Document Requiring User Agreement (Written Explanation on Over-the-counter Crypto Asset Derivatives Trading)

(Written Explanation of Lightning FX and Lightning Futures Trading)

July 27, 2023

Please ensure that you have thoroughly read and understand the contents of this written explanation when trading over-the-counter derivatives of crypto assets. "Lightning FX" and "Lightning Futures" offer trades of over-the-counter derivatives of crypto assets that reference the prices of crypto assets handled by bitFlyer, Inc. (hereafter, the "Company"), in which the Company acts as the counterparty for the over-the-counter derivatives of crypto assets, and the transaction is concluded between the customer and the Company as a negotiated transaction with the Company as a counterparty to the customer. The transaction is a net settlement where the settlement is made by an exchange of money calculated using the difference between the price of the corresponding crypto asset agreed upon by the customer and the Company at the time of the new transaction's execution and the price of the corresponding crypto asset at the time of the settlement transaction's execution (a customer may transfer crypto assets to the Company as a margin deposit in lieu of fiat currency for the settlement of transactions).

When the Company receives an order for and over-the-counter derivative of a crypto asset transaction from a customer, the Company will offer the total of the quantity of orders in the opposite direction received from another customer and the quantity required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the order from the customer at each price. Over-the-counter derivatives of crypto asset transactions are executed between the customer and the Company when the conditions regarding the price and volume presented by the customer and the Company match. The Company shall not conduct over-the-counter derivatives of crypto asset transactions with a customer in excess of the quantity offered to the customer.

When a customer performs over-the-counter derivatives of crypto asset transactions with the Company, the price of over-the-counter derivatives of crypto asset transactions that can be traded against with the Company may fluctuate to the customer's disadvantage due to the effects of fluctuations in supply and demand for the Company's over-the-counter derivatives of crypto asset transactions themselves and price fluctuations of the crypto assets referenced by the corresponding over-the-counter derivatives of crypto asset transactions. The price of the over-the-counter derivatives of crypto asset transactions that can be traded against the Company may change to the disadvantage of the customer, and the customer may suffer a loss. In such a case, the customer may suffer losses in excess of the amount of margin deposited by the customer with the Company in advance.

Therefore, over-the-counter derivatives of crypto asset transactions are not transactions that have any guaranteed principal or profit, but are margin transactions in which a large amount of transactions can be conducted based on a comparatively small amount of margin. While a large amount of profit may be obtained, these transactions involve the risk of incurring a large amount of loss and may result in losses in excess of the principal amount. Therefore, when starting or continuing over-the-counter derivatives of crypto asset transactions with the Company, the Company asks that you fully understand not only this document but also the structure of the transactions and the risks involved, and that you only trade at your own risk if you deem it appropriate in light of your financial resources, trading experience, and purpose for trading. If you wish to perform over-the-counter derivatives of crypto asset transactions, please do so at your own risk and only if you fully understand the transaction mechanisms and risks involved.

This document was written and delivered in accordance with Article 37-3 of the Financial Instruments and Exchange Act, and explains "Lightning FX" and "Lightning Futures", which are over-the-counter derivatives of crypto asset transactions conducted between customers and the Company by reference to the price of the underlying crypto asset among over-the-counter derivatives of crypto asset transactions prescribed in Article 2-22-2 of the Financial Instruments and Exchange Act.

Contents

This written explanation is offered to customers based on Article 37-3 of the Financial Instruments and Exchange Act, as well as stipulations in the Written Explanation on Crypto Asset Derivatives Trading Regulations and Guidelines from the Japan Crypto Asset Trading Association.

Fees

Trading fees are free, but swap points may be paid (when an open position is not counter-sold on the Company's same business day and is carried over to the next business day). Additionally, if the price disparity between Lightning FX and Lightning Spot (BTC/JPY) meets or exceeds 5%, each execution will incur an expense or reward called Lightning FX SFD (Swap For Difference). In addition, Lightning FX may pay or incur a fee called Lightning FX SFD (Swap For Difference) for each execution when the Lightning FX trading price and the Lightning Spot (BTC/JPY) trading price diverge by 5% or more. This is equivalent to the Company quoting the customer an unfavorable price for a trade that increases the price disparity and a favorable price for a trade that decreases the price disparity. However, the customer will not receive a Lightning FX SFD for a countersale.

Margin

When performing these trades, a margin deposit is required. More information on the method of calculating the required margin deposit can be found in the Details of Trading Explanation section below.

Risks Involved in Trading Over-the-counter Derivatives of Crypto Assets

1) Trade Price Fluctuation Risks
   Over-the-counter derivatives of crypto asset transactions are conducted by referencing the spot price of the underlying crypto asset, and losses may be incurred due to fluctuations in the trading prices quoted by the Company for Lightning FX and Lightning Futures (hereafter, the "Trading Price"). Losses may be incurred due to fluctuations in the price of the underlying crypto asset.

