

**Rules for Participation in the Decentralised Exchange of Digital
Assets**

**YOU SHOULD READ THESE RULES CAREFULLY. BY PARTICIPATING IN
OR CONTRIBUTING TO THE BONFIDA DEX, YOU AGREE TO BE
LEGALLY AND UNCONDITIONALLY BOUND BY THESE RULES.**

1. General

- 1.1. The Bonfida DEX is a fully decentralised, non-custodial digital asset exchange and graphical user interface built on the Serum DEX and the Solana blockchain, where you can engage with other Bonfidans and Serum DEX users with enhanced fidelity, speed and functionality.
- 1.2. The purpose of these Rules is to set out the framework for Participation in and Contribution to the Bonfida DEX, to clarify, among other things, the rights and obligations of all Bonfidans, and to ensure the smooth functioning of the Bonfida DEX for the benefit of all Bonfidans collectively.
- 1.3. You should read these Rules carefully. Your Participation in and/or Contribution to the Bonfida DEX is governed by, and conditional upon observance of, these Rules. By Participating in or Contributing to the Bonfida DEX, you acknowledge that you have read, understood and agree to be legally and unconditionally bound by these Rules.
- 1.4. If there is anything to which you do not agree contained in or required by these Rules, you must cease Participating in or Contributing to the Bonfida DEX immediately.
- 1.5. These Rules constitute a multi-party contract which can only be terminated with the agreement of all Bonfidans. You agree that these Rules take precedence over any supranational, national, federal, state, provincial, regional or customary laws, regulations or equitable principles that may otherwise apply, to the fullest extent permitted by the Laws.
- 1.6. The Rules constitute the entire agreement between each Bonfidan.

2. Definitions and interpretation

2.1. For the purposes of these Rules, the following definitions apply:

Alpha Feature	A feature included on the Bonfida DEX in alpha testing form in the early stages of development in order for Bonfidans to help in its formation. Such features may be particularly vulnerable to bugs, malicious attacks and other problems
Ancillary Documents	All documents published on the bonfida.org website which describe themselves as supplemental to the Rules, including (without limitation) the Risk Statement
Beta Feature	A feature included on the Bonfida DEX in beta testing form in order to trial it in real exchange or market conditions
Bonfidan	Any natural or legal person or entity who/which either Participates in or Contributes to the Bonfida DEX
Bonfida DEX	(1) The decentralised exchange accessible via the URL bonfida.org and hosted on IPFS or another peer-to-peer network, and all subdomains (2) The application programming interface (API) which may be used to access data from and interact with the decentralised exchange in (1) above
Bonfida White Paper	The white paper entitled “Bonfida White Paper” published by the Bonfida Foundation and dated November 2020

which describes, among other things, the original framework for operation of the Bonfida DEX

Contributor

(1) Any Bonfidan who/which develops, maintains, adds to or amends the Bonfida DEX from time to time, including but not limited to the Bonfida Foundation and the Audaces Foundation and any of their officers, directors, employees, contractors, agents, affiliates, or subsidiaries

(2) Any Bonfidan who hosts the Bonfida DEX or elements of it on IPFS or another peer-to-peer network

Contribute and Contribution shall be construed accordingly

Cybersecurity Event

(1) Any attempt by a third party to hack, infiltrate, modify, reverse-engineer or disrupt the Bonfida DEX or any systems or networks used by or connected to it, alter the Bonfida DEX's coding, or subject the Bonfida DEX to the deployment of viruses, Sybil attacks or denial of service attacks or similar

(2) Any other cybersecurity breach impacting on the Bonfida DEX, whether intentional or inadvertent

Derivative Contract

A derivative contract available via the Bonfida DEX, the terms of which include

	the Derivative Contract Specifications
Derivative Contract Price	The price of a Derivative Contract calculated by the Bonfida DEX by reference to market data obtained via Oracles
Derivative Contract Specifications	The contractual specifications and terms for each Derivative Contract, including, but not limited to, the Margin Requirement, Derivative Contract size and funding
Derivatives Restricted Jurisdiction	Belarus, the Central African Republic, the Democratic Republic of Congo, the Democratic People’s Republic of Korea, the Crimea region of Ukraine, Cuba, Iran, Libya, Ontario, Quebec, Somalia, Sudan, South Sudan, Syria, the United Kingdom, the USA, Yemen, and Zimbabwe, any other jurisdiction where Laws prohibit Participation in or require licensing or registration of the Bonfida DEX in order for Participation in Transactions involving Derivative Contracts to take place or which is embargoed by the United States of America, the European Union or the United Kingdom
FATF	The Financial Action Task Force, being the global money laundering and terrorist financing watchdog
FIDA Tokens	The native utility tokens of the Bonfida DEX as more particularly described in the Bonfida White Paper. FIDA tokens are not

