

GENERAL TERMS AND CONDITIONS OF BITS, trading and investment company s.r.o.

Company information:

BITS, trading and investment company, s.r.o.

Business address: **Anglicka 140/20, Vinohrady, 120 00 Praha 2**

Registration number: **095 79 745.**

Tax ID number: **CZ09579745**

(hereinafter: "**BITS**")

BITS is a company specialized in brokerage and representing investors to trading venues for the purpose of appreciating investors' funds and assets and trading in various markets, including crypto instruments, in its own name, on its own behalf, and on the Investor's behalf. The expected annual return for investors is 12 (twelve) to 18 (eighteen) percent.

I. General:

1. The General Terms and Conditions set out the mutual rights and obligations of the Investor and **BITS** in relation to the conversion of the investor's funds and assets into investments and assistance in the management of these funds and assets on the behalf of the investor and in the name of the company.

2. Under these general terms and conditions, the term "Investors" means any natural or legal person who, based on **BITS** brokerage services, invests their funds or assets to be managed by **BITS** or a manager from the **BITS portfolio**. It is deemed that the investor is a well-informed natural or legal person who is aware of all the risks of investing funds and assets, who is well-informed and knowledgeable about the manner and conditions of investing and who, by signing the authorization, declares that **BITS** has described in detail all the circumstances of the investment, the products in which they are investing and the terms and conditions of the investment, the terms and conditions for concluding and terminating the investment or the investment agreement and the revocation of the authorization.

3. The contractual relationship between the Investor and **BITS** is concluded with the signing of the authorization by which the Investor authorizes **BITS** to act as the investor's broker with an individual currency trading venue or another trading venue in accordance with the content of the authorization or to trade on the behalf of the investor.

4. For each trading type or each individual product, the Investor and **BITS** conclude a separate authorization to establish their contractual relationship unless specified otherwise in the authorization.

5. The General Terms and Conditions shall form an integral part of the authorization signed by the Investor and shall be accepted by **BITS** by approving the authorization, whereupon it is deemed that the Investor and **BITS** concluded a contractual relationship in the manner and under the terms of these **BITS General Terms and Conditions**.

II. Definitions

The terms used in these General Terms and Conditions shall have the following meanings unless otherwise understood or expressly stated in these General Terms and Conditions.

PRODUCT - Any investment or investment transaction carried out by specialized operators - organizers of such services, and primarily means commodity trading, cryptocurrency trading, ICO trading, or any other type of trading the goal of which is to appreciate the investor's funds and assets.

AGENT - Based on these General Terms and Conditions, **BITS** acts as a commercial agent or agent and always performs its service in its own name and on the behalf of the Investor, and the Investor pays the agreed fee or commission for the performed service.

TRADING VENUE - **BITS** or any third party that organizes trades, is professionally qualified to perform individual trades and has all the necessary licenses and knowledge required to trade.

CRYPTOCURRENCIES - All crypto - online currencies that are not physical currencies issued by an individual national economy/a country and are not regulated and do not trade on a regulated market regulated by an individual national regulator.

GENERAL TERMS AND CONDITIONS - The term General Terms and Conditions always means these **BITS** General Terms and Conditions. If the term General Terms and Conditions is used differently, this use shall be specified in connection with that term.

AUTHORIZATION - An authorization by which the Investor and **BITS** conclude, in accordance with and subject to the terms and conditions set out in these General Terms and Conditions, a brokerage agreement under which **BITS** performs services in the name of and on the behalf of the Investor or in its own name and on the behalf of the Investor.

TRADING ACCOUNT - A joint account of **BITS** used by BITS to trade with the venue of a particular trade in its own name and on its own behalf and on the behalf of the Investor.

APPLICABLE REGULATIONS or LEGISLATION - The applicable statutory and regulatory provisions or rules and other general acts of the competent authorities which regulate the area of individual trades in the territory or in the country in which trading is taking place or in the country in which the trading venue (exchange) is based.

NOTICES - All valid notifications exchanged between the Investor and **BITS**. All notices exchanged by the parties are deemed to be valid if submitted to the other party in writing by e-mail. The only exception is when the Investor revokes the authorization or **BITS** terminates the authorization, the notice of which must be submitted in writing and served to the counterparty in the original copy by registered post or directly in person.