   When the Company receives an order for over-the-counter derivatives of crypto asset transactions from a customer, the Company will offer the total of the quantity of orders in the

opposite direction received from another customer and the quantity required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the order from the customer at each Trade Price. When the conditions regarding the price and volume presented by each customer and the Company are met, over-the-counter derivatives of crypto asset transactions will be executed between the customer and the Company. Therefore, the Trade Price will rise or fall under the influence of fluctuations in the supply and demand balance of over-the-counter derivatives of crypto asset transactions at the Company itself. As a result, if the Trade Price at which the open interest held by the customer can be traded against fluctuates to the disadvantage of the customer (a fall in the Trade Price if the customer holds an open buy position, or a rise in the Trade Price if the customer holds an open sell position), the customer will suffer a loss.

Furthermore, because the transaction amount is large compared to the amount of margin deposited by the customer for the transaction, the amount of loss may exceed the amount of margin deposited by the customer due to fluctuations in the Trade Price, resulting in losses in excess of the principal amount for the customer.

2) Risk of fluctuations in the spot price of the index crypto asset
Over-the-counter derivatives of crypto asset transactions are conducted using the spot price of the underlying crypto asset as an index, and are used by entities (including the Company's proprietary trading division) for the purpose of hedging the price fluctuation risk associated with holding the underlying crypto asset, as well as by entities for arbitrage transactions that expect the price of the underlying crypto asset and the Trade Price to be close in the future. Therefore, the Trade Prices the Company quotes are also affected by fluctuations in the price of the underlying crypto asset, and are determined by reference to such indices. For this reason, the price of the underlying crypto asset may be indirectly affected by spot price fluctuations of the underlying crypto asset, which is the crypto asset to be traded, and the index Trade Price may change to the disadvantage of the customer (a fall in the Trade Price if the customer holds an

open buy position, or a rise in the Trade Price if the customer holds an open sell position), which may result in losses. Furthermore, because the transaction amount is large compared to the amount of margin deposited by the customer for the transaction, fluctuations in the price of such index transactions may cause the amount of losses to exceed the amount of margin deposited, resulting in losses in excess of the principal amount for the customer.

3) Common Risks of Fluctuations in Trade Prices and Crypto Asset Index Prices

The price of crypto assets may fluctuate rapidly due to changes in the balance of supply and demand for over-the-counter derivatives of crypto asset transactions at the Company, changes in the balance of supply and demand for spot trading of crypto assets that are the underlying assets for over-the-counter derivatives of crypto asset transactions, changes in prices, fiat currency, trends in other markets, natural disasters, war, political changes, changes in laws and regulations, changes in the situation pertaining to crypto assets, and other unforeseen or significant events. Depending on the price fluctuations, there is a possibility that an order may not be executed, an intended transaction may not be executed, or an unintended transaction may be executed.

Be aware that the spot price of the crypto asset being indexed may become zero.

In addition, the Company's margin trading function can use the crypto assets specified by the Company as a margin deposit. When holding open interest on a margin trade for the same type of a crypto asset that is used as a margin deposit, losses beyond expectation may be incurred to valuation losses on margin trades as well as declines in the spot price of the crypto asset used in the margin deposit.

4) Risks Inherent to Crypto Asset Networks
1 Crypto assets are not fiat currency, but electronic data exchanged over the Internet, and the value is not guaranteed by any specific party. Crypto assets do not necessarily have underlying assets. These characteristics affect over-the-counter derivatives of crypto asset transactions that have

crypto assets as underlying assets, and the instability in the value of such underlying assets may be reflected in the instability in the value of over-the-counter derivatives of crypto asset transactions, which may cause customers to incur losses.

2　The blockchain may diverge due to a hard fork, soft fork, etc., which may cause a significant drop in the value of the underlying crypto assets for over-the-counter derivatives of crypto asset transactions or may retroactively invalidate the transactions. The Company may have a certain period of time before and after the divergence when the Company does not accept transactions such as settlements using the underlying crypto assets, deposits and transfers of the underlying crypto assets, etc. In addition, if the Company determines that the divergence is not permanent, or for other reasons, the Company may not handle all or part of the relevant crypto assets. In the event of a blockchain divergence, other changes in the specifications of crypto assets, or other events such as airdrops, the Company will decide at the Company's own discretion whether or not to respond to such events and the details of such response. Therefore, the Company may suspend or invalidate over-the-counter derivatives of crypto asset transactions whose underlying crypto asset is subject to the event, as well as transactions of the subject crypto asset itself. In addition, there is a possibility that the Company will collect the rights adjustment amount from holders of open interest when the Company will grant the rights adjustment amount to holders of open interest.

