearing Participant also satisfies one or more of the criteria specified in Rule 300; or
  - 301.2 repeated liquidations or other factors indicate material concerns about the Clearing Participant's risk management, creditworthiness or suitability to remain a Clearing Participant, as determined by Binance RCH in its sole discretion.
302. Binance RCH may in its sole discretion determine that an Event of Default has occurred and such determination shall (absent Manifest Error) be final and binding on the Clearing Participant.
303. Upon an Event of Default in Rule 300 or 301 occurring, and being determined by Binance RCH as such under Rule 302, the affected Clearing Participant becomes a Defaulting Clearing Participant. If Binance RCH determines that a Clearing Participant has become a Defaulting Clearing Participant, it will issue a Notice to such Clearing Participant.
304. Without prejudice to any rights of Binance RCH or any Binance Affiliate under any other agreement, including but not limited to the TOU, upon an Event of Default, Binance RCH may, without prior notice and in its sole discretion, take any or all of the following actions:
  - 304.1 Restrict, Suspend or Terminate the Clearing Participant's access to the Clearing and Settlement Services, either temporarily or permanently, in whole or in part (as provided under Rule 58);
  - 304.2 Restrict the Clearing Participant's activities (as provided under Rule 59.1), including (without limitation):
    - (a) prohibiting the opening of new Positions while permitting the close-out of existing Positions;
    - (b) restricting the size or type of Positions that may be opened;
    - (c) requiring additional Margin or types of Collateral;
    - (d) imposing position limits;
    - (e) requiring all Positions to be maintained within Isolated Margin; or
    - (f) delay or not settle Clearing Transactions registered for Clearing and Settlement (as provided under Rule 112 or 113);
  - 304.3 close out, liquidate or transfer all or any of the Clearing Participant's Positions;
  - 304.4 accelerate all obligations owed by the Clearing Participant so that they become immediately due and payable;
  - 304.5 realise, sell, transfer or otherwise dispose of any Margin or other assets held by or on behalf of Binance RCH in relation to the Clearing Participant at a price which Binance RCH deems appropriate in the circumstances;

- 304.6 apply the proceeds of any such realisation, sale or disposal against any amounts owed by the Clearing Participant to Binance RCH;
  - 304.7 exercise any rights of set-off in accordance with Rules 316 - 318;
  - 304.8 demand any shortfall after the application of Rules 304.3, 304.4 and 304.7 above from the Clearing Participant, or hold any excess pending full settlement of any other of the Clearing Participant's obligations, or pay any excess to the Clearing Participant by way of any methods deemed appropriate by Binance;
  - 304.9 restrict the Clearing Participant's ability to withdraw any Digital Assets from any Binance Account;
  - 304.10 terminate the TOU and any other agreements between Binance RCH and the Clearing Participant;
  - 304.11 prohibit the Clearing Participant from opening any new Accounts or Product Accounts; and/or
  - 304.12 take any other action which Binance RCH reasonably considers necessary or desirable to protect its interests or the interests of other Clearing Participants.
305. Without prejudice to Rule 304, in the event that Binance RCH determines that a Clearing Participant is subject to an Event of Default under Rule 300, Binance RCH reserves the right (without liability to the Clearing Participant or any third party) to unwind or reverse any Clearing Transactions in accordance with Rule 115, freeze any or all amounts allocated to the Clearing Participant's Product Account, and/or deduct any amounts allocated to the Clearing Participant's Product Account that relate to or arise out of any Clearing Transactions entered into by the Clearing Participant in connection with any of the circumstances referred to in Rule 300.

#### Ongoing Obligations of Defaulting Clearing Participant

306. Notwithstanding the occurrence of an Event of Default, a Defaulting Clearing Participant remains obligated to:
- 306.1 comply with all information requests from Binance RCH;
  - 306.2 provide reasonable cooperation and assistance to Binance RCH in managing the default;
  - 306.3 maintain the accuracy and completeness of all information previously provided;
  - 306.4 comply with all Applicable Laws; and
  - 306.5 refrain from taking any action that would prejudice Binance RCH's rights or ability to manage the default.
307. The Defaulting Clearing Participant must immediately notify Binance RCH of any:
- 307.1 material change in its financial condition;
  - 307.2 additional regulatory actions or investigations;
  - 307.3 actual or threatened legal proceedings; and

- 307.4 other matters that may affect the resolution of the default.
308. Failure to comply with the obligations in Rules 306 - 307 may result in additional actions by Binance RCH and may be taken into account in any determination of amounts owed.

#### Confidential Information and Data

309. Upon an Event of Default, Binance RCH may:
- 309.1 suspend the Defaulting Clearing Participant's access to the Clearing and Settlement Systems, any proprietary systems, data, or information;
  - 309.2 preserve and retain all data, communications and records relating to the Defaulting Clearing Participant; and
  - 309.3 disclose information relating to the default to the FSRA, a Regulatory Authority of Binance RCH, legal advisers, auditors, and other professional advisers, as reasonably necessary.
310. The Defaulting Clearing Participant's confidentiality obligations under these Clearing Rules continue notwithstanding the default.
311. Any personal data held by Binance RCH in relation to the Defaulting Clearing Participant will continue to be processed in accordance with ADGM Rules, the Data Protection Regulations and Binance RCH's privacy policies.

#### Calculation of Close-Out Amount

312. Following close-out of all Positions, Binance RCH will calculate a single net close-out amount taking into account:
- 312.1 all proceeds received from closing out Positions;
  - 312.2 all settlement obligations arising from closed Positions;
  - 312.3 return of Margin and other assets held (subject to set-off);
  - 312.4 all accrued and unpaid fees, interest, charges and expenses;
  - 312.5 any amounts drawn from the Default Funds to cover losses, which shall be recoverable from the Defaulting Clearing Participant as a debt obligation;
  - 312.6 any costs incurred by Binance RCH in managing the default (including legal, professional and operational costs); and
  - 312.7 any other amounts owed by or to the Defaulting Clearing Participant.
313. If the net close-out amount is positive (in favour of the Clearing Participant), Binance RCH will pay such amount to the Clearing Participant, subject to Rule 314.
314. Binance RCH may retain any positive net close-out amount pending full resolution of all claims, contingent obligations, or disputed amounts.
315. If the net close-out amount is negative (owed by the Clearing Participant), such amount shall be immediately due and payable by the Clearing Participant to Binance RCH.

### Set-Off Rights

316. Binance RCH may at any time and without notice set off any amounts owed by the Clearing Participant against any amounts owed to the Clearing Participant, regardless of:
- 316.1 the currency or denomination of the obligations;
  - 316.2 the place of payment;
  - 316.3 whether the obligations are present or future, actual or contingent, liquidated or unliquidated; or
  - 316.4 the Account or Product Account to which the obligations relate.
317. For the purposes of Rule 316, Binance RCH may convert Currencies or Digital Assets at such rates as it reasonably determines.
318. Set-off under Rule 316 is without prejudice to any other rights of set-off available to Binance RCH under ADGM Rules, the TOU or otherwise.

### Clearing Member Default

319. When a Clearing Member which provides Clearing and Settlement Services to Clients becomes a Defaulting Clearing Participant:
- 319.1 Rules 320 - 325 apply to the Clearing Member's Client Accounts;
  - 319.2 Rule 326 applies to the Clearing Member's Client Accounts relating to Intermediated Clearing Clients; and
  - 319.3 Rules 327 - 340 apply to the Clearing Member's Client Accounts relating to Indirect Clearing Clients.
320. For the avoidance of doubt, the general default provisions in respect of Clearing Member Default Events in Rules 300 - 318 apply to the default of the Clearing Member in general and the Clearing Member Account in particular.
321. If an Indirect Clearing Client or an Intermediated Clearing Client becomes a Defaulting Clearing Participant, their Positions are not ported but are closed out as set out at Rules 300 - 318 above.
322. When a Clearing Member becomes a Defaulting Clearing Participant, Binance RCH will immediately, in addition to the general procedure set out in the general default provisions in Rules 300 - 318:
- 322.1 prohibit the registration of Clearing Transactions for Clearing and Settlement by or through the Clearing Member;
  - 322.2 notify the FSRA and/or the relevant Regulatory Authority of the Clearing Participant of the default;
  - 322.3 notify all Clients whose Positions are cleared through the Clearing Member of the default and the actions being taken; and
  - 322.4 notify Binance RIE of the default.

### Client Account Protections

323. Client Positions and Margins benefit from segregation in accordance with Rules 169 - 181.
324. Client Margin may not be applied to satisfy:
- (a) Clearing Member Account obligations;
  - (b) obligations of other Clients (except where permitted under ADGM Rules); or
  - (c) general liabilities of a Clearing Member,
- except to the extent expressly permitted under these Clearing Rules, the TOU and ADGM Rules.
- 324.2 In managing a Clearing Member default, Binance RCH will maintain the segregation of Client Assets to the extent reasonably practicable and consistent with the orderly resolution of the default.

### Information and Communication

- 324.3 Binance RCH will, where relevant, provide updates to affected Clients on:
- (a) the progress of porting efforts;
  - (b) the status of their Positions;
  - (c) the calculation of amounts owed; and
  - (d) expected timelines for resolution,
- as soon as reasonably practicable in the circumstances.
- 324.4 Communication with Clients may be provided through Notice, as effected through the Binance Platform, email, or any such other means as Binance RCH determines appropriate.
- 324.5 Binance RCH is not required to provide individualised advice to Clients regarding their options or decisions in relation to porting or close-out.

### Cooperation of the Defaulting Clearing Member

325. The Defaulting Clearing Member must:
- 325.1 provide all reasonable assistance to facilitate porting of Client Positions, including:
- (a) providing accurate and complete records of Client Positions and Margin;
  - (b) cooperating with alternative Clearing Members; and
  - (c) not interfering with or obstructing the porting process;
- 325.2 not communicate with Clients in any manner that:
- (a) contradicts or undermines communications from Binance RCH;
  - (b) discourages Clients from cooperating with porting efforts; or

(c) is otherwise detrimental to the orderly resolution of the default; and

325.3 comply with all obligations set out in Rules 306 - 307.

#### Intermediated Clearing Client Porting

#### 326. Intermediated Clearing Client Porting

326.1 Binance RCH's first priority is to port or reallocate the Client Accounts of Intermediated Clearing Clients to one or more alternative Clearing Members.

326.2 Binance RCH will use reasonable endeavours to port the Client Accounts of Intermediate Clearing Clients within 24 hours of the default occurring.

326.3 Client Accounts of Intermediated Clearing Clients may be ported where:

- (a) one or more alternative Clearing Member(s) have capacity and are willing (1) to facilitate access of the relevant Intermediated Clearing Client to the Clearing and Settlement Services, and (2) to have the Client Account of the relevant Intermediated Clearing Client recorded within their Client Account Structure;
- (b) the relevant Intermediated Clearing Client consents to the transfer to the identified alternative Clearing Member(s);
- (c) the alternative Clearing Member(s) satisfy any applicable eligibility and risk management criteria; and
- (d) porting can be effected in an orderly manner without material market and/or Clearing and Settlement disruption.

326.4 For the avoidance of doubt, the porting process in respect of Intermediated Clearing Clients does not involve any porting of Positions, but the transfer of the intermediation relationship and the reallocation of the Client Account of the Intermediated Clearing Client to the Account Structure of the receiving Clearing Member.

326.5 In the event any Client Account of an Intermediated Clearing Client cannot be ported for any reason, Binance RCH will terminate such Intermediated Clearing Client's admission and/or access to Binance RCH in accordance with Rule 58.

326.6 Intermediated Clearing Client consent:

- (a) Binance RCH will seek Intermediated Clearing Client consent to porting through the most practicable means available, which may include Notice, including as effected via the Binance Platform, email, or other electronic means.
- (b) Intermediated Clearing Clients may be required to execute such documentation as the receiving Clearing Member reasonably requires.
- (c) Binance RCH may establish a reasonable deadline for Intermediated Clearing Clients to provide consent, having regard to the need for timely resolution.

- 326.7 Binance RCH may in its sole discretion port the Client Accounts of some Intermediated Clearing Client Positions while closing the Client Accounts of others, having regard to:
- (a) the capacity and willingness of alternative Clearing Members;
  - (b) Intermediated Clearing Client consent;
  - (c) the size and complexity of the Client Accounts;
  - (d) market and/or Clearing and Settlement conditions; and
  - (e) the interests of all Intermediated Clearing Clients generally.

