BINANCE

CLEARING PROCEDURES

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CHAPTER 1 – GENERAL PROVISIONS

Introduction and Scope

(Rules 1.46 and Rules 6 – 11)

Purpose of the Procedures

1.   The purpose of these Clearing Procedures is to establish the mechanics and parameters of the Clearing and Settlement Services provided by Binance RCH, including, without limitation, post-trade administration, clearing, settlement, liquidation and other related procedures.

Relationship to Clearing Rules

2.   These Clearing Procedures accompany, form a part of, and support the operation and interpretation of the Clearing Rules of Binance RCH ("**Clearing Rules**").

Defined terms and interpretation

3.   Unless otherwise defined in these Clearing Procedures, all capitalised terms shall have the meaning given to them in the Clearing Rules.

4.   For the purpose of these Clearing Procedures, the following terms shall have the following meanings:

  4.1   "**Adjusted Equity**" means, in respect of Option Contracts, the total value of the Clearing Participant's Wallet Balance plus the value of its long Option Positions in any Eligible Short-Selling Options Asset.

  4.2   "**Auto-Exchange**" means the mechanism described in Procedure 90.

  4.3   "**Auto-Exchange Threshold**" means the threshold applicable to a Clearing Participant when using Multi-Asset Mode in Cross Margin Mode.

  4.4   "**Auto-Exchange Threshold First Category**" means Clearing Participants that have a "Regular" or "VIP 1" Level only in accordance with the Fee Rate Table (USDS-M Futures).

  4.5   "**Binance Credits**" or "**BNFCR**" means, in respect of Binance Credits Mode, a ledger value displayed in USD-equivalent units and credited on the Clearing Participant's Futures Product Account.

  4.6   "**Board**" means the Board of Directors of Binance Clearing Company.

  4.7   "**Call Options Contract**" has the meaning given to that term in the Exchange Procedures.

  4.8   "**COIN-M Delivery Futures**" means COIN-M Futures Contracts which have scheduled Expiration Dates on the last Friday of each Quarter Month.

4.9 **"COIN-M Perpetual Futures"** means COIN-M Futures Contracts which do not have an Expiration Date.

4.10 **"Collateral Value Ratio"** means the collateral value ratio set out in the [Multi-Assets Info Table](#).

4.11 **"Commodity"** means any physical or energy good of a fungible nature that is capable of being delivered and which is or can be traded on a secondary market, or any index, basket or other measure that references or represents the value or performance of one or more such physical or energy goods.

4.12 **"Contract Multiplier"** means, in respect of COIN-M Futures Contracts, the value of the Contract, being the amount in USD represented by the Contract.

4.13 **"Contract Size"** means:

(a) in respect of USDS-M Futures Contracts, the quantity of the Underlying Asset represented by the relevant Contract; and

(b) in respect of COIN-M Futures Contracts, the number of "contracts" in respect of a Position, where "contract" means a standardised size unit in respect of that Contract, as shown to the Clearing Participant on the Binance Platform.

4.14 **"Contract Unit"** means, in respect of Option Contracts, a standardised size unit in respect of that Contract, as shown to the Clearing Participant on the Binance Platform.

4.15 **"Data Vendors"** means third party data vendors, as selected by Binance RCH in its sole discretion from time-to-time.

4.16 **"Delivery Futures"** means USDS-M Delivery Futures and/or COIN-M Delivery Futures, as the context requires.

4.17 **"Eligible Short-Selling Options Asset"** has the meaning given to that term in the relevant Contract Specifications.

4.18 **"Entry Price"** in respect of a Position has the meaning given to that term in the Exchange Procedures.

4.19 **"Equity Securities"** means equity securities (including Shares (as defined in the FMSR) and depositary receipts) listed and traded on an Underlying Asset Exchange.

4.20 **"EWMA"** means exponentially weighted moving average.

4.21 **"Exercise"** means the exercise of the rights of the Option Buyer granted pursuant to an Option Contract, as applicable.

4.22 **"Exercise Fee"** means the exercise fee for Call Options Contracts and/or the exercise fee for Put Options Contracts, as described in Procedure 191.

4.23 **"Expiration Date"** with respect to each Delivery Futures Contract and Option Contract has the meaning given to that term in the Exchange Procedures.

4.24 **"Expiry"** with respect to each Delivery Futures Contract and Option Contract has the meaning given to that term in the Exchange Procedures.

4.25 **"Fee Rate Table"** means the Fee Rate Table (USDS-M Futures), the Fee Rate Table (COIN-M Futures) and/or the Fee Rate Table (Options), as applicable.

4.26 **"Funding Amount"** is calculated in accordance with Procedure 72.

4.27 **"Funding Interval"** has the meaning given to that term in Procedure 48.

4.28 **"Futures Index"** has the meaning given to that term in the Exchange Procedures.

4.29 **"Hedge Mode"** has the meaning given to that term in the Exchange Procedures.

4.30 **"IOC Order"** means an Order that attempts to execute in full or in part immediately, and any unexecuted portion is cancelled.

4.31 **"Leverage"** means, with respect to each Contract, the leverage selected by a Clearing Participant for the relevant Contract.

4.32 **"Liquidation Clearance Fees"** means, in respect of Futures Contracts, the liquidation clearance fees specified on the Trading Parameters Table (USDS-M Futures) and the Trading Parameters Table (COIN-M Futures), as applicable.

4.33 **"Liquidation Fee"** means, in respect of Options Contracts, a fee payable on Liquidation of a Position.

4.34 **"Maintenance Amount"** means an amount specified on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable, for the relevant Contract, depending on the Position Bracket for that Contract.

4.35 **"Maintenance Margin Rate"** means the rate specified on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable, for the relevant Contract, depending on the Position Bracket for that Contract.

4.36 **"Margin Ratio"** means:

(a) in respect of Futures Contracts, the percentage a Clearing Participant's Maintenance Margin bears to the Clearing Participant's Margin Balance; and

(b) in respect of Options Contracts, the percentage a Clearing Participant's Maintenance Margin bears to the Clearing Participant's Adjusted Equity.

4.37 **"Maximum Leverage"** means, with respect to each Contract, the highest leverage which can be selected in respect of that Contract, depending on the Position Bracket. For USDS-M Futures Contracts and COIN-M Futures

Contracts this is the "Max Leverage" level shown on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable.

4.38   "**Multi-Asset Mode**" means a mode within Cross Margin Mode as referred to in Procedure 89.

4.39   "**One-way Mode**" has the meaning given to that term in the Exchange Procedures.

4.40   "**Option Buyer**" has the meaning given to that term in the Exchange Procedures.

4.41   "**Option Seller**" has the meaning given to that term in the Exchange Procedures.

4.42   "**Options-Selling Options**" means an Option Contract where the relevant Clearing Participant is the Option Seller.

4.43   "**OTM Amoun**t" means, in respect of Option Contracts, an amount calculated as follows:

(a) in respect of Call Options Contracts, *Min (Price Index - Strike Price, 0)*; or

(b) in respect of Put Options Contracts, *Min (Strike Price - Price Index, 0)*.

4.44   "**Perpetual Futures Contracts**" means COIN-M Perpetual Futures Contracts and USDS-M Perpetual Futures Contracts.

4.45   "**Position Bracket**" means a Position Value range for a Futures Contract, including both long and short positions, which is used for determining the Maximum Leverage, Maintenance Margin Rate and Maintenance Amount for a Futures Contract, as set out in the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable, subject to any applicable Position Limit adjustments.

4.46   "**Position Limit**" has the meaning given to such term in Procedure 104.

4.47   "**Position Size**" means, in respect of Option Contracts, the number of Contract Units in respect of a Position. The Position Size may be displayed on the user interface as the "Size" in respect of an Option Contract.

4.48   "**Position Value**" is calculated in respect of a Position and in accordance with Procedure 85.

4.49   "**Pre-Market Transition Period**" means a transition period in respect of pre-market USDS-M Perpetual Futures Contracts, which shall end when Binance RIE determines that a stable Price Index can be derived from the spot market for the Underlying Asset.

4.50   "**Put Options Contract**" has the meaning given to that term in the Exchange Procedures.

4.51   **"Quarter Month"** means March, June, September and December.

4.52   **"Realised P&L"** means, for each Position or Product Account, the net profit or loss realised on that Position or Product Account as shown on the Binance Platform.

4.53   **"Reduce Only"** has the meaning given to that term in the Exchange Procedures.

4.54   **"Removal"** has the meaning given to that term in the Exchange Procedures.

4.55   **"Risk Ratio"** means the ratio of a Clearing Participant's Position Value in respect of a Position to the aggregate total Position Values in respect of the same Contract.

4.56   **"Settlement Amount"** means, in respect of an Options Contract, the amount calculated by Binance RCH in accordance with Procedure 127.

4.57   **"Settlement Asset"** means, with respect to each Contract, the Digital Asset in which the Contract is settled, as stated in the Contract Specifications for the Contract.

4.58   **"Settlement Price"** means, as applicable:

(a) in respect of Delivery Futures Contracts, the settlement price in respect of a Delivery Futures Contract on Expiry, described in Procedure 122; or

(b) in respect of Option Contracts, the settlement price in respect of an Options Contract on Expiry, described in Procedure 128.

4.59   **"Short-Selling Options"** means Options where the Clearing Participant is the Option Seller and holds a short Position.

4.60   **"Strike Price"** has, in respect of an Option Contract, the meaning given to such term in the Exchange Procedures.

4.61   **"Symbol"** has the meaning given to such term in the Exchange Procedures.

4.62   **"TradFi Perps"** means USDS-M Futures Contracts, in respect of which the Underlying Asset is a Traditional Asset.

4.63   **"TradFi Underlying After-Hours Session"** means the after-hours session after the TradFi Underlying Regular Session of an Underlying Asset Exchange, determined by Binance RCH.

4.64   **"TradFi Underlying Pre-Market Session"** means the pre-market session before the TradFi Underlying Regular Session of an Underlying Asset Exchange, determined by Binance RCH.

4.65   **"TradFi Underlying Overnight Session"** means the overnight session commencing after the TradFi Underlying After-Hours Session the night before each TradFi Underlying Scheduled Trading Day of an Underlying Asset Exchange, determined by Binance RCH.

4.66   "**TradFi Underlying Regular Session**" means the regular session of an Underlying Asset Exchange, determined by Binance RCH.

4.67   "**TradFi Underlying Scheduled Trading Day**" means any day on which the Underlying Asset Exchange is open for trading for its regular trading sessions, determined by Binance RCH.