	available to Participants who/which are located, incorporated or otherwise established in, or are a citizen or resident of, a Prohibited Jurisdiction
Insurance Fund	The fund funded by a proportion of each Transaction involving a Derivative Contract, which may be drawn upon to prevent a Liquidation affecting the PnL of other Derivative Contracts
Intellectual Property Rights	Any copyrights, trademarks, trade dress, patents, trade secrets, registered or unregistered design rights, service marks, logos, database rights, data protection rights, trade names, rights in domain names, rights in undisclosed or confidential information (such as know-how, trade secrets and inventions (whether or not patentable)) moral rights, and other proprietary rights (whether registered or not) pertaining to intellectual property in any jurisdiction globally
IPFS	The interplanetary file system, being a peer-to-peer hypermedia protocol as described on the webpage https://ipfs.io/
Laws	All legislation, common laws, civil laws, subordinate legislation, instruments, treaties, regulations, directives, decisions, by-laws, ordinances, circulars, codes, orders, notices, demands, decrees, injunctions, resolutions, rules and judgments of any government, quasi-

	government, statutory, administrative or regulatory body, court, agency or association which applies to your Participation or Contribution
Liquidation	Liquidation of the Margin Balance on a Derivative Contract and cancellation and termination of the relevant Transaction following the Liquidation Engine's detection of the fact that the Derivative Contract Price has reached the relevant Liquidation Price
Liquidation Engine	The Bonfida DEX's automated system or "bot" which carries out Liquidations. This is an Alpha Feature
Liquidation Price	In a Transaction involving a Derivative Contract, the price at which the Margin Requirement is no longer met
Margin Requirement	The required minimum margin for the relevant Transaction
Margin Balance	The sum of a Vault Balance for a Transaction involving a Derivative Contract and any unrealised PnL from that Transaction
Oracle	A source of data (e.g. market data) that may be utilised by the Bonfida DEX
Oracle Price	The price of an asset on an index, market or exchange as conveyed by an Oracle
Participant	(1) Any Bonfidan who/which participates in

the Bonfida DEX, including (but not limited to) through buying, selling, trading, borrowing, lending, investing, issuing, owning, staking or minting tokens; providing liquidity; arbitrage; cranking; carrying out any Transactions on the Bonfida DEX; or offering to do any of these things

(2) Any employees, agents or affiliates of any business, corporation, partnership or other entity or venture that participates in the Bonfida DEX in the manner described in (1) above

Participate and Participation shall be construed accordingly

Participant Acknowledgements	The Participant Acknowledgements set out in paragraph 5
Participant Obligations	The Participant Obligations set out in paragraph 4
Perpetuals White Paper	The white paper entitled “On-chain Perpetual Futures” published by the Audaces Foundation and dated April 2021
PnL	Profit and loss
Politically Exposed Person	An individual who is or has been entrusted with a prominent function in public office or similar, as described in more detail in guidance provided by the FATF from time to time

Prohibited Jurisdiction	Belarus, the Central African Republic, the Democratic Republic of Congo, the Democratic People’s Republic of Korea, the Crimea region of Ukraine, Cuba, Iran, Libya, Somalia, Sudan, South Sudan, Syria, the USA, Yemen, and Zimbabwe, any other jurisdiction where Laws prohibit Participation in or require licensing or registration of the Bonfida DEX in order for Participation to take place or which is embargoed by the United States of America, the European Union or the United Kingdom
Rules	This document and the Ancillary Documents
Serum DEX	The decentralised exchange accessible via the URL https://dex.projectserum.com , and all subdomains
Transacting Party	Any party to a Transaction. This does not include any Bonfidans in their capacity as Contributors
Transaction	A purchase, sale, loan or borrowing, payment of interest, provision of liquidity, investment, staking, opening or closing or modification of a position, entry into or execution of a Derivative Contract, the placing of any of the various types of order which may be available via the Bonfida DEX from time to time (e.g. market and limit orders or any other order types which may be described on the bonfida.org

	website), or any other transaction within the ordinary meaning of the term, which takes place via the Bonfida DEX
VAMM	Virtual automated market maker, being a smart contract which acts as a market maker automatically matching buyers' and sellers' bids and offers in respect of a particular Derivative Contract in place of an order book. This is an Alpha Feature
Vault	A Solana account which holds collateral for a Transaction involving a Derivative Contract
Vault Balance	The balance recorded and credited to a Vault
VPN	Virtual private network
Wallet	Any software or hardware wallet via which Participants connect to the Bonfida DEX

3. Participant Requirements

- 3.1. In order to Participate in the Bonfida DEX, you must satisfy the Participant Requirements, which are as follows:
 - 3.1.1. You have made the representations and given the warranties set out in these Rules and will continue to do so at all times during your Participation.
 - 3.1.2. You will observe and abide by the Participant Obligations at all times during your Participation.
 - 3.1.3. You make the Participant Acknowledgements and continue to do so at all times during your Participation.

3.1.4. You have read, understood and accepted all other aspects of these Rules.

3.1.5. You are not otherwise in breach of these Rules.

4. Participant Obligations

4.1. At all times during your Participation, you represent and warrant that:

4.1.1. Comply with the Laws

4.1.1.1. Your Participation conforms with and does not breach the Laws and in particular any applicable law in the jurisdiction in which you are located.

4.1.1.2. You are not engaged in any illegal trade, money laundering activities or activities related to the financing of terrorism.