#### Indirect Clearing Client Porting

327. Binance RCH's first priority is to port Indirect Clearing Client Positions to one or more alternative Clearing Members.
328. Binance RCH will use reasonable endeavours to port Indirect Clearing Client Positions within 24 hours of the default occurring.
329. Indirect Clearing Client Positions may be ported where:
- 329.1 one or more alternative Clearing Members have capacity and are willing to accept the Positions;
  - 329.2 the relevant Indirect Clearing Clients consent to the transfer to the identified alternative Clearing Member(s);
  - 329.3 the alternative Clearing Member(s) satisfy any applicable eligibility and risk management criteria; and
  - 329.4 porting can be effected in an orderly manner without material market and/or Clearing and Settlement disruption.
330. Indirect Clearing Client Positions are ported together with their associated Client Margin, subject to:
- 330.1 deduction of any amounts owed to Binance RCH; and
  - 330.2 any adjustments required to reflect the Margin Requirements of the receiving Clearing Member (if any).
331. Indirect Clearing Client Consent:
- 331.1 Binance RCH will seek Indirect Clearing Client consent to porting through the most practicable means available, which may include Notice, notification via the Binance Platform, email, or other electronic means.
  - 331.2 Indirect Clearing Clients may be required to execute such documentation as the receiving Clearing Member reasonably requires.
  - 331.3 Binance RCH may establish a reasonable deadline for Indirect Clearing Clients to provide consent, having regard to the need for timely resolution.

332. Binance RCH may in its sole discretion port some Indirect Clearing Client Positions while closing out others, having regard to:
- 332.1 the capacity and willingness of alternative Clearing Members;
  - 332.2 Indirect Clearing Client consent;
  - 332.3 the size and complexity of Positions;
  - 332.4 market and/or Clearing and Settlement conditions; and/or
  - 332.5 the interests of all Indirect Clearing Clients generally.

#### Indirect Clearing Client Position Close-Out

333. Where Indirect Clearing Client Positions cannot be ported within the 24-hour porting window (or such extended period as Binance RCH determines appropriate), such Positions will be closed out.
334. Close-out will be effected in accordance with the methodology set out in Rule 312.
335. Binance RCH will take into account the interests of affected Indirect Clearing Clients when determining the manner and timing of close-out, but is not required to achieve the best possible price and will not be liable for any losses resulting from close-out.
336. Following close-out, Client Margin (less any amounts owed to Binance RCH and any costs of close-out) will be returned to the relevant Indirect Clearing Clients in accordance with Rule 340.

#### Calculation and Payment

337. Separate net close-out amounts (or porting settlements) will be calculated for:
- 337.1 the Clearing Member Account; and
  - 337.2 each Client Account, as appropriate.
338. No netting is permitted between Clearing Member Account amounts and Client Account amounts.
339. Client Account amounts will be calculated and paid to the Client (or ported to a replacement Clearing Member) on an Indirect Clearing Client-by-Indirect Clearing Client basis to the extent reasonably practicable, subject to the segregation model applicable to the Client Accounts.
340. Payments to Indirect Clearing Clients will be made:
- 340.1 as soon as reasonably practicable following completion of close-out or porting;
  - 340.2 subject to resolution of any disputed amounts or contingent liabilities; and
  - 340.3 in accordance with any priority of payments required under ADGM Rules.

## Security Interest

### Grant of Security Interest

341. To secure payment and performance of the Clearing Participant's obligations to Binance RCH, (under these Rules, whether actual, matured or contingent, present or future) (the "**Secured Obligations**"), the Clearing Participant hereby:
- 341.1 grants to Binance RCH, for its benefit, a continuing first-priority security interest in, and lien over:
- (a) all Digital Assets held to the Clearing Participant's credit in its Binance Account or that are recorded or allocated to the Clearing Participant's Binance Account (irrespective of whether they are held in the Clearing Participant's Binance Account) or otherwise identified by Binance RCH as relating to the Clearing Participant's Binance Account or any Clearing Transactions thereunder;
  - (b) all fiat Currency held to the Clearing Participant's credit in its Binance Account or that are recorded or allocated to the Clearing Participant's Binance Account (irrespective of whether they are held in the Clearing Participant's Binance Account) or otherwise identified by Binance RCH as relating to the Clearing Participant's Binance Account or any Clearing Transactions thereunder; and
  - (c) all distributions, income, proceeds, rewards, and products of the foregoing, (collectively, the "**Secured Property**"); and
- 341.2 assigns and agrees to assign, with full title guarantee, the Assigned Rights to Binance RCH absolutely.
342. This security interest and lien:
- 342.1 is granted as general continuing security for all the Secured Obligations;
  - 342.2 secures all obligations irrespective of when they are incurred;
  - 342.3 applies regardless of whether the Secured Property is subject to RTS or Delayed Settlement;
  - 342.4 is in addition to, and not in substitution for, any other security or rights that Binance RCH may now or subsequently hold or be entitled to, and constitutes a distinct and independent security agreement for all purposes;
  - 342.5 shall not be satisfied by any intermediate payment or satisfaction of the whole or any part of the Secured Obligations;
  - 342.6 shall survive the termination of the Binance Account and/or transactions executed on Binance RIE or arranged or executed by Nest Trading Limited and continue until all Secured Obligations are fully and finally discharged; and
  - 342.7 takes effect separately in respect of each type of Digital Asset over which security is granted under Rule 341.1.
343. The Clearing Participant acknowledges and agrees that to the extent it has granted more than one security interest to Binance RCH (whether under these Rules or otherwise and whether or

not Binance RCH is acting as principal, agent or trustee) then Binance RCH will determine the priority between such security interests in its sole and absolute discretion, in compliance with ADGM Rules. Any resulting subordination of a security interest under this provision shall not affect the validity or enforceability of the security interests granted to Binance RCH (whether under these Rules or otherwise and whether or not Binance RCH is acting as principal, agent or trustee), which shall remain in full force and effect.

344. The Clearing Participant acknowledges and agrees to waive any right it may have to require Binance RCH (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any Person before claiming from the Clearing Participant under these Rules. This waiver applies irrespective of any law or provision under these Rules, the Product Terms or Contract Specifications to the contrary. The Clearing Participant's obligations under this Rule 344 shall not be affected by any act, omission or circumstance which, but for this provision, might operate to release or otherwise exonerate the Clearing Participant from its obligations under these Rules or affect such obligations including (but without limitation) and whether or not known to the Clearing Participant or Binance RCH:
- 344.1 the variation, extension, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any of these Rules or any rights or remedies against, or any security granted by, the Clearing Participant or any other Person;
  - 344.2 any irregularity, invalidity or unenforceability of the Clearing Participant's obligations under these Rules or any present or future law or order of any government or authority (whether of right or in fact) purporting to reduce or otherwise affect any such obligations to the intent that the Clearing Participant's obligations under these Rules shall remain in full force and this security interest shall be construed accordingly as if there were no such irregularity, unenforceability, invalidity, law or order; or
  - 344.3 any legal limitation, disability, incapacity, death or other circumstance relating to the Clearing Participant or any other Person or any amendment to or variation of these Rules or any other document or security.

#### Enforcement of Security Interest

345. If at any time a Relevant Event with respect to a Clearing Participant has occurred and is continuing, then, unless the Clearing Participant has paid in full all of its obligations that are then due under these Rules, Binance RCH may in its sole and absolute discretion and, without Notice to the Clearing Participant, immediately or at any subsequent time:
- 345.1 institute such actions, steps or proceedings as it may think fit to enforce the assignment of the Assigned Rights and/or security interest and lien over the Secured Property for the repayment of some or all of the Secured Obligations including, without limitation, to appropriate or sell some or all of the Secured Property in the manner and on the terms and price it deems appropriate in the circumstances (including whether for cash or non-cash consideration) in such order as Binance RCH sees fit and/or take any action in relation to the Assigned Rights and apply any amounts received in connection with the Assigned Rights;
  - 345.2 debit any Currency or Digital Asset balance from any of the Clearing Participant's Binance Accounts, and may make any conversions or effect any transactions in Currencies or Digital Assets which it thinks fit, and to do so at such times and rates as it thinks proper; and/or
  - 345.3 effect any transfers between, or entries on, any of the Clearing Participant's Binance Accounts as it thinks proper.

In the event that the enforcement of the security interest is insufficient to cover the repayment of the Secured Obligations, the Clearing Participant will remain legally responsible for any such shortfall.

346. The Clearing Participant hereby, by way of security and solely for the purpose of more fully securing the performance of the Secured Obligations, irrevocably appoints Binance RCH as its attorney on its behalf and in its name to do all acts, and execute all documents which the Clearing Participant could itself execute, in relation to any of the Secured Property or in connection with any of the matters provided for in these Rules, including (but without limitation) to:
- 346.1 execute any transfer, bill of sale or other assurance in respect of the Clearing Participant's Digital Assets, Currency or other assets;
  - 346.2 exercise all the rights and powers of the Clearing Participant in respect of the Secured Property;
  - 346.3 ask, require, demand, receive, compound and give a good discharge for any and all Currency, Digital Assets or other assets or specific performance due and to become due under or arising out of any of the Secured Property;
  - 346.4 endorse any cheques or other instruments or orders in connection with any of the Secured Property; and
  - 346.5 make any claims or to take any action or to institute any proceedings which Binance RCH considers to be necessary or advisable to protect or enforce the security interest and lien created by these Rules 341 - 345.
347. No purchaser or other person dealing with Binance RCH or with its attorney or agent shall be concerned to enquire:
- 347.1 whether any power exercised or purported to be exercised by Binance RCH has become exercisable;
  - 347.2 whether any Secured Obligation remains due;
  - 347.3 as to the propriety or regularity of any of the actions of Binance RCH; or
  - 347.4 as to the application of any money paid or any other consideration provided to Binance RCH.

In the absence of bad faith on the part of such purchaser or other person, such dealings shall be deemed, so far as regards the safety and protection of such purchaser or other person, to be within the powers conferred by this Rule 347 and to be valid accordingly. The Clearing Participant's remedy in respect of any impropriety or irregularity whatsoever in the exercise of such powers shall be in damages only.

#### Effective Payment Netting

348. If, on any date, amounts (of the same currency or type) would otherwise be payable or deliverable by the Clearing Participant to Binance RCH and by Binance RCH to the Clearing Participant then at the election of Binance RCH, each such obligation to make payment or delivery will be automatically satisfied and discharged by the payment or delivery of the net amount, as determined by Binance RCH in its sole and absolute discretion.

#### Subordination to Client Protections

349. These Rules 341 - 348 shall be subordinate to any rules applicable to Client Money or segregation of Client Assets under the ADGM Rules. When any provisions thereof are in conflict with the provisions of these Rules, the provisions of the ADGM Rules are paramount and shall prevail.

#### Clearing Participant Covenants

350. The Clearing Participant shall at its own cost and at Binance RCH's request, execute and do all such deeds, acts and things (including without limitation, the performance of such further acts or the execution and delivery of any additional instruments or documents) as Binance RCH may require from time to time for the purposes of these Rules, including but not limited to perfecting Binance RCH's rights under this security interest and lien.

#### Costs and Expenses

351. All reasonable costs and expenses incurred by Binance RCH in connection with the enforcement of the security interest and lien under these Rules will be payable, on demand, by the Clearing Participant.

#### Collateral Arrangements

352. Binance RCH and the Clearing Participant intend for the provisions of Rules 341 - 351 above to take effect as a collateral arrangement (as defined in the Insolvency Regulations 2022).

#### **Set Off**

##### Cross-Entity Set-Off

353. Binance RCH may set-off any amounts owed by Binance RCH or any of the ADGM Binance Entities to the Clearing Participant against any amounts payable or deliverable by the Clearing Participant to Binance RCH (whether or not arising under these Rules, ADGM Rules or otherwise, matured or contingent and irrespective of the currency or type of asset, place of payment or delivery, or place of booking of the obligation).
354. If the amounts are in different currencies or asset types, Binance RCH may convert either amount into the currency or type of asset in which the other is denominated at the rate of exchange at which Binance RCH would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency or asset. If any obligation is unascertained, Binance RCH may in good faith estimate that obligation and set-off in respect of the estimate.
355. These Rules will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which Binance RCH is at any time either entitled or subject (whether by operation of law, contract or otherwise).