4.68   "**TradFi Underlying Weekends and Holidays**" means any day which is not a TradFi Underlying Scheduled Trading Day, determined by Binance RCH.

4.69   "**Traditional Assets**" means any assets designated as traditional assets on the user interface, including Equity Securities, Commodities, Financial Instruments (as defined in the FSMR) and such other designated assets from time to time.

4.70   "**Underlying Asset Exchange**" means, in respect of a Traditional Asset, the Securities exchange or quotation system on which the Traditional Asset is primarily listed or traded, as determined by Binance RCH in its sole discretion.

4.71   "**Underlying Asset Issuer**" means, with respect to an Equity Security, the issuer of such Equity Security (or, in the case of a depositary receipt, the company whose shares the depositary receipt represents).

4.72   "**Unrealised Profit**" means, at any time, for each Position or Product Account, the net profit that has not yet been realised on that Position or Product Account as shown on the Binance Platform.

4.73   "**USDS-M Delivery Futures**" means USDS-M Futures Contracts which have scheduled Expiration Dates on the last Friday of each Quarter Month.

4.74   "**USDS-M Perpetual Futures**" means USDS-M Futures Contracts which do not have an Expiration Date.

4.75   "**USDC**" means USD Coin (USDC).

4.76   "**USDT**" means USD Tether (USDT).

4.77   "**Wallet Balance**" means, in respect of a Clearing Participant, the sum of the Digital Assets held in the Clearing Participant's applicable Product Account.

5.   Headings are used for ease of reference and shall not affect the interpretation of the Clearing Procedures.

6.   Words in the singular include the plural and vice versa as appropriate and/or necessary in any given context. These principles apply throughout these Clearing Procedures unless the context clearly requires otherwise.

7.   Any references to time should be interpreted in accordance with local time in the ADGM (Gulf Standard Time, UTC+4), unless otherwise specified. Where these Clearing Procedures specify times in UTC, the relevant UTC time is stated explicitly (for example, "08:00 UTC").

8.   References to Applicable Law, FSRA Rules or other legal requirements are to such

laws as amended and in force from time to time, including all subordinate or implementing regulations.

9.   The order of precedence among Binance RCH's documents is established in Rule 6 of the Clearing Rules.

10.   These Clearing Procedures are intended to complement and implement the Clearing Rules. Where any provision of these Clearing Procedures could be read as conflicting with the Clearing Rules, the Clearing Rules shall prevail, and these Clearing Procedures shall be read in a manner consistent with the Rules.

Incorporation by reference

11.   Binance RCH may incorporate external documents into these Clearing Procedures by reference, in accordance with Rule 18 of the Clearing Rules.

12.   The following documents and webpages are incorporated by reference into these Clearing Procedures:

12.1   Each of the Contract Specifications set out in the webpage at this location: https://www.binance.com/en/about-legal/contract-specifications.

12.2   The webpage at this location: https://www.binance.com/en/futures/trading-parameters/perpetual (the "**Trading Parameters Table (USDS-M Futures)**").

12.3   The webpage at this location: https://www.binance.com/en/futures/trading-parameters/quarterly (the "**Trading Parameters Table (COIN-M Futures)**").

12.4   The webpage at this location: https://www.binance.com/en/futures/trading-rules/perpetual/leverage-margin (the "**Leverage & Margin Table (USDS-M Futures)**").

12.5   The webpage at this location: https://www.binance.com/en/futures/trading-rules/quarterly/leverage-margin (the "**Leverage & Margin Table (COIN-M Futures)**").

12.6   The webpage at this location: https://www.binance.com/en/futures/trading-rules/perpetual/multi-asset-info (the "**Multi-Assets Info Table**").

12.7   The webpage at this location: https://www.binance.com/en/futures/funding-history/perpetual/real-time-funding-rate (the "**Funding Rate Table (USDS-M Futures)**").

12.8   The webpage at this location: https://www.binance.com/en/futures/funding-history/quarterly/real-time-funding-rate (the "**Funding Rate Table (COIN-M Futures)**").

12.9   The webpage at this location: https://www.binance.com/en/futures/trading-rules/perpetual/reduce-only-triggers (the "**Reduce Only Triggers Table (USDS-M Futures)**").

12.10 The webpage at this location: https://www.binance.com/en/futures/trading-rules/quarterly/reduce-only-triggers (the "**Reduce Only Triggers Table (COIN-M Futures)**").

12.11 The webpage at this location: https://www.binance.com/en/fee/futureFee (the "**Fee Rate Table (USDS-M Futures)**").

12.12 The webpage at this location: https://www.binance.com/en/fee/deliveryFee (the "**Fee Rate Table (COIN-M Futures)**").

12.13 The webpage at this location: https://www.binance.com/en/fee/optionsTrading (the "**Fee Rate Table (Options)**").

13. Version control of documents and webpages incorporated by reference shall comply with the following requirements:

13.1 Each incorporated document or webpage shall display its effective date and version number;

13.2 Historical versions of incorporated documents or webpages shall be archived and made available upon request; and

13.3 The "current" version shall always be the operative version unless otherwise specified.

14. Material amendments to documents or webpages incorporated in these Clearing Procedures shall be notified, in the case of Contract Specifications in accordance with Rule 538 and in the case of the other documents, may be amended by Binance RCH at any time, at its discretion.

15. Contract Specifications incorporated by reference under Procedure 12 shall contain, without limitation, the following operational details for the related product or service (as applicable):

15.1 Symbol and naming convention;

15.2 Underlying Asset or index;

15.3 Settlement Asset;

15.4 Contract Size (for Futures Contracts);

15.5 Contract Unit (for Options Contracts);

15.6 Contract Multiplier (for COIN-M Futures Contracts);

15.7 Liquidation Price;

15.8 Settlement methodology;

15.9 Margin Requirements (if applicable);

15.10 Liquidation Fee;

15.11   Expiry (for Delivery Futures Contracts and Options Contracts);

15.12   Settlement Price (for Delivery Futures Contracts and Option Contracts); and

15.13   Exercise Fee (for Options Contracts).

16.   Clearing Participants shall be assumed to have reviewed and agreed to the applicable Contract Specifications before trading any product.

Service availability

(Rules 22 – 24)

Scheduled maintenance windows

17.   In accordance with Rule 22, Binance Clearing Company may periodically shut down Binance RCH or access to Binance RCH via the Binance Website or Binance Platform, and interrupt any automatic functions, to carry out scheduled maintenance and system and software updates.

18.   Such scheduled maintenance windows shall be notified to Clearing Participants at least 1 Clearing Day in advance, by Notice.

Emergency interruptions

19.   Binance Clearing Company may suspend Binance RCH, or access to Binance RCH via the Binance Website or Binance Platform, and interrupt any automatic functions, (i) to carry out unscheduled emergency maintenance or unplanned system and software updates or (ii) as a result of technical issues or Force Majeure Events.

Emergency shutdowns

20.   Binance Clearing Company may shut down Binance RCH or access to Binance RCH via the Binance Website or Binance Platform, and interrupt any automatic functions, due to any event or occurrence that it considers, in its sole discretion, to be a reason to shut down Binance RCH (or access thereto).

Business continuity procedures

21.   Binance RCH maintains backup facilities and contingency arrangements designed to ensure, so far as reasonably practicable, the continuity of its Clearing and Settlement Services in the event of a failure or outage of its electronic settlement and clearing system or other critical infrastructure.

22.   In the event of a system outage or operational disruption affecting Binance RCH, Binance RCH may, at its discretion, implement such emergency procedures as it considers necessary to maintain fair and efficient Clearing and Settlement, including but not limited to:

22.1   Restricting Clearing and Settlement Services in one or more products;

22.2   switching to backup clearing facilities or alternative communication channels;

22.3   Restricting or Suspending Clearing and Settlement Services management, recording of new business or other clearing functionalities; and/or

22.4   publishing Notices to Clearing Participants regarding the nature of the disruption and the steps being taken.

23.   During any period of system outage, operational disruption, or emergency, Clearing Participants shall comply promptly with all Notices or instructions issued by Binance RCH, including any requirements to use backup facilities, or other contingency arrangements.

24.   If a system outage or operational disruption occurs close to delivery deadline(s), Binance RCH will use reasonable endeavours to notify affected Clearing Participants as appropriate through Notice of any amendment to the relevant delivery procedures.

CHAPTER 2 – MARGIN AND RISK MANAGEMENT

Margin Calculation Methodologies

(Rules 158, 200 and 272)

Initial Margin calculation formulas (per Contract/Position)

25.   The formula for the calculation of Initial Margin for Futures Contracts, in respect of a Position, is:

   Initial Margin = (Position Value / Leverage)

26.   The formula for the calculation of Initial Margin for Short-Selling Options, in respect of a Position, is:

   Initial Margin = { max [Price Index * 10%, Price Index * 15% + OTM Amount] * Contract Unit + Mark Price} * abs(Position Size)

Maintenance Margin calculation formulas (per Contract/Position)

27.   The formula for the calculation of Maintenance Margin for Futures Contracts, in respect of a Position, is:

   Maintenance Margin = Position Value * Maintenance Margin Rate - Maintenance Amount

28.   The formula for the calculation of Maintenance Margin for Short-Selling Options, in respect of a Position, is:

   Maintenance Margin = { max [Price Index * 5%, Price Index * 7.5% + OTM Amount] * Contract Unit + Mark Price + Liquidation fee rate of 0.0019 * Price Index * Contract Unit } * abs(Position Size)

Supported Margin and haircut schedules for different Virtual Assets

29.   The list of Digital Assets accepted by Binance RCH as Margin and the applicable Collateral Value Ratio (taking into account haircuts or discounts) of such assets as Margin are specified on the Multi-Assets Info Table and may be amended by Binance RCH at any time, at its discretion.

Margin scaling based on Position Bracket

30.   Margin tiers based on Position Brackets are specified on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable, and may be updated by Binance at its sole discretion, from time to time.