4.1.1.3. Neither you nor the geographical locality in which you reside or are domiciled or located are the subject of economic sanctions from the United Nations, the United States of America or the European Union.

4.1.1.4. Neither you nor any of your affiliates is owned or controlled by a sanctioned person or involved in any transaction, transfer, or conduct that is likely to result in you or your affiliates becoming a sanctioned person or people.

4.1.1.5. Neither you nor any of your affiliates is a Politically Exposed Person.

4.1.1.6. You are not located in, incorporated or otherwise established in, or a citizen or resident of, a Prohibited Jurisdiction.

4.1.1.7. If your Participation includes entering into or offering to enter into any Transactions involving derivatives, you are not located in, incorporated or otherwise established in, or a citizen or resident of, a Derivatives Restricted Jurisdiction.

4.1.1.8. You have not breached any Laws, been convicted or fined or otherwise penalised under any Laws, received any oral or written notice from any enforcer of Laws concerning actual or possible breach by you of any Laws, or received any other report that you are the subject or target of enforcement action or investigation under any Laws (including without limitation anti-money laundering laws, counter-terrorism financing laws, anti-bribery or anti-corruption laws, anti-slavery laws or economic sanctions laws).

4.1.1.9. You will not use the Bonfida DEX for any fraudulent or dishonest purpose.

4.1.1.10. You will deal with other Participants honestly and will not subject them to any dishonest activities.

4.1.1.11. You are not bankrupt or insolvent or under administration.

4.1.1.12. If a licence or consent is required for you to Participate under any Laws, you have obtained such licence or consent.

4.1.1.13. You will not carry out any activity on the Bonfida DEX which involves publishing, distributing or disseminating any illegal or unlawful material or information.

4.1.1.14. You will not attempt to conceal any non-compliance by you with any Laws or these Rules by using a VPN or proxy or any other method.

4.1.2. **Good faith**

4.1.2.1. You will act at all times in good faith towards other Participants and Contributors.

4.1.3. **Legitimate funds**

4.1.3.1. Any funds used in your Participation are lawfully obtained and do not include any proceeds from any illegal or unlawful activity.

4.1.3.2. You are the legal and beneficial owner of any funds with which you Participate or, if you are Participating on behalf of or for the benefit of any other person or organisation, you are authorised by that person or organisation (who/which is the legal and beneficial owner of the relevant funds) to do so. In the latter case, the relevant person or organisation will be liable for their Participation, including any breach of these Rules.

4.1.3.3. If you are Participating on behalf of an organisation, that organisation is validly existing under the Laws and is of good standing.

4.1.4. **No hacking**

4.1.4.1. You will not attempt to access the Wallets or other restricted information of other Bonfidans or of any persons other than yourself.

4.1.4.2. You will not attempt to hack, infiltrate, modify, reverse-engineer or disrupt the Bonfida DEX or any services or systems on or used by the Bonfida DEX or, if you are not doing so in the course of Contributing, attempt to alter any of its coding.

4.1.4.3. You will not subject the Bonfida DEX or any other Bonfidans or Bonfidans' equipment to any malware, ransomware or viruses or any other harmful files or coding.

4.1.4.4. You will not engage in any activities which impair the functionality of the Bonfida DEX or impede Participation by other Participants.

4.1.4.5. You will not engage in any activities that seek to interfere with or compromise the integrity, security, or proper functioning of any computer, server, network, personal device, or other information technology system, including, but not limited to, through any involvement in the deployment of viruses, Sybil attacks or denial of service attacks.

4.1.5. **No trolling**

- 4.1.5.1. You will deal with other Participants with respect and integrity and will not subject them to any abusive or disrespectful acts.

4.1.6. **Adults only**

- 4.1.6.1. You are at least 18 years old and above the legal age of majority in your jurisdiction and of sufficient mental age, maturity and capacity to accept these Rules.

4.1.7. **Aware of risks and risk management**

- 4.1.7.1. You understand and accept that digital asset markets are highly volatile, that Participating in the Bonfida DEX is a high-risk activity which may lead to you losing a large part or even all of your investment, and that you may lose all of the funds employed in a Transaction if the market moves against you or, in the case of pools, in the form of impermanent loss.
- 4.1.7.2. You are Participating with funds you can afford to lose.
- 4.1.7.3. You have a tolerance for a significant amount of risk.
- 4.1.7.4. You will use risk management strategies during your Participation which are appropriate to your financial circumstances and objectives and have read and understand the [Risk Statement](#).

4.1.8. **Sophisticated Participants only**

- 4.1.8.1. You have knowledge of and experience in highly volatile markets.
- 4.1.8.2. You have knowledge of and experience in the digital asset space and are familiar with the functioning and intricacies of digital assets including SPL and ERC20 tokens and with decentralised finance and decentralised exchanges and markets.

- 4.1.8.3. You have the necessary experience and knowledge to understand the risks involved in relation to each Transaction you enter into, including the risks associated with the relevant digital asset(s) and the risks inherent in using cryptographic and blockchain-based protocols.
- 4.1.8.4. You have read and understood the Bonfida White Paper and, if you intend to Participate in any Transactions involving Derivative Contracts, the Perpetuals White Paper.

