

Trading Rulebook

Laniaex is committed to providing users with a free and fair market where the price of digital tokens is determined by the open market and consumers through supply and demand. To help users find the best market price for tokens, the Exchange's Trading Monitoring Program has introduced this Trading Rulebook to set out the compliance procedures the Exchange will use to implement market monitoring functions on trades executed on the platform. These market monitoring functions are designed to detect, address, and limit market manipulation as defined in this Trading Rulebook. This Trading Rulebook is subject to change at any time at the Exchange's sole discretion as circumstances evolve and warrant. New rules may take effect at any time without prior notice.

This Trading Rulebook does not replace the Laniaex Terms of Service.

2.0 Market Manipulation

Digital tokens (also known as digital assets, virtual assets, tokens, and virtual currencies) are an emerging asset class, and there are currently no clear regulations regarding market manipulation. As part of the Exchange's efforts to operate a free and fair market, Laniaex is adopting existing rules from some of the world's largest regulated markets to establish and enforce best market practices within the platform. According to the U.S. Commodity Futures Trading Commission (CFTC), manipulation is any calculated action, transaction, or conduct designed to create or maintain artificial prices. Specific types of manipulative behavior include stockpiling and price suppression, unusually large purchases or sales of commodities within a short period of time to distort prices, and the publication of false information to distort prices.

Manipulation involves various means of influencing the supply or demand of an asset. These include disseminating false or misleading information and manipulating quotes, prices, or transactions to create a false or deceptive image of demand for the asset.

In the EU, Article 12 of the Market Abuse Regulation ("MAR") describes similar market manipulation techniques. The MAR provides that any other conduct involving placing orders to trade or using sham devices or any other form of deception or subterfuge can be considered manipulation. For the purposes of this Exchange Rulebook, market manipulation can generally be defined as conduct intended to:

1. distort price or volume, or create false demand for tokens, in order to induce other users to enter or exit a trade at a favorable price;
2. mislead or deceive other platform users by distorting price or volume, or creating false demand for tokens that has no economic purpose;
3. disseminate false or misleading information; and
4. support or endorse any of the foregoing in any way.

Specific rules in this Exchange Rulebook can be found in Section 5, "Potential Trade Practices Violations," below.

3.0 Trade Monitoring Program

The Exchange's trade monitoring program focuses on enforcing compliance with anti-manipulation and other trade practice rules and monitoring the orderly trading of digital tokens. The Exchange has implemented a new automated trade monitoring system, which trained compliance personnel use to monitor the market, analyze participants, and generate alerts to identify high-risk areas and unusual market activity. Exchange personnel use alerts, proactive analysis, audit trail inquiries, and complaint referrals to identify and review potential trade practice rule violations.

4.0 Responsibilities of All Exchange Users

When trading on the Exchange, users are required to:

1. Comply with this Exchange Rulebook;
2. Refrain from any action or pattern of conduct that is intended or likely to manipulate the market and that causes or is likely to cause harm to any user or damage the reputation of the Exchange;
3. Comply with the Exchange's Terms of Service; and
4. Cooperate with inquiries, information requests, and instructions from Exchange personnel.

5.0 Potential Trade Practice Violations

Trade practice violations are a primary focus of trade surveillance investigations. These violations include: (i) causing harm to platform users; (ii) hindering open and competitive trading on the Platform; and/or (iii) generating prices and trading volumes that do not reflect effective market forces and conditions. Sections 5.1-5.7 list and describe specific trade practice violations that are considered material violations. This list is not exhaustive, and Exchange personnel may identify other forms of trade practice violations. For purposes of this section:

A trade is a completed order, whether partially or fully completed, including a buy or sell portion; an order, buy, and/or sell, is any unfilled portion of an order on the order book.

5.1 Squeeze Abuse

The Exchange defines any position, account balance, or accumulated margin as a form of market squeeze or monopoly if the user has significant influence over the supply or demand of a digital token, through actions (including techniques to artificially influence the price, volume, supply, or demand of a trading pair) intended to artificially influence the circulating supply, margin supply, demand, or price of a digital token. Large positions, account balances, or accumulated margin capital are not considered market abuse in themselves, but these assets, particularly large margin positions, must be handled with caution to avoid inadvertently inducing market pressure.

5.2 Momentum Ignition

The Exchange defines any position, account balance, or accumulated margin as momentum ignition if the user intentionally initiates or exacerbates a short-term trend in price or interest rate behavior, or encourages others to participate in such a trend, through actions including techniques to quickly and significantly influence the price or volume of a trading pair, in order to subsequently close the position or account balance at a more favorable price, or enter into a trading agreement with the opposite side of the margin terms to obtain a more favorable interest rate. Large orders, large trades, or the accumulation of a large number of orders or trades within a short period of time relative to the average trading volume of a trading pair are

not inherently considered market abuse, but care must be taken not to artificially create large and sudden price spikes in order to close a position at a favorable price.