Real-time margin monitoring

31.   Binance RCH uses real-time risk engine monitoring to monitor Maintenance Margin.

Adjustments to Margin Requirements or Positions

(Rules 158, 167 – 168 and Rule 272)

32.   Margin Requirements as set out on the <u>Leverage & Margin Table (USDS-M Futures)</u> or the <u>Leverage & Margin Table (COIN-M Futures)</u>, as applicable, are updated continuously. Binance RCH may adjust Margin Requirements at any time and without prior notice, including but not limited to, adjusting:

    32.1   Initial Margin rates;

    32.2   Maintenance Margin Rates;

    32.3   haircuts or discounts applied to Margin assets;

    32.4   the list of acceptable Margin assets;

    32.5   leverage limits; and

    32.6   Maintenance Margin Amount.

33.   Adjustments under Procedure 32:

    33.1   may apply to existing Positions and/or new Positions;

    33.2   may result in changes to Liquidation Prices; and/or

    33.3   may be effected immediately in response to:

        (a)   market conditions;

        (b)   volatility;

        (c)   regulatory requirements;

        (d)   risk management considerations; or

        (e)   any other factor Binance RCH deems relevant.

34.   Binance RCH may, but is not required to, inform Clearing Participants by Notice, of changes to Margin Requirements where practicable, but failure to do so does not invalidate such changes.

Adjustments following extraordinary events

(Rules 167 – 168)

35.   In respect of TradFi Perps, "extraordinary events" pursuant to Rule 167.7 include:

    35.1   **Data Failure**. The failure by all Data Vendors to provide any data in respect of the relevant Traditional Asset.

35.2 **Data Disruption**. Data provided by any Data Vendor is abnormal, unrepresentative or contains a manifest error, as determined by Binance RCH in its sole discretion.

35.3 **Traditional Asset Trading Disruption**. A suspension or limitation is imposed in trading by the relevant Underlying Asset Exchange for any reason in relation to the relevant Traditional Asset.

35.4 **Underlying Asset Exchange Disruption**. An event occurs which disrupts or impairs, as determined by Binance RCH in its sole discretion, the ability of market participants to effect transactions in or obtain market values for the relevant Traditional Assets on the relevant Underlying Asset Exchange.

35.5 **Underlying Asset Issuer Insolvency**. Where the reference asset is an Equity Security, action is commenced to place the Underlying Asset Issuer in insolvency, judicial management, receivership, administrative management, or any similar or analogous proceedings under any applicable law.

35.6 **Delisting**. The relevant Underlying Asset Exchange announces that, pursuant to the rules of such Underlying Asset Exchange, the Traditional Assets cease (or will cease) to be listed, traded or publicly quoted on such Underlying Asset Exchange.

35.7 **Regulatory Action**. Any action by the FSRA (including, without limitation, any withdrawal or suspension of any authorisation, license or registration) which has or is reasonably likely to have a material adverse effect on the ability of Binance RCH to continue to offer TradFi Perps or the ability of users to trade TradFi Perps.

35.8 **Material Change in Formula or Content**. Where the reference asset is a Commodity, Binance RCH determines that (i) there has been a material change in the formula for or the method of calculating the price of the Commodity; or (ii) there has been a material change in the content, composition or constitution of the Commodity.

35.9 **Tax Disruption**. Where the reference asset is a Commodity, the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity from what it would have been without that imposition, change or removal.

35.10 The following corporate events:

(a) **Cash Distributions**. Any cash dividend or distribution to holders of the relevant Equity Security by way of bonus, capitalisation, or similar issue.

(b)   **Distributions-in-kind**. Any distribution, issue or dividend to holders of the relevant Equity Security of additional Equity Securities or other share capital, securities, rights or warrants, including share capital or other securities of another issuer acquired or owned by the Underlying Asset Issuer as a result of a spin-off or other similar transaction.

(c)   **Subdivision, Consolidation or Reclassification**. A subdivision, consolidation or reclassification of the relevant Equity Securities.

(d)   **Underlying Asset Issuer Call**. A call by the Underlying Asset Issuer in respect of relevant Equity Securities that are not fully paid.

(e)   **Repurchase**. A repurchase by the Underlying Asset Issuer or any of its subsidiaries of relevant Equity Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise, other than repurchases pursuant to a publicly announced share buyback program where such repurchases, in aggregate, constitute less than 5% of the issued Traditional Assets in any rolling 12-month period.

(f)   **Mergers**. A (i) reclassification or change of such Equity Securities that results in a transfer of or an irrevocable commitment to transfer all of such Equity Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Asset Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Asset Issuer is the continuing entity and which does not result in a reclassification or change of all of such Equity Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Equity Securities of the Underlying Asset Issuer that results in a transfer of or an irrevocable commitment to transfer all such Equity Securities (other than such Equity Securities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Asset Issuer or its subsidiaries with or into another entity in which the Underlying Asset Issuer is the continuing entity and which does not result in a reclassification or change of all such Equity Securities outstanding but results in the outstanding Equity Securities (other than Equity Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Equity Securities immediately following such event.

(g)   **Tender Offer**. A takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Underlying Asset Issuer, as determined by Binance RCH, based upon the making

of filings with governmental or self-regulatory agencies or such other information as Binance RCH deems relevant.

(h) **Other Events**. Any other event that may have a diluting or concentrative effect on the theoretical value, price or tradability of the relevant Equity Securities, as determined by Binance RCH in its sole discretion.

36. Where an event under Rule 167 has occurred, in accordance with Rule 168, Binance RCH may (without limitation):

36.1 **Price Index constituent substitution and re-weighting:** exclude affected inputs, re-weight remaining inputs, and/or introduce substitute sources, including in accordance with Rule 270.6 and Procedures 62 and 66;

36.2 **Mark Price adjustments**: modify inputs used for determining the Mark Price or apply temporary price clamps or volatility bands;

36.3 **Funding Rate adjustments:** suspend, defer, re-express or re-denominate Funding Rate calculations and/or Funding Amounts for the affected Funding Interval(s) in accordance with Procedures 77 and 78;

36.4 **Maintenance Margin adjustments**: adjust the Maintenance Margin requirements (including the Maintenance Margin Rate);

36.5 **Settlement actions**: batch, defer or sequence settlements and effect early close-out of positions in an orderly manner;

36.6 **Re-denomination**: convert the payment or delivery obligation of the relevant Clearing Participant to an obligation to make payment in, or deliver, an alternative Digital Asset; and

36.7 **Binance RIE actions**: instruct Binance RIE to take any action with respect to the relevant Contract, including implementing parameter changes, imposing trading halts or other measures, implementing a "Reduce Only" risk control measure or suspending or Removal and re-listing the Contract.

37. Binance RCH may also in respect of TradFi Perps:

37.1 **Data Rejection**. In the case of a data disruption only (as set out in Procedure 35.2), exclude data from any Data Vendor as a constituent of the Price Index and re-weight data from other Data Vendors and/or introduce substitute Data Vendors.

37.2 **Switch to Fixed Mode**. Switch to Fixed Mode (as described in Procedure 68.4) for as long as deemed necessary by Binance RCH in its sole discretion.

37.3 **Alternative Price Source**. Substitute an alternative pricing source or methodology for the Price Index and/or Mark Price, whether on a temporary or permanent basis, as selected by Binance RCH in good faith and in a commercially reasonable manner.

38. If a TradFi Perp is subject to Removal pursuant to Procedure 36, Binance RCH shall effect the cash settlement of all Positions at a settlement price determined by Binance RCH acting in good faith and in a commercially reasonable manner as at the time of Removal.

39. Binance RCH shall use reasonable efforts to provide notice of any adjustment, or other action taken pursuant to these Procedures 35 to 40 via a Notice as soon as reasonably practicable, but failure to provide such Notice (or delay in providing such Notice) shall not affect the validity of any such action or give rise to any liability on the part of Binance RCH.

40. Binance RCH shall not be liable to any Clearing Participant for any losses, costs, expenses or damages (whether direct, indirect, consequential or otherwise) arising from or in connection with: (a) the occurrence or determination of any extraordinary event as set out in Procedure 35; (b) any action taken by Binance RCH pursuant to these Procedures 35 to 40; nor (c) any delay or omission in taking any such action, provided that Binance RCH acts in good faith.

Margin Balance

(Rule 207)

41. Clearing Participants may access real-time information relating to their Margin Balance through the user interface of the Binance Platform or by sending a request through the Binance API.

Binance Credits Mode

(Rule 246)

42. Binance Credits Mode is available to Clearing Participants in eligible regions specified by Binance RCH from time to time, as notified by Binance RCH by Notice. Binance Credits Mode may only be used in relation to USDS-M Futures.

43. Binance Credits Mode can only be used with Cross Margin Mode and Multi-Assets Mode.

44. Only selected supported Digital Assets specified by Binance RCH may be converted into Binance Credits. Clearing Participants are deemed to have accepted the conversion rate offered by Binance RCH in relation to any conversions to Binance Credits. Clearing Participants using Binance Credits Mode will see their Unrealised P&L, Margin and fees in respect of their Positions subject to Binance Credits Mode labelled "BNFCR" on the user interface.

45. Binance Credits cannot be transferred, directly or indirectly, to other Product Accounts, Binance Accounts or to any kind of external wallet. Binance Credits can be converted into selected supported Digital Assets before making withdrawals.

Default Procedures

(Rule 270)

<u>Mark Price</u>

46.   The Mark Price is an estimate of a Contract's value and is used for the purposes of calculating Margin Requirements. Liquidation occurs in respect of a Position when the Mark Price (calculated in accordance with Procedures 47 – 59 below) reaches or crosses the Liquidation Price (calculated in accordance with Procedures 79 – 81 below) calculated for that Position.

<u>Mark Price - Perpetual Futures Contracts</u>

47.   The Mark Price at any time (*t*) for Perpetual Futures Contracts (other than during any Pre-Market Transition Period or, in respect of TradFi Perps, at any time other than during TradFi Underlying Regular Sessions) shall be calculated as the median of the following three values: *Price 1$_t$, Price 2$_t$, Contract Price$_t$*.