3　If a malicious party has a hashrate of 51% or higher in the blockchain network of a crypto asset, there is a risk that the corresponding malicious party may be able to (1) approve unauthorized transactions, (2) deny legitimate transactions, or (3) monopolize the mining. If such a situation occurs, the price of over-the-counter derivatives of crypto asset transactions with crypto assets as underlying assets may fall sharply or fluctuate drastically, and customers may suffer losses.

5)　Sell Out and other risks
　　Regardless of the customer's intention, the Company will

automatically countersell and close all open positions based on the margin call rules and sell out rules (sell out order). In addition, when price distribution is suspended and then resumed, there is a possibility of forced sell out transactions due to the difference between the price before the suspension and the price after the resumption.

Even in the event of a sell out, it is possible that the amount lost due to a dramatic and rapid change in the market will cause losses to exceed the margin deposit. If losses exceed the amount in the margin deposit, the excess amount must be paid (in lieu of payment of fiat currency, crypto assets deposited as margin may be transferred to the Company).

Furthermore, since the Company only present customers with orders received from other customers and the volume backed by the needs of the Company's internal proprietary trading department, there are cases where sell out orders placed from a customer's account are not executed even if placed, or where sell out trades are executed at a price significantly less favorable to the customer than the Trade Price at the time the sell out rule is triggered.

Net valuation gains and losses, margin requirements, etc. are combined in Lightning FX and Lightning Futures (open positions on each order book will not be offset). Be aware that when open positions are opened on multiple boards, there is a risk of triggering a sell out due to sudden market fluctuations in either order book.

When trading over-the-counter derivatives of crypto asset transactions, please consider your own financial resources and investment objectives carefully and trade with a sufficient margin deposit.

6) Liquidity Risk

Note that market changes or trading volume may cause a customer to be unable to close open positions or open new positions, and such changes may also result in transactions at undesirable rates. Where an order is delayed, either on the buy or sell side, it may take some time for the order to complete, or it may fail to fulfill.

7) Credit Risk

Since the Company's over-the-counter derivatives of crypto asset transactions are conducted between customers and the Company, if the Company's credit situation deteriorates due to the Company's business or property situations, the value of over-the-counter derivatives of crypto asset transactions, which are a credit-debt relationship between the Company and customers, may deteriorate (especially when customers' open interest is in the form of unrealized profit, the possibility of recovering such unrealized profit may decrease), and customers may suffer losses.

The Company manages margin deposits from customers separately from the Company's own funds by means of a money trust.

8) Swap Point Risk
Since the Company's over-the-counter derivatives of crypto asset transactions are conducted between customers and the Company, if the Company's credit situation deteriorates due to the Company's business or property situations, the value of over-the-counter derivatives of crypto asset transactions, which are a credit-debt relationship between the Company and customers, may deteriorate (especially when customers' open interest is in the form of unrealized profit, the possibility of recovering such unrealized profit may decrease), and customers may suffer losses.

9) SFD (Swap For Difference) Risk
In Lightning FX, if the Lightning FX Trading Price and the Lightning Spot (BTC/JPY) trading price deviate by 5% or more, Lightning FX SFD will occur, and the execution result for the customer will be less favorable than the Trade Price by the amount of the SFD imposed for trades in the direction that will bear the SFD. In addition, due to price fluctuations, the price discrepancy between the point in time of order placement and the point in time of order execution may differ.

10) System Risks
1　Over-the-counter derivatives of crypto asset trades performed by customers make use of an electronic trading system. There may be cases where a trade does not complete as intended or completes in an unintended manner due to

factors such as customer error when entering data and/or other causes. Note that trades may not complete as intended based on the type of order or market conditions.

2   As a result of causes that include, but are not limited to, damage to the telecommunications networks, systems, and equipment used by the Company and customers, damage to a connection, natural disasters such as earthquakes, lightning, and fires, or cyber attacks, etc., the electronic trading system may be rendered unusable temporarily, and transmission of customer orders may be delayed, deleted, or fail to process, resulting in invalidation or completion in an unintended manner. Note that in the event of electronic trading system failure, all or part of the Company's services, including the execution of over-the-counter derivatives trades by the Company, may be suspended or restricted.

3   There may be a possibility that the Company's system calculates an abnormal over-the-counter derivatives of crypto asset offer price. The Company reserves the right to render the listed price invalid and cancel trades which have been completed in the event that the Company can reasonably determine that the listed price is, due to system abnormality or other causes, significantly different from the prevailing market price, incorrect, abnormal, or based on unfair valuations.