4.1.9. No breach of Intellectual Property Rights

- 4.1.9.1. Your Participation does not violate any Intellectual Property Rights.

4.1.10. Take responsibility

- 4.1.10.1. You make your own independent decisions to Participate and to engage in Transactions and are entirely and completely responsible for any consequential profit or loss.
- 4.1.10.2. You are fully and solely responsible for the security of your Wallet(s) and passwords, seed phrases and private keys. If you provide or make available your passwords, seed phrases or private keys to anyone else you are fully and solely responsible for any consequent use of these.
- 4.1.10.3. You are fully and solely responsible for obtaining your own independent financial, accounting and tax advice.

4.1.11. No lawsuits

- 4.1.11.1. You will not hold any Contributors liable under any circumstances for any losses, damages, claims, liabilities, costs or expenses arising from any Transactions, including any breach, partial performance or non-performance of the Transaction by the other party or parties to the Transaction, or for any indirect, punitive, incidental, special, consequential, or

exemplary damages, including (but not limited to) damages for loss of profits, goodwill, use, data, or other intangible property, arising out of or relating to any Participation.

4.1.11.2. You will not hold any Contributors responsible for any damage, loss, or injury resulting from hacking, tampering, or other unauthorised access or use of the Bonfida DEX or the information contained within it.

4.1.11.3. You will not hold any Contributors liable or responsible for:

4.1.11.3.1. any errors, mistakes, inaccuracies or omissions in, or non-availability of, any content made available through the Bonfida DEX;

4.1.11.3.2. any loss or damage or personal injury of any nature whatsoever resulting from or connected to any access to or use of the Bonfida DEX or any content made available through the Bonfida DEX;

4.1.11.3.3. any unauthorised access to or use of any secure server or database under the control of any Contributors, or the use of any information or data stored therein;

4.1.11.3.4. any interruption or cessation of functions related to the Bonfida DEX, including, but not limited to, any functions relating to Participation in Transactions or reliant on the availability of any particular digital assets or Derivative Contracts via the Bonfida DEX;

4.1.11.3.5. any bugs, viruses, trojan horses, or any other malware that may be transmitted to or through the Bonfida DEX;

4.1.11.3.6. any Cybersecurity Events; or

4.1.11.3.7. the defamatory, offensive or illegal conduct of any third party.

4.1.11.4. Under no circumstances will you hold any Contributors liable for any claims, proceedings, liabilities, obligations, damages, losses, or costs in an amount exceeding the amount paid to the relevant Contributors in exchange for facilitating the relevant Participation. This limitation of liability applies regardless of whether the alleged liability is based on contract, tort, strict liability, statutory liability or any other basis, and even if the relevant Contributors have been advised of the possibility of such liability.

4.1.11.5. Some jurisdictions do not allow the exclusion of certain warranties or the limitation or exclusion of certain liabilities and damages. Accordingly, some of the disclaimers and limitations set forth in the Rules may not apply to all Participants. The limitations of liability in these Rules shall apply to the fullest extent permitted by the Laws.

4.1.12. **No market manipulation**

4.1.12.1. You will not engage in any form of market manipulation such as cartel formation and operation, pumping and dumping, spoofing or any other practices designed to manipulate or distort prices.

4.1.13. **Understand the Rules**

4.1.13.1. You have read, understand and accept these Rules and will continue to abide by them.

4.1.14. **Indemnity**

4.1.14.1. Each Bonfidan who Participates agrees to indemnify each other Bonfidan against, and hold each other Bonfidan harmless from, any costs, fees, claim or demand, lawsuit, action, investigation, proceedings, liabilities, losses, costs, and expenses including reasonable legal and accounting fees, incurred due to, in connection with or arising out of any violation of the Rules or the Laws or violation of any rights of another Bonfidan,

including any Intellectual Property Rights, which their Participation causes or contributes to or which is caused by any other party's Participation with their assistance or which takes place using any device or Wallet that they own or control.

5. Participant Acknowledgements

5.1. By your continuing Participation, you acknowledge:

5.1.1. Decentralised exchange

5.1.1.1. The Bonfida DEX is a fully decentralised exchange. All Transactions entered into by Bonfidans are carried out by them on a peer-to-peer basis in their capacity as Participants only and not as Contributors.

5.1.2. No agency, advisory or partnership

5.1.2.1. Contributors are not any Participant's agents, business partners, advisors, trustees, fiduciaries, accountants, tax advisors, legal representatives or financial advisors, or in any other professional or trade relationship with them.

5.1.2.2. Contributors do not represent the buyer, seller, liquidity provider, offerer of tokens or any other Participant or Transacting Party on the Bonfida DEX.

5.1.3. Non-reversible

5.1.3.1. The transfer of digital assets on a blockchain cannot be reversed, unravelled or otherwise interfered with by Contributors or Participants.

5.1.4. No warranties by Contributors

5.1.4.1. Contributors are not responsible for the quality, safety, lawfulness or availability of any virtual or other assets or functions available via the Bonfida DEX, or the ability of any

Transacting Party to complete any Transaction (except to the extent prohibited by the Laws).