48.   For these purposes:

   *Price 1$_t$ = Price Index$_t$ * (1 + Last Funding Rate$_t$ * TUNF$_t$ / (Funding Interval))*

   Price 2$_t$ = Price Index$_t$ + Moving Average$_t$; and

   Contract Price$_t$ means the Last Traded Price as at time t,

   where:

Funding Interval	means the period in seconds between consecutive Funding Times applicable to the Contract, which may be dynamically varied by Binance RCH (as more fully described below).
Last Funding Rate	means the most recently published Funding Rate for the Contract, as determined by Binance RCH and published on the <u>Funding Rate Table (USDS-M Futures)</u> or the <u>Funding Rate Table (COIN-M Futures)</u>, as applicable.
Last Traded Price	means, in respect of a Contract and at any time *t*, the most recent execution price on Binance RIE for such Contract.
Moving Average	means the arithmetic average over the immediately preceding 30 seconds, sampled each second, of the mid-market deviation of Binance RIE best bid/ask from the Price

	Index, calculated by Binance RCH as follows: $$Moving\ Average_t = \Sigma[\frac{Bid\ 1_i + Ask\ 1_i}{2} - Price\ Index_i] \div 30$$ where $Bid\ 1_i, Ask\ 1_i, Price\ Index_i$ are sampled over 30 data points collected at 1-second intervals during the immediately preceding 30 seconds period, as determined by Binance RCH.
Bid 1 and Ask 1	mean, respectively, the best Bid and best Ask displayed on Binance RIE Global Orderbook for Spot for the Underlying Asset at the corresponding time sample (*i*) used in the Moving Average calculation, as determined by Binance RCH.
Price Index	has the meaning given to that term in the Clearing Rules or, in the case of TradFi Perps, in Procedures 67 to 69, or where the Underlying Asset is a Futures Index, in Procedure 70.
Time Until Next Funding or (TUNF)	means the remaining time in seconds until payment of the next Funding Amount for the Contract, as determined by Binance RCH and published on the [Funding Rate Table (USDS-M Futures)](#) or the [Funding Rate Table (COIN-M Futures)](#), as applicable.

49.   During any scheduled system maintenance or downtime in which order execution is suspended, Binance RCH shall continue to compute the Mark Price for Perpetual Futures Contracts within scope of Procedures 47 and 48 in accordance with the standard methodology, except that the "Moving Average" component of *Price* 2_t shall be deemed to be zero until such time that Binance RCH determines that normal operation can resume.

50.   The Mark Price during a Pre-Market Transition Period shall be calculated as follows:

Mark Price = Average of last 10 seconds trade prices, calculated every second.

If there are less than 21 transaction prices in the 10 second interval, the average of the Price Index will be based on the last 20 transaction prices.

A ±1% of price cap will be imposed on the Mark Price where the price change is limited within ±1% range every second interval. This cap is applicable during the pre-market trading and Pre-Market Transition Period.

51.   The Mark Price for TradFi Perps at any time other than a TradFi Underlying Regular Session shall be determined by smoothing the most recent execution price on Binance RIE for such TradFi Perp Contract using an EWMA determined by Binance RCH.

Mark Price - Delivery Futures Contracts

52.   The Mark Price for Delivery Futures Contracts will be calculated differently as it reaches its Expiry date.

53.   Before the Expiry date for the relevant Delivery Futures Contract, and on the day of Expiry of the relevant Delivery Futures Contract up to (but excluding) 30 minutes to the time of Expiry, the Mark Price shall be calculated as follows:

Mark Price = Price Index + Moving Average (30-Seconds Basis)

where:

Moving Average	means the arithmetic average over the immediately preceding 30 seconds, sampled each second minute, of the mid-market deviation of Binance RIE best Bid/Ask from the Price Index, calculated by Binance RCH as follows: *Moving Average$_t$=Σ[(Bid 1$_i$+Ask 1$_i$) / 2 – Price Index$_i$]÷30* where *Bid 1$_i$, Ask 1$_i$, Price Index$_i$* are sampled over 30 data points collected at 1-second intervals during the immediately preceding 30 seconds period at each second minute, as determined by Binance RCH.

54.   On the day of Expiry of the relevant Delivery Futures Contract, from (and including) 30 minutes to the time of Expiry, the Mark Price shall be calculated as follows:

Mark Price = simple average of Price Index (every second from 11:30 and 11:59 UTC+4 on the day of Expiry)

Mark Price - Option Contracts

55.   The Options Mark Price is the value of the Options reported by the Binance RCH risk control system, which calculates the Position Margin and the Unrealised P&L. It is used in the risk control system and can be considered the reasonable theoretical price of the Option Contract at the current time.

56.   Options Mark Price is calculated in real-time by using the Black-Scholes model.

57.   The implied volatility applied in calculating the Options Mark Price is determined based on the best Bid and Ask prices of the Option Contract, inputs from specialised liquidation market makers, and the established volatility cap and floor parameters

within the system. The volatility cap and volatility floor might be adjusted without notification to Clearing Participants during severe market volatility.

58.   On the day of Expiry of the relevant Option Contract, from (and including) 30 minutes to the time of Expiry, the Mark Price is the arithmetic mean of the Price Index during those 30 minutes as indexed by Binance RCH.

Mark Price - Removal

59.   During the last 30 minutes before the Removal of a Contract from Binance RIE, the Mark Price of the Removed Contract will be calculated as the average of the Price Index every second over the last 30 minutes.

Price Index Methodology

60.   The Price Index is used for the purposes of calculating the Mark Price.

61.   For Contracts other than TradFi Perps, or where the Underlying Asset is a Futures Index, the definition of "Price Index" in the Clearing Rules shall apply. Procedures 62 - 66 shall not apply to TradFi Perps.

62.   Binance RCH may, in determining the Price Index, disregard or re-weight any price quotations that it determines (in good faith) to be manifestly erroneous, stale, or unrepresentative, including those arising from data outages, latency or abnormal spreads.

Designation of Constituent Exchange (Rule 1.160)

63.   Binance RCH designates the approved constituent exchanges and liquidity sources for each Underlying Asset used in the Price Index based on a systematic evaluation process. This process considers, but is not limited to, the following criteria:

    63.1   trading volume and market share of the Symbol across multiple exchanges, as verified through reputable market data aggregators;

    63.2   price consistency, where exchanges exhibiting significant price deviation are excluded;

    63.3   market quality indicators including narrow bid-ask spreads, high notional trading volume, and liquidity depth; and

    63.4   ongoing monitoring of constituent exchanges to ensure continued compliance with the above criteria.

64.   Constituents of the Price Index may include, by way of example:

    64.1   in respect of USDS-M Futures Contracts and Option Contracts, Binance, KuCoin, OKX, HitBTC, Gate.io, Ascendex, MEXC, Coinbase, Kraken, Bitget, Bitfinex, Bybit, PancakeSwap (BNB Chain), Uniswap (Ethereum), Raydium (Solana) and Aster; and

64.2 in respect of COIN-M Futures Contracts, Bitstamp, Coinbase Pro, Kraken, Binance, Huobi, Kucoin, and OKX.

65. If the latest price of a specific constituent deviates by more than 3% from the median price of all constituents, the value will be immediately capped at either 1.03 times or 0.97 times the median price, depending on whether the deviation is above or below the median.

66. Binance RCH regularly assesses the constituents of the Price Index and amends the constituents of the Price Index in its sole discretion, and without prior notice.

Price Index Methodology for TradFi Perps

67. In respect of TradFi Perps, the Price Index is constructed from constituent prices quoted by Data Vendors, other than during TradFi Underlying Weekends and Holidays, when no external data is available, where the Price Index remains fixed at its most recently calculated value.

68. The Price Index system for TradFi Perps may operate under four calculation modes depending on trading hours and the relevant Underlying Asset:

68.1 **Standard Mode** (TradFi Underlying Regular Sessions) – The Price Index is updated every second as a weighted average of all constituents;

68.2 **Fast-Decay EWMA Mode** (TradFi Underlying Pre-Market Session and TradFi Underlying After-Hours Session) – The weighted average Price Index is smoothed using an EWMA determined by Binance RCH to adapt to lower liquidity and higher volatility in extended hours;

68.3 **Slow-Decay EWMA Mode** (TradFi Underlying Overnight Session) – The Price Index is smoothed more gradually by Binance RCH in its direction to ensure stable and continuous pricing during TradFi Underlying Overnight Sessions when liquidity is limited; or

68.4 **Fixed Mode** (TradFi Underlying Weekends and Holidays) – No recalculation occurs; the Price Index remains fixed at the last available value.

69. Binance RCH may determine in its sole discretion what constitutes an "**Underlying Trading Period**". Binance RCH may modify the timeframe of any trading session considered or the mode of calculation applicable to any trading session, so that the consideration of its use starts earlier or later and/or finishes earlier or later, in its sole discretion.

Price Index Methodology where the Underlying Asset is a Futures Index

70. The Price Index for a USDS-M Perpetual Futures Contract, where the Underlying Asset is a Futures Index, is the price for that Futures Index on the Binance RIE.

Notification Procedures for Price Index Adjustments

71. Binance RCH will notify Clearing Participants of any adjustments to the Price Index methodology (other than adjustments to the constituents of the Price Index which may

be made in accordance with Procedure 66), as soon as possible after such adjustment, by way of a Notice pursuant to Rule 12 of the Clearing Rules.

Funding Rate Mechanism

(Rule 1.100)

<u>Funding Amount Calculation and Direction</u>

72. In respect of each Perpetual Futures Contract, a Funding Amount is payable by or to a Clearing Participant at each relevant Funding Time. Neither Binance RIE nor Binance RCH shall charge or retain any fee in respect of Funding Amount transfers.

    72.1 The Funding Amount shall be determined, in respect of a Position and a Funding Interval, by Binance RCH in accordance with the following formula:

    *Funding Amount = Position Value * Adjusted Funding Rate*

    where the calculation of the Funding Rate and Adjusted Funding Rate are set out at Procedure 73.

    72.2 Payment Direction:

    (a) Positive Funding Rate: long positions shall pay the Funding Amount to the short positions.

    (b) Negative Funding Rate: short positions shall pay the Funding Amount to the long positions.

    72.3 A Clearing Participant is liable to pay or receive Funding Amounts at the relevant Funding Times only if it has an open Position at the relevant Funding Time. Closing the Position before the Funding Time eliminates liability for that Funding Interval.

<u>Funding Rate Calculation</u>

73. The Funding Rate shall be subject to a symmetrical cap and floor equal to $\pm$ 0.75 * Maintenance Margin Rate applicable to the Contract at the highest Maximum Leverage tier (each, a **"Cap"** and **"Floor"**), in accordance with the following formula:

    *Adjusted Funding Rate = clamp (Funding Rate,-0.75 * Maintenance Margin Rate,+0.75 * Maintenance Margin Rate)*

    If the uncapped Funding Rate exceeds the Cap or is below the Floor, it shall be adjusted to be equal to the Cap or Floor, respectively.