11) Consideration Points on Market Order
The Company will not execute a limit order from a customer with a price more disadvantageous than the designated price by the customer while placing the limit order. However, when placing a market order, or a special order that contains a market order (including stop order), there may be a difference between the actual execution price and the price recognized by the customer on the trade interface while placing the market order. The corresponding price difference occurs due to the fluctuation of executable price quoted by the Company with reflecting change of balance between supply and demand for OTC Crypto Asset Derivatives Contract, between the timing when the customer recognizes the executable price quoted by the Company and the timing when IT infrastructure of the Company completes taking and execution of the order from the customer placed by the customer himself/herself and sent from

his/her IT facility to IT infrastructure of the Company. The corresponding price difference may result in either an advantageous price or a disadvantageous price for the customer.

Management Methods for Deposited Assets

Funds received from customers are managed separately from the Company's assets in Sumitomo Mitsui Banking Corporation account and SBI Clearing Trust Co., Ltd. Crypto assets used as a margin deposit are clearly discernible from crypto assets that are owned by the Company in accordance with the Payment Services Act. The Company manages crypto asset data in a way that immediately identifies which crypto assets belong to customers. The Company manages all customers' crypto assets in cold wallets. Some crypto assets are also managed using multisig.

Summary of Cover Trading Partner

The Company performs cover trades to mitigate the risk of price fluctuations in trades with customers. The Company's cover trading partner is detailed below.

Firm name: Aux Cayes FinTech Co. Ltd (corporation from the Republic of Seychelles)
Name of competent supervising authority if applicable: None
Business: Trading

Firm name: SBI VC Trade Co., Ltd.
Business: Crypto-asset and Financial instruments business

Other Important Notes

Over-the-counter derivatives of crypto assets are not subject to cooling off as stipulated by Article 37-6 of the Financial Instruments and Exchange Act.

Structure of Over-the-counter Derivatives of Crypto Assets

More information on the trading methods for bitFlyer Lightning FX and bitFlyer Lightning Futures, including margin deposits, please read the Details of Trading Explanation below.

Summary of Over-the-counter Derivatives of Crypto Assets

A summary of the over-the-counter derivatives of crypto assets are on page 2 and 18.

Summary of Taxes

For more information on tax handling for crypto assets in Japan, please contact your local tax office or tax accountant. The current point of view of Japanese tax authorities on crypto assets is summarized as follows. However, this point of view is subject to change.

- Capital gains received from trading over-the-counter derivatives of crypto assets are subject to taxation as miscellaneous income.
- Tax exemptions on miscellaneous income from futures trading and deductions from losses incurred by balances brought forward in net settlement are excluded from miscellaneous income from over-the-counter derivatives trading of crypto assets.

Termination of Accounts

The Company may terminate a customer's account in the event of the following.

- If the customer violates the rules in this document or any of the Company's rules
  In some cases, customers incur bear losses from the settlement of some or all of the customer's open positions. In this situation, the customer shall be responsible for any losses incurred in the net settlement.
- If a reasonable amount of time has passed with no balance in the account of the assets corresponding to this agreement
  Customers who wish to close their account can make an account closure request through the inquiry form on the Company's website. There are no fees for account closure.

Company Profile

Company name: bitFlyer, Inc.
Director-General of the Kanto Local Finance Bureau 3294 (Type 1 Financial Instruments Business)
HQ: 9-7-1 Akasaka, Minato-ku, Tokyo 107-6233
Business purpose: Financial instrument exchange operator, crypto asset exchange operator
Member: Japan Crypto Asset Trading Association
Established: January 9, 2014
Capital stock: 2,061,191,378 JPY

Complaints and Consultations

Inquiries regarding trading and other services can be made through the following methods.
- **Inquiry Form**: https://bitflyer.com/en-jp/contactpage
- **Email:** info@bitflyer.com
- **Mailing address:** Midtown Tower 30F 9-7-1 Akasaka, Minato-ku, Tokyo 107-6230
                          bitFlyer, Inc.
- **Call center:**
  Complaints: 03-6434-7624
  Regarding ristricted transactions, unauthorised logins and fraud damage: 03-6434-7957
  General Inquiries: 03-6434-5864
  - o The call center is open from 9:30 to 17:30 (JST)
  - o Only available in Japanese

- o Outside of the hours of operation, please make inquiries through the Company's contact form (https://bitflyer.com/en-jp/contactpage). The Company will respond by email.

Dispute Resolution Measures

The non-profit organization, the Financial Instruments Mediation Assistance Center (FINMAC), may be used as a designated financial instruments exchange business complaints, conflict, and trouble resolution center in accordance with the Financial Instruments and Exchange Act. FINMAC is a public third-party organization and is not affiliated with the Company.

