Terms and Conditions for the Staking of Tokens

January 2024

Note: although for purposes of readability the masculine gender form is used to reference persons in the relevant sections, this is, of course, always deemed to include members of both genders. The same applies to the plural form.

1. Scope & Applicability

1.1 Bank Frick AG ("Bank") keeps tokens in safe custody for you as the token holder and the Bank's client ("Client") pursuant to the Bank's General Business Conditions including Safe Custody Regulations ("GBC"). These terms and conditions for the staking of tokens ("TC Staking") contain special provisions for the staking of tokens eligible for staking (i. e., are stakeable) and govern the Staking Services (as defined below) the Bank provides to the Client with regard to such tokens.

1.2 The GBC govern the business relationship between the Client and the Bank and are, where applicable, supplemented by the TC Staking. In case of discrepancies between the GBC and the TC Staking, the latter shall prevail.

2. General Remarks & Definitions

2.1 Staking is the process of participating in the validation of transactions and/or the generation of new data blocks on network protocols/trustworthy technologies systems that use proof-of-stake governance algorithms ("Staking Systems", as defined below). Only certain tokens based on proof-of-stake governance algorithms may technically be staked and are therefore stakeable. Clients holding such tokens may contribute to the integrity and stability of the Staking System's underlying blockchain by locking their tokens to validate transactions and/or generate new data blocks in a Staking System. To validate a transaction and/or generate a new data block, it is necessary to run a node software based on the Staking System. Such node software providers are often referred to as validators. Depending on the Staking System, holders of tokens can delegate staking to validators that are selected according to the rules of the Staking System ("Rules", as defined below). In return for the staking of tokens, validators may receive a compensation in the form of token rewards ("Staking Rewards", as defined below) which are distributed to them according to the Rules. In contrast to the earning of Staking Rewards, Staking Systems may include negative incentive mechanisms which have the effect of imposing penalties against validators who violate the Staking System's Rules or do not meet certain activity thresholds ("Slashing Penalties, as defined below"). There is no uniform concept of staking. The Rules, operational details, the operations' relevance for the corresponding consensus mechanism of a Staking System, the earning of Staking Rewards, the imposing of Slashing Penalties and other mechanisms may greatly vary between Staking Systems. Unstaking is the reversal process of staking (contrarius actus) which also follows the Staking System's Rules. Unstaking may be subject to delays of technological nature or other reasons inherent to the Staking System.

2.2 **Rules:** Rules are the Staking System's underlying predetermined individual technological mechanics and rules which may be changed from time to time and i. a. regulate the earning of Staking Rewards, the imposing of Slashing Penalties, and the duration and design of lockup periods. The Bank has no governance or control over the Staking System or Staking System's Rules and is therefore also bound by the Staking System's Rules.

2.3 **Staking Systems:** Staking Systems are proof-of-stake network protocols/trustworthy technologies systems using proof-of-stake governance algorithms to achieve distributed consensus on the globally consistent state within such systems. In proof-of-stake governance algorithms, validators stake capital in the form of tokens pursuant to the Staking System's Rules to validate transactions and/or generate new data blocks. In contrast, in proof-of-work governance algorithms, miners prove they have capital at risk by expending energy (e. g., through complex computations) to validate transactions and/or generate new data blocks.

2.4 **Staking Rewards:** Staking Rewards are the compensation in the form of token rewards for staking that validators may receive and which are distributed to them according to the Staking System's Rules. The Bank is not the Client's debtor as regards Staking Rewards; therefore, the Client has no claim against the Bank with regard to Staking Rewards until they are credited to the Client's cryptocurrency account with the Bank. The amount and frequency of the allocation of Staking Rewards are dependent on a number of factors outside of the Bank's sphere and control and are typically determined by the validator's stake size, the actual successful participation in staking, the overall number of staked tokens in the Staking System, as well as other factors defined by the Staking System. In some instances, additional operations, such as claiming the Staking Rewards from a validator, are necessary to receive the Staking Rewards.