    "Funding Rate" means, in respect of any Funding Interval of N hours, the rate determined by Binance RCH in accordance with the following formula:

    Funding Rate$_t$ =(Average Premium Index (P) + clamp (I-P,+0.05%,-0.05%))/(8/N)

    subject always to the applicable Cap and Floor, where:

Average Premium Index (P)	The time-weighted average of the Premium Index (defined below) values calculated by Binance RCH over the immediately preceding Funding Interval, based on five-second sampling. If N > 1 hour, the average shall be weighted by the remaining time-to-funding as follows: *Average Premium Index (P) =* *(1 * Premium_Index_1 + 2 * Premium_Index_2 + ⋯ + n * Premium_Index_n)* */* *(1 + 2 + 3 + ⋯ + n)* *†Premium Index 1: the first Premium Index data point n = 60/5 * 60 * 8 = 5,760 (Assuming the funding interval is 8 hours)* If N = 1 hour, equal weighting shall apply as follows: *Average Premium Index (P) = ((Premium_Index_1 + Premium_Index_2 + ⋯ + Premium_Index_n))/n* *n = 60/5 * 60 = 720*
Funding Interval (N)	the period in seconds between consecutive Funding Times applicable to the Contract, which may be dynamically varied by Binance RCH.
Funding Times	04:00 UTC+4, 12:00 UTC+4 and 20:00 UTC+4 (or such other times as may be determined under the Clearing Rules), subject to an operational tolerance of up to 15 seconds. The Funding Rate determined for the immediately preceding Funding Interval shall apply to Funding Amounts exchanged at the next Funding Time.
Impact Ask Price	the average fill price to execute the Impact Margin Notional (defined below) on the Ask price.
Impact Bid Price	the average fill price to execute the Impact Margin Notional (defined below) on the Bid price.
Impact Margin Notional	200 USDT / Initial Margin Rate at the Maximum Leverage level shown on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable, being an amount used to locate the average impact Bid or Ask price in the Global Orderbook, based on the notional available to trade with 200 USDT worth of Margin (quoted in USDT).

Initial Margin Rate	1/Leverage
Interest Rate or (I)	the notional fixed interest component for each Funding Interval specified by Binance RCH from time to time and published on the Funding Rate Table (USDS-M Futures) or the Funding Rate Table (COIN-M Futures), as applicable.
Last Funding Rate	the most recently published Funding Rate for the Contract, as determined by Binance RCH and published on the Funding Rate Table (USDS-M Futures) or the Funding Rate Table (COIN-M Futures), as applicable.
Premium Index or (P)	calculated by Binance RCH as follows: $P= (max(0, Impact\ Bid - Price\ Index) - max(0, Price\ Index - Impact\ Ask))/(Price\ Index)$ Live data on the Premium Index for a Contract is available on the Binance Website at https://www.binance.com/en/futures/funding-history/perpetual/index.
Time Until Next Funding or (TUNF)	the remaining time in seconds until payment of the next Funding Amount for the Contract, as determined by Binance RCH and published on the Funding Rate Table (USDS-M Futures) or the Funding Rate Table (COIN-M Futures), as applicable.

Funding Amount Settlement

74.   Funding Amounts are settled at each Funding Time and immediately debited or credited to the Clearing Participant's Futures Product Account in the Settlement Asset.

75.   Where a debit Funding Amount would result in a negative balance, Binance RCH may apply such debit against the Clearing Participant's Position Margin; any reduction of Margin shall be reflected in the Margin Balance and may affect the Liquidation Price.

76.   Funding Amount settlement may occur within an operational tolerance of up to fifteen (15) seconds from the stated Funding Time.

Funding Rate Changes

77.   Binance RCH reserves the right to update the Cap, Floor and Funding Interval. No announcement will be made in the event that an adjustment is made due to the previous Funding Rate reaching the Cap or Floor.

78.   Binance RCH will otherwise notify Clearing Participants of any changes to the Funding Rate calculations as soon as possible after such change by way of a Notice pursuant to Rule 12 of the Clearing Rules.

Liquidation Price calculation

(Rule 270)

Cross Margin and Isolated Margin Liquidation Price calculation

79.   The Liquidation Price formula for USDS-M Futures Contracts under Cross Margin Mode is as follows:

LP_1 = (WB − TMM_1 + $UPNL_1$ + cum_B + cum_L + cum_S – $Side_1BOTH$ * $Position_1BOTH$ * EP_1BOTH − $Position_1LONG$ * EP_1LONG + $Position_1SHORT$ * EP_1SHORT)

/

($Position_1BOTH$ * MMR_B + $Position_1LONG$ * MMR_L + $Position_1SHORT$ * MMR_S − $Side_1BOTH$ * $Position_1BOTH$ − $Position_1LONG$ + $Position_1SHORT$)

where:

WB	Wallet Balance
TMM1	Maintenance Margin of all other contracts, excluding Contract 1 (where Contract 1 is the specific symbol for the Contract for which the Liquidation Price is being calculated) If it is an Isolated Margin Mode, then TMM=0, UPNL=0
UPNL1	Unrealised P&L of all other Contracts, excluding Contract 1 If it is an Isolated Margin Mode, then UPNL=0
cumB	Maintenance Amount of the relevant Positions (long or short in One-way Mode)
cumL	Maintenance Amount in respect of long Position (Hedge Mode)
cumS	Maintenance Amount in respect of short Position (Hedge Mode)
Side1BOTH	Direction of the relevant Position, 1 as long Position, -1 as short Position (One-way Mode)
Position1BOTH	Absolute value of the relevant Position (long or short in One-way Mode)
EP1BOTH	Entry Price of the relevant Position (long or short in One-way Mode)
Position1LONG	Absolute value of long Position (Hedge Mode)
EP1LONG	Entry Price of long Position (Hedge Mode)
Position1SHORT	Absolute value of short Position (Hedge Mode)
EP1SHORT	Entry Price of short Position (Hedge Mode)

MMR B	Maintenance Margin Rate of the relevant Position (long or short in One-way Mode)
MMR L	Maintenance Margin Rate in respect of long Position (Hedge Mode)
MMR S	Maintenance Margin Rate in respect of short Position (Hedge Mode)
MP	The prevailing Mark Price of Contract 1

In Cross Margin Mode, WB is crossWalletBalance.

In Isolated Margin Mode, the same formula as set out for Cross Margin Mode applies, except: WB is isolatedWalletBalance of the isolated Position, TMM=0, UPNL=0, substitute the Position quantity, MMR, cum into the formula to calculate.

80. The Liquidation Price formula for COIN-M Futures Contracts is as follows:

$$LP = \frac{B \times MMR_B + L \times MMR_L + S \times MMR_S + sideBOTH \times B + L - S}{WB - TMM1 + UPNL1 + cum_B + cum_L + \frac{cum_S}{CM} + sideBOTH \times \frac{B}{EP_B} + \frac{L}{EP_L} - \frac{S}{EP_S}}$$

Where:

WB	Wallet Balance in Cross Margin Mode Isolated Wallet Balance of the isolated Position in Isolated Margin Mode.
TMM1	Maintenance Margin of all other Contracts, excluding Contract 1 *TMM1= MaintenanceMargin2+MaintenanceMargin3+…+MaintenanceMarginN MaintenanceMargin2=Position2xCMxMMR2/MP2-cum2* If it is in Isolated Margin Mode, TMM = 0, UPNL= 0
UPNL1	Unrealised P&L of all other Contracts, excluding Contract 1 *UPNL1= UnrealisedPNL2 + UnrealisedPNL3 + … + UnrealisedPNLN UnrealisedPNL1=∑Position1xSide1xCMx(1/EP1-1/MP1)* If it is in Isolated Margin Mode, UPNL = 0
cumB	Maintenance Amount in respect of the relevant Positions (long or short in One-way Mode)
cumL	Maintenance Amount of long Position (Hedge Mode)
cumS	Maintenance Amount of short Position (Hedge Mode)
SideBOTH	Direction of the relevant Position, 1 as long Position, -1 as short Position (One-way Mode)
B/ Abs(x)	Absolute value of the relevant Position (long or short in One-way Mode)

EPB	Entry Price of the relevant Position (long or short in One-way Mode)
L	Absolute value of long Position (Hedge Mode)
EPL	Entry Price of long Position (Hedge Mode)
S	Absolute value of short Position (Hedge Mode)
EPS	Entry Price of short Position (Hedge Mode)
MMR B	Maintenance Margin Rate in respect of the relevant Position (long and short in One-way Mode)
MMR L	Maintenance Margin Rate in respect of the long Position (Hedge Mode)
MMR S	Maintenance Margin Rate in respect of the short Position (Hedge Mode)
CM	Contract Size

Liquidation Price calculation for Options

81.   The Liquidation Price is set by averaging quotes from specialised liquidation market makers. This process factors in order size, option liquidity, and current market conditions to ensure a fair price.

82.   Forced Liquidation will occur to protect a Clearing Participant's Product Account from further losses if any of the following conditions are met:

82.1   *Maintenance Margin > 0 & Maintenance Margin / Adjusted Equity >= 0.95;*

82.2   *Maintenance Margin > 0 & Adjusted Equity < 0;or*

82.3   *Wallet balance < 0 & Maintenance Margin = 0 & Abs(Wallet Balance) / (In scope long option position values) >= 0.95*

Impact of Leverage on Liquidation Price

83.   The Maintenance Margin Rate for different tiers of Leverage and depending on the Position Bracket for a relevant Contract, are set out on the Leverage & Margin Table (USDS-M Futures) or the Leverage & Margin Table (COIN-M Futures), as applicable.

Methodology for calculating Positions

(Rule 1.77, Rule 1.116 and Rule 166)

84.   Positions, including Direct Positions and Indirect Positions are calculated as the net sum of the relevant Contract Legs.

85. The methodology for the calculation of the "Position Value" is set out below:

85.1 For Positions relating to USDS-M Futures Contracts:

*Position Value = Contract Size * Mark Price.*

85.2 For Positions relating to COIN-M Futures Contracts:

*Position Value = (Contract Size * Contract Multiplier)/Mark Price.*

86. For the purposes of the definition of "Unrealised P&L" in the Clearing Rules:

86.1 "Unrealised P&L" in respect of USDS-M Perpetual Futures shall be calculated as follows:

*Unrealised P&L = Contract Size * Absolute value of Position† * (Mark Price - Entry Price)*

†1 for long order ; -1 for short order

86.2 "Unrealised P&L" in respect of COIN-M Perpetual Futures shall be calculated as follows:

*Unrealised P&L = Contract Size * Contract Multiplier * Absolute value of Position† * (1/Mark Price - 1/Entry Price)*

†1 for long order ; -1 for short order

Margin Modes

87. All Positions are defaulted to Cross Margin Mode for USDS-M Futures Contracts. In Cross Margin Mode, Margin can only be shared across Positions with the same type of Digital Asset.