Inquiries and Support	Contact Information
Financial Instruments Mediation Assistance Center (FINMAC)	Daini Shoken Kaikan, Nihonbashi, Kayabacho 2-1-1, Chuo-ku, Tokyo 103-0025, Japan Tel: 0120-64-5005 Reception Hours: Weekdays 9:00 - 17:00 (JST) (except national holidays)

Definitions

- **Execution**
  The completion of a paired buy and sell order for a financial instrument
- **Position**
  After a leveraged trade has been executed, it is held as a position until it is settled
- **Sell position**
  Unsettled position resulting from an executed sell order
- **Buy position**
  Unsettled position resulting from an executed buy order
- **Repurchase**
  Making a buy position in order to close a buy position
- **Crypto asset exchange operator**
  A company registered with the Financial Services Agency and local finance bureau that operates a crypto asset exchange
- **Financial instruments exchange operator**
  A company that is registered as a financial instrument exchange platform, such as a over-the-counter derivatives of crypto assets trading platform, in accordance with the Financial Instruments and Exchange Act
- **Net settlement**
  A settlement method in which settlement is made by receiving or paying the net gains or losses (margin) generated as a result of the transaction without exchanging the actual crypto asset and the corresponding currency. For over-the-counter derivatives of crypto asset transactions, a countersale is performed, and the net gain or loss generated between the Trade Price at the time of creating the corresponding open interest and the Trade Price at the time of countersale is received or paid. While it is common for margin settlement to be conducted through the exchange of fiat currency, the Company also accepts the transfer of crypto assets held by a customer that the customer has deposited as a margin deposit as a means of settling the margin.
- **Swap points**
  Swap points are incurred when maintaining an open sell position or an open buy position for a commodity, regardless of any changes in the price of the underlying crypto asset of the traded commodity or other factors. Swap points are determined daily by the Company based on interest rate conditions and other factors. The amount of swap points may fluctuate depending on changes in the price and borrowing rate of the crypto assets which are the underlying assets of the corresponding over-the-counter derivatives of crypto assets transactions, and changes in interest rates.
- **Derivatives trading**
  A product with a price that is derived from the price of a corresponding asset. This includes futures and options trading.
- **Margin Call**
  This refers to the additional margins you must provide before the given due date if the amount of margin, etc. provided after adding or subtracting settlement profit/loss (valuation margin) falls under the maintenance margin at the specified time at the business day designated by the financial instruments exchange due to market fluctuations, etc., in derivative transactions.
- **Sell out**
  This refers that the financial instruments exchange make a compulsory settlement of the customer's positions if your losses reach the predetermined amount, or the appropriate margin is not reached by the deadline. This is done for the purpose of preventing additional customer's losses and risk management.

The definitions of other terms can be found here (https://bitflyer.com/en-jp/glossary)

Prohibited Actions for Trading Over-the-counter Derivatives of Crypto Assets

In accordance with the Financial Instruments and Exchange Act, a financial instruments exchange operator acts as a counterparty and intermediary to customers for making trades of over-the-counter derivatives of crypto assets. When acting as an intermediary or representative, the following acts are prohibited.

1 The use of false information to execute a contract or solicit a contract for trades of over-the-counter derivatives of crypto assets with customers
2 Offering unreliable information in what can be deemed an assertive manner or making misleading declarations to execute a contract or solicit a contract for trades of over-the-counter derivatives of crypto assets with customers
3 Visiting or calling individuals who have not requested solicitation for a contract for trading over-the-counter derivatives of crypto assets in order to execute a contract or solicit a contract for trades of over-the-counter derivatives of crypto assets (does not include solicitations of individuals with whom the financial instruments exchange operator maintains a business relationship, the individual has made at least two trades of over-the-counter derivatives of crypto assets within one year of the date of solicitation, and the individual maintains a balance of unsettled over-the-counter derivatives of crypto assets)
4 Executing a contract for trading over-the-counter derivatives of crypto assets without confirming in advance if the corresponding customer has the intention to be solicited
5 Continuing to solicit the execution of a contract for trading over-the-counter derivatives of crypto assets to an individual who has indicated that the individual does not wish to be solicited (includes the indication to not continue receiving solicitations) for the execution of an over-the-counter trading of crypto assets contract
6 Soliciting the execution or cancelation of a contract for trading over-the-counter derivatives of crypto assets in-person or over the telephone at a time of day that is considered to be a nuisance for the individual receiving the solicitation
7 Offering an application or agreement to have the over-the-counter derivatives of crypto asset exchange operator or a third party wholly or partially compensate or provide supplemental funds to customers who incur losses or do not meet a predetermined level of profitability in trading over-the-counter derivatives of crypto assets
8 Making an application or promise to customers to have whole or partial compensation for losses or provide additional profits by the crypto asset exchange operator or a third party when trading over-the-counter derivatives of crypto assets to customers or designated individuals
9 Offering to give customers or third parties profits above the corresponding customer or third party's assets in order to wholly or partially compensate customers' losses or give additional profits in trading over-the-counter derivatives of crypto assets
10 Upon delivery of this document, failure to explain the details of this document so that customers understand the necessary knowledge, experience, status of assets, and purpose for executing a contract for trading over-the-counter derivatives of crypto assets
11 Expressing important matters in a way that creates a misunderstanding when executing or soliciting a contract for trading over-the-counter derivatives of crypto assets
12 Offering to provide or promising special profits to customers, designated parties, or third parties in a contract for trading over-the-counter derivatives of crypto assets (includes promises or offers to offer special profits to a third party)
13 Using deceit, violence, or coercion in order to execute or cancel a contract for trading over-the-counter derivatives of crypto assets
14 Having the contract for trading of over-the-counter derivatives of crypto assets wholly deny, partially deny, or unreasonably delay the ability to trade over-the-counter derivatives of crypto assets under an obligation from another over-the-counter derivatives of crypto assets trading contract
15 Using false market prices to calculate the amount of money, marketable securities, or other assets to be used as margin deposits or collateral that customers are required to hold as per the corresponding contract for trading over-the-counter derivatives of crypto assets