BUSINESS DAY - A Day on which individual markets are open or when trades are carried out for which the Investor and **BITS** have agreed that **BITS** will act as the broker for the Investor. As a rule, this is every day except Saturdays, Sundays, holidays and work-free days.

CURRENCY - The base currency for the investment is BITCOIN; if a currency other than BITCOIN is used, this shall be specified individually in these General Terms and Conditions or in the authorization.

TRADING CYCLE - The period of time during which funds are not freely accessible or during which the Investor is unable to dispose of their funds invested in a particular trade under these General Terms and Conditions and the authorization without significant cost to the Investor. The general trading cycle is one year and the first cycle begins on the day the authorization is concluded and the funds are paid to the **BITS** account.

III. Application of general conditions

1. These General Terms and Conditions govern the mutual rights and obligations of **BITS** and the Investor in relation to brokerage services for the management of the assets of knowledgeable investors in such a way that the provisions of these General Terms and Conditions shall apply to all services provided hereunder.

2. If the Investor and **BITS** come to an agreement that differs from General Terms and Conditions the separate agreement shall be deemed to be a separate transaction and must be agreed separately and in writing.

3. The provisions of these General Terms and Conditions and all transactions are subject to and shall be interpreted in accordance with the applicable regulations in the following manner:

- in the event of a conflict between these General Terms and Conditions and the applicable regulations, the provisions of the applicable regulation shall prevail and apply to the Investor and **BITS**;
- the provisions of these General Terms and Conditions cannot exclude or restrict any obligation that **BITS** may have towards the Investor under applicable law;
- **BITS** may, in order to protect the interests of the Investor, omit or take any action which it considers necessary to ensure the compliance of asset management services with the applicable regulations and shall intervene with individual trade venues in this context;
- all applicable regulations and any actions performed or omitted by **BITS** in the performance of brokerage services for the management of the Client's assets to ensure compliance with applicable regulations shall be binding on the Client;
- **BITS** shall not be liable to the Investor for any consequences arising from the need to ensure the compliance of operations related to the management of the Client's assets with any statutory provisions;
- no provision of these General Terms and Conditions shall oblige **BITS** to act contrary to any applicable regulation as it manages the Investor's assets.

4. In all cases where these general conditions determine the deadline by months or years, it is considered that one month or one year has as many days as each actual calendar month or calendar year.

5. If the day of maturity of any Investor's or **BITS'** obligation hereunder or in connection with these General Terms and Conditions or under an authorization falls on a day which is not a Business Day for **BITS**, then such Investor's or **BITS'** obligation shall become due on the first following Business Day on which **BITS** is open for business.

6. These General Terms and Conditions shall enter into force on the date of acceptance of the General Terms and Conditions.

7. BITS may amend these General Terms and Conditions in accordance with its own business policy and at its own discretion. It must notify investors of the change without delay. The amendments shall enter into force within 30 days after the notice of changes to the General Terms and Conditions is sent to the Investor. If the Investor does not agree to the amendment to the General Terms and Conditions, they are obliged to notify **BITS** immediately. In such case, the contractual relationship between the Investor and **BITS** shall terminate in accordance with these General Terms and Conditions while the parties' business cooperation shall be terminated upon the closing of the current trading cycle and the payment of funds to the Investor. If the Investor withdraws from the investment agreement due to a disagreement with the amendment to the General Terms and Conditions, the Investor shall be paid the entire balance of funds on the date of termination of the investment agreement within 60 (sixty) days of the termination of the investment agreement. The funds are always paid to the account specified by the Investor.

IV. Risks

1. Investments in products are risky and by entering into the contract or signing the authorization, the Investor acknowledges that they are aware of and accept the risk that the value of the Investor's funds and assets under management may change unexpectedly as a result of market movements and other factors affecting products over which **BITS** has no influence.
2. By signing the authorization, the Investor confirms that they accept responsibility for all investment decisions and the risky nature of the investments defined in these General Terms and Conditions.
3. **BITS** shall not guarantee to the Investor a return on the assets under management and shall not be liable to the Investor or any other person for any direct or indirect damage, liability and/or loss incurred as a result of the management of the investor's assets, except in the cases provided for in these General Terms and Conditions. Nor does **BITS** accept any liability for the consequences of the Investor's decisions or actions related to the revocation of the authorization.
4. **BITS** does not guarantee a return on investment for the products.
5. **BITS** shall only be liable to the Investor for its own actions or loss and damage in the event of willful breach of these General Terms and Conditions or a display of gross negligence in the performance of the agreed-upon services.
6. **BITS** is obliged to inform the investor of all circumstances relevant to the product and any trading related to the product. By signing the authorization,