5.3 Spray Tape

The Exchange defines any order or trade (including for currency pairs and margin trading) intended to artificially influence the price of a trading pair by creating the false appearance or appearance of higher-than-normal trading volume in a trading pair through public displays such as time and sales as "market manipulation." Large orders or the accumulation of a large number of trades within a short period of time relative to the average trading volume of a trading pair are not inherently considered market abuse, but care must be taken not to artificially create a surge in trading volume in order to influence or attract traders with the intention of closing or initiating trades at a favorable price.

5.4 Phishing

The Exchange defines any order or trade placed with the intent to discover hidden orders or patterns of other traders, as well as any activity intended to exploit hidden orders or patterns of other traders, as phishing.

5.5 Ramping

Similar to momentum firing, the Exchange defines "ramping" orders as any order or series of orders that are intended to change the best bid or ask price, without the actual intent to execute subsequent pending orders. The difference between ramping orders and momentum firing is that ramping orders require that the price change be sustained, while momentum firing orders require that the price change continue in line with the trend.

5.6 Spoofing/Layering

The Exchange defines spoofing or layering orders as any order (including currency pairs and margin) that is intended to be canceled before execution. These orders may give the impression of more liquidity than genuine orders. These non-genuine orders may be paired with genuine orders with the intended effect of generating a trade on the genuine order that would not have occurred without the additional non-genuine orders. Regardless of whether the trade is completed, non-genuine orders are considered market abuse.

5.7 Wash Trading

The Exchange defines any order or series of orders that are intended to trade against another order (i.e., proprietary trading or trading between accounts with common beneficial ownership) as wash trading. Market makers must be particularly careful to avoid trading against themselves, as doing so could be considered wash trading.

6.0 Investigation and Resolution Procedures

6.1 Investigation

If additional information is required due to reviewing alerts, observing the market, or one or more customer complaints, Exchange personnel will gather additional information, including requesting information from users. Users are required to provide the information requested by Exchange personnel and cooperate with the investigation. Cooperation with the investigation may include closing, modifying, or shutting out specific trades or positions. If a user fails to provide information to Exchange personnel or does not comply with Exchange personnel's requests, the Exchange will take formal action against the user. Upon completion of the investigation, an investigation summary will be generated detailing the relevant rule or other observed abuse and any findings that may indicate a rule violation. The Exchange will then determine whether formal action is necessary to address the identified violations.

6.2 Formal Action

If the Exchange discovers that strategies and/or trades implemented by a user or users meet the definition of a trading behavior violation as described in Section 5, the Exchange may, at its sole discretion, take the following actions:

1. **Warning.** This warning will include detailed information about the identified abuse. No user shall be issued multiple warnings for the same potential violation within a consecutive 12-month period. Warnings may include instructions to liquidate or partially liquidate, re-collateralize, or change the collateralization of a trade, or to close a trade, or otherwise modify a trade. Failure to comply with such Exchange instructions may result in manual trade liquidation, partial liquidation, or trade closure.

2. **Temporary Suspension and Account Closure.** Temporary suspension will be effective for a period determined by the Exchange in its sole discretion. If a temporarily suspended user attempts to rejoin the platform using a new or different profile, the suspension will extend to the new account. As with warnings, the temporary suspension notification will include details regarding the identified abuse. Suspension may include instructions to liquidate or partially liquidate, re-collateralize, or change the collateralization of a trade, or to close a trade, or otherwise modify a trade. Failure to comply with such Exchange instructions may result in manual trade liquidation, partial liquidation, or trade closure.

3. **Account Closure.** If a user continues to fail to comply with this Exchange Rulebook after receiving a warning or being temporarily suspended, the Exchange may, at its sole discretion, close the user's account. Once a user's account is closed, the user will be permanently prohibited from using the platform. If a user whose account has been closed attempts to rejoin the platform using a new or different profile, the new account will also be closed. Like warnings, account closure notifications will include details about the identified abuse. Account closures may include instructions to close trades. Failure to comply with such Exchange instructions may result in manual trade closures.

If a user is identified as potentially abusive and believes the Exchange is unable to meet their trading needs, they may choose to withdraw their assets at any time.

Sanctions available under this Exchange Rulebook and Terms of Service include reporting to any government, law enforcement, or other agency, without providing you with any notice of such reporting; freezing or forfeiting funds, property, proceeds, or digital tokens; and suspending or terminating your access to the Platform or your funds, property, proceeds, or digital tokens. If circumstances warrant or as required by law, the Exchange may, at its sole discretion, seize your property and deliver it to any applicable government, law enforcement, or other agency.