## CHAPTER 8 – SUSPENSION AND CESSATION OF CLEARING AND SETTLEMENT SERVICES

### Cessation of Clearing and Settlement Services in Exceptional Circumstances

#### Withdrawal Events and Notice

356. In the event of exceptional circumstances (other than sudden exceptional circumstances covered by Rule 357) which significantly impair the ability of Binance RCH to continue to operate the Clearing and Settlement System and/or to provide Clearing and Settlement Services and manage the risks associated therewith in a viable and timely manner, Binance RCH may decide to cease providing Clearing and Settlement Services in respect of:
- 356.1 specific categories of Spot Transactions;
  - 356.2 specific categories of Derivatives;
  - 356.3 Derivatives referencing specific Underlying Assets; or
  - 356.4 Derivatives registered for Clearing and Settlement in relation to a specific Recognised Investment Exchange or Remote Investment Exchange,
- each, a "**Discontinued Clearing and Settlement Service**".
357. Exceptional circumstances may include, without limitation:
- 357.1 material changes to ADGM Rules or Applicable Law, making certain Clearing and Settlement Services unviable or prohibited;
  - 357.2 permanent loss of access to critical infrastructure or reference data necessary for clearing;
  - 357.3 sustained inability to manage risks associated with specific products;
  - 357.4 insolvency or cessation of a material number of Clearing Participants; and/or
  - 357.5 a direction from the FSRA.
358. Binance RCH will notify the FSRA and affected withdrawn Clearing Participants by Notice of any Discontinued Clearing and Settlement Service as soon as possible, and in any event within 24 hours of the decision, specifying the time and date on which Clearing and Settlement Services will discontinue.
359. From the Notice of the Discontinued Clearing and Settlement Service until 120 hours prior to the time and discontinuance date, each withdrawn Clearing Participant will be responsible for closing all Positions registered in its Account(s) that are impacted by the Discontinued Clearing and Settlement Service, whether by:
- 359.1 offsetting the relevant Positions through opposing transactions;
  - 359.2 transferring Positions to another clearing house; or
  - 359.3 effecting any other form of close-out approved by Binance RCH.
360. Notwithstanding the foregoing, Binance RCH reserves the right to reject any new Clearing Transaction submitted for novation after the Notice of Discontinued Clearing and Settlement

Service which Binance RCH deems increases the risk exposure of such withdrawn Clearing Participant.

361. From 96 hours before the time and discontinuance date, Binance RCH will stop accepting any new Clearing Transactions submitted for clearing in relation to the Discontinued Clearing and Settlement Service.
362. If any Position impacted by the Discontinued Clearing and Settlement Service remains outstanding 96 hours before the discontinuance time on the discontinuance Date in the Clearing and Settlement System, Binance RCH may close such Positions (together referred to as the "**Closed-Out Positions**") at:
  - 362.1 the last available reference price from the Discontinued Clearing and Settlement Service; or
  - 362.2 where such price is not available, or Binance RCH determines it does not represent a fair value, a price determined by Binance RCH in a commercially reasonable manner having regard to:
    - (a) prices on alternative trading venues for the same or similar instruments;
    - (b) theoretical values based on applicable pricing models; or
    - (c) such other methodology as Binance RCH considers appropriate,each, a "**Close-Out Price**".
363. For each withdrawn Clearing Participant, Binance RCH will determine a final net amount (the "**Final Withdrawal Payment**") representing the balance of all amounts owed between the withdrawn Clearing Participant and Binance RCH in relation to the Closed-Out Positions, including:
  - 363.1 settlement amounts based on Close-Out Prices; and
  - 363.2 any accrued but unpaid amounts.
364. For the avoidance of doubt:
  - 364.1 amounts owed by a withdrawn Clearing Participant to Binance RCH will be set off against amounts owed by Binance RCH to the withdrawn Clearing Participant, and only the net balance will constitute the Final Withdrawal Payment; and
  - 364.2 the sum of all amounts owed by either Binance RCH or the withdrawn Clearing Participant to the other pursuant to Rule 362 shall be set off against each other and only the balance will constitute the Final Withdrawal Payment.
365. As soon as the Final Withdrawal Payment is determined for each withdrawn Clearing Participant, Binance RCH will inform the Withdrawn Clearing Participant(s) via Notice, in accordance with Rule 12.
366. The Notice issued under Rule 365 shall specify:
  - 366.1 the Discontinued Clearing and Settlement Service(s);
  - 366.2 details of the Closed-Out Positions;

- 366.3 the Close-Out Prices applied;
- 366.4 the calculation of the Final Withdrawal Payment; and
- 366.5 the deadline for settling such Final Withdrawal Payment, which shall never be later than 48 hours before the time and discontinuance date (as provided under Rule 358).
- 366.6 Following the close-out of all relevant Positions:
  - (a) Binance RCH will release Margin held in respect of the Closed-Out Positions;
  - (b) Where Margin is held in assets other than the Settlement Instrument and liquidation is necessary to settle the Final Withdrawal Payment, Binance RCH will liquidate such Margin at prevailing market rates; and
  - (c) The proceeds of any such liquidation, together with any Margin held in the Settlement Instrument, will be returned to the withdrawn Clearing Participant as soon as practicable (being the "**Withdrawal Margin Return**"), subject to Rule 367.
- 367. Notwithstanding Rule 366.6, Binance RCH shall be entitled to deduct from the Withdrawal Margin Return any amount that remains due by the relevant withdrawn Clearing Participant to Binance RCH pursuant to these Clearing Rules (including, inter alia, any payment of the Final Withdrawal Payment that remains unsettled by the withdrawn Clearing Participant after the deadline set forth in the Notice (issued under Rule 365), and any losses, costs, and expenses incurred by Binance RCH in connection with the management of the withdrawn Clearing Participant's Derivative Transactions). Such deduction will be applied before payment of the Withdrawal Margin Return to the withdrawn Clearing Participant.
- 368. Following payment of the Withdrawal Margin Return, Binance RCH will notify the withdrawn Clearing Participant of its termination under Rule 58.3.
- 369. The termination of the withdrawn Clearing Participant's membership shall take effect on the next Clearing Day following delivery of such Notice, in accordance with Rule 60.

Sudden and Immediate Cessation of Clearing and Settlement Services

- 370. If:
    - 370.1 in the event of stressed market conditions or other sudden exceptional circumstances (for the avoidance of doubt, other than the ones mentioned in Rule 357) which significantly impair the ability of Binance RCH to continue to operate the Clearing and Settlement System and/or to provide Clearing and Settlement Services and manage the risks associated therewith in a viable and timely manner, Binance RCH is compelled to swiftly cease acting as a Recognised Clearing House in respect of Derivatives (and Securities or other Digital Assets, as applicable); or
    - 370.2 Binance RIE suddenly closes or ceases its activity as a Recognised Investment Exchange (the "**Impacted Platform**"),
- each, an "**Immediate Withdrawal Event**",

Binance RCH will via Notice cease the provision of Clearing and Settlement Services in respect of Derivatives (and Securities or other Digital Assets, as applicable) in general or in respect of the Impacted Platform only, to the FSRA and Clearing Participants impacted by the Immediate

Withdrawal Event (the "**Impacted Clearing Participants**") as soon as possible, and in any event no later than one Clearing Day following Binance RCH's cessation decision.

371. Immediately upon the Notice being issued under Rule 370, Binance RCH will stop accepting for registration any new Clearing Transactions submitted for novation by the Impacted Clearing Participants.
372. Following an Immediate Withdrawal Event, Binance RCH may, in coordination with the FSRA where practicable, take any measures it deems necessary to contain its exposure and mitigate overall market effects, including without limitation:
  - 372.1 immediately suspending acceptance of new Clearing Transactions for registration for Clearing and Settlement;
  - 372.2 imposing special Margin Requirements;
  - 372.3 restricting Position transfers or account changes;
  - 372.4 implementing emergency close-out procedures; or
  - 372.5 any other measure necessary to protect the integrity of Binance RCH.
373. Any measures implemented under Rule 372 will be notified, by Notice, to Clearing Participants as soon as practicable.
374. Following the occurrence of an Immediate Withdrawal Event, Binance RCH may terminate all outstanding Positions of the Impacted Clearing Participants, which are already registered in the Clearing and Settlement System and affected by the Immediate Withdrawal Event (the "**Immediately Closed-Out Positions**").
375. The termination under Rule 374 will be performed at the fair price communicated by the Impacted Platform to Binance RCH or, where such data is not available, Binance RCH will determine a commercially reasonable price (each of these prices being referred to as the "**Immediate Closed-Out Price**").
376. For each Impacted Clearing Participant, Binance RCH will determine a final net amount (the "**Final Immediate Payment**") representing the balance of all amounts owed between the Impacted Clearing Participant and Binance RCH in relation to the Closed-Out Positions, including:
  - 376.1 settlement amounts based on Close-Out Prices; and
  - 376.2 any accrued but unpaid amounts.
377. For the avoidance of doubt:
  - 377.1 amounts owed by an Impacted Clearing Participant to Binance RCH will be set off against amounts owed by Binance RCH to the Impacted Clearing Participant, and only the net balance will constitute the Final Immediate Payment; and
  - 377.2 the sum of all amounts owed by either Binance RCH or the Impacted Clearing Participant to the other pursuant to Rule 376 shall be set off against each other and only the balance will constitute the Final Immediate Payment.

378. As soon as the Final Immediate Payment is determined for each Impacted Clearing Participant, Binance RCH will inform the relevant Impacted Clearing Participant(s) by Notice under Rule 12 (the "**Immediate Close-Out Notification**").
379. The Notice issued under Rule 378 shall specify:
- 379.1 the Impacted Platform;
  - 379.2 details of the Immediately Closed-Out Positions;
  - 379.3 the Immediate Close-Out Prices applied;
  - 379.4 the calculation of the Final Immediate Payment; and
  - 379.5 the deadline for settling such Final Immediate Payment, which shall never be later than 48 hours after the Immediate Close-Out Notification.
380. Following the close-out of all relevant Positions:
- 380.1 Binance RCH will release Margin held in respect of the Immediately Closed-Out Positions;
  - 380.2 where Margin is held in assets other than the Settlement Instrument and liquidation is necessary to settle the Final Immediate Payment, Binance RCH will liquidate such Margin at prevailing market rates; and
  - 380.3 the proceeds of any such liquidation, together with any Margin held in the Settlement Instrument, will be returned to the Impacted Clearing Participant as soon as practicable (being the "**Impacted Margin Return**"), subject to Section 381.
381. Notwithstanding Rule 380, Binance RCH shall be entitled to deduct from the Impacted Margin Return any amount that remains due by the relevant Impacted Clearing Participant to Binance RCH pursuant to these Clearing Rules (including, inter alia, any payment of the Final Immediate Payment that remains unsettled by the Impacted Clearing Participant after the deadline set forth in the Notice issued under Rule 378, and any losses, costs, and expenses incurred by Binance RCH in connection with the management of the Impacted Clearing Participant's Derivative Transactions). Such deduction will be applied before the payment of the Impacted Margin Return to the Impacted Clearing Participant.
382. Following payment of the Impacted Margin Return, Binance RCH will follow the same process as set out in Rules 368 and 369, as applicable.

## **Statements, Confirmations and Records**

### Provision of Statements and Confirmations

383. Binance RCH will provide to each Clearing Participant:
- 383.1 statements in respect of the Clearing Participant's Account; and
  - 383.2 confirmations of Clearing Transactions entered into by the Clearing Participant,
- in such form and at such intervals as determined by Binance RCH.

384. Statements and confirmations may be provided:
- 384.1 through the Binance Platform;
  - 384.2 by email;
  - 384.3 by other electronic means; or
  - 384.4 by such other method as Binance RCH determines.

#### Verification and Objections

385. The Clearing Participant must verify all statements and confirmations against its own records promptly upon receipt.
386. Any objection to a statement or confirmation:
- 386.1 must be raised within 7 days of the date of the statement or confirmation (or such other period specified therein);
  - 386.2 must be accompanied by supporting evidence; and
  - 386.3 must be notified to Binance RCH in accordance with Rule 14.
387. If no objection is raised within the time period specified in Rule 386.1, the statement or confirmation is (absent Manifest Error or clear evidence to the contrary):
- 387.1 deemed conclusive and binding on the Clearing Participant; and
  - 387.2 not subject to further objection by the Clearing Participant.
388. The Clearing Participant must immediately notify Binance RCH if a statement or confirmation is not received within the usual timeframes.