2.5 **Slashing Penalties:** Slashing Penalties are negative incentive mechanisms which have the effect of imposing penalties against validators who violate the Staking System's Rules or do not meet certain activity thresholds according to the Staking System's Rules (e. g., unavailability, or slow, incorrect or malicious performance). Slashing Penalties are dependent on a number of factors outside of the Bank's sphere and control and may i. a. occur when staking was erroneously operated or a transaction was incorrectly validated and may i. a. include (partial) non-payment of Staking Rewards and/or full or partial loss of staked tokens and/or Staking Rewards. Typically, tokens that are subject to Slashing Penalties are fully or partially burned and therefore fully or partially lost to the Client.

2.6 **Staking Services:** Staking Services are the services the Bank provides to the Client when staking tokens on the Client's behalf and at the Client's expense and risk in accordance with the Client's staking and unstaking instructions. The Client retains the beneficial ownership of the staked tokens and of any potential Staking Rewards received at any time. The Staking Services i. a. include the receiving and processing of the Client's staking and unstaking instructions (if accepted in the Bank's sole discretion), the provision of the hard- and software infrastructure required for staking, and the signing of staking and unstaking transactions or the collection of Staking Rewards.

3. Staking Services

3.1 The Staking Services are optional services provided by the Bank. The Client must instruct the Bank to stake (part of) the Client's tokens as the Bank will not automatically stake the Client's tokens.

3.2   The Bank offers the Staking Services only with regard to specific stakeable tokens it keeps in safe custody for the Client pursuant to the GBC.

3.3   The Bank may, however, without being obligated to do so, inform the Client about some of the Staking System's Rules, including the earning of Staking Rewards, the average return rates for Staking Rewards, the imposing of Slashing Penalties, and the duration and design of lock-up periods. The Client herewith acknowledges and accepts that any such information voluntarily provided by the Bank is of purely explanatory and informative nature and non-binding for the Bank, and that the Bank is not obligated to update or keep current any such information, but may do so at its sole discretion at any time and without prior notice to the Client. Further, the Client herewith acknowledges and accepts that the Bank cannot and does not guarantee that the Staking System's Rules are continuously applied, or remain unchanged, or that the Staking System complies with the Staking System's Rules. It is the Client's own obligation to adequately familiarize himself with the Staking System's Rules and remain up-to-date before requesting the provision of Staking Services from the Bank and giving staking and unstaking instructions to the Bank.

3.4   The Client may give staking and unstaking instructions to the Bank only as follows and the Bank offers the Staking Services only as follows:

Staking of (parts of) tokens:
• The Client offers to bindingly instruct the Bank to stake (part of) Client's tokens by submitting the completed form "Request for staking/unstaking of crypto assets" by e-mail to staking@bankfrick.li. In the form "Request for staking/ unstaking of crypto assets" the Client specifies the type and number of tokens to be staked. The Client additionally provide all necessary data upon request. Such offer is exclusively to be considered and qualified as the Client's binding offer to instruct the Bank to stake (part of) Client's tokens. The Client is bound by his offer for a period of 48 hours, starting from submission and running only during the Bank's ordinary business hours between 8 am and 5 pm CET on Liechtenstein bank working days. The Bank accepts staking requests only during the Bank's ordinary business hours between 8 am and 5 pm CET on Liechtenstein bank working days.
• The Bank may in its sole discretion accept or reject the Client's offer and shall inform the Client within a reasonable period of time if the Bank rejects the Client's offer.
• Upon the Bank's acceptance of the Client's offer, the Client and the Bank conclude a continuing contractual obligation for an indefinite period of time (Dauerschuldverhältnis) (each a "Staking Agreement"). Each time the Bank accepts a Client's offer with regard to Staking, the Client and the Bank conclude a new Staking Agreement independent of any other Staking Agreement already in place between the Client and the Bank. The Client may at any time terminate a Staking Agreement by virtue of unstaking (as further described below). The Bank may terminate a Staking Agreement in accordance with the section "Termination of Staking Services" below. The Staking Agreement(s) the Bank concluded with a Client are entirely independent from any other Staking Agreements the Bank concluded with any of its other Clients and the staked tokens are not part of any risk or revenue sharing scheme.