- 5.1.4.2. The Bonfida DEX is available on an “as is” and “as available” basis.
- 5.1.4.3. To the fullest extent permitted by the Laws, all Contributors disclaim any representations and warranties of any kind, whether express, implied, or statutory, including, but not limited to, the warranties of merchantability and fitness for a particular purpose.
- 5.1.4.4. Contributors do not represent or warrant that access to the Bonfida DEX will be continuous, uninterrupted, timely, or secure, that the information made available via, contained on or used by the Bonfida DEX, including Oracle Prices and other price data, will be accurate, reliable, complete, or current, or that the Bonfida DEX will be free from errors, defects, viruses, or other harmful material.
- 5.1.4.5. No advice, information, or statement that any Contributor makes should be treated as creating any warranty concerning the Bonfida DEX.
- 5.1.4.6. Contributors do not endorse, guarantee, or assume responsibility for any advertisements, offers, or statements made by third parties concerning the Bonfida DEX.
- 5.1.4.7. Contributors do not represent or warrant that the Oracle Price of a digital asset (1) will not materially deviate from the price of that digital asset on the relevant index, market or exchange, or (2) will be consistent with the price of that digital asset on any other index, market or exchange.

5.1.5. No recommendations

- 5.1.5.1. By Participating in the Bonfida DEX, you acknowledge that you are doing so on the basis of your own enquiry, without solicitation or inducement by Contributors.
- 5.1.5.2. No information published on the Bonfida DEX about any of the digital assets, trading strategies or other financial strategies should be construed as being a promotion, solicitation, recommendation or marketing of any kind in relation to any of these, and Contributors have no knowledge of the financial circumstances or objectives of any Participant or any expertise in what might constitute sensible financial practice for them.
- 5.1.5.3. You should not take, or refrain from taking, any action based on any information contained on the Bonfida DEX or any other information any Bonfidans make available at any time, including, without limitation, blog posts, articles, links to third-party content, news feeds, tutorials, tweets and videos. Before you make any financial, legal, or other decisions involving the Bonfida DEX, you should seek independent professional advice from an individual who is licensed and qualified in the area in which such advice would be appropriate.
- 5.1.5.4. There is no assurance, representation or warranty from Contributors or any other Bonfidans that your Transactions:
 - 5.1.5.4.1. will provide a profit;
 - 5.1.5.4.2. will not incur significant losses; or
 - 5.1.5.4.3. will attain your commercial or other objectives.

5.1.6. **No servicing**

- 5.1.6.1. While Participants are intended to have freedom to Transact, Contributors are under no obligation to facilitate Transactions in all forms of digital assets in which Participants may want to Transact.

5.1.7. **No policing**

- 5.1.7.1. Contributors have no responsibility or liability for the deletion or accuracy of any Participant's content, the failure to store, transmit or receive transmission of such content, or the security, privacy, storage, or transmission of other communications originating with or involving Participation.
- 5.1.7.2. Participants are solely responsible for any content they originate on the Bonfida DEX.

5.1.8. **Assumption of risk**

- 5.1.8.1. Digital assets are highly volatile because of a range of factors which include, but are not limited to, rate of adoption, speculation, technology changes, security risks, contagion risks, systematic risks, legal and regulatory changes, and factors affecting their supply (such as the mining, minting or issuing of new tokens, airdrops, the burning of tokens and blockchain forks).
- 5.1.8.2. There are risks inherent in digital assets themselves. They and the protocols and blockchains underlying them may change significantly (for example, as a result of a fork or a rollback), be subject to a successful attack (for example, a 51% attack), suffer catastrophic failure or cease to exist. Contributors do not represent or warrant that any of the digital assets involved in Transactions carried out via the Bonfida DEX are in themselves secure or reliable.
- 5.1.8.3. The Bonfida DEX operates at the most experimental cutting edge of the digital asset space.
- 5.1.8.4. A significant amount of risk is therefore involved in using decentralised exchanges such as the Bonfida DEX and in dealing in digital assets.

- 5.1.8.5. You Participate at your own risk, you are aware of the significant risks involved and are prepared to take the risks and to accept any consequences, adverse or otherwise.

5.1.9. **Experimental Features**

- 5.1.9.1. Contributors may from time to time test new features on the Bonfida DEX by introducing them as Alpha Features or as Beta Features.
- 5.1.9.2. Anyone Participating in these Alpha Features and/or Beta Features does so on the understanding that such features may be particularly unstable and prone to errors and bugs and other defects in functioning and that Contributors will not be liable for any losses sustained as a result of such experimental Participation.
- 5.1.9.3. Alpha Features and Beta Features may need to be suspended, discontinued or modified at any time.
- 5.1.9.4. Currently the Bonfida DEX is still under development and save where otherwise specified all features on it are Beta Features.

5.1.10. **Non-private data and data storage**

- 5.1.10.1. You acknowledge that your activity relating to Participation in the Bonfida DEX, including Transaction data and the fact of your acceptance of these Rules, is not private and may be visible to third parties, including on public blockchains.
- 5.1.10.2. Web storage objects are used to facilitate Participants' access to the Bonfida DEX. You acknowledge this and agree to their use.

