

TeraExchange, LLC is publishing this Participant Notice for those Participants that trade USD/Bitcoin Non-Deliverable Forwards (“USD/Bitcoin Swaps”).

Credit Support Obligations

TeraExchange created the following general guidelines regarding a Market Participant’s Credit Support Obligations:

- If a Market Participant posts USD as the Independent Amount, it should post 10% of the Notional Amount of the trade.
- When bitcoin is used as “Other Eligible Collateral,” the Valuation Percentage assigned to it shall be 100%, subject to daily mark to market adjustments based on the Bitcoin Rate.
- If a Market Participant posts bitcoin as the Independent Amount, it should post 20% of the Notional Amount of the trade. In such instance, the posted bitcoin is subject to daily mark to market adjustments based on the Bitcoin Rate.

Daily Notional Limit Guidelines

On a daily basis, TeraExchange calculates the Daily Notional Limit. The Daily Notional Limit is the maximum notional amount of all USD/Bitcoin Swaps that a Market Participant may execute that day. The Daily Notional Limit is based on the amount of unpledged funds on deposit in the Market Participant’s Custody Account(s). If the unpledged funds on deposit are in USD, the Daily Notional Limit is 10x that amount. If the unpledged funds on deposit are in bitcoin, the Daily Notional Limit is 5x that amount. For example, if a Market Participant has \$10,000 USD in its Custody Account that are unpledged, the Daily Notional Limit is \$100,000. If a Market Participant holds \$10,000 in bitcoin in its Custody Account that are unpledged, as calculated by the Bitcoin Rate, the Daily Notional Limit is \$50,000. These limits are guidelines and may be modified based upon the mutual consent of the Market Participants executing the USD/Bitcoin Swap.

PARTICIPANT NOTICE 2015-01

March 27, 2015

Summary of Content

USD / Bitcoin Non-Deliverable
Forward Transactions:

Credit Support Obligations

and

Daily Notional Limit
Guidelines

For questions regarding this Notice please contact the CCO, Peter Wilson, at:

+ 1 908.273.8266

PWilson@TeraExchange.com