88. If a Clearing Participant switches the Margin Mode for a Position, it will only apply to the selected Position.

Multi-Assets Mode

89. Multi-Assets Mode operates exclusively in Cross Margin Mode for USDS-M Futures Contracts and permits a variety of Virtual Assets as Margin for Contract Specifications. It allows Clearing Participants to share Margin across USDT-margined and USDC-margined USDS-M Futures Contracts, such that profits from one USDS-M Futures Contract can offset losses in another, with profits and losses in USDT-margined Contracts being generated in USDT and profits and losses in USDC-margined contracts being generated in USDC. A list of supported Virtual Assets as Margin in Multi-Assets Mode is published on the Multi-Assets Info Table and may be amended by Binance RCH at any time, at its discretion. Binance will notify Clearing Participants of any amendment in accordance with Rule 12 of the Clearing Rules.

Auto-Exchange

90.   Auto-Exchange is a mechanism available when using Multi-Assets Mode in Cross Margin Mode to ensure that the balance of a Clearing Participant's USDS-M Futures Wallet Balance does not fall below the Auto-Exchange Threshold. When Auto-Exchange is triggered, all positive balance Digital Assets in the USDS-M Futures Product Account are automatically and proportionally converted at market price by the Auto-Exchange service engine to cover the corresponding deficit. The conversion service is not provided by Binance RCH and is provided by a Binance Affiliate in accordance with the Convert Product Terms.

91.   The Auto-Exchange Threshold varies between Clearing Participants. For Clearing Participants in the Auto-Exchange Threshold First Category, the Auto-Exchange Threshold is -5,000 USDT, -5,000 USDC, -5,000 BNFCR or -0.1 BTC. For all other Clearing Participants that are not in the Auto-Exchange Threshold First Category, including Clearing Participants that have a "VIP 2" to "VIP 9" Level in accordance with the [Fee Rate Table (USDS-M Futures)](), the Auto-Exchange Threshold is -10,000 USDT, -10,000 USDC, -5,000 BNFCR or -0.1 BTC.

92.   Auto-Exchange is triggered in three scenarios:

        92.1   When the Clearing Participant's USDS-M Futures Wallet Balance is lower than the Auto-Exchange Threshold.

        92.2   In the case of liquidation, if the Clearing Participant's USDS-M Futures Wallet Balance is insufficient to cover the deficit.

        92.3   When there is a negative USDS-M Futures Wallet Balance with no existing Positions or open Orders, the system will continuously calculate the "LTV" ratio and trigger Auto-Exchange when LTV is greater than or equal to 0.995. For this purpose, "LTV" is calculated as follows:

                LTV = abs($\sum$negative asset WalletBalance in USD value * (1 + Auto-Exchange Haircut)) / $\sum$positive asset WalletBalance in USD value * (1 - Auto-Exchange Haircut)

                Where "Auto-Exchange Haircut" means, in respect of a Digital Asset, the percentage specified on the [Multi-Assets Info Table]()

Margin Call procedures

(Rules 209 – 214)

Margin Call triggers and thresholds

93.   In respect of Futures, Binance RCH may, but is not obliged to, issue a Margin Call when a Clearing Participant's Margin Ratio reaches 80%.

94.   In respect of Options, Binance RCH may, but is not obliged to, issue a Margin Call when a Clearing Participant's Margin Ratio reaches 80%.

95.   Clearing Participants may customise their Margin Call trigger threshold and notification frequency.

96.   Binance RCH shall have no liability to any Clearing Participant or any third party in connection with any failure of Binance RCH to make a Margin Call or any delay in the receipt by the Clearing Participant of any Margin Call.

Required actions by Clearing Participants

97.   If a Margin Call is issued, the Clearing Participant should deposit additional Margin or reduce positions, if required, to restore the Margin Balance to required levels in order to avoid a Margin Breach.

Risk Controls

Risk Controls

98.   Binance RCH reserves the right to take appropriate measures based on, and not limited to, changes in the Risk Ratio. Risk Control measures that may be used include, and are not limited to:

   98.1   instructing Binance RIE to implement a Reduce Only restriction;

   98.2   adjusting the Risk Ratio according to the market situation; and

   98.3   prohibiting trading and other operations for high-risk Clearing Participants.

Monitoring

99.   Binance RCH shall monitor Positions against Risk Controls in real time.

Reduce-Only

100.   Conditions for "Reduce Only" trading restrictions are published on the Reduce Only Triggers Table (USDS-M Futures) and the Reduce Only Triggers Table (COIN-M Futures). Both of the following trigger conditions must be satisfied:

   100.1 the Risk Ratio exceeds the percentage specified in the Reduce Only Triggers Table (USDS-M Futures) or the Reduce Only Triggers Table (COIN-M Futures), as applicable, in respect of the Contract; and

   100.2 the gap between the Position's Liquidation Price and the Contract's Mark Price must be less than the percentage specified in the Reduce Only Triggers Table (USDS-M Futures) or the Reduce Only Triggers Table (COIN-M Futures), as applicable in respect of the Contract.

101.   If the trigger conditions referred to in Procedure 100 are satisfied, Binance RCH will automatically instruct Binance RIE to implement the "Reduce Only" risk control measures.

102.   When any of the following two conditions are met, Binance RCH will automatically instruct Binance RIE to lift any "Reduce Only" trading restrictions on a Contract imposed in accordance with Procedure 101, within 10 minutes of such instruction:

102.1   When a Clearing Participant's Position is reduced by at least 30% of the contract's "Open positions notional value of the contract" specified in the [Reduce Only Triggers Table (USDS-M Futures)](#) or the [Reduce Only Triggers Table (COIN-M Futures)](#), as applicable in respect of the Contract.

102.2   The Liquidation Price is more than 40% away from the current Mark Price.

103.   The conditions of lifting "Reduce Only" in Procedure 102 are for reference only. Binance RCH reserves the right to dynamically adjust the conditions according to market movement without prior notice.

Position Limits

104.   The maximum Position that can be held in respect of a Contract and a specified Leverage (the "**Position Limit**") is, by default, the upper limit of the Position Bracket in respect of that Leverage tier set out in the [Leverage & Margin Table (USDS-M Futures)](#) or the [Leverage & Margin Table (COIN-M Futures)](#), as applicable.

105.   Clearing Participants may request an adjustment to their individual Position Limits as referred to in Procedure 104 above using the Position Limit adjustment tool on the Binance Platform, in accordance with these Procedures. Binance RCH shall evaluate whether to approve or reject the Position Limit adjustment request and may accept or reject the request, and determine the adjusted Position Limit level, in its sole discretion. Such adjustments, if accepted, will take effect immediately. Each Symbol must be adjusted individually. For the avoidance of doubt, any adjustment to the Position Limits in respect of a Symbol and a Clearing Participant shall not affect, modify, or otherwise impact any Position Limits applicable to any other Symbols and such Clearing Participant.

106.   Clearing Participants may cancel an individual Position Limit adjustment in respect of a Symbol only when there are no open Positions or Orders on the Binance RIE for such Symbol.

107.   Binance RCH reserves the right to revoke an individual Position Limit adjustment and withhold any refund associated with any Position Limit increase fee pursuant to Procedure 189 if any of the triggers set out in Procedure 100 are satisfied, or if there is a Margin Breach.

108.   Where an individual Position Limit is adjusted, Binance RCH will automatically instruct Binance RIE to implement the corresponding pre-trade risk controls.

CHAPTER 3 – CLEARING AND SETTLEMENT

Close-out of Defaulting Clearing Participant Positions

(Rules 304 and 312)

<u>Close-Out Methodology</u>

109. Upon an Event of Default, the close-out of a Clearing Participant's Positions may be effected by:

    109.1 Binance RCH, in accordance with Rule 304.3, by submitting orders to Binance RIE for opposing transactions through Binance RCH's appointed agent;

    109.2 the Clearing Participant, in accordance with Rule 304.2(a), by entering into opposing transactions with one or more counterparties; or

    109.3 any other commercially reasonable method determined by Binance RCH.

110. Binance RCH may close out positions over such period and in such manner as it determines appropriate, having regard to market conditions and the size of the positions.

111. Binance RCH is not required to achieve the best possible price when closing out positions and will not be liable for any losses resulting from the manner or timing of close-out.

Service Closure Process

(Rule 356, 357 and 419)

112. In the event Binance RCH ceases its activities under Rule 356, 357 or 419 of the Clearing Rules, any additional processes not otherwise covered in the Clearing Rules shall be disclosed to Clearing Participants by way of Notice.

Reversal of Settlement

(Rule 115)

113. Binance RCH may effect reversal of settlement pursuant to Rule 115 by:

    113.1 making an opposing internal book entry transfer to cancel out the original books entry transfer;

    113.2 debiting or crediting Binance Accounts as appropriate;

    113.3 requiring a Clearing Participant to return assets received;

    113.4 exercising rights of set-off under the Clearing Procedures; or

    113.5 any combination of the above or other commercially reasonable methods.

114. In effecting such reversal, Binance RCH is not obliged to:

114.1 achieve an exact restoration of the pre-settlement position;

114.2 compensate for market movements or opportunity costs;

114.3 restore positions at the same prices; or

114.4 pay interest on amounts reversed.

115. If complete reversal is not practicable, Binance RCH may effect a partial reversal or provide compensation in such form and amount as it determines to be fair and reasonable in the circumstances.

Limitation of Liability for Reversals

116. In no circumstances is Binance Clearing Company liable for:

116.1 any indirect, consequential, or special losses (including loss of profits, business, or opportunities) arising from or in connection with any settlement or reversal of settlement;

116.2 any losses arising from delays in effecting reversal;

116.3 any losses arising from Binance Clearing Company's inability to effect complete reversal; or

116.4 any losses arising from market movements occurring during the period between original settlement and reversal.

Additional Provisions on Settlement

(Rule 143)

Settlement of Perpetual Futures Contracts

117. A Clearing Participant may fully or partially close a Contract and realise its Unrealised P&L in respect of a position by entering into an offsetting position on Binance RIE. Such Realised P&L is determined by reference to the difference between:

117.1 the execution price of the closed Position; and

117.2 the Entry Price of the closed Position, including fees, rebates and any accrued unsettled Funding Fees.

118. Realised P&L shall be credited by Binance RCH without undue delay to the Clearing Participant's Futures Product Account in the Settlement Asset following position closure, subject to corrections by Binance RCH in accordance with the Clearing Rules.

119. Realised P&L credits shall increase, and Realised P&L debits shall decrease, the Clearing Participant's Margin Balance, unless otherwise specified by Binance RCH by way of Notice.