5.1.11. **Disruptions and cyber risks**

- 5.1.11.1. The functioning of the Bonfida DEX may from time to time be disrupted because of system overloads, software or hardware issues, power outages, errors or instability in Experimental

Features or issues with the functioning of other services and software on which the Bonfida DEX is dependent, such as the Solana blockchain and any other relevant blockchains and digital ledgers, the Serum DEX, the world wide web, IPFS and any other relevant peer-to-peer file system, and Oracles.

- 5.1.11.2. Participants face the risk of Cybersecurity Events, which may negatively affect the operation of the Bonfida DEX, the availability of the Bonfida DEX and the value of digital assets or Derivative Contracts traded via the Bonfida DEX.
- 5.1.11.3. Participants accept that Contributors have no liability to them for any losses arising from any such disruptions or Cybersecurity Events and that Contributors do not warrant that their Participation will be error-free or uninterrupted.
- 5.1.11.4. Participants acknowledge that it is their responsibility to ensure that any hardware and software and access credentials they use to access the Bonfida DEX and their Wallets are kept secure. Participants acknowledge that Contributors are not liable for any security breaches or other failings of any such systems.

5.1.12. **Restrictions and limitations**

- 5.1.12.1. Your ability to Participate in the Bonfida DEX may be limited or restricted by aspects of the Bonfida DEX coding (which are subject to change without notice to you), including but not limited to:
 - 5.1.12.1.1. Geoblocking or other IP address restrictions;
 - 5.1.12.1.2. Limitations on Transaction volumes;
 - 5.1.12.1.3. Changes to API rate limits; and
 - 5.1.12.1.4. The imposition of or changes to risk limits in relation to Derivative Contracts.

5.1.12.2. You acknowledge and accept that Contributors have no liability to you for any losses arising from the imposition of, or changes to, any such restrictions or limitations, or otherwise caused or contributed to by any aspects of the Bonfida DEX coding.

5.1.12.3. You acknowledge that FIDA tokens are not available to Participants who/which are located, incorporated or otherwise established in, or are a citizen or resident of, a Prohibited Jurisdiction.

5.1.13. Changes to Participation

5.1.13.1. The activities available via the Bonfida DEX to some or all Participants may vary from time to time as a result of legal, regulatory, commercial, technological, technical, national, regional or other developments without prior notice to Participants. Participants accept the Contributors have no liability to them for any losses caused by such changes.

5.1.13.2. You acknowledge that Contributors do not guarantee that any particular digital asset is, or will continue to be, available via the Bonfida DEX for Participation. You accept that any digital assets or Derivative Contracts available via the Bonfida DEX for Participation may cease to be available to you at any time for legal, regulatory, commercial, technological, technical or other reasons, and that this may result in the cancellation of orders or the closure of positions.

5.1.14. Modifications to the Rules

5.1.14.1. The Bonfida DEX is a continually evolving and developing project which benefits from the ongoing contributions of Contributors, and these Rules may change at any time without notice to you as the Bonfida DEX develops and as a result of legal, regulatory, commercial, technological, technical, national, regional and other developments.

- 5.1.14.2. Your continued Participation in the Bonfida DEX after any modification of the Rules will conclusively indicate that you accept those changes. If you do not accept any such modification, you must cease Participating in the Bonfida DEX.

5.1.15. Using the Bonfida DEX

- 5.1.15.1. From time to time, Contributors working on aspects of the Bonfida DEX may post information in order to help Participants to Participate or Contributors to Contribute, including the Bonfida White Paper and the Perpetuals White Paper.
- 5.1.15.2. As the Bonfida DEX is intended for Participants experienced in digital assets and decentralised finance, this information generally assumes a base level of reasonable sophistication in these fields and knowledge of them.
- 5.1.15.3. Contributors are not liable for Participants' failure to read, understand or follow correctly any information about using the Bonfida DEX which may be made available or pointed to by Contributors or by any third parties.
- 5.1.15.4. Participants must perform their own due diligence on their chosen Participation before engaging in it, including studying information on the Bonfida DEX and from other sources. This could mean, for example, studying the risk profile and white paper of a particular token before purchasing it from another Participant.

5.1.16. Peer-to-peer businesses

- 5.1.16.1. Participation in the Bonfida DEX is an engagement in a collaborative business enterprise in which

sophisticated Participants Transact directly with their peers. Contributors are not party to any Transactions entered into by Participants.

5.1.16.2. The Bonfida DEX is intended for business-to-business Transactions and not for the business-to-consumer sale and purchase of goods or services.

5.1.16.3. You therefore acknowledge that any legislation specific to consumer or non-business transactions in any jurisdiction, including in particular any legislation designed to protect consumers, (1) does not apply to Contributors and (2) does not apply to the Transactions for which the Bonfida DEX is intended to be used.

5.1.17. Fees

5.1.17.1. You acknowledge that in entering into Transactions you will incur fees, including blockchain network fees and trading fees. These fees, which are described in more detail at <https://docs.bonfida.org>, are incurred:

5.1.17.1.1. In relation to spot Transactions, when orders are executed; and

5.1.17.1.2. In relation to Transactions involving Derivative Contracts, when positions are opened, closed or modified.

5.1.17.2. Transacting Parties are entirely responsible for any fees, interest, blockchain network fees and other charges of any nature which they charge or pay.

