

## EASYPHYTO TOKEN RULES

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## 1. INTRODUCTION

- 1.1 These EasyCrypto Token Rules explain the nature and features of EasyCrypto Tokens. You should not access EasyCrypto Tokens unless you fully understand these EasyCrypto Token Rules. If you would like us to explain any of the terms and conditions to you, you can submit a ticket via the support portal and ask us any questions you may have.
- 1.2 These EasyCrypto Token Rules form part of and must be read together with the EasyCrypto Terms and Conditions and/or the EasyEquities Terms and Conditions. Defined terms used but not defined in this document have the same meaning as in the EasyCrypto Terms and Conditions or the EasyEquities Terms and Conditions as the context requires. In the event of any conflict between the terms of these EasyCrypto Token Rules and the EasyCrypto Terms and Conditions or EasyEquities Terms and Conditions insofar as it relates to the operation of the EasyCrypto Tokens, the provisions of these EasyCrypto Token Rules will prevail.

## 2. WHAT IS AN EASYPAYMENT TOKEN

- 2.1 An EasyCrypto Token is an on-chain token issued by EasyEquities whose value corresponds to the market value of the predefined basket of crypto assets applicable to the particular EasyCrypto Token type.
- 2.2 The EasyCrypto Token product suite is designed to offer structured exposure to different segments of the crypto market. While they share a unified infrastructure, each EasyCrypto Token applies unique valuation weighting methodologies and rules to serve specific strategies.
- 2.3 EasyEquities is responsible for the calculation, production and operation of all EasyCrypto Tokens offered and their respective pricing. Moreover, EasyEquities is responsible for maintaining and disseminating the correct price of the respective EasyCrypto Token.

## 3. LEGAL STRUCTURE

- 3.1 An EasyCrypto Token constitutes a “financial product” under the Financial Advisory and Intermediary Services Act, 2002 (“FAIS Act”). Accordingly, any “financial service” performed in respect of an EasyCrypto Token is regulated by the FAIS Act. EasyEquities is a licenced financial services provider under the FAIS Act and any “financial service” as defined in the FAIS Act in respect of Crypto Assets rendered by EasyEquities is currently being rendered in terms of the exemption granted under FSCA FAIS Notice 90 of 2022 while EasyEquities awaits the approval of the amendment to its existing license to include Crypto Assets.
- 3.2 EasyCrypto Tokens are crypto assets and do not constitute collective investment schemes under the Collective Investment Schemes Control Act, 2002.
- 3.3 EasyEquities is a licensed over the counter derivatives provider under the Financial Markets Act, 2012 and authorised to originate, issue or sell over the counter derivatives; or make a market in over the counter derivatives.
- 3.4 These EasyCrypto Token Rules do not constitute an offer, invitation or solicitation to subscribe for securities in any jurisdiction including South Africa.

## 4. NO OWNERSHIP OF UNDERLYING

EasyCrypto Tokens do not confer legal ownership of the underlying crypto assets to you. This means that you do not own the underlying crypto assets of the EasyCrypto Token which you own. The EasyCrypto Token gives you a contractual claim against EasyEquities for the movements in market value of the predefined basket of crypto assets applicable to the particular EasyCrypto Token.

## 5. INFRASTRUCTURE

EasyCrypto Tokens are issued on the Ethereum blockchain using the ERC-1155 multi-token standard, allowing for the efficient and secure management of multiple tokens under a unified contract framework.

## 6. EASYPAYMENT TOKEN PRODUCT SUITE

- 6.1 The list of EasyCrypto Tokens available can be found on the EasyCrypto and EasyEquities Platforms.

- 6.2 All information relating to a particular EasyCrypto Token together with a fact sheet is available on the EasyCrypto and EasyEquities Platform.

7. **VALUATION AND PRICING**

- 7.1 The value of each EasyCrypto Token is governed by a transparent, rules-based methodology to offer exposure to movements in the market value of the predefined basket of crypto assets applicable to the particular EasyCrypto Token type.
- 7.2 Each EasyCrypto Token's value is derived from the market prices of its underlying constituents in accordance with a proprietary index methodology net of the administration fee referred to in clause 9 below.
- 7.3 In calculating the price of each EasyCrypto Token, pricing data is derived from both USD-based sources (including CoinMarketCap and CoinGecko) and ZAR-based sources (including Luno and VALR). The use of both USD and ZAR sources allows the EasyCrypto Token price to reflect global crypto market activity as well as local exchange-based pricing. Where necessary, USD prices are converted to ZAR using prevailing market exchange rates.
- 7.4 Each EasyCrypto Token's price is calculated based on the value of the index exposure it represents, minus any fees that have accrued. We take the value of all the underlying assets according to the index rules and then subtract the portion of fees attributable to each token.
- 7.5 Each EasyCrypto Token's constitution is systematically controlled through a combination of coin swaps and rebalancing events. These processes ensure that the EasyCrypto Tokens continue to reflect their target market segments over time without excessive transaction costs.
- 7.6 If the retrieval time of the relevant price source at an eligible crypto asset exchange is at least 15 minutes later than the time of calculation of the real-time prices, then the eligible exchange is removed in the pricing calculation, and the weighting of the affected exchange will be automatically re-distributed proportionally into the remaining functional exchanges until the affected exchange resumes operation.