#### Manifest Error

389. Binance RCH may at any time in its sole discretion:
- 389.1 rectify any error in any statement or confirmation proven to its satisfaction to be incorrect;
  - 389.2 void, cancel, or reverse its Clearing and Settlement of any registered Clearing Transaction involving or deriving from a Manifest Error; or
  - 389.3 amend the Clearing and Settlement details of any such registered Clearing Transaction to reflect what Binance RCH reasonably considers to be the correct or fair details.
390. If a Manifest Error results in any Digital Assets or Currencies being erroneously transferred to a Clearing Participant, Binance RCH may demand immediate repayment of such Digital Assets or Currencies.
391. The Clearing Participant may not rely on any statement or confirmation issued during a liquidation event or period of market disruption, and Binance RCH has no liability in respect of any such statement or confirmation.

### Effect of Inaccurate Confirmations

- 392. A confirmation that does not accurately reflect the submission for Settlement and Clearing of a registered Clearing Transaction:
  - 392.1 does not affect the validity of the registered Clearing Transaction which the confirmation evidences; and
  - 392.2 where there is Manifest Error, does not entitle the Clearing Participant to enforce whatever is inaccurately recorded in the confirmation.
- 393. Binance RCH makes no representations or warranties regarding:
  - 393.1 the availability, accessibility, accuracy, currency, or completeness of any information contained in any statement or confirmation; or
  - 393.2 any information presented on the Settlement and Clearing System or the Binance Platform.

## CHAPTER 9 – MISCELLANEOUS

### Custody Arrangements

394. Binance RCH, under its Recognition Order, was granted a stipulation to provide custody services. Under this stipulation, and for the purposes of these Rules, this means that Binance RCH operates as its own custodian (without being separately licensed by the FSRA for such purpose. Further details on aspects of what the custody activities are (in addition to those separately set out within the scope of Binance RCH's overall activities), include but are not limited to, the following:

394.1 The scope of custody services performed by Binance RCH includes:

- (a) support for RTS of Derivatives and/or Digital Assets, as referred to in Rules 100 - 103 above;
- (b) support for Delayed Settlement via Settlement Agent, as referred in Rules 104 – 109 above;
- (c) facilitating transfers between Clearing Participants; and
- (d) performing reconciliations between Internal Ledger entries and the total quantity and value of assets held on trust for Clearing Participants.

394.2 Deposits and Withdrawals

- (a) Deposits: A Clearing Participant may make deposits of Digital Assets and Currencies in accordance with the provisions of the TOUs and/or the Clearing Procedures, as applicable.
- (b) Withdrawals: A Clearing Participant may submit a request for withdrawal of Digital Assets and Currencies via the Binance Platform in accordance with the provisions of the TOU and/or the Clearing Procedures, as applicable.

395. Digital Assets allocated by Clearing Participants as Initial Margin in relation to each Derivative will be held in the relevant Product Accounts managed by Binance Clearing Company acting as a custodian.

### Binance RIE-Binance RCH Cooperation

396. Exchange Transactions will be settled and/or cleared via Binance RCH, for the purposes of MIR Rule 3.8. Any Exchange Transactions executed on Binance RIE shall be submitted to Binance RCH for Clearing and Settlement, as applicable.

397. For the Clearing and Settlement of Exchange Transactions via Binance RCH, each Exchange Participant will be required to either be a Clearing Participant or have a clearing agreement with a Clearing Participant in accordance with the Clearing Rules under which the Participant becomes counterparty to the relevant contract once the Exchange Transaction is registered with Binance RCH.

398. Binance RIE and Binance RCH will communicate with each other to ensure Binance RIE's market operates on a fair and orderly basis and Binance RCH manages its Clearing and Settlement arrangements in an efficient and orderly manner. This will include communications from Binance RIE informing Binance RCH of suspected or proven use of the Binance Services by Exchange Participants with improper intent.

399. For the purposes of Rule 398, Binance RCH, in consultation with Binance RIE, operates procedures to ensure that among their wider obligations:
- 399.1 Exchange Transactions are reported to Binance RCH for Clearing and Settlement, as applicable;
  - 399.2 Binance RCH can operate the Rules and procedures under Rules 300 - 305 in the Event of Default of a Clearing Participant and upon the issuance of a Notice under Rule 303 shall notify Binance RIE of the Event of Default;
  - 399.3 any execution of powers under these Rules by Binance RIE can be aligned with the execution of Binance RCH's powers under the Clearing Rules, as applicable; and
  - 399.4 Binance RCH may request Binance RIE to submit Orders on behalf of Exchange Participants through their Binance Accounts for the purpose of effecting termination in accordance with the Clearing Rules.

## **Binance RCH Default**

### General Rules

400. A Binance RCH Default shall occur if at any time:
- 400.1 Binance RCH fails to make a payment due by it to a Clearing Participant (other than to a Defaulting Clearing Participant) under any registered Clearing Transaction, and such failure has not been cured within 30 days from the date when the obligation to pay fell due, except where such failure to pay is permitted under these Rules or under ADGM Rules or Applicable Law or where Binance RCH is acting in accordance with Default Rules; or
  - 400.2 Binance Clearing Company becomes subject to an Insolvency Event.
401. In the event of a Binance RCH Default occurring pursuant to Rule 400.1, the relevant Clearing Participant may notify Binance RCH in writing specifying a Termination Date, which shall be the Clearing Day following the Clearing Day on which such a Binance RCH default occurred, for the termination and liquidation of all Contract Legs, Positions, Margin, Collateral or any other assets, as relevant, registered in its Account Structure.
402. In the event of a Binance RCH Default occurring pursuant to Rule 400.2, Binance RCH will issue a Notice specifying the Termination Date, which shall be the Clearing Day following the Clearing Day on which such Binance RCH Default occurred. Upon the occurrence of a Termination Date, a Clearing Participant other than a Defaulting Clearing Participant may exercise the right given to it under Rule 402 *et seq.*
403. Where Binance RCH fails to issue a Notice specifying a Termination Date:
- 403.1 by 19:00 on the Clearing Day following the Clearing Day on which Binance Clearing Company becomes subject to Insolvency Events pursuant to Rule 400.2; or
  - 403.2 where Binance Clearing Company becomes subject to Insolvency Events pursuant to Rule 400.2 after 19:00 on a Clearing Day, by 19:00 on the second Clearing Day following that Clearing Day, then each Clearing Participant shall individually be entitled, by notice to Binance RCH in accordance with Rule 14, to designate a Termination Date.

404. As from the Termination Date, neither Binance RCH nor any Clearing Participant (other than a Defaulting Clearing Participant) having exercised its rights pursuant to Rule 401, Rule 402 or Rule 403, shall be obliged to make any further payment under any Position, as the case may be between them, which would, but for this Rule 404, have fallen due for performance on or after the Termination Date.
405. Such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount.

#### Calculations

406. Following a Binance RCH Default, a Clearing Participant other than a Defaulting Clearing Participant, having exercised its rights pursuant to Rule 401, Rule 402 or Rule 403, is to determine on the Termination Date or as soon as possible after such date (discounting the relevant values, if appropriate):
- 406.1 its total loss or total gain, as the case may be, in respect of each Contract Leg or Position, as relevant (in each case expressed in USD); and
- 406.2 the value of all other amounts which it owes to Binance RCH and which Binance RCH owes to it, in each case whether future, liquidated, unliquidated, actual or contingent.
407. Such calculation shall be undertaken separately in respect of the Contract Legs, Positions, Margin, Collateral or any other assets as applicable, and all other amounts owed in relation to Contract Legs, Positions, Margin, Collateral or any other assets registered in:
- 407.1 Clearing Member Account(s); and
- 407.2 Client Account(s).
408. For the purposes of Rule 406.1, the Clearing Participant is to calculate (in a commercially reasonable manner) its total loss or its total gain, as the case may be, in respect of each Contract Leg or Position, as relevant, as a result of each failure to make payment which would otherwise have been required to be made under the relevant Contract Leg or Position, including, if appropriate, any loss of bargain, any cost of funding, and/or without duplication, any loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position.
409. Pursuant to the determination made under Rules 406 and 407, each:
- 409.1 gain by the Clearing Participant and each amount which Binance RCH owes to it, shall be treated as a positive amount; and
- 409.2 loss suffered by the Clearing Participant and amounts which it owes to Binance RCH shall be treated as a negative amount.

#### Direct and Indirect Termination Amounts

410. The Clearing Participant shall, for the purposes of a:
- 410.1 Direct Termination Amount, aggregate all positive and negative amounts related to Direct Contract Legs or Direct Positions to produce one net Termination Amount; and

- 410.2 Indirect Termination Amount, aggregate all positive and negative amounts related to Indirect Contract Legs or Indirect Positions registered in Client Account(s) to produce one net Indirect Termination Amount for such Client Account(s).
411. The Clearing Participant shall notify Binance RCH of the Direct Termination Amount, and where relevant, the Indirect Termination Amount(s), by which party each such amount is payable, and showing in reasonable detail how they have been calculated, immediately after the calculation thereof.
412. If for any reason one or more Clearing Participant(s) fail(s) to determine and notify the Termination Amounts to Binance RCH on or before the day falling 25 Clearing Days after the Termination Date (being the "**Notification Limit Date**"), Binance RCH must issue a Notice and make its own determination of the respective Termination Amounts, in respect of each such Clearing Participant(s) within the 25 Clearing Days following the Notification Limit Date, and must notify the relevant Clearing Participant(s) of the respective Termination Amounts it has determined in accordance with Rule 12 immediately after the calculation thereof.
413. If the Direct Termination Amount or the Indirect Termination Amount(s) calculated pursuant to Rules 400 - 413 is a positive amount, Binance RCH must pay it to the Clearing Participant and, if any of the Direct Termination Amount or the Indirect Termination Amount(s) is a negative amount, the Clearing Participant shall pay it to Binance RCH, in accordance with Rule 414.

#### Payment of the Termination Amount

414. The Termination Amounts in respect of each Clearing Participant shall be paid by either Binance RCH or a Clearing Participant, as the case may be, in USD or a Fiat-Referenced Token denominated in USD, as determined by Binance RCH, in respect of the Direct Termination Amount or Indirect Termination Amount(s), by 17:00 on the Clearing Day following the issue of a Notice pursuant to Rules 410 – 413.
415. Neither Binance RCH nor a Clearing Participant, as the case may be, shall be permitted to effect payment netting between the Direct Termination Amount, on the one hand, and the Indirect Termination Amounts on the other hand.

#### Miscellaneous

416. For the purposes of any calculation required to be made under Rules 406 - 409, the Clearing Participant may convert amounts denominated in any other Currency into USD at such rate prevailing at the time of the calculation as it shall reasonably select.
417. A Clearing Participant's rights under Rules 400 - 415 shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing Participant may have.
418. Rules 400 - 415 shall be without prejudice to the rights that Binance RCH may have pursuant to the Clearing Rules against any Clearing Participant prior to the occurrence of Binance RCH default.

#### Winding Down of Clearing Activities

419. Binance RCH shall be entitled to cease its activities with immediate effect, following the occurrence of:
- 419.1 the closing down of all of its Clearing and Settlement Services, following one or several Event(s) of Default; or

- 419.2 a decision by Binance RIE, the FSRA or a decision from a court of competent jurisdiction which forces Binance RCH to cease its Clearing and Settlement Services (in this latter case, Binance RCH may apply close-out to its services pursuant to the applicable service closure process and as described in the Clearing Procedures).

### **Interaction of the Clearing Rules and Default Procedures with the Insolvency Regulations 2022**

420. For the avoidance of doubt, and subject to any security interest that any:

420.1 Client may grant Binance RCH over any Client Assets held by Binance RCH on behalf of that Client, or

420.2 Clearing Member may grant Binance RCH over any Clearing Member Assets held by Binance RCH on behalf of that Clearing Member;

such Client Assets and/or Clearing Member Assets are not available to the general creditors of Binance RCH, whether prior to or following an Insolvency Event of Default.