6. Licences

- 6.1. In each case subject to and conditional upon those Bonfidans' observance of these Rules, each Contributor who/which has developed, added to or amended the Bonfida DEX grants each other Bonfidan a single, personal, limited licence to use any aspect of the functioning of the Bonfida DEX which arises from his/her/its Contribution in order to Participate in the Bonfida DEX and utilise all content thereon for all purposes in connection with their Participation. This licence is non-exclusive, non-transferable, and freely revocable at any time without notice or cause. Use of the Bonfida DEX for any purpose not expressly permitted by the Rules is strictly prohibited.
- 6.2. Where any Participant uploads information or material to the Bonfida DEX in the course of Participating (for example, a digital asset or Derivative Contract or related data), that Participant grants all other Bonfidans a worldwide, royalty-free, irrevocable licence to use, copy, distribute, publish and send such data in any manner in accordance with the Laws.

7. Derivatives

7.1. Decentralised derivatives

- 7.1.1. The trading of derivatives is a recent development in decentralised finance and presents technical challenges which the Contributors are addressing through introducing this functionality, including a VAMM (as defined in paragraph 7.2 below), on the Bonfida DEX as an Alpha Feature.
- 7.1.2. The derivatives feature on the Bonfida DEX provides access to a decentralised protocol on the Solana blockchain that allows Bonfidans to create Derivative Contracts enabled by a VAMM.
- 7.1.3. Participants should ensure they have read and understood the Perpetuals White Paper before Participating in derivatives.

7.2. VAMM

- 7.2.1. A VAMM is a smart contract which replaces the order book system of centralised exchanges and marketplaces.

- 7.2.2. Once created, a VAMM is intended to run automatically, autonomous of intervention or control by any Contributors or Participants.
- 7.2.3. While Contributors have trialled the Bonfida DEX's VAMM protocol on the Solana-program-test library, it remains new and relatively untested in real market conditions.
- 7.2.4. By using the VAMM protocol, Participants are acknowledging their awareness that technical problems including bugs, viruses, malware attacks, and accidental faults of any nature may cause downtime and flaws in its operation and cause them loss of digital assets.

7.3. Derivative Contracts

- 7.3.1. The VAMM protocol has the potential to enable the creation of Derivative Contracts for any asset, provided that an Oracle exists for that asset.
- 7.3.2. Contributors may at any time and without prior notice:
 - 7.3.2.1. suspend or remove a Derivative Contract from the Bonfida DEX;
 - 7.3.2.2. add a new Derivative Contract to the Bonfida DEX; and
 - 7.3.2.3. amend any provision or term of any Derivative Contract (including the Derivative Contract Specifications).
- 7.3.3. Any amendments made to any provision or term of a Derivative Contract may apply to all open and all outstanding Transactions in that Derivative Contract as well as any future Transactions in that Derivative Contract.
- 7.3.4. Contributors are not liable for any losses relating to suspension or removal of a Derivative Contract or amendments to any provision or terms of a Derivative Contract or for any notice (or lack of notice) prior to such suspension, removal or amendment.

7.4. Collateral

- 7.4.1. The Bonfida DEX's derivatives function allows Participants to use borrowed assets (leverage) to Transact in Derivative Contracts by backing a Transaction with collateral that is worth less than the total Transaction size. This collateral is the Transaction's margin.
- 7.4.2. As a condition precedent to Participating in the Transaction, Participants must at minimum meet the Margin Requirement by placing sufficient funds in the relevant Vault to collateralise their Participation.
- 7.4.3. Participants can open Transactions sized up to 20x their Margin Balance.
- 7.4.4. The VAMM calculates a Participant's Margin Balance for a Transaction by adding a Participant's Vault Balance to the PnL.

7.5. **Liquidation risk**

- 7.5.1. By using leverage, Participants risk losing their Vault Balance as well as reduction in value of their Transaction.
- 7.5.2. This can occur if the market moves against a Participant to the extent that the Margin Requirement for a Transaction is no longer met and the Liquidation Price is reached.
- 7.5.3. As soon as it detects that the Liquidation Price is met, the Liquidation Engine is triggered to sell the Margin Balance at the best price then available in the VAMM.
- 7.5.4. Participants should note that if the market is moving quickly there may be an increased likelihood of slippage and the Liquidation Price may not be achieved in every instance.
- 7.5.5. As the operation of the Liquidation Engine is automatic, there is no facility for supplying Participants with margin calls and Liquidation occurs without any margin call being made.

- 7.5.6. Participants are solely responsible for monitoring and managing their margin and the proximity to the Liquidation Price of their Derivative Contracts.
- 7.5.7. **Using leverage in a Transaction involving a Derivative Contract puts your Margin Balance at risk of automatic liquidation at any time. Be sure you understand the risks of Participating using leverage before proceeding. The more leverage you employ in a Transaction, the greater the risk of liquidation if the market moves against you. You will not receive notice if the Derivative Contract Price for a Derivative Contract approaches the Maintenance Requirement, and you may need to increase your Margin Balance at any time to avoid automatic liquidation.**
- 7.5.8. By Participating in Transactions involving Derivative Contracts, Participants acknowledge and accept that they bear all risk and losses arising from the liquidation process as a result of their failure to meet the Margin Requirement.
- 7.5.9. Further, they agree and acknowledge that upon termination of a Transaction they will have no further rights, interests or obligations in the Transaction and the margin assigned to that Transaction.