the Investor confirms that they have been accurately informed about the specific product for which they have granted the authorization to **BITS** and have thereby entered into a brokerage agreement with **BITS**; that they have made their own decision to invest in a specific product based on their own knowledge and the evaluation of the suitability and the risk of the investment; and that they understand the risks associated with financial markets, cryptocurrency trading and ICOs as well as the management of assets and the structure of the risks. By signing the authorization, the Investor confirms that they have made their own and independent inquiries into these markets from a commercial, financial, accounting and legal point of view.

7. The Investor is solely responsible for their decision regarding the investment and authorization term, as well as any negative consequences related thereto.
8. The Investor is solely responsible for their decision regarding the investment and authorization term, as well as any negative consequences related thereto. By signing the authorization, the Investor also accepts the contractual penalty of 25 (twenty-five) percent if they revoke the authorization and withdraw from the investment agreement before the end of each individual trading cycle (except in the case referred to in point 7 of Section 3 of these General Terms and Conditions). The contractual penalty for the disbursement of the balance of funds on the date of the termination of the investment agreement is charged at the time of payment.
9. By signing the authorization, the Investor confirms that they have signed the authorization and concluded a commercial agency agreement with **BITS** of their own free will, knowing all the elements of such a transaction, without duress, and with full legal and professional capacity to conclude such an agreement and grant such authorization.
10. Under these General Terms and Conditions and the Investment Agreement, **BITS** will be liable to the Investor for loss of the Investor's funds (theft of funds in the event of a hacker attack, loss of funds due to incorrectly entered data, nonperformance or failure to materialize ICOs into tokens and actually activate the company into which funds were invested, etc.) solely in the event that the loss of funds is a result of the willful misconduct of **BITS**, which may be manifested as an action or omission, or due to gross negligence and failure to exercise due diligence. Gross negligence means that **BITS** knowingly disregarded the indicators of imminent risk or omitted security actions that it could have and should have performed. Failure to exercise due diligence means failing to continuously monitor security measures and update hardware and software to protect the operations and investors.
11. By signing the authorization and accepting these General Terms and Conditions, the Investor expressly declares that no legal, criminal, enforcement or other proceedings are pending against them which could lead to the seizure of the Investor's funds managed through **BITS**. **BITS** shall have the right to terminate the Investor's authorization without notice and with all negative consequences for the Investor if it finds that the Investor has made a false declaration. The Investor is also obliged to inform **BITS** of the occurrence of any circumstance or the initiation of any proceedings which may lead to the seizure of the Investor's assets. In this event, **BITS** shall terminate the Investor's authorization without adverse consequences for

BITS, and the Investor shall waive any claims against **BITS** and shall have no claims against **BITS** in the instances referred to in this paragraph.

12. By signing the authorization, the Investor expressly declares that the funds are theirs and not belonging to third parties, that they are lawfully acquired funds, and pass the test defined by the regulations on the prevention of money laundering and terrorist financing. **BITS** may, in case of doubt or if it proves otherwise, immediately terminate the authorization with all adverse consequences for the Investor, and the Investor shall waive any claims against **BITS** and shall have no claims against **BITS** in the instances referred to in this clause.