8. **INDEX COMPOSITION AND RECONSTRUCTION**

- 8.1 Each EasyCrypto Token references its own proprietary crypto asset index, which determines the proportional representation of its constituent crypto assets. When the relevant index meets the defined thresholds for rebalancing or reconstitution, the holdings per token are adjusted accordingly to reflect the revised index composition. The value of a particular EasyCrypto Token therefore continuously reflects the prevailing market value of its underlying assets, as informed by the index methodology.
- 8.2 Each underlying index is reviewed periodically and may change through:
- (1) Rebalancing: adjusting the weight of existing crypto assets to maintain target allocations; and
  - (2) Reconstitution: adding or removing crypto assets based on eligibility criteria such as liquidity, market capitalisation, or exchange integrity.

9. **FEES**

EasyEquities levies an administration fee of 1.5% per annum excluding VAT on all EasyCrypto Tokens. This administration fee is incorporated into the price of the EasyCrypto Token and holders are not charged separately.

10. **PLATFORMS**

EasyCrypto Tokens are only available on the EasyEquities platform and the EasyCrypto platform. These platforms are owned and operated by EasyEquities.

11. **INSOLVENCY PROTECTIONS**

- 11.1 For the purposes of this clause:

- (1) “EasyCrypto Security SPV” means EasyCrypto Security SPV (RF) (Pty) Limited, registration number 2025/957359/07, a ring-fenced special purpose vehicle whose commercial activities are restricted to issuing the Guarantee and receiving indemnification and security from EasyEquities for claims made by Secured Clients under the Guarantee;
- (2) “Guarantee” means the guarantee given by the EasyCrypto Security SPV and EasyEquities in favour of you and the other Secured Clients whereby the EasyCrypto Security SPV guarantees the Guaranteed Obligations of EasyEquities to you in the event that EasyEquities suffers an Insolvency Event;
- (3) “Guaranteed Obligations” means EasyEquities’ obligations to pay any Token Profit which EasyEquities may now or at any time owe to you in terms of an EasyCrypto Token;
- (4) “Hedge Crypto” means the crypto assets which EasyEquities may purchase from time to time, to hedge EasyEquities’ obligations to you in respect of your EasyCrypto Tokens;
- (5) “Insolvency Event” means that winding-up proceedings in terms of the Companies Act, 2008 are commenced in respect of EasyEquities;
- (6) “Secured Clients” means you, and each other client who has entered into the EasyCrypto Terms and Conditions or EasyEquities Terms and Conditions, with EasyEquities at any time prior to the happening of an Insolvency Event, to whom EasyEquities has issued EasyCrypto Token(s), and who hold at least one unsold EasyCrypto Token on the occurrence of the Insolvency Event; and
- (7) “Token Profit” means on any day any and in respect of each EasyCrypto Token that you hold on such day, all amounts that would be due to you from EasyEquities if you were to sell the EasyCrypto Token.

11.2 EasyCrypto Security SPV has been established for the purposes of guaranteeing the Guaranteed Obligations of EasyEquities in respect of the EasyCrypto Tokens that it issues to you and the similar guaranteed obligations of its other Secured Clients, from time to time in the event that EasyEquities suffers an Insolvency Event.

11.3 Where you have been issued with, and for as long as you continue to hold, an EasyCrypto Token, the EasyCrypto Security SPV has issued a Guarantee in favour of you (in your capacity as a Secured Client) which you shall be deemed to have accepted, guaranteeing all of EasyEquities’ obligations to you under that EasyCrypto Token (ie. the Guaranteed Obligations). This means that if EasyEquities suffers an Insolvency Event, you may claim the amounts owed to you by EasyEquities under your EasyCrypto Token directly from the EasyCrypto Security SPV subject to the terms and conditions below:

- (1) The Guarantee:
  - (a) May be enforced by you and/or the other Secured Clients against the EasyCrypto Security SPV when an Insolvency Event happens; and
  - (b) may not be enforced if any breach or termination of the Agreement occurs independently of an Insolvency Event;
- (2) the Guarantee is granted to all Secured Clients of EasyEquities from time to time, irrespective of when you or any other Secured Client entered into this Agreement, so long as each Secured Client entered into this Agreement before the Insolvency Event happened;
- (3) if an Insolvency Event happens, EasyCrypto Security SPV will sell the Hedge Crypto that is ceded to the EasyCrypto Security SPV as security for any claims made by you and/or the other Secured Clients, and any fees, costs or tax associated with the sales will be deducted from the realisation proceeds;
- (4) all Secured Clients will share equally in the realisation proceeds, provided that:
  - (a) as a Secured Client your individual claim on an Insolvency Event will be restricted to the value of the Token Profits which is owed to you (and which haven’t been paid to you yet); and



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- (b) all Secured Clients' claims on an Insolvency Event will be restricted to the realisation proceeds, less any fees, costs or tax deducted as described in 12.3.3 above; and
- (5) the Guarantee will terminate when all the Guaranteed Obligations to you have been settled by EasyEquities unconditionally and irrevocably, and/or your EasyCrypto account is closed and your relationship with EasyEquities terminated. The Guarantee will not terminate solely by reason of the fact that there may at any time be no or reduced obligations or debts owing by EasyEquities to you.

## **11 DISCLAIMER**

The information contained in these EasyCrypto Token Rules is not advice as defined in the FAIS Act. The value of a financial product may go up or down, for example, due to market factors, changes in the value of the underlying investments, or of currency movement. This will affect the value of your investment which may result in a financial loss. Past performance is not an indication of future performance. An investor may not recoup the full amount invested. EasyEquities does not guarantee the capital or the return of an EasyCrypto Token.