Unstaking of (parts of) staked tokens:
• The Client bindingly instructs the Bank to unstake (part of) the Client's staked tokens by submitting the completed form "Request for staking/unstaking of crypto assets" by e-mail to staking@bankfrick.li and thus terminates a particular or all Staking Agreement(s). In the form "Request for staking/ unstaking of crypto assets" the Client specifies the type and number of tokens to be unstaked. The Client additionally provide all necessary data upon request. The Bank may consider the Client's instruction as an instruction to unstake all of the Client's staked tokens staked with a specific validator. The Bank accepts unstaking instructions only during the Bank's ordinary business hours between 8 am and 5 pm CET on Liechtenstein bank working days.
• The Client's instruction to unstake becomes effective upon receipt by the Bank without the need for the Bank's acceptance.

3.5   The Bank will execute staking and unstaking instructions within a reasonable period of time, subject to the Staking Systems operational and technical limitations.

3.6   The Bank may provide the Staking Services on behalf of the Client either itself or through third-party service providers.

3.7   The Bank may at any time discontinue to consider particular tokens stakeable. If the Client has concluded one or more Staking Agreements with regard to such tokens (which have not otherwise been terminated), the Bank will inform him accordingly and terminate the relevant Staking Agreement(s) in accordance with the section "Termination of Staking Services" below.

3.8   The Client herewith instructs the Bank to re-stake any Staking Rewards the Client received. The Client may request with the Bank to change this default setting at any time and the Bank may in its sole discretion decide to honor such request. The Client herewith acknowledges and accepts that some Staking Systems automatically and mandatorily re-stake Staking Rewards, whereas other Staking Systems do not allow the re-staking of Staking Rewards and therefore, re-staking or opting out of re-staking may either not be possible at all or restricted by the Staking System's Rules.

3.9   The Client herewith acknowledges and accepts the following:

3.9.1 The Client fully gives up control over the staked tokens for a specific period of time in accordance with the Staking System's Rules. This period of time is mainly determined by applicable lock-up period(s) and may also be prolonged due to unforeseen circumstances outside of the Bank's sphere and control. The Client may not withdraw staked tokens from the Bank's safe custody or transfer or otherwise dispose of them as long as they are locked up and/or not effectively unstaked. The Client may not request the Bank to refund or replace any tokens locked up and/or not effectively unstaked.

3.9.2 Unstaking may take significant time to be completed due to the Staking System's Rules or other reasons outside of the Bank's sphere and control. The Bank cannot and does not guarantee successful completion of unstaking within a certain period of time or of unstaking at all, or the unlocking or return of the staked tokens. The Client may not request the Bank to refund or replace any tokens locked up and/or not effectively unstaked.

3.9.3 The Bank cannot influence the Staking System's Rules or their correct application or their compliance with. The Bank may not be held liable for any loss or damage the Client incurred as a result of the Staking System's Rules or their incorrect application or their non-compliance with.

3.9.4 The Bank cannot and does not guarantee that a particular token will be stakeable or continue to be stakeable, a Staking System will continue to work on proof-of-stake governance algorithms, the Client's staked tokens will effectively participate in staking, or that the Client will receive any Staking Rewards or that Staking Rewards will ultimately be credited to the Client's cryptocurrency account with the Bank.

3.9.5 The Bank may define and adjust at any time minimum balances for retaining the Staking Services. Further, the Bank may also define and adjust at any time minimum order sizes for staking and unstaking instructions. The Bank may in its sole discretion decide to cease the provision of the Staking Services at any time.

3.9.6 Staking Systems may require that a certain minimum number of tokens be staked, whereas others require that a certain minimum number of tokens be locked up for a certain minimum period of time before they may be staked and Staking Rewards may be received. Staking Systems may also require that a certain minimum number of staked tokens be locked up for a certain minimum period of time before they may be unstaked.

3.9.7 The Bank may at any time suspend or refuse the provision of Staking Services with or without prior notice to the Client if the Bank learns of any threat to security, including upcoming net-work forks, until the issue has been rectified. The Bank may not be held liable for any loss or damage the Client incurred as a result of the suspension or refusal of the provision of Staking Services if it has taken reasonable precautions.