Settlement of Delivery Futures Contracts

120. Delivery Futures Contracts deliver and settle on the Expiration Date, being the last Friday of each Quarter Month at 12:00 UTC+4. Actual delivery and settlement may be for a short period (5 to 10 seconds) following Expiry.

121. In extreme situations where the Price Index fluctuates drastically due to market manipulation or specific relevant market circumstances (as may be determined by Binance RCH at its sole discretion) near Expiry, Binance RCH will postpone the delivery and settlement process accordingly until further notice, and an announcement will be made to all Clearing Participants by way of Notice.

122. Settlement will be cash-settled in the Settlement Asset. The Settlement Price will be calculated as the arithmetic mean of the Price Index every second over the 30 minutes (between 11:30 and 12:00 UTC+4) before Expiry.

123. All Unrealised P&L is calculated at the time of delivery. The Clearing Participant's Realised P&L will be reflected in the balance of its Product Account on completion of the delivery as follows:

In respect of USDS-M Delivery Futures:

Realised P&L = (Settlement Price - Entry Price) * Contract Size - (Settlement Price - Entry Price) * Contract Size * settlement fee/Settlement Price

In respect of COIN-M Delivery Futures:

Realised P&L = Position Size * Contract Multiplier * (1 / Entry Price - 1 / Settlement Price) - Position Size * Contract Multiplier * settlement fee/Settlement Price

124. Binance RCH may instruct Binance RIE not to permit a Clearing Participant to open any new Positions 10 minutes before Expiry of a Delivery Futures Contract.

125. After the completion of delivery and settlement of a Delivery Futures Contract, a new Delivery Futures Contract will be generated on Binance RIE in accordance with the Exchange Procedures.

Settlement of Option Contracts

(Rule 188)

126. Option Contracts are European Options, which deliver and settle on the Expiration Date for that Contract. Actual delivery and settlement may be a short period (5 to 10 seconds) following Expiry.

127. At Expiry of an Option Contract, the Settlement Amount will be determined by Binance RCH as follows:

In respect of Call Option Contracts:

MAX (Settlement Price - Strike Price, 0) * Contract Unit * Position Size

In respect of Put Option Contracts:

*MAX (Strike Price - Price Index, 0) * Contract Unit * Position Size*

128. The Settlement Price in respect of an Options Contract is calculated as the arithmetic mean of the Price Index during the 30 minutes preceding Expiry as indexed by Binance RCH.

129. If the Settlement Amount is greater than zero, the Option Contract will be automatically Exercised, and the Settlement Amount will be automatically deducted from the Option Seller's Product Account and credited to the Option Buyer's Product Account.

130. Settlement will be cash-settled in the Settlement Asset.

Settlement - Removal

131. Where a Contract is subject to Removal, if a Clearing Participant chooses to hold the Position until Removal, the Position will be automatically closed or settled. All Unrealised P&L will be calculated and converted into Realised P&L at the time of settlement. The settlement price in respect of such Position will be calculated as the average of the Price Index every second over the last 30 minutes before delisting.

132. Automatic settlement on Removal of a Contract will be subject to applicable trading and settlement fees.

Settlement Payments

(Rules 184 – 186)

133. Settlement will be effected by deducting from the Clearing Participant's Product Account, any amounts owed by the Clearing Participant and crediting to the Clearing Participant's Product Account, any amounts owed to the Clearing Participant.

CHAPTER 4 – DEFAULT FUND

Target Levels and Buffers

(Rule 259 - 262)

134.   Binance RCH establishes target levels for each Default Fund based on its sizing methodology and stress test results.

135.   Target levels may include:

    135.1   a base level calibrated to expected loss scenarios; and

    135.2   contingency reserves at Binance RCH's discretion.

136.   Binance RCH may operate Default Funds at levels above the minimum target to provide additional resilience or operational flexibility.

137.   Target levels are reviewed in conjunction with stress testing and may be adjusted in response to changes in market conditions, product offerings, or risk profile.

Governance

(Rule 1.64, Rules 267 - 268)

138.   Binance RCH maintains policies and procedures for the management and governance of Default Funds.

139.   Default Fund policies address:

    139.1   sizing methodology and stress testing;

    139.2   contribution and withdrawal procedures;

    139.3   allocation of losses;

    139.4   operational controls and risk limits; and

    139.5   reporting and disclosure requirements.

140.   Default Fund policies form part of Binance RCH's risk management framework and are subject to:

    140.1   the risk appetite established by the Board;

    140.2   oversight by the audit, risk and compliance executive committee of Binance RCH; and

    140.3   appropriate governance and escalation procedures.

141.   Default Fund policies are reviewed at least annually and updated as necessary, to reflect changes in market conditions, risk profile, or operational requirements.

142.   Binance RCH retains full discretion to amend Default Fund policies at any time without Clearing Participant consent or consultation.

Regulatory Reporting

(Rules 252, 262 and 263)

143.   Binance RCH will report details of the Default Funds to the FSRA on a regular basis and as requested from time to time, including:

143.1   material changes to Default Fund structure, governance, or risk management approach; and

143.2   any other information requested by the FSRA for supervisory purposes.

<u>Reporting Timelines</u>

144.   Regular reporting (including Default Fund balances, stress test results, and utilisation statistics) will be provided at the frequency specified by the FSRA.

145.   *Ad hoc* information requests will be responded to within the timeframe specified by the FSRA.

CHAPTER 5 – LIQUIDATION PROCEDURES FOR FUTURES

Stage 1 Liquidation

(Rules 275.1 and 276 – 278)

Timing

146.	Binance RCH will instruct Binance RIE to place the IOC Order immediately on behalf of the relevant Clearing Participant on the Global Orderbook once a Position's Mark Price reaches its Liquidation Price.

Success/failure criteria - Thresholds for determining Stage 1 success

147.	Stage 1 Liquidation will be deemed successful if the Margin Balance available to maintain the Position after the IOC Order is at least equal to the Margin Requirements in respect of the Position (after deducting realised losses and the Liquidation Clearance Fee).

Stage 2 Liquidation

(Rules 275.2 and 279 – 283)

Assumption triggers

148.	If any portion of the IOC Order is unfilled and subsequently cancelled, the remaining portion of the liquidated Position will be a Bankrupt Position.

Negative Balance

149.	Automated negative balance clearance will be performed every ten minutes for Product Accounts that meet the following requirements:

149.1	Multi-Assets Mode is not activated;

149.2	There are no open positions (Cross Margin or Isolated Margin) in the Product Account;

149.3	The Clearing Participant did not transfer any funds to deficit losses in the Product Account after liquidation; and.

149.4	The negative balance is not more than 5000 USDT.

Clearing Participant notification

150.	The Clearing Participant will be notified of the liquidation promptly following Position assumption.

ADL operational procedures

(Rules 291 – 299)

<u>ADL selection and priority ranking</u>

151.   Each of a Clearing Participant's Positions are ranked in an ADL liquidation queue, and the ranking is calculated in accordance with the following formula, which is based on both "P&L Percentage" and "Effective Leverage":

P&L Percentage = Unrealised Profit/abs (Position Value)

Effective Leverage = abs(Position Value) / (Wallet Balance + Unrealised Profit)

If P&L Percentage ≥ 0, then ranking = P&L Percentage * Effective Leverage

If P&L Percentage < 0, then ranking = P&L Percentage / Effective Leverage

Leverage P&L Quantile = rank (user.ranking) / total number of Clearing Participants in the ranking

152.   In accordance with this formula, positions that are more profitable and more highly leveraged will be queued for ADL liquidation first, ahead of positions that are less profitable and less leveraged.

<u>Execution methodology for Futures</u>

153.   All open Orders for all Symbols (in Cross Margin mode) or for the same Symbol (in Isolated Margin Mode) will be cancelled. Once the liquidation process is complete, the Clearing Participant will be able to immediately re-enter new positions for the same Symbol.

154.   No trading fee or Liquidation Clearance Fee is charged to the Clearing Participant whose position is reduced or closed pursuant to Rule 295 of the Clearing Rules.

<u>Notification procedures</u>

155.   A Clearing Participant whose position has been subject to ADL will receive a notice setting out the amount and Liquidation Price, as soon as reasonably practicable in accordance with Rule 12 of the Clearing Rules.

<u>Post-ADL account status - account restrictions and re-entry permissions</u>

156.   A Clearing Participant whose position has been subject to ADL may immediately re-enter new Positions following ADL, subject to having sufficient available Margin and compliance with the Clearing Rules.

<u>ADL Indicators</u>

157.   The user interface includes an indicator for each Clearing Participant's Positions, which display real-time ADL indicators at all times showing the relative likelihood of being subject to ADL based on the priority ranking under Rule 293 and these Procedures. If

a Futures position is at risk of imminent ADL liquidation, this will be displayed in the indicator on the interface.

158.   ADL indicators are provided for information purposes only and do not constitute any guarantee or representation as to whether ADL will or will not occur.

Effect of ADL

159.   Following ADL, the Unrealised P&L on the affected Position crystallises and is credited to or debited from the Clearing Participant's Product Account.

160.   ADL does not transfer Position Losses covered by the LMA and/or Default Fund to Clearing Participants subject to ADL.

CHAPTER 6 – LIQUIDATION PROCEDURES FOR OPTIONS

Applicable Option Contracts

161. Short-Selling Options Positions may be subject to liquidation.

162. Options Positions which are not Short-Selling Options Positions are not subject to liquidation unless they are for an Eligible Short-Selling Options Asset and a Clearing Participant's Wallet Balance is negative following liquidation of all Short-Selling Options Positions.

Stage 1 Liquidation

(Rules 275.1 and 276 – 278)

Position selection

163. Binance RCH selects Options Positions to liquidate based on liquidity and margin impact, in its sole discretion.

Success/failure criteria - Thresholds for determining Stage 1 Liquidation success

164. Stage 1 Liquidation will be successful and liquidation will cease once all of a Clearing Participant's Short-Selling Options Positions have been fully liquidated, if the Clearing Participant's Wallet Balance is positive or equal to zero.

165. If the Clearing Participant's Wallet Balance remains negative following liquidation of the Clearing Participant's Short-Selling Options Positions, the Clearing Participant's other Options Positions in an Eligible Short-Selling Options Asset will be liquidated until the Clearing Participant's Wallet Balance returns to a positive value.

166. If the Clearing Participant's Wallet Balance remains negative following liquidation of the Clearing Participant's other Options Positions in an Eligible Short-Selling Options Asset, Stage 1 Liquidation shall be deemed to have failed.