16 Gathering customers with the purpose of soliciting the execution of contracts for trading over-the-counter derivatives of crypto assets without expressly stating that fact to the corresponding customers in advance

17 Calculating a customer's over-the-counter derivative of crypto asset trades in advance without obtaining an agreement from the corresponding customer in advance

18 Having an individual financial instruments exchange operator, executive of a financial instruments exchange operator (includes an executive or corporate body that fills the role), or an employee of a financial instruments exchange operator use customers' trading order trends of over-the-counter derivatives of crypto assets or other specific information obtained in the course of the corresponding employee's duties for the purpose of pursuing wholly speculative profits in trading over-the-counter derivatives of crypto assets

19 For trades of over-the-counter derivatives of crypto assets, upon obtaining the customer's agreement for total amount of funds, in cases where agreement is not obtained regarding types of buying or selling, combinations of crypto assets, or volume and prices of trades, determining trade decisions by computers or predefined methods; pursuant to these predefined methods, when financial instrument exchange operators execute a contract to perform trades, the corresponding financial instruments exchange operator shall not do so in writing (excludes cases where a digital information processing structure or other information transmission technology method is used for execution)

20 When a customer trades over-the-counter derivatives of crypto assets, making solicitations or other similar actions to customers for equivalent purchase or sale trades of over-the-counter derivatives of crypto assets (refers to trades that are performed in order to mitigate losses from the preceding trades)

21 When trading over-the-counter derivatives of crypto assets, if a customer places a new order with an insufficient amount of funds to achieve 25% of the principle in the corresponding customer's collateral account (includes calculations of profit and loss), executing the corresponding trade without promptly requiring the customer to deposit the insufficient amount of collateral once the order has been created

22 When trading over-the-counter derivatives of crypto assets, at a designated point in time on each business day, if a customer's deposited collateral is less than 25% of the principle (includes calculations of profit and loss), executing the corresponding customer's trades without having the customer deposit the insufficient amount of collateral

Details of Trading Explanation

1. Trading types

bitFlyer Lightning FX and bitFlyer Lightning Futures are trading platforms for over-the-counter derivatives of crypto assets (Index forward contract).

2. Trading methods

Lightning FX and Lightning Futures are over-the-counter derivatives transactions (over-the-counter transactions) that are concluded between customers and the Company, not on a financial instruments market or foreign financial instruments market. Customers are required to deposit a portion of the transaction amount to the Company in advance as a margin deposit, and settle the transaction with the margin (settlement only by exchange of value equivalent to the difference between the purchase and sale prices) when customers sell or buy back the open interest for the crypto assets that are the object of the transaction. Customers may deposit crypto assets deposited by the corresponding customer to the Company in lieu of margin deposits, and may transfer such crypto assets to the Company as consideration in lieu of fiat currency to be paid by the corresponding customer to the Company at the time of margin settlement.

When the Company receives an order for over-the-counter derivatives of crypto asset transactions from a customer, the Company will offer the total of the quantity of orders in the opposite direction received from other customers and the quantity required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the customer's order at each price. When the conditions regarding the price and the volume presented by each customer and the Company are met, the Company will act as the counterparty to the customer to execute over-the-counter derivatives of crypto asset transactions between the customer and the Company (the Company will not execute over-the-counter derivatives of crypto asset transactions with the customer beyond the amount offered to the customer). The Trade Price for matching a customer's order with the terms offered by the Company will be determined based on the "principle of competitive trading." The "principle of competitive trading" refers to the principle of price priority (the lowest price order for sell orders, the highest price order for buy orders, and the price specified by "limit orders"). This principle also includes the principle of time priority (when there are buy and sell orders at the same price, the order that was placed first in terms of time is prioritized).