421. Nothing in these Clearing Rules or in any trust arrangement established by Binance RCH shall be construed as overriding, limiting, or disapplying the operation of section 263 of the Insolvency Regulations 2022 or Chapter 13 of FSMR, including the statutory protections afforded to the Default Rules of a Recognised Clearing House under section 155 of the latter. In the event of any inconsistency, those provisions shall prevail, and any trust structure adopted by Binance RCH shall be administered in accordance with them.

422. The operation and administration of any trust arrangement under these Rules shall be subject to, and consistent with, the Default Rules recognised under Chapter 13 of FSMR, which shall, to the extent of any inconsistency, prevail. For the avoidance of doubt, section 263 of the Insolvency Regulations gives statutory effect to the Default Rules of a Recognised Clearing House and provides that those Default Rules prevail, to the extent of any inconsistency, over other ADGM Rules or insolvency provisions. Accordingly, the trust shall be administered subject to and consistent with those Default Rules, and in accordance with these Clearing Rules and the TOU, which together set out the process for the safeguarding, treatment and distribution of Client Assets held on trust.

423. Pursuant to Rules 84 - 99, the Internal Ledger forms the authoritative record for the administration of the trust over Client Assets established under these Rules. By virtue of Binance RCH's status as a Recognised Clearing House, the Internal Ledger provides the certainty of identification and subject matter required for trust property and evidences each Client's beneficial interest, notwithstanding the commingling of Digital Assets on the blockchain. Accordingly, all trust reconciliations, distributions and determinations of Client Assets shall be effected by reference to the Internal Ledger and the Default Rules recognised under Chapter 13 of the FSMR.

### **Survival of Obligations**

424. Notwithstanding Restriction, Suspension or Termination of access to Clearing and Settlement Services or closure of Accounts, these Clearing Rules continue to apply to the extent that any obligations or liabilities remain to be performed or discharged.

425. The following provisions survive termination:

425.1 Rules 341 - 352 (Security Interest);

425.2 Rule 304 (Default Management Actions);

- 425.3 Rules 353 - 355 (Set-Off Rights);
- 425.4 Rule 464 (Indemnities);
- 425.5 Rules 455 - 458 (Limitations of Liability); and
- 425.6 any other provision that by its nature should survive.

## **Record Keeping and Audit**

### Record Keeping, Data Protection and Confidentiality

- 426. Binance RCH will keep accurate and complete records as required under the FSRA rulebooks and ADGM Rules.
- 427. Binance Clearing Company will record and keep, for 7 years, the relevant data relating to the settlement and clearing of all Clearing Transactions submitted to and through its Settlement and Clearing Systems (including the Internal Ledger).
- 428. An independent audit of the Internal Ledger controls and reconciliation processes shall be performed annually.
- 429. Binance RCH will give the FSRA access to settlement data (including performance related data) as the FSRA may request in writing from time to time, subject, in particular, to such disclosure or processing complying with ADGM Rules (including applicable data protection laws and regulations).
- 430. Clearing Members must keep accurate and complete records of all Clearing Transactions they have entered into for Clearing Member Accounts, and Client Accounts, as applicable, and all Clearing Transactions they have entered into which relate to transactions of one of their Clients. Such records should, where applicable, disclose at least the following particulars:
  - 430.1 the counterparty on Binance RIE with which an Access Agreement has been entered into, under these Clearing Rules;
  - 430.2 in respect of each Client on the Binance RIE with which an Access Agreement has been entered into, all rights and obligations arising from the Clearing Transactions entered into by a Clearing Member for the account of the Client concerned; and
  - 430.3 any further requirements as may be specified by Binance RCH by way of Notice.
- 431. The collection, use, storage and transfer of personal data by Binance Clearing Company shall be carried out in compliance with the Data Protection Regulation and Binance Clearing Company's Privacy Notice (as amended from time to time). By becoming a Clearing Participant or Indirect Clearing Client, such Clearing Participant or Indirect Clearing Client acknowledges that such processing will occur in accordance with the Data Protection Regulations and the Privacy Notice.

### Test Processing

- 432. Clearing Participants must comply with any Binance RCH request for a technical and operational test, as requested by Notice. Such request for a test may be required either prior to the:
  - 432.1 implementation of new functionality in the Binance Platform; or

432.2 execution of specific or individual operations in the Clearing and Settlement System.

Information Obligations

433. Each Clearing Participant will notify Binance RCH immediately of the occurrence of any of following in relation to it:
- 433.1 a change which results in the Clearing Participant being unable to fulfil the Eligibility Criteria or being otherwise in breach of any requirement applicable to it under the Clearing Rules;
  - 433.2 an Insolvency Event of Default;
  - 433.3 any enforcement action or other proceedings which could impair or restrict the Clearing Participant's ability to comply with these Clearing Rules, unless such a disclosure is prohibited by Applicable Law or a Regulatory Authority of the Clearing Participant; and
  - 433.4 becoming aware that it is in breach of the Clearing Rules and such a breach is likely to impair fair and efficient Clearing and Settlement on Binance RCH.
434. Each Clearing Participant will notify Binance RCH immediately of the occurrence of any other action or omission by any other Clearing Participant which may impair fair and efficient Clearing and Settlement on Binance RCH.
435. Each Clearing Participant will notify Binance RCH as soon as reasonably practicable of the occurrence of any of the following in relation to it:
- 435.1 a change of name, address, citizenship, legal status, or business name under which it carries on business;
  - 435.2 any technical issue which may impact its ability to comply with the Clearing Rules or its access to the Settlement and Clearing Systems;
  - 435.3 a breach of the Clearing Rules, unless such a breach is likely to impair the ability of Binance RCH to operate fair and efficient Clearing and Settlement on Binance RCH, in which case a notification must be made immediately in accordance with Rules 433.4 and 434;
  - 435.4 any amendments or planned amendments to the Clearing Participant's business profile in relation to its activities on Binance RCH, such as willingness to act on behalf of a third party; and
  - 435.5 any other significant events or matters which Binance Clearing Company might reasonably expect to have brought to its attention.
436. Each Clearing Participant will provide all information reasonably requested by Binance Clearing Company to enable it to:
- 436.1 assess a Clearing Participant's organisational requirements and Clearing and Settlement controls;
  - 436.2 comply with its own legal or regulatory obligations, including without limitation its obligations to answer any request from the FSRA or any relevant Regulatory Authority of Binance RCH or any Regulatory Authority of the Clearing Participant; and

- 436.3 verify compliance with the Clearing Rules from time to time.
437. The obligation of Clearing Participants to provide information also covers information about their Clients (including, where relevant, natural persons) concerning the identity, Positions, and information relating to their activities on Binance RCH.
438. Binance RCH shall have the right to furnish the information provided under Rule 436 to its directors, officers, employees, representatives, agents, contractors and subcontractors requiring them to keep secret and treat as confidential all such documentation and information. Binance RCH may give further details as to the application of these provisions by way of Notice.
439. Each Clearing Participant must notify Binance RCH of any change in the information provided to Binance RCH pursuant to Rules 436 and 437 and Binance RCH shall be entitled to rely on the latest documentation and information received from the Clearing Participant.

*Information upon Request*

440. Clearing Participants must respond, within a reasonable period of time, to all requests for information from Binance RCH concerning:
- 440.1 its Clearing and Settlement activities; or
- 440.2 its general and financial risks, and exposure, to Binance RCH in the context of its Clearing and Settlement activities on Binance RCH.

*Mandatory Information*

441. Corporate Clearing Participants must send the following information to Binance RCH, annually:
- (a) audited financial statements – statement of financial position, profit and loss statement, and notes to the annual financial statements; or
  - (b) audited consolidated financial statements – statement of financial position, profit and loss statement, and notes to the financial statements; and
  - (c) audited financial statements for any company belonging to the same group as the Clearing Participant, as the case may be, which Binance RCH may require at its discretion.
442. For the avoidance of doubt, Rule 441 does not apply to an Intermediated Client, or an Indirect Clearing Client, unless specifically required by Binance RCH in light of the Intermediated Clearing Participant's or Indirect Clearing Client's nature, size and activities.
443. Where a Clearing Member is a Binance Affiliate, Binance RCH may, at its discretion, accept consolidated financial statements of the Binance Group in lieu of separate audited financial statements for such Clearing Member.
444. Clearing Participants must ensure that they comply with Applicable Law in relation to the prevention and detection of money-laundering, combating the financing of terrorism and international sanctions, in all relevant jurisdictions, and upon request from Binance RCH, will be required to evidence the same.
445. A Clearing Participant must notify Binance RCH in advance in writing of any change in the information supplied in its application (under Rule 41), and of any facts and circumstances

concerning the Clearing Participant which may significantly affect the exercise of its duties or the orderly conduct of its activities as a Clearing Participant. Such developments include in particular, without limitation:

445.1 in respect of legal persons:

- (a) developments which could, or are likely to, result in the Clearing Participant no longer being able to comply with its obligations under the Clearing Rules;
- (b) any significant change in its financial situation, in particular where shareholders' equity has declined by more than 10% compared with the amounts previously reported;
- (c) any other change which has, or could have, a significant impact on its financial position, reliability or operations;
- (d) any change in its legal status or structure, including changes to its articles of association;
- (e) changes in:
  - (i) the power of control (shareholders) over its business with respect to the appointment and dismissal of its personnel;
  - (ii) the composition of its management or executive bodies;
  - (iii) its accounting system or organisation;
  - (iv) the holders of a qualified participating interest in its business; and
  - (v) the participating interests it holds or the joint ventures or alliances it has entered into; and/or
- (f) any event occurring between the reporting dates set out in Rule 441 that would significantly reduce the Clearing Participant's or its Group's capital.

445.2 in respect of natural persons:

- (a) developments which could, or are likely to, result in the Clearing Participant no longer being able to comply with its obligations under the Clearing Rules.

446. The obligation to notify becomes effective at the time the Clearing Participant anticipates or becomes aware of the events, or, if earlier, at the time at which the Clearing Participant ought reasonably to have anticipated or become so aware.

447. Clearing Participants shall send Binance RCH a copy of all injunctions, formal notifications or sanctions imposed on them by any Regulatory Authority of the Clearing Participant in respect of any event that could be relevant to Binance RCH.

448. Clearing Participants must inform Binance RCH immediately of any instances of default they become aware of in relation to their Clients.

449. Subject to the exception set out in Rule 454, Clearing Participants authorise Binance RCH, or any Person that has been duly designated, to inspect their Systems and Operations. Further, they undertake to provide all information needed to complete such inspection. Binance RCH reserves the right, upon completion of the inspection, to require any changes that may prove

necessary. Clearing Participants hereby agree to implement such modifications as soon as possible.

450. For the purpose of these Clearing Rules, Binance RCH may delegate its investigation powers to any appropriate and professional entity which it considers fit.
451. Where there is any such delegation, Binance RCH will ensure the confidentiality of any information provided by Clearing Participants.
452. Clearing Participants shall have the possibility to deny the attendance of certain Binance RCH representatives, experts or other Persons, if the relevant Clearing Participant is able to prove that the relevant Binance RCH representatives, experts or other Persons are affected by a conflict of interest.

### Inspections

453. Clearing Participants agree to submit their Clearing and Settlement activity to inspections by Binance RCH, whether on the latter's initiative or at the request of FSRA or a Regulatory Authority of Binance RCH, and to respond to all requests from Binance RCH for information on a regular or exceptional basis, in the terms and conditions set out by Notice.
454. Clearing Participants may only decline to submit their Clearing and Settlement activity to inspections and/or to provide the required information where they are prevented from doing so by Applicable Law.