Options Default Fund and ADL (Stage 2 Liquidation)

(Rules 275.2 and 279 – 283)

167. Where Stage 1 Liquidation has been deemed to have failed, the relevant Default Fund will take over the negative balance and profits arising from this position will be credited to the relevant Default Fund.

168. The relevant Default Fund is maintained solely to cover losses from unliquidated Positions in respect of Short-Selling Options Contracts.

169. If the losses cannot be funded by the relevant Default Fund, the Position will be assigned to ADL.

ADL for Options

(Rules 295 and 296)

170.   When the relevant Default Fund cannot accept more Bankrupt Positions, Binance RCH, via ADL, automatically closes liquidating Positions by transferring them to the most profitable Clearing Participants holding opposing positions, to help maintain market stability and reduce systemic risk. To match counterparties during ADL, the following steps are followed:

   170.1   Clearing Participants holding opposite side Positions to liquidated Clearing Participants are identified;

   170.2   these Clearing Participants are ranked based on their unrealised profit ratio in accordance with the above-mentioned Position ranking calculation; and

   170.3   Binance RCH will match the liquidated quantity against the counterparty Clearing Participants, starting with the most profitable Clearing Participant.

CHAPTER 7 – FEES AND FEE SCHEDULES

Fees

<u>General Obligation to Pay Fees</u>

171.   The Clearing Participant must promptly pay all fees, interest, commissions, and charges (if any) imposed by Binance RCH in connection with:

   171.1   the execution and performance of Contracts;

   171.2   the maintenance of Accounts;

   171.3   the provision of Clearing and Settlement Services; or

   171.4   any other services provided by Binance RCH.

172.   Fees include (without limitation):

   172.1   settlement fees;

   172.2   Exercise Fees (for Option Contracts);

   172.3   Liquidation Clearance Fees;

   172.4   Funding Fees (for Perpetual Futures Contracts);

   172.5   interest on amounts owed;

   172.6   late payment charges; and

   172.7   any other fees specified in the Contract Specifications or any Fee Rate Table.

<u>Amendments to fees</u>

173.   Binance RCH may at any time and in its sole discretion:

   173.1   amend the rates of fees, interest, commissions, or charges;

   173.2   impose new fees, interest, commissions, or charges; or

   173.3   provide fee discounts or rebates subject to specified criteria.

174.   Amendments to fees take effect:

   174.1   immediately upon publication on the relevant Fee Rate Table or otherwise on the Binance Website; or

   174.2   on such other date as specified in the notice of amendment.

175.   It is the Clearing Participant's responsibility to ensure it is aware of current applicable fees, charges, and rates.

<u>Historical Funding Rates</u>

176.   Historical Funding Rates are published on the Binance Website:

176.1   for USDS-M Futures, on this <u>USDS-M Futures Funding Rate History Page</u>; and

176.2   for COIN-M Futures, on this <u>COIN-M Futures Funding Rate History Page</u>.

<u>Payment/receipt mechanics</u>

177.   All fees must be paid:

177.1   when due; or

177.2   immediately upon demand by Binance RCH.

178.   Binance RCH may settle fees by debiting the Clearing Participant's Binance Account with the relevant amount.

179.   If there are insufficient assets in the Clearing Participant's Binance Account to pay fees:

179.1   the amount due constitutes a debt immediately payable by the Clearing Participant to Binance RCH; and

179.2   Binance RCH may exercise any rights under Rule 304 of the Clearing Rules.

180.   Binance RCH may charge interest on any overdue amount at such rate and calculated in such manner as Binance RCH determines from time to time.

181.   If a rebate or negative fee is payable, such amount shall be credited to the Clearing Participant's Binance Account and may be netted against positive fee liabilities at posting.

<u>Currency and Settlement</u>

182.   All amounts owed to Binance RCH must be settled in such Digital Assets or Currencies as determined by Binance RCH from time to time.

183.   All payments must be made free of any deduction or withholding. If any deduction or withholding is required by Applicable Law, the Clearing Participant must increase the payment by such amount as ensures Binance RCH receives the full amount it would have received absent the deduction or withholding.

184.   If Binance RCH cannot effect payment to a Clearing Participant in the Digital Asset or Currency in which payment is due, Binance RCH may effect payment in any other Digital Asset or Currency at an exchange rate determined by Binance RCH acting reasonably.

<u>Taxes and Other Charges</u>

185. The Clearing Participant must fully reimburse Binance RCH for any:

  185.1 taxes, duties, or levies incurred in connection with providing Clearing and Settlement Services;

  185.2 disbursements, costs, or expenses incurred; or

  185.3 goods and services tax or other sales tax applicable to fees.

186. All fees are exclusive of any applicable taxes unless otherwise stated.

<u>Fee Variations</u>

187. Applicable fees may vary between different:

  187.1 Clearing Participants;

  187.2 products or contract types; or

  187.3 other criteria as specified by Binance RCH.

188. Binance RCH may provide fee discounts or rebates from time to time, subject to satisfaction of criteria specified by Binance RCH.

Position Limit increase fees

189. Each increase to a Clearing Participant's individual Position Limits in accordance with Procedure 105 is subject to a monthly fee as notified by Binance RCH to the Clearing Participant from time to time. The fee will be automatically deducted from the Clearing Participant's relevant Product Account on the first day of each month. The adjusted fee for the first month will be prorated based on the remaining days of the month, and the fee will be deducted immediately. If a Clearing Participant cancels the service in the same month, the monthly fee will not be refunded.

Settlement fee for Delivery Contracts

190. A settlement fee for settlement of Delivery Contracts is charged the same as the taker fee, as set out in the [Fee Rate Table (COIN-M Futures)](#) for all Positions settled on Expiry.

Exercise Fees for Option Contracts

191. Exercise fees will apply in respect of Option Contracts, calculated as follows:

*For Call Options Contracts: Minimum [0.015% * Settlement Price * Unit, 10% * (Settlement Price - Strike Price) * Contract Unit] * Position Size*

*For Put Options Contracts: Minimum [0.015% * Settlement Price * Unit, 10% * (Strike Price - Settlement Price) * Contract Unit] * Position Size*

Liquidation Clearance Fees for Futures

Fees by Contract type

192.	Liquidation Clearance Fees may be updated by Binance, at its sole discretion, from time to time.

Liquidation Clearance Fee collection process

193.	The applicable Liquidation Clearance Fee is deducted from the Clearing Participant's available Margin to the extent sufficient Margin exists to cover the Liquidation Clearance Fee.

Insufficient margin scenarios

194.	If insufficient Margin exists to cover the Liquidation Clearance Fee in full, the Liquidation Clearance Fee will be charged to the extent of the available Margin only.

Liquidation Fees for Options

195.	A Liquidation Fee of 0.19% applies on liquidated Options Positions. The maximum Liquidation Fee is capped at 25% of the Option Premium. The Liquidation Fee is calculated as follows:

Liquidation Fee = min (Liquidation fee rate of 0.0019 * Price Index * Contract Unit * abs(Position Size)，Option Premium of the liquidation * 25%)

Other applicable fees

196.	Other applicable fees are set out in the relevant Contract Specifications.

CHAPTER 8 – OPERATIONAL PROCEDURES

Deposits

(Rule 394.2)

197. Clearing Participants may make deposits of Digital Assets by selecting the network for depositing the relevant Digital Asset through the user interface. If a Clearing Participant selects the wrong network, its funds may be lost and may not be recovered. The confirmation time for confirming deposits of Digital Assets may vary depending on the blockchain and its current network traffic.

198. Clearing Participants may deposit and withdraw Currency to and from the Clearing Participant's Binance Account or their account with a Settlement Agent using payment methods such as payment cards, SWIFT wire transfers or alternative payment methods supported by Binance RCH from time to time. Clearing Participants may be required to complete onboarding requirements, accept terms or open an account with certain payment service providers in order to be able use some payment methods supported by Binance RCH.

Error handling and manifest error

Error identification procedures

199. Where a Clearing Participant identifies any Manifest Error or other irregularity, the Clearing Participant must notify Binance RCH immediately, in accordance with the correction procedure set out at Rules 191 -193 of the Clearing Rules.

Manifest Error determination process

200. Binance RCH retains sole discretion over the determination of whether an error or irregularity is manifest or palpable, such that it amounts to a Manifest Error.

Other provisions

Clearing Participant notification

201. Binance RCH undertakes to notify Clearing Participants of any correction, suspension, cancellation or reversal of a Transaction, on a best-efforts basis and in accordance with Rule 12 of the Clearing Rules.

Extraordinary Events

(Rule 459)

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

Information sharing

203. Binance RCH may disclose information relating to the Product Account of each Clearing Participant to Binance RIE, including, without limitation, data concerning the Margin Requirements and Margin Levels of that Clearing Participant or its Product Account.

Governing Law

204. These Procedures shall be exclusively governed by, and construed in accordance with, the law of the ADGM.

CHAPTER 9 – AMENDMENTS AND UPDATES

Procedure amendment process

(Rule 532)

Amendment approval process

205.   The access and use of Binance RCH is governed by the Clearing Rules, these Procedures and the TOU, as amended from time to time.

206.   Binance RCH may amend, extend, vary or supplement the Clearing Procedures from time to time in accordance with applicable requirements in the FSMR and the FSRA rulebooks, including any applicable consultation requirements.

207.   Clearing Participant's continued access to Binance RCH following the expiry of the period stated in the Notice will be deemed to represent acceptance of the amendments and acknowledgement of the revised Clearing Rules.

Clearing Participant notification

208.   Binance RCH will notify Clearing Participants of any amendment to the Clearing Procedures with reasonable advance notice unless:

208.1   immediate implementation is required by Applicable Law or a direction from the FSRA;

208.2   immediate implementation is necessary to address an emergency affecting the integrity or stability of Binance RCH; or

208.3   the amendments are of a minor, technical, or clarificatory nature that do not adversely affect Clearing Participants' substantive rights or obligations.

209.   In cases not falling within Procedures 208.1, 208.2 or 208.3 above, Binance RCH will provide notice of at least ten (10) Clearing Days before amendments take effect.

Effective dates

210.   Binance RCH will publish any amendments to these Clearing Procedures on the Binance Website. Such amendments will take effect 24 hours following the time of publication or at the time specified in the publication.

211.   Unless otherwise required by the FSRA or by Applicable Law, amendments to the Clearing Procedures will not apply retroactively.

Historical versions archive

[No historical versions are currently available.]