3.9.8 The Bank will use reasonable efforts to ensure, but cannot and does not guarantee, the timely, continuous, uninterrupted and error-free provision of the Staking Services, as it may be affected by a number of events outside of the Bank's sphere and control, such as e.g., critical software errors, malfunctions, unintended or unexpected functions, technological faults, delays or overloads of the Staking System, or malfunctions or errors in the Staking System and/or its Rules, node downtime, third-party disruptions or unauthorized third-party access. As a result of such events, the Client may not generate Staking Rewards and/or fully or partially lose staked tokens and/or Staking Rewards. The Bank may not be held liable for any loss or damage the Client incurred as a result of such events.

3.9.9 The Bank may at any time alter, suspend, or terminate the Staking Services for necessary operational or technical maintenance work with or without prior notice to the Client. The Bank may not be held liable for any loss or damage the Client incurred as a result of such maintenance work.

4. Staking Rewards and Slashing Penalties
4.1 The Client may receive Staking Rewards and incur Slashing Penalties when staking.

4.2 The Client herewith acknowledges and accepts the following:

4.2.1 There is no guarantee that the Client will receive Staking Rewards and/or will not incur Slashing Penalties.

4.2.2 **The Bank is not the Client's debtor as regards Staking Rewards; therefore, the Client has no claim against the Bank with regard to Staking Rewards until they are credited to the Client's cryptocurrency account with the Bank.**

4.2.3 The amount and frequency of the allocation of Staking Rewards are dependent on a number of factors outside of the Bank's sphere and control, such as the unstaking and release from the Staking System, potential taxes and any costs incurred by the Bank for such staking and unstaking transactions (e.g., fees imposed by the Staking System), as well as the own fees of the Bank. In any case, only Staking Rewards the Bank actually received from the Staking System for the Client may be allocated and distributed to the Client.

4.2.4 The imposing of Slashing Penalties is dependent on a number of factors outside of the Bank's sphere and control. In some cases, Slashing Penalties may also be imposed by the Staking System without the Client having done anything wrong. **Slashing Penalties may i.a. include (partial) non-payment of Staking Rewards and/or full or partial loss of staked tokens and/or Staking Rewards.**

5. Fees & Invoicing
5.1 For the provision of the Staking Services, the Bank charges the Client fees and invoices such fees to the Client as follows:
- The Bank applies a fee in the amount of 15% of all Staking Rewards credited to the Client's cryptocurrency account with the Bank during a calendar month, with all fees being accumulated ("Accumulated Fee").
- The Bank invoices the Accumulated Fee to the Client shortly after the end of a calendar month.
- The Bank will preferably charge the Accumulated Fee to the Client's FIAT money account with the Bank. However, the Bank may also charge the Accumulated Fee to the Client's cryptocurrency account with the Bank, especially if there is a lack of funds in the FIAT money account.

5.2 If the Client does not receive any Staking Rewards and/or fully or partially loses staked tokens and/or Staking Rewards (e.g., due to Slashing Penalties or malfunctions or errors in the Staking System and/or its Rules), the Bank is still entitled to its fees.

6. Risks & Disclaimers
6.1 Staking and the use of Staking Systems involve a number of different risks outside of the Bank's sphere and control.

6.2 In addition to the risks already mentioned in the GBC and in the TC Staking, Staking and Staking Systems i.a. involve the following risks which the Client herewith acknowledges and accepts:

6.2.1 Staking, Staking Systems and the retaining of Staking Services are new and untested fields and come with significant inherent and unanticipated risks that may occur suddenly.

6.2.2 Staking, Staking Systems and the Staking Systems' Rules are highly complex and subject to rules and protocols that may change at any time, without prior notice to the Client and beyond the Bank's sphere and control.

6.2.3 The Client may fully or partially lose staked tokens and/or Staking Rewards (e.g., due to Slashing Penalties or malfunctions or errors in the Staking System and/or its Rules). As such losses are outside of the Bank's sphere and control, the Bank will not reimburse the Client for such loss. However, the Bank will use reasonable efforts to prevent accidental losses of staked tokens.

6.2.4 Market risk exposure caused by the duration of Staking and the duration and design of applicable lockup periods: Staked tokens are locked up for the duration of staking and any additional lock-up period(s) prior to staking and/or subsequent to unstaking, making it impossible for the Client to withdraw staked tokens from the Bank's safe custody or transfer or otherwise dispose of them as long as they are locked up and/or not effectively unstaked. The Client may not request the Bank to refund or replace any tokens locked up and/or not effectively unstaked.