### **Liability**

455. Binance RCH will not have any responsibility or liability for any Loss suffered by a Clearing Participant or any third party, except to the extent that such Loss arises solely and directly as a result of the gross negligence, wilful misconduct, actual fraud or material and continuing breach of obligation under the Clearing Rules by Binance RCH.
456. Without prejudice to the foregoing and notwithstanding any other Rules, in no event will the liability of Binance RCH in aggregate exceed the amount of fees paid by the Clearing Participant to Binance RCH in the 12-month period immediately before the event giving rise to the Loss. Such sum shall be paid by Binance RCH to the Clearing Participant in full and final settlement and satisfaction of Binance RCH's entire liability for any and all losses and claims, howsoever arising, from the relevant events. The Clearing Participant acknowledges and agrees that Binance RCH is not aware of any special circumstances pertaining to the Clearing Participant, and that damages are an adequate remedy and that the Clearing Participant shall not be entitled to any other claims or remedies at law or in equity, including but not limited to, any claim in rem, injunction, and/or specific performance.
457. Notwithstanding any other Rule, the Clearing Participant hereby acknowledges and agrees that in no event will Binance RCH be responsible or liable to the Clearing Participant or any other person or entity for:
  - 457.1 any direct or indirect Losses (including loss of profits, business or opportunities), damages, or costs, whether arising out of or in connection with Binance RCH's services or otherwise, including but not limited to:
    - (a) any risk identified in the [Risk Warning](#), as updated from time to time;
    - (b) the operation of the protocols underlying any Digital Asset, their functionality, security, or availability;

- (c) whether Backed Digital Assets hold their value as against any asset, or if the issuer of the Backed Digital Asset holds sufficient reserves in relation to any Backed Digital Asset;
- (d) any action or inaction in accordance with the Clearing Rules;
- (e) any inaccuracy, defect or omission of Digital Assets price data, any error or delay in the transmission of such data, and interruption in any such data;
- (f) regular or unscheduled maintenance we carry out including any service interruption and change resulting from such maintenance;
- (g) the theft of a device enabled to access and use Binance RCH's services;
- (h) other Clearing Participant's actions, omissions or breaches of the Clearing Rules, and any damage caused by actions of any other third parties;
- (i) (1) any damage or interruptions caused by any computer viruses, spyware, or other malware that may affect the Clearing Participant's computer or other equipment, or any phishing, spoofing, or other attack; (2) in the event that the Clearing Participant's hardware fails, is damaged or destroyed or any records or data stored on the Clearing Participant's hardware are corrupted or lost for any reason; or (3) for the Clearing Participant's use of the internet to connect to Binance RCH's services or any technical problems, system failures, malfunctions, communication line failures, high internet traffic or demand, related issues, security breaches or any similar technical problems or defects experienced;
- (j) Binance RCH's decision to reject the Clearing Participant's application to open a Binance Account(s);
- (k) any Restriction, Suspension or Termination of access to any Binance Account or Binance RCH's services;
- (l) any transaction limits applied to the Clearing Participant's Binance Account;
- (m) any election by Binance RCH to support or not support Digital Assets;
- (n) Binance RCH being unable to contact the Clearing Participant using the contact information the Clearing Participant provided;
- (o) Binance RCH closing a dormant account;
- (p) the failure of a transaction or the length of time needed to complete any transaction;
- (q) any breach of security of the Clearing Participant's Email Account or a Security Breach;
- (r) Losses suffered by the Clearing Participant as a result of third-party action, including third-party fraud or scams that involve Binance RCH only as the recipient of the Clearing Participant's Currency or Digital Assets, and/or the conversion of Currency to Digital Assets;

- (s) Losses suffered by the Clearing Participant as a result of the transfer of Digital Assets away from the Binance Platform at the Clearing Participant's request;
  - (t) any losses arising or in connection with new offerings of Digital Assets or the decision to admit to clearing or not Digital Assets on the Binance Platform;
  - (u) a Network Event, a Fork or an Airdrop;
  - (v) the correctness, quality, accuracy, security, completeness, reliability, performance, timeliness, pricing or continued availability of Binance RCH's services or for delays or omissions of Binance RCH's services, or for the failure of any connection or communication service to provide or maintain the Clearing Participant's access to Binance RCH's services, or for any interruption in or disruption of the Clearing Participant's access or any erroneous communications between us, regardless of cause; and
  - (w) any Clearing and Settlement of Clearing Transactions or other operations effected by the Clearing Participant or purported to be effected by the Clearing Participant through the Clearing Participant's Email Account or Binance Account;
- 457.2 any loss of business, profits, anticipated savings or opportunities, or any special, punitive, aggravated, incidental, indirect or consequential losses or damages, whether arising out of or in connection with Sites, the Binance Platform, Binance Account, Binance RCH's services, the Clearing Rules and/or any other agreement entered into pursuant to, or in connection with, these Clearing Rules or otherwise; and/or
- 457.3 any losses or damages the Clearing Participant may incur due to Manifest Error and/or in the event of extreme market volatility and/or as a result of any cancellation/amendment of any Clearing Transactions, howsoever arising, whether direct or indirect, special or consequential, including, but not limited to, loss of profit and loss of opportunity even if Binance RCH was aware of the possibility of such loss or damage arising or if such loss or damage was reasonably foreseeable.
458. Binance RCH is not liable for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms, or other malware that may affect the Clearing Participant's computer or other equipment, or any phishing, spoofing, or other attack. Binance RCH advises the regular use of a reputable and readily available virus screening and prevention software. The Clearing Participant should also be aware that SMS and email services are vulnerable to spoofing and phishing attacks and should use care in reviewing messages purporting to originate from Binance RCH. The Clearing Participant and, where relevant, their Authorised Users are responsible for all login credentials, including usernames and passwords and must keep security details safe at all times.

## **Extraordinary Events**

### Notice and transparency

459. Binance RCH shall publish a Notice describing the occurrence of the Extraordinary Event and the measures taken under this Rule as soon as reasonably practicable, provided that failure to publish such Notice contemporaneously shall not invalidate any determination or action taken in good faith.

### Corrections and Post-Event Review

460. If a Manifest Error is identified in any determination or action taken under this Rule, Binance RCH may correct such determination or action and shall publish a Notice of correction. Binance RCH may conduct and publish a post-event review and may update methodologies and parameter thresholds accordingly.

### Priority in Case of Conflict

461. In the event of any conflict between this Rule and any Notice made pursuant to Binance RCH's powers under Rules 12 - 15, the contemporaneous Notice relating to the exercise of these powers shall prevail for the duration of the declared event, subject to subsequent correction for Manifest Error.

### No Liability

462. Binance RCH shall not be liable for any Loss arising from measures taken in good faith under this Rule to preserve or restore orderly markets, except to the extent prohibited by ADGM Rules.

### **Representations and Warranties**

463. Each Clearing Participant hereby represents and warrants the following:
- 463.1 all documents and information provided by the Clearing Participant (or provided on its behalf) are true, accurate, complete, and up-to-date in all respects, and may without limitation be relied upon by Binance RCH in determining whether or not the Clearing Participant is eligible to access the Binance Platform or to use any services of Binance RCH and nothing has been concealed from Binance RCH which may have a material effect on its decision to provide or continue to provide any such services of Binance RCH;
  - 463.2 all decisions made in connection with any Clearing Transactions were solely and exclusively based on the Clearing Participant's own judgement and after its own independent appraisal of its financial resources, ability and willingness to take relevant risks and financial objectives, and the Clearing Participant is not relying on any communication (whether written or oral) from Binance RIE or Binance RCH as:
    - (a) investment advice (nor any other form of advice);
    - (b) a recommendation to enter into any Clearing Transaction; nor
    - (c) an assurance or guarantee of any expected results of a Clearing Transaction;
  - 463.3 unless the Clearing Participant specifically notifies Binance RCH and Binance RCH agrees, no person other than the Clearing Participant has an interest in the Clearing Participant's Binance Account;
  - 463.4 no Person has or will have any security or other encumbrance over the Clearing Participant's Binance Account and/or any balances held in such Binance Account, other than any security or encumbrance created hereunder;
  - 463.5 all consents, permissions, authorisations, approvals and agreements of third parties and all authorisations, approvals, permissions, consents, registrations, declarations, filings with any Regulatory Authority of the Clearing Participant, governmental department,

commission, agency or other organisation having jurisdiction over the Clearing Participant which are necessary or desirable for the Clearing Participant to obtain in order to:

- (a) access and use the Binance Platform and/or the Binance Services; and
- (b) enter into and deliver, and perform the Clearing Transactions contemplated under the Agreement and any other agreement entered into pursuant to, or in connection with, these Terms,

have been obtained and are in full effect, have been disclosed to Binance RCH in writing, have not been withdrawn or amended, and all conditions of any such consents have been complied with;

- 463.6 the Clearing Participant has complied and shall comply with all Applicable Laws in all jurisdictions relevant to its Binance Account and the Binance Services;
- 463.7 the Clearing Participant is not subject to any legal disability, insolvency or restriction that would prevent it from participating in any Clearing Transaction;
- 463.8 the Clearing Participant is capable of bearing all losses that may arise from participating in any Clearing Transactions contemplated under the Agreement; and
- 463.9 the Clearing Participant is not a Restricted Person.

## **Indemnities**

### General Indemnity

- 464. The Clearing Participant must at all times indemnify, keep indemnified, and hold Binance RCH harmless on demand from and against any and all Loss suffered or incurred by Binance RCH arising (whether directly or indirectly) out of, in the course of, or in connection with:
  - 464.1 any Event of Default or any failure by the Clearing Participant to comply with any provision of these Clearing Rules, the TOU, or Applicable Law;
  - 464.2 Binance RCH acting in accordance with the Clearing Participant's Clearing and Settlement instructions, or in any manner permitted under these Clearing Rules or the TOU;
  - 464.3 any changes in Applicable Law that impact the provision of Clearing and Settlement Services to the Clearing Participant;
  - 464.4 any breach of the representations, warranties, or undertakings in Rule 463;
  - 464.5 any act or thing done or caused to be done by Binance RCH in connection with these Clearing Rules, the TOU, or the Clearing Participant's Account;
  - 464.6 any claim by any third party arising out of the Clearing Participant's use of Clearing and Settlement Services or entry into Clearing Transactions; or
  - 464.7 any regulatory investigation, enforcement action, or proceeding relating to the Clearing Participant's activities.

### Costs and Expenses

465. A Clearing Participant must indemnify Binance RCH for all expenses, costs, and legal fees (on a full indemnity basis) incurred by Binance RCH in connection with:
- 465.1 any matter specified in Rule 464 (General Indemnity);
  - 465.2 producing records or information in response to regulatory requests or legal processes;
  - 465.3 any settlement payment made;
  - 465.4 any investigations or proceedings (whether legal, regulatory, arbitration, or otherwise) brought against Binance RCH; or
  - 465.5 enforcing or defending Binance RCH's rights under these Clearing Rules.
466. A Clearing Participant must provide reasonable assistance to Binance RCH in connection with any such investigations or proceedings.

### Collection Costs

467. To the extent permitted under ADGM Rules, a Clearing Participant is responsible for all reasonable costs and expenses of collection of any unpaid amounts, including:
- 467.1 legal fees incurred and payable by Binance RCH;
  - 467.2 court costs and filing fees;
  - 467.3 costs of enforcement of judgments or awards; and
  - 467.4 any other reasonable costs incurred by Binance RCH in exercising its rights under Rule 18.4.

### Survival

468. The indemnities in Rule 464 survive:
- 468.1 termination under Rule 58.3;
  - 468.2 closure of Accounts;
  - 468.3 settlement of Clearing Transactions;
  - 468.4 termination of the TOU; and
  - 468.5 any other event,
- until all liabilities in respect of which indemnification may be claimed are fully and finally discharged.

### No Duplication

469. The indemnities in Rule 464 are in addition to any other rights or remedies of Binance RCH. Binance RCH may not recover twice for the same Loss.

## **Disciplinary Proceedings**

### Scope

470. All Clearing Participants are subject to the Disciplinary Proceedings pursuant to Rules 470 - 497.
471. Any Alleged Breach by a Clearing Participant of an obligation set out in the Clearing Rules is eligible to be dealt with in accordance with the provisions of these Disciplinary Proceedings.
472. These Disciplinary Proceedings are without prejudice to:
- 472.1 any action and/or measures that may be taken by Binance RCH based on any other provision in the Clearing Rules (including, without limitation, the right of Binance RCH to Restrict, Suspend or Terminate a Clearing Participant's participation or to declare an Event of Default and take any action prescribed by the Clearing Rules in this connection);
  - 472.2 Binance RCH's right to take no action where it considers it disproportionate or otherwise, in its discretion; and
  - 472.3 any provision of ADGM Rules concerning enforcement by the FSRA or a Regulatory Authority of Binance RCH.