7.6. Transaction types

- 7.6.1. The range of Transaction types for a Derivative Contract on the Bonfida DEX may be modified from time to time as Contributors develop functions for derivatives.
- 7.6.2. Contributors are not liable for any losses caused by the availability or non-availability or modification of any types of Transaction, or for any failure in the execution of a Transaction.
- 7.6.3. In order for the Derivative Contract Price of a Derivative Contract to better reflect the relevant Oracle Price, a VAMM may enter into Transactions with Participants at any time.

7.7. Funding payments

- 7.7.1. Funding payments act as a mechanism to keep the Derivative Contract Price of an asset in line with the Oracle Price by deducting from buyers and rewarding sellers when the Derivative Contract Price is above the Oracle Price and deducting from sellers and rewarding buyers when the Derivative Contract Price is below the Oracle Price.
- 7.7.2. A VAMM makes the payments to and deductions from the Participants' collateral they have paid into Vaults.
- 7.7.3. The size of a funding payment is automatically calculated by the relevant VAMM as a function of the difference between the Derivative Contract Price and the Oracle Price, as well as the Derivative Contract size. This incentivises Participants to take the unpopular side of the market, providing opportunities for arbitrage Participation.
- 7.7.4. Participants should be aware that the operations of funding payments will affect their PnL and also their Margin Balance and therefore their proximity to the Liquidation Price.

7.8. Insurance Fund

- 7.8.1. The Insurance Fund may be drawn upon to prevent a Liquidation affecting the PnL of other Derivative Contracts. This helps to protect the smooth functioning of the relevant VAMM, mitigate the effects of extreme price movements and curb liquidation cascades.
- 7.8.2. No representation or warranty is given by Contributors as to the availability or adequacy of the Insurance Fund to fulfil these functions.
- 7.8.3. The Insurance Fund should not be misinterpreted as being an insurance product and does not function to insure Participants against any losses arising from their Transactions or Liquidation of their Derivative Contracts.

7.9. VAMM operations conclusive

- 7.9.1. All calculations made by a VAMM on the Bonfida DEX are the automated acts of the VAMM and not decisions made by a centralised human party.
- 7.9.2. Funding payments, the Liquidation Price, the operation of the Liquidation Engine and all other operations of a VAMM on the Bonfida DEX are irreversible and Participants have no recourse for recovering losses they sustain through them.
- 7.9.3. Participants have no rights to appeal or attempt to reverse or overturn the decisions of any VAMM and their continuing Participation in Derivative Contracts confirms acceptance that they accept that the acts of the VAMM are final and conclusive.
- 7.9.4. Participants' PnL is affected in real time by the operations of any relevant VAMM.

7.10. Jurisdictional restrictions on crypto derivatives

- 7.10.1. Because of the high level of risk presented by Transactions involving Derivative Contracts, some jurisdictions impose extra restrictions on these types of assets. These restrictions are subject to change.
- 7.10.2. When Participating, it is your responsibility to make sure you are observing, and continue to observe, any such restrictions when Transacting in derivatives.
- 7.10.3. As provided in sections 5.1.12 and 5.1.13 above, your ability to Participate in the Bonfida DEX may be restricted or limited, and the scope of your Participation may be subject to change as a result of legal, regulatory or other developments.
- 7.10.4. Contributors will not be liable to any Participant for any losses occasioned by (1) the existence or imposition of any such restrictions or limitations or (2) any changes to their Participation.

7.11. Transaction fees

7.11.1. Participants incur fees when entering into Transactions involving Derivative Contracts, as explained in paragraph 5.1.17 above.

8. Severable Rules

8.1. Should any of these Rules be held to be void, invalid, unenforceable or illegal by a court, the validity and enforceability of the other provisions shall not be affected and the remainder of these Rules shall remain in full force and effect.

8.2. If any of the Rules is determined to be unenforceable, you agree to an amendment of such Rules to provide for enforcement of those Rules' intent, to the extent permitted by the Laws.

9. No waiver

9.1. Any failure or delay by Bonfidans to enforce any of the Rules or exercise any right under the Rules will not be construed as a waiver to any extent of such rights.

10. Disputes and class action waiver

10.1. The courts of England & Wales have exclusive jurisdiction to settle any dispute arising from or connected with these Rules (including a dispute relating to the existence, validity or termination of these Rules or the consequences of their nullity or any non-contractual obligation arising out of or in connection with these Rules).

10.2. Bonfidans must bring any and all legal claims against other Bonfidans pertaining to the Bonfida DEX in their individual capacities and not as a claimant in or member of any purported class action, collective action, private attorney general action, or other representative proceeding. All Bonfidans agree to waive the right to demand a trial by jury, where applicable.