V. Authorization

1. By signing the authorization, the Investor and **BITS** establish a business relationship, which is by its nature a brokerage contract and based on which **BITS** represents the Investor in legal transactions with venues trading in financial instruments or organizing other trades in which the Investor will invest their funds and assets. **BITS** always acts in its own name and on the behalf of the investor.
2. The essential elements of the authorization are the identification of the parties to the authorization, the agreed scope of the authorization, the effective date of the authorization, the product to which the authorization applies, the amount of invested funds, and any other elements which differ from the provisions of these General Terms and Conditions.
3. The Investor may revoke the authorization at any time and **BITS** may terminate the authorization in the event that the Investor breaches the provisions of these General Terms and Conditions; in the event of a prohibition of business activities as a result of a decision of a court or another competent administrative authority which would make it impossible for **BITS** to fulfill its obligations under these General Terms and Conditions; or as a result of the liquidation of **BITS**.
4. These General Terms and Conditions are an integral part of the authorization.
5. The authorization shall, in any event, include authorization for **BITS** to act in its own name and on the behalf of the investor to prepare and submit to the trading venue the instructions for the application of trading strategies, place trading orders at its discretion and include the Investor's assets in individual trades and trading cycles. The authorization shall also include the authorization to engage in cross-currency exchanges in the context of trading and for trading needs and purposes.
6. The Investor shall deposit the funds in the account of **BITS**, which shall freely dispose of them within the framework of these General Terms and Conditions.
7. The contractual relationship between the Investor and **BITS** is concluded with the signature of the authorization and shall take effect once the agreed Investor's amount is deposited in the joint account of **BITS**.

VI. Data and data use

1. When signing the authorization, the Investor must provide **BITS** with their name and surname or company name if the client is a legal person, the address of the permanent or temporary residence or registered office, identification number, tax identification number and the bank account to which the funds will be paid.

2. To ensure uninterrupted provision of services under these General Terms and Conditions, the Investor is obliged to inform **BITS** without delay of any relevant changes in the information or data previously provided, as well as of any circumstances relevant to the provision of brokerage services for the management of the Client's assets.

3. In accordance with applicable regulations, **BITS** may collect, manage, process and store information and data relating to the Investor, the Investor asset management services and any other information obtained by BITS from the Investor or provided to it by third parties about or relating to the Investor.

4. **BITS** may provide or disclose the information and data referred to in the preceding paragraphs of these General Terms and Conditions, including any other information relating to the Investor's accounts or their business with **BITS**, to the following parties:

(i) **substitutes and other persons engaged by BITS** to provide individual services as part of the activities of managing the client's assets (banks, trading venues, attorneys, etc.);

(ii) competent and duly authorized supervisory, regulatory, judicial and other authorities and institutions which are entitled by applicable legislation to require **BITS** or to whom **BITS** is obliged to disclose or submit previously listed data or information in the course of providing individual services.

(iii) the public based on the statutory obligation to publicly disclose particular data or information;

(iv) other persons upon request or with the consent of the Investor.

5. If the information and data referred to in the preceding paragraphs of these Data Management Rules also contain or include certain personal data of other natural persons or any other protected data of other (legal) persons, the Investor shall be obliged, in accordance with the applicable data protection legislation, to obtain from such natural and other persons all necessary consents or authorizations to enable **BITS** to lawfully collect, process and store such personal data in the context of the provision of the services.

6. **BITS** is obliged to ensure that, except where there is a valid legal basis for doing so, its employees, substitutes or other persons authorized by **BITS** to provide specific services in the context of managing the Investor's assets do not in any way disclose or distribute to other unauthorized persons the data and information they have obtained about or in relation to the Investor, and to keep such data and information as a trade secret or confidential information even after the termination of the contractual relationship.

7. In accordance with and in the manner provided for in the (personal) data protection regulations, the Investor and the persons referred to in paragraph 5 shall have the right to access or consult the data and to request the rectification of

inaccurate data in the possession of **BITS** relating to the Investor or that other person.

8. The Investor guarantees and is responsible for the completeness and accuracy of the information provided, as well as for the timely notification to **BITS** of any changes to the information provided.

9. By signing the authorization, the Investor confirms and warrants to **BITS** that all funds or assets to be brokered to trading venues have been legally acquired and that they can, if necessary, prove their source, and, in particular, prove that these funds or assets are Investor-owned so no other party has any rights or claims to them.

10. If it is established that the Investor has provided **BITS** with inaccurate information or has failed to provide **BITS** with timely written notification of changes in the information, **BITS** shall have the right to terminate the authorization but shall in no event be liable for any damage suffered by the investor as a result of its own conduct. In such a case, **BITS** shall also be entitled to repayment of damages by the Investor.