6.2.5 Currency and platform: The Client is exposed to the (market) risk of a volatile exchange rate of tokens and legal tender.

6.2.6 Critical software errors etc.: Critical software errors, malfunctions, unintended or unexpected functions, technological faults, delays or overloads of the Staking System, or malfunctions or errors in the Staking System and/or its Rules may cause interruptions and errors when staking and may thus result in the Client not generating Staking Rewards and/or fully or partially losing staked tokens and/or Staking Rewards.

6.2.7 Cyber-attacks: Third-party disruptions and/or unauthorized third-party access by hackers or other groups and organizations may interfere with the staked tokens, the Staking System and/or its Rules in a number of ways, i.a. through denial-of-service attacks, Sybil attacks, spoofing, smurfing, malware attacks, and consensus-based attacks, may cause interruptions and errors when staking and may thus result in the Client not generating Staking Rewards and/or fully or partially losing staked tokens and/or Staking Rewards.

6.2.8 Node downtime: Node downtime may occur when a validator is unavailable to validate transactions and/or the generation of new data blocks on the Staking System for a certain period of time, e.g. due to a data node's (cloud) infrastructure going offline, or going out of synchronization with the Staking System. Depending on the duration of such node downtime, the Client may not generate Staking Rewards and/or be subject to penalties, including Slashing Penalties.

6.3   The Bank does not provide any advice regarding Staking or Staking Systems. The Bank has not verified whether or not Staking Systems are secure and/or functioning properly. Before and when using the Bank's Staking Services, it is the Client's responsibility to familiarize himself with and to fully understand the Staking System's Rules and to continuously carry out the necessary due diligence regarding the Staking System.

6.4   Depending on the place of residence, the Client may not be able to use the Staking Services, or only to a limited extent.

7.   Limited Liability

7.1   In addition to the limitations of the Bank's liability already mentioned in the GBC and in the TC Staking, the Bank may only be held liable for intent or gross negligence when providing the Staking Services; the Bank's liability for slight negligence is excluded in any case.

7.2   The Bank may not be held liable for any loss or damage the Client incurred as a result of the execution of the Client's instructions with regard to the Staking Services as described above in the section "Staking Services" (e.g., due to Slashing Penalties or the loss of staked tokens and/or Staking Rewards).

8.   Termination of Staking Services

8.1   The Bank may in writing (email suffices) terminate the Staking Services as a whole or individual Staking Agreements at any time without giving reasons by observing a notice period of 30 calendar days. The termination of the Staking Services as a whole also terminates all Staking Agreements with the Client. However, the Client's business relationship with the Bank and any other agreements between the Client and the Bank remain unaffected and valid.

8.2   The Client may terminate the Staking Services as a whole or individual Staking Agreements by unstaking the staked tokens.

8.3   After termination of the relevant Staking Agreement(s), the tokens staked under the respective Staking Agreement(s) will automatically be unstaked and put into the Bank's safe custody for the Client as soon as feasible according to the Staking System's Rules.

8.4   The Client's and the Bank's right to terminate the Staking Services as a whole or individual Staking Agreements for due cause with immediate effect remains unaffected.

9.   Legal Treatment & Compliance

9.1   The legal, regulatory and tax treatment of staking may be subject to significant uncertainties in some countries. Further, the legal, regulatory and tax treatment of staking may change at any time. The Bank does not provide any legal, regulatory or tax advice regarding staking, Staking Systems or Staking Rewards.

9.2   The Client is solely responsible for assessing the tax consequences resulting from staking (VAT, income tax or others), and for complying with all relevant laws, rules and regulations applicable in his place of residence and/or the place where the Client retains the Staking Services.

9.3   If any withholding tax is due on Staking Rewards and/or applicable to the Staking Services, the Bank may withhold and/or reclaim from the Client the relevant assets.

10.   Segregation

10.1   The Bank keeps tokens in safe custody for the Client pursuant to the GBC. These tokens are regarded as the Client's third-party assets and therefore segregated from the Bank's assets at all times, in particular in insolvency and enforcement proceedings concerning the Bank's assets (art. 25 sec. 1 TVTG).

Place and date

Signature of account holder