### Investigation Procedure

#### 473. Opening an investigation

- 473.1 On commencement of an investigation of an Alleged Breach, Binance RCH shall:
- (a) send a written notice to the Clearing Participant, setting out details of the Alleged Breach, including a summary of the facts relied on in sufficient detail for a reasonable person in the Clearing Participant's position to properly understand and respond to the allegations made against it; and
  - (b) identify a suitably senior representative of Binance Clearing Company or a Binance Affiliate who will lead the investigation procedure on behalf of Binance RCH and shall inform the Clearing Participant of who this representative will be by Notice sent in accordance with Rule 12.
- 473.2 Following receipt of the Notice, the Clearing Participant shall be permitted to raise any objections to the identity of the representative who is to lead the investigation procedure, on grounds of conflict of interest, within 48 hours. Where an objection is raised, Binance RCH shall discuss the perceived conflict of interest with the Clearing Participant within 24 hours and shall make a decision on whether an alternative representative needs to be identified.
- 473.3 The Clearing Participant shall be required to provide any information, copies or records and documents that may be reasonably requested in connection with the investigation of the Alleged Breach to Binance RCH, save that the Clearing Participant shall not be compelled to disclose any information which it is prohibited from disclosing by virtue of Applicable Law (if and to the extent that the Clearing Participant provides Binance RCH with duly documented proof of this prohibition) or as a result of legal professional privilege.

473.4 Binance RCH may send a representative to the offices of a Corporate Clearing Participant at any time during normal business hours, having provided reasonable notice (being proportionate to the seriousness of the Alleged Breach) to the Clearing Participant as part of the investigation procedure. The Clearing Participant shall make available all information, records, and documents kept by the Clearing Participant that may be reasonably required for the examination of the Alleged Breach to Binance RCH's representative.

473.5 The Clearing Participant shall exercise best endeavours to procure the attendance of any of its directors, officers, employees, agents and representatives, as may be reasonably requested, at a specified time on reasonable notice (virtually or in-person at either the offices of Binance RCH or those of the Clearing Participant, if applicable) in order to answer questions or provide explanations that may be relevant for the examination of the Alleged Breach.

#### Confidentiality

474. Binance RCH and its employees, officers and representatives shall treat as confidential any information obtained in the course of an investigation.

#### Investigation Report

475. Following the conclusion of the investigation Binance RCH shall:

475.1 notify the Clearing Participant; and

475.2 produce a written report in relation to the Alleged Breach (the "**Report**") and provide it to the Clearing Participant within no more than 28 days from the notification by Binance RCH of the conclusion of the investigation. The Report shall contain the findings of the investigation, reference the Clearing Rule allegedly breached by the relevant Clearing Participant and indicate Binance RCH's intended course of action in relation to the Alleged Breach, being either:

- (a) proceeding with Disciplinary Proceedings, where Binance RCH believes there to be prima facie evidence of the Alleged Breach having been committed;
- (b) discontinuing Disciplinary Proceedings and referring the matter to the Chief Executive Officer, or Head of Market Supervision, of Binance Clearing Company to take action in accordance with the provisions of the Clearing Rules if Binance RCH believes there to be prima facie evidence of the Alleged Breach having been committed but the sanctions set out in Rules 491 - 492 are, in Binance RCH's reasonable opinion, inadequate; or
- (c) to take no further action.

#### Disciplinary Committee

476. If Binance RCH determines that it wishes to proceed with Disciplinary Proceedings in accordance with Rule 475 above, then it will convene a Disciplinary Committee consisting of:

476.1 The Head of Market Supervision of Binance Clearing Company;

476.2 the Chief Compliance Officer, or another member of the Compliance team having suitable seniority, of Binance Clearing Company;

476.3 a representative of Binance Clearing Company's risk or legal departments; and

476.4 a senior representative of Binance RCH.

477. The Clearing Participant shall be notified of the constitution of the Disciplinary Committee as soon as appropriate.

#### Clearing Participant's Submissions

478. The Clearing Participant may make submissions to the Disciplinary Committee within 14 days of receipt of a Report or notification of the constitution of the Disciplinary Committee, whichever is later.

479. If the Clearing Participant fails to make submissions to the Disciplinary Committee within 14 days, or such extended period as has been agreed between the Clearing Participant and the Disciplinary Committee, Binance RCH shall be relieved of its obligations to follow the remaining steps of the investigation procedure and the Disciplinary Committee may make a determination in respect of the Alleged Breach and issue its Determination (as provided for in Rules 485 - 488 below).

#### Meeting

480. Within 7 days of the Clearing Participant's Submissions, either the Clearing Participant or the Disciplinary Committee can request a Meeting with the other to discuss the Alleged Breach or raise further questions in relation to the Alleged Breach.

481. Any such Meeting must be convened within 14 days of a request and may be virtual or in-person at Binance RCH's offices.

482. Attendees at the Meeting can include relevant experts, legal advisers and accounting advisers.

483. The procedure for the conduct of the Meeting and any consequent submissions from or requests for documents to the Clearing Participant will be determined by the Disciplinary Committee at its discretion.

484. Matters discussed at the Meeting shall be confidential and the Clearing Participant must undertake to ensure all individuals attending on its behalf are subject to confidentiality agreements.

#### Determination

485. Within 7 days of the later of the Clearing Participant's submissions or the Meeting, the Disciplinary Committee shall communicate in writing to Binance RCH, its Determination of whether the Alleged Breach has been committed, having considered the Report, any submissions from the Clearing Participant and any documents/information provided at or following the Meeting.

486. For the avoidance of doubt, the Disciplinary Committee has absolute discretion in coming to its Determination and is not bound to comply with any rule of Applicable Law, ADGM Rules or court procedure in relation to the admissibility of evidence.

487. The Determination shall set out the grounds on which the Disciplinary Committee has reached its conclusions and propose sanctions that Binance RCH may impose on the Clearing Participant in accordance with Rules 491 - 492 below.

488. This Rule 488 is without prejudice to the right of the Disciplinary Committee to recommend that proceedings be discontinued and to refer matters to the Chief Executive Officer of Binance Clearing Company, if it determines that the Alleged Breach has taken place but the sanctions set out in Rules 491 - 492 below are inadequate to address the breach.

#### Decision Notice

489. Upon receipt of the Determination, Binance RCH will decide whether or not to sanction the Clearing Participant in accordance with the proposals from the Disciplinary Committee. For the avoidance of doubt, the Determination shall not be binding on Binance RCH. A decision by Binance RCH in this regard will be made by the Head of Market Supervision.
490. Within 14 days of receiving a Determination, Binance RCH must notify the Clearing Participant of its decision in accordance with Rule 12 by way of a Decision Notice. The Decision Notice shall include details of the grounds on which Binance RCH has come to its decision and the sanction(s), if any, to be imposed against the Clearing Participant by Binance RCH.

#### Sanctions

491. Binance Clearing Company may take any action deemed necessary or appropriate in the circumstances in order to ensure Clearing Participants do not breach the Clearing Rules, including, but not limited to, requirements set out in Rules 49 - 50 and to preserve the integrity of Binance RCH.
492. In addition to temporary Restriction, Suspension or Termination of participation set out in Rule 58, Binance RCH may take any of the following actions established by the Head of Market Supervision in Binance RCH's policies and procedures approved by the FSRA at the conclusion of the investigation procedure, commensurate and proportionate to the seriousness of the Alleged Breach:
- 492.1 for an Event of Default pursuant to Rule 300.7, Rule 300.12 or Rule 300.13 that has caused or will cause Binance RCH to suffer Loss (including as a result of compensating any other Clearing Participant), Binance RCH shall have the right but not the obligation to demand payment of an amount that Binance RCH reasonably determines in good faith and in a commercially reasonable manner to be its total Loss in connection with Rules and the relevant Event of Default (a "**Default Payment Amount**"):
- (a) Binance RCH may determine in its sole discretion whether to exercise its rights under this Rule and, if Binance RCH elects to exercise such rights, it shall determine the Default Payment Amount as of a date selected by Binance RCH whilst such Even of Default is continuing;
  - (b) in determining any Default Payment Amount, Binance RCH may (but shall not be obliged to) consider the costs, losses and expenses that would be incurred in replacing or providing the economic equivalent of the remaining contractual rights and obligations under these Rules, together with any other relevant factors;
  - (c) following the determination of the Default Payment Amount, Binance shall send a statement to the Clearing Participant confirming such amount. Such amount is immediately due and payable upon Binance RCH's confirmation of the amount;

- (d) the Clearing Participant's obligation to pay any Default Payment Amount may be satisfied by way of set-off in accordance with Binance RCH's rights under these Rules;
- 492.2 public censure, by way of publishing all or part of the Decision Notice on the Binance Website;
- 492.3 issuance of a private warning or reprimand;
- 492.4 imposing financial penalties;
- 492.5 freezing the Clearing Participant's Binance Account or specific Product Accounts;
- 492.6 reporting the incident to the FSRA or any other Regulatory Authority of Binance RCH;
- 492.7 taking such other remedial action as Binance RCH determines appropriate in the circumstances; and/or
- 492.8 any combination of the above.

#### Action upon Instruction of a Regulatory Authority of Binance RCH

- 493. Where Binance RCH is expressly instructed to do so by a Regulatory Authority of Binance RCH, the Chief Executive Officer or Head of Market Supervision of Binance Clearing Company shall impose a fine on the Clearing Participant, without being required to follow the procedure set out in Rules 491 - 492 above.
- 494. Where Binance RCH is instructed, or decides to, impose a fine or any other measure in accordance with this Rule 494 it must notify the Clearing Participant of the fine that is to be imposed by written Notice in accordance with Rule 12.

#### Disputing a Decision Notice

- 495. If a Clearing Participant wishes to dispute Binance RCH's Decision Notice, including but not limited to the imposition of sanctions in accordance with Rules 491 or 492.1, or the level of sanctions imposed, the Clearing Participant may, within 14 days (or such longer period as the Chief Executive Officer of Binance Clearing Company may, at their discretion, direct) of receiving the Decision Notice, refer the dispute to be resolved in accordance with the Dispute Resolution Procedure at Rules 519 - 527 below.

#### Reporting and Publication

- 496. Binance RCH shall:
  - 496.1 report breaches of the Clearing Rules to the FSRA or any relevant Regulatory Authority of Binance RCH pursuant to ADGM Rules and/or on the basis of any arrangements between Binance RCH, the FSRA and the relevant Regulatory Authority of Binance RCH;
  - 496.2 immediately notify any relevant Regulatory Authority of Binance RCH of a decision to suspend or terminate a Clearing Participant's membership rights or declare a Clearing Participant to be subject to an Event of Default (in each case in accordance with the Clearing Rules); and
  - 496.3 prepare and publish a general report on the application of these Disciplinary Proceedings, from time to time, provided however that only the details of those

Clearing Participants who have defaulted or whose participation rights have been suspended or terminated by Binance RCH shall be disclosed.

#### Breaches of ADGM Rules

497. If Binance RCH finds, in the course of the investigation procedure, or otherwise, serious indications of a possible infringement of ADGM Rules, it shall report the matter to the FSRA or other relevant Regulatory Authority of Binance RCH as soon as possible.

#### Cooperation with the FSRA and other Competent Authorities

498. In accordance with ADGM Rules, Binance Clearing Company will immediately inform the FSRA of:

- 498.1 any significant infringement of these Clearing Rules;
- 498.2 disorderly Clearing and Settlement conditions;
- 498.3 conduct that may indicate behaviour that is deemed Financial Crime; or
- 498.4 any Binance RCH disruption in relation to Clearing and Settlement.

499. In accordance with ADGM Rules, Binance Clearing Company will promptly provide the FSRA and any other Regulatory Authority of Binance RCH empowered to investigate and prosecute the infringements referred to in Rule 498 with requested information concerning those infringements which is necessary for an investigation.

500. Binance Clearing Company will provide all necessary assistance to the FSRA or any other Regulatory Authority of Binance RCH in the investigation and prosecution of infringements committed against Binance RCH or through the Binance Platform.

501. Binance Clearing Company will cooperate with the FSRA or any other Regulatory Authority of Binance RCH, where required to do so by ADGM Rules, by the sharing of information with the FSRA or any other Regulatory Authority of Binance RCH.

502. Clearing Participants acknowledge and agree that Binance RCH is entitled to obtain information from Clearing Participants and to disclose otherwise confidential information to the FSRA or other Regulatory Authority of Binance RCH (including in accordance with these Rules, the Clearing Procedures or the TOU, as applicable).