VII. Subject of the service provided by BITS

As can be seen from the other provisions of these General Terms and Conditions, the subject of the service provided by **BITS** is to represent the Investor in business relations with individual trading venues, to act as a broker between the Investor and individual trading venues, to trade and to manage the Investor's funds and assets in accordance with the provisions of these General Terms and Conditions.

VIII. Deposits, disposal and payments

1. The minimum amount of funds that **BITS** may accept for deposit and disposition or trading under these General Terms and Conditions shall be EUR 1,000.00 (one thousand).

2. The Investor shall be entitled to request **BITS** at any time, but not before the expiry of 12 months from the conclusion of the investment agreement and before the expiry of each consequent trading cycle, to arrange for the delivery or repayment of a part or all of the funds deposited for trading to the Investor's trading account with the trading venue.

3. In the case referred to in the preceding paragraph, the parties shall terminate their business relationship by concluding an appendix to the authorization - a contract stating the termination of the business relationship, determining the value of the assets in EUR or in the currency in which the investor has made the deposit into the **BITS** account and arranging for the payment of the Investor's funds and assets.

4. The Investor expressly acknowledges and by signing the authorization states that they have been advised of the possibility of a total loss of all funds deposited, regardless of the currency in which the deposit was made.

5. In the event of the Investor's early withdrawal, the contractual penalty is calculated from the total balance of the investor's funds in the **BITS** account (principal and any yields made until the day of withdrawal), and the value of the balance is paid to the investor, reduced by the contractual penalty within 30 (thirty) days.

6. If the Investor withdraws from the investment contract due to their disagreement with the amendment of the General Terms and Conditions, the Investor shall be paid the entire balance of funds on the date of termination of the investment agreement within 30 (thirty) days of the termination of the investment agreement. The funds are always paid to the account specified by the Investor.

7. If **BITS** terminates the Investor's authorization for breach of these General Terms and Conditions or the authorization, the provision of false information by the Investor at any time or the failure of the Investor to fulfill its notification obligation, **BITS** shall pay the principal to the investor without any yields within thirty (30) days after the termination of the authorization.

IX. Notifications and communication

BITS shall regularly inform the Investor of the status of the trades and of the balance in the investor's trading account. Regular notification means at least monthly notification from the date of authorization.

Any notification sent to the address of the Investor or at the e-mail address communicated by the Investor to **BITS** shall be valid.

All notices sent to the Investor in the manner referred to in the preceding paragraph shall be deemed to be validly served and binding on both parties.

X. Responsibilities of BITS and the Investor

1. **BITS** shall not be liable to the Investor or others for any direct or indirect damages, liabilities and/or losses arising out of the performance of its obligations under these General Terms and Conditions and the authorization, except in the event of willful misconduct or gross negligence, which shall be judged in accordance with the standard of due skill, care and diligence.

2. The Investor shall indemnify **BITS** and hold it harmless from and against any and all damages, costs and liabilities incurred in relation to any person as a result of the provision of the services under these General Terms and Conditions and the authorization, except in the event of willful misconduct or gross negligence on the part of **BITS**, which shall be judged in accordance with the standard of due skill, care and diligence.

XI. Cross-currency conversions

The basis for calculating investments and withdrawals is BITCOIN.

All monetary amounts in FIAT Currencies under or in connection with these General Terms and Conditions and the authorization which are payable in EUR but denominated in another currency (including a cryptocurrency) shall, unless otherwise specified in a particular case, be converted from the foreign currency into EUR at the

exchange rate of the European Central Bank ("ECB") or the daily cryptocurrency rate on the day on which the obligation is settled.

XII. Conflict resolution

The Parties shall endeavor to resolve any disagreements between them amicably. However, if this is not possible, the competent court in Ljubljana and the law of the Republic of Slovenia shall have jurisdiction to resolve disputes.

XIII. Final Provisions

1. If any provision of these General Terms and Conditions is found to be invalid it shall not affect the validity of the remaining provisions of the General Terms and Conditions.
2. Any invalid provision of these general terms and conditions shall be agreed upon and replaced with a new one as soon as possible.
3. These general terms and conditions are adopted when approved by the **BITS** General Meeting and approved by the Director of **BITS**. It shall be deemed that these General Terms and Conditions are valid once they are signed by the Director.

Prague,

Gorazd MUŠIČ I.r.