For Lightning FX and Lightning Futures, the Company's proprietary trading division may quote the volume of orders to buy or sell to the extent deemed necessary to hedge the risk of price fluctuations in the inventory of crypto assets the Company holds, as well as the price (the quotes are combined with the volume of orders in the same direction as the direction of the proprietary trading division's quotes, and are quoted to the customer at each price as the volume available for trading). Such quotes are intended to neutralize the risk of price fluctuations that the proprietary trading division has in both spot trading of crypto assets and over-the-counter derivatives of crypto asset transactions, and the Company does not intend to earn a profit if the price of the corresponding over-the-counter derivatives of crypto asset transactions rises or falls.

In addition, for Lightning Futures, the Company's proprietary trading division may quote the volume available for trading along with the price for the purpose of providing liquidity (the quotes shown on the left are combined with the volume of orders in the same direction as the direction of trading offered by the proprietary division, and are offered to customers as the volume available for trading at each price). Such quotes are not intended to be profitable, but to provide customers with sufficient trading opportunities on Lightning Futures.

In the case of either of the above-mentioned price fluctuation risk hedging purposes or liquidity provision purposes, the Company shall not perform front-running*, use customers' trading information, prioritize the processing of the Company's orders, prioritize the Company's orders in the event of any system malfunction, or any other form of inappropriate trading.

*Front-running refers to the act of an operator using customers' order information in order to place an order before other customers' orders are placed.

3. Order reception and execution policy

・Reference index, pairs, and order sizes

Please reference the table below for maximum and minimum order sizes and limitations on volume (position) sizes that can be held for each service and reference index.

Lightning FX

Reference index	Unit	Minimum Order Size	Maximum Order Size	Held Position Limit
BTC-FX/JPY	BTC-FX	0.01	100	500

Lightning Futures

Maturity Type	Unit	Minimum Order Size	Maximum Order Size	Held Position Limit
Weekly	BFT	0.001	100	500
Biweekly	BFT	0.001	100	500
Quarterly	BFT	0.001	100	500

If we are concerned that a customer with open positions in excess of 100 BTC-FX or 100 BFT has an excessive volume of open positions compared to the total volume of orders from the opposite side of the order book to which loss-cut orders are placed when loss-cut rules are applied, and that the security of trading for other customers may be impaired, we will ask the customer to reduce the amount of open positions to the volume we have specified. Failure to comply with the above will be regarded as a violation of the prohibited activities in our Terms of Use and may result in the suspension of orders for derivative transactions or account closure with compulsory settlement of open positions.

・Measures to Prevent Sudden Fluctuations in Trade Prices

To prevent sudden price changes, bitFlyer Lightning FX and bitFlyer Lightning futures have a circuit breaker system. A circuit breaker temporarily suspends trading in order to prevent erroneous order placement.

The circuit breaker system is summarized below.

Activation Conditions	The placement of an order which causes the market price to fall outside of the price fluctuation threshold
Circuit Breaker Reference Price	The last traded price from 10 minutes prior
Price Fluctuation Threshold	20% above or below the circuit breaker reference price
Suspension Period	About 5 minutes
Resumption Procedure	Trading will resume by the Itayose method after the suspension period has elapsed

*Orders may be placed and cancelled while trading is temporarily suspended.
*If there have been no trades for 10 minutes, the reference price remains at its most recent value.

*The single price determined by the Itayose method is taken as the circuit breaker reference price for the duration of the 10 minute period following the resumption of trading.
*When trading is temporarily suspended due to circuit breaker activation and the single price determined by the Itayose method falls outside of the price fluctuation threshold, another period of suspension will immediately follow without resumption of trading. The reference price of this new period will be the price at which the price fluctuation threshold was exceeded.
*There may be situations where the Company does not apply the circuit breaker if the Company determines that, in consideration of trading conditions, applying a temporary suspension to trading is not appropriate.
*The Company will make a determination as to whether to temporarily suspend trading on each occasion that the circuit breaker activation conditions are met. There may be a time difference between the satisfaction of those conditions and the commencement of a suspension.
*If the regularly scheduled maintenance time starts while the circuit breaker is activated, the circuit breaker Itayose process will take priority over the maintenance period.
*The circuit breaker system is not guaranteed to activate for every order made in error. Please refer to the outline above for the activation conditions.
*Any opportunity losses, including those due to the introduction of the circuit breaker system, are under no circumstances the responsibility of the Company.