### **Complaints**

#### Making a Complaint

503. A Clearing Participant who has a complaint arising out of or in connection with the performance of, or failure to perform by the Regulatory Function by Binance RCH may make a formal Complaint to Binance RCH.

504. All Complaints must be made in writing, and identified as being made pursuant to this Rule 504 and be signed by the complainant (for individual Clearing Participants) or on behalf of the complainant by a director or equivalent officer with appropriate authority (for Corporate Clearing Participants).

505. The Complaint should include sufficient information, including, where applicable, the name or corporate name of the Clearing Participant, the Clearing Participant code, the full name of any persons identified in the Complaint, a description of the nature of the Complaint and the date

of the occurrence of the act or omission by Binance RCH forming the basis for the Complaint, to enable Binance RCH to properly identify and assess the matters to which the Complaint relates.

506. Binance RCH shall acknowledge receipt of a written Complaint within 7 Clearing Days of receipt.
507. In the event Binance RCH does not consider the information provided by the complainant sufficient to enable it to properly investigate the Complaint, it may request further information from the complainant and the Complaint may not be investigated further until such information is received.

#### Complaint Eligibility

508. A Complaint will not be eligible to be dealt with if:
  - 508.1 it involves or relates to Binance RCH's relationship with its employees;
  - 508.2 it involves or relates to the content of the Clearing Rules;
  - 508.3 it involves or relates to a contractual or commercial dispute involving Binance RCH and is not connected in any way with Binance RCH's regulatory functions;
  - 508.4 the subject matter of the Complaint is something which has already been referred in accordance with Rules 519 - 522; and/or
  - 508.5 it amounts, in Binance RCH's reasonable opinion, to an abuse of rights by the complainant.

#### Investigation Procedure

509. Upon receipt of the Complaint, Binance RCH will appoint an Investigation Committee to investigate the Complaint.
510. The Investigation Committee will comprise (subject to management of any conflict in relation to the Complaint) three of the following or their appointed delegates:
  - 510.1 the Chief Executive Officer of Binance Clearing Company or the appropriate Business Unit Managing Director;
  - 510.2 the Managing Director, Operations, of Binance RCH;
  - 510.3 the Managing Director, Risk, of Binance RCH; or
  - 510.4 any suitably senior representative of Binance RCH.
511. Binance RCH will notify the complainant of the persons comprising the Investigation Committee no later than 7 Clearing Days from the receipt of a Complaint.
512. Within 21 Clearing Days of receiving any ineligible Complaint, Binance RCH will inform the complainant of the grounds on which it believes such Complaint to be ineligible for investigation.
513. Binance RCH will deliver the Investigation Committee's report in relation to an eligible Complaint within 8 weeks from the date of acknowledgement of receipt of the Complaint. Where the Investigation Committee considers the scope of the Complaint requires further

investigation, Binance RCH will write to the complainant, prior to the expiration of the 8-week period, indicating when a final response will likely be made. A final response will, in all cases, be delivered within 12 weeks from the date of acknowledgement of the Complaint (unless otherwise agreed between Binance RCH and the complainant).

514. If a Complaint has not been responded to by Binance RCH within 12 weeks from the date of acknowledgement of receipt of the Complaint, and Binance RCH and the complainant have not agreed to extend the period for investigation, the Complaint shall be referred to the Chief Executive Officer of Binance Clearing Company for review. Following the referral to the Chief Executive Officer of Binance Clearing Company, a meeting will be convened within 14 Clearing Days between the complainant, the Chief Executive Officer of Binance Clearing Company and members of the Investigations Committee, at the offices of Binance RCH or virtually, to enable Binance RCH to agree and communicate the outcome of the investigation to the complainant, together with any proposed remedial action, if appropriate.

#### Result of the Investigation

515. Once the Investigation Committee has concluded its investigation, Binance RCH will inform the complainant of the outcome of the investigation, together with any remedial action proposed by Binance RCH, if appropriate.

#### Disputes

516. Where a complainant disputes the outcome of the investigation and/or the remedial actions proposed by Binance RCH, it may refer the dispute to be resolved in accordance with the Dispute Resolution procedure in Rules 519 - 522.

#### Record Keeping

517. Binance RCH will retain all documents and materials for a minimum of 10 years from the conclusion of a Complaint.

#### Confidentiality

518. Binance RCH and the complainant must each observe strict confidentiality in respect of the investigation of a Complaint and shall procure that all information provided in the course of the Complaint resolution procedure is kept confidential.

#### **Disputes**

##### Notice of Claim

519. A Clearing Participant shall seek to resolve any Claim by submitting to Binance RCH a Notice of Claim, which must:

- 519.1 describe the nature and basis of the dispute;
- 519.2 set forth the specific relief sought;
- 519.3 provide a reference to the original Complaint or appeal; and
- 519.4 include the Clearing Participant's account number and email.

The submission of the Notice of Claim to Binance RCH commences the dispute resolution procedure.

520. Binance RCH and the Clearing Participant agree to negotiate in good faith for a period of ninety (90) days following delivery of the Notice of Claim to resolve the dispute (these discussions, the Notice of Claim and all documents and communications between the parties in connection with these confidential negotiations shall remain confidential and be subject to applicable rules protecting settlement discussions from use as evidence in any legal proceeding).
521. In the event that the Claim cannot be satisfactorily resolved through confidential negotiations under Rule 520 within ninety (90) days of the Clearing Participant submitting the Notice of Claim to Binance RCH, either party may refer the Claim to arbitration in accordance with Rules 523 - 527 below.
522. For the avoidance of doubt, the submission of a Notice of Claim to Binance RCH and the confidential negotiation process set forth in Rules 519 - 520 constitute mandatory prerequisites to commencement of an arbitration proceeding.

#### Agreement to Arbitrate

523. Binance RCH and each Clearing Participant agree that any Claim shall be exclusively and finally resolved by mandatory final and binding individual (not class) arbitration administered by the ICC in accordance with the ICC Rules in force at the time of filing of the Claim. The ICC Rules are deemed incorporated by reference into this Rule 523, and:
- 523.1 the tribunal shall consist of three (3) arbitrators to be appointed in accordance with the ICC Rules;
- 523.2 the seat of arbitration shall be the ADGM;
- 523.3 the Emergency Arbitrator Provisions shall not apply;
- 523.4 the parties expressly agree that the Expedited Procedure Rules shall not apply;
- 523.5 the arbitral award shall be final and binding on the parties and may be enforced in any court having jurisdiction;
- 523.6 for the avoidance of doubt, this arbitration agreement shall not prejudice a party's right to seek interim relief from the ADGM court. The parties agree that the courts of the UAE (including all Emirates thereof) shall have no jurisdiction to supervise the arbitration;
- 523.7 the language of the arbitration shall be English;
- 523.8 this arbitration agreement shall be exclusively governed by, and construed in accordance with, the laws of the ADGM. Binance RCH and each Clearing Participant expressly agree that the laws of the UAE, including any federal or Emirate laws not directly applicable to the ADGM legal framework, shall have no application to this arbitration agreement or any dispute arising hereunder;
- 523.9 no award or procedural order made in the arbitration shall be published; and
- 523.10 Binance RCH and each Clearing Participant agree that the courts of the UAE (including all Emirates thereof) shall have no jurisdiction to hear or determine any Claim. Accordingly, Binance RCH and each Clearing Participant irrevocably waive any right to commence proceedings in any UAE court (whether federal or Emirate) in respect of any Claim.

524. The arbitration provisions set forth in this Rule will survive termination of these Rules.
525. If Binance RCH commences arbitration against the Clearing Participant, Binance will give the Clearing Participant notice at the Email Account or mailing address the Clearing Participant has provided. The Clearing Participant agrees that any notice sent to the Email Account or mailing address shall be deemed effective for all purposes, including without limitation to determinations of the adequacy of service. It is the Clearing Member's obligation to ensure that the Email Account and/or mailing address on file with Binance RCH is up-to-date and accurate.
526. The parties agree that the arbitration shall be kept confidential. The existence of the arbitration, the existence or content of the Claim, all documents and information provided or exchanged in connection with the arbitration, and any submissions, orders or awards made in the arbitration shall be kept confidential and no party shall disclose any of the foregoing to any third party except the tribunal, the ICC, the parties, their counsels, experts, witnesses, accountants and auditors, insurers and reinsurers as applicable, and any other persons necessary to the conduct of the arbitration. Notwithstanding the foregoing, a party may disclose such confidential information:
- 526.1 if the written consent of the other party is obtained;
- 526.2 to the extent required by ADGM Rules, Applicable Law or by the regulations of any regulatory or supervisory authority of competent jurisdiction to which the party is or may become subject to or pursuant to any order of a court or other competent authority or tribunal of competent jurisdiction;
- 526.3 in connection with the commencement, pursuit or defence by a party of any bona fide legal proceedings to enforce or challenge any award rendered in the arbitration; and
- 526.4 to the extent that the relevant confidential information is in the public domain otherwise than by breach of this agreement.
527. The term of confidentiality in Rule 526 shall survive termination of these Rules and conclusion of stay of any arbitration brought pursuant to these Rules.

### **Class Action Waiver**

528. The Parties agree that any Claims shall be brought against Binance RCH in an arbitration on an individual basis only and not as a plaintiff or class member in a purported class or representative action. The Clearing Participants further agree to waive any right for such Claims to be brought, heard, or arbitrated as a class, collective, representative, or private attorney general action, to the extent permissible by Applicable Law. Combining or consolidating individual arbitrations into a single arbitration is not permitted without the consent of Binance RCH.

### **Governing Law**

529. These Clearing Rules (including the arbitration agreement in Rules 523 - 527) are governed by, and construed in accordance with, the law of the ADGM.
530. Any Claim, dispute or matter arising out of or in connection with these Clearing Rules (including the arbitration agreement in Rules 523 - 527), whether contractual or non-contractual, shall be governed in accordance with the law of ADGM. The Parties expressly agree that the laws of the UAE, including any federal or Emirate laws not directly applicable to the ADGM legal framework, shall have no application to this arbitration agreement or any dispute arising hereunder.

## Language

531. These Clearing Rules and Notices may be translated into a language other than the English language. Any such translation is provided solely for Clearing Participants' convenience. In the event of inconsistency or ambiguity, the English text will prevail.

## Amendments to the Clearing Rules

532. Binance Clearing Company may amend, extend, vary or supplement the Clearing Rules and Clearing Procedures or guidance in respect thereof from time to time in accordance with applicable requirements in the FSMR and the FSRA rulebooks (including MIR), including any applicable requirements in ADGM Rules.
533. Subject to Rules 532 and its obligations under MIR, Binance Clearing Company will by way of Notice inform Clearing Participants of any amendment to the Clearing Rules with reasonable advance notice unless:
- 533.1 immediate implementation is required by the ADGM Rules or a direction from the FSRA;
  - 533.2 immediate implementation is necessary to address an emergency affecting the integrity or stability of Binance RCH; or
  - 533.3 the amendments are of a minor, technical, or clarificatory nature that do not adversely affect Clearing Participants' substantive rights or obligations.
534. In cases not falling within Rule 533, Binance Clearing Company will issue a Notice at least 10 Clearing Days before amendments take effect.
535. A Clearing Participant's continued access to Binance RCH following the expiry of the period stated in the Notice, if one is applicable, will be deemed to represent acceptance of the amendments and acknowledgement of the revised Clearing Rules.
536. Binance Clearing Company will make available on the Binance Website the Clearing Rules, the Clearing Procedures and the Contract Specifications, as amended, extended, varied or supplemented, by way of Notice, from time to time.
537. With respect to changes to the Clearing Procedures, Binance Clearing Company will publish the changes by way of Notice. Such changes will take effect as determined in the publication or at the moment of publication, as the case may be.
538. With respect to changes to Contract Specifications, Binance Clearing Company will publish the changes by way of Notice. Such changes will take effect at the time specified in the Notice, provided that for changes affecting the terms of existing Positions, Clearing Participants will receive at least 24 hours' Notice unless:
- 538.1 immediate implementation is required for risk management purposes;
  - 538.2 immediate implementation is required by the ADGM Rules or a direction from the FSRA; or
  - 538.3 immediate implementation is necessary to address Manifest Errors or emergency market conditions.

539. Unless otherwise required by the FSRA or ADGM Rules, amendments to the Clearing Rules will not apply retroactively.