The Itayose method searches for a price by sequentially matching buy and sell orders using the prescribed priority while making quantitative matches, and then makes purchases and sales using a single price. The order of priority is as follows.

Sell order
1: Market orders   2: lowest price limit order
Buy order
1: Market orders   2: highest price limit order

If there are multiple limit orders at the same price, the orders will be executed in the order they were placed. All market orders placed before the single-price auction (Itayose method) is determined (including orders placed prior to scheduled maintenance) will be considered to have been placed at the same time.

・**Lightning FX trading rules**

These rules explain Lightning FX trading. All times listed are in Japan Standard Time (JST). Trades on Lightning FX (opening an account, placing an order, exchanging funds, etc.) take place on the Internet. In principle, we do not accept trades made by telephone.

i) Trading days and hours

1) Trading days
Lightning FX trades are generally available every day.

2) Trading and order reception hours
Lightning FX trades can be made during the following hours.
    24 hours/day, 365 days/year
    *Excludes periodic and irregular maintenance. More information on periodic maintenance can be found here (https://bitflyer.com/en-jp/faq/9-25).
    *Periodic maintenance is scheduled to occur every day from around 4:00 AM to 4:10 AM. The start and end times are subject to change.

ii)Orders

1) Order reception hours
Order can be received 24 hours/day, 365 days/year, excluding maintenance periods.

2) Trade types
The following types of trades are available.

1. New
   - When a customer places an order through Lightning FX, the customer must first make a margin deposit.
   - Only orders within the customer's available margin can be placed. The available margin is calculated by subtracting the margin required for the position and the margin required for the order from the customer's appraised margin amount.
2. Settlement
   - Settlement of open positions can be made by either a counter-traded settlement.

*Orders to trade in the opposite direction of existing positions in a quantity less than or equal to the corresponding positions are settlement orders, and orders to trade in the opposite direction of existing open interest in a quantity greater than or equal to the open interest in a case where there is no open interest or where there is open interest are new orders.

*Lightning FX automatically maintains open interest for each trading day and carries open interest over to the next trading day unless the open interest is closed. This means that there is no settlement deadline. (However, we may set a settlement deadline at our discretion.)

*The time required for order instructions may differ between the Company's designated trading interface and bitFlyer Lightning API.

3) Order and execution types

Special orders	IFD: An abbreviation of "If Done", If two orders are made at the same time and the first one is filled, then the second order is automatically placed.
	OCO: An abbreviation of "One-Cancels-the-Other", when two orders are made at the same time and one is completed, the other side is automatically cancelled.
	IFDOCO: A combination of IFD and OCO, After an IFD order is filled, the OCO order is automatically placed.
Order types	Market order: This is where an order is placed with no price specified, emphasizing the filling of the order above other parameters. A buy order without limit will be filled with the lowest available offer at that time. A sell order without limit will be filled with the highest available offer at that time.
	Price limit order: A price limit order is an order placed to be filled at the price specified. With a buy order with price limit, the order will not be filled unless a price below that specified is found. For a sell order with price limit, the order will not be filled unless a price above that specified is found.
	Stop order: A stop order is a market order without limit that incorporates the following parameters: If the price reaches above the trigger price, buy; and if the price drops below the trigger price, sell.
	Stop limit order: If the price reaches above the trigger price, buy; and if the price drops below the trigger price, sell.
	Notes on the difference between stop orders and stop limit orders The difference between the above two order types is that, for stop orders, once the trigger price is reached, a market order without limit is placed. A stop limit order, by contrast, is when a price limit order is placed once the trigger price is reached. With a stop limit order, an order will never be filled at a price more unfavorable than the one specified in the price limit. However, due to price fluctuations, the order may not be filled.

	Trailing stop order: A trailing stop order is where the trigger price for a stop order is automatically calibrated based on price fluctuations. *Please note that the IFD (the second order), stop orders, stop limit orders and trailing stop orders will not be placed or executed in the case of a margin shortage when actually trying to place an order. Please understand that should any special orders be triggered just before service is suspended (includes maintenance), there is the possibility that they will be executed once the service resumes. If the service resumes under the Itayose method, the order will use the corresponding Itayose method.
Time in Force	Good 'Til Canceled (GTC): A Good 'Til Canceled order is one where the order remains in effect until it is either filled or cancelled. Immediate or Cancel (IOC): With an Immediate or Cancel order, all or part of the order is immediately filled if a match is found for the price indicated or better. Orders that fail to fill are canceled in their entirety. Fill or Kill (FOK): This refers to when the order is cancelled if the volume is not immediately executed (filled) in its entirety. *Please note that the same order type will be applied to the second order when you place IFD or IFDOCO.

4) Order validity period
If no order expiration date is specified, the order will be valid for 30 days. However, orders may be withdrawn due to factors such as service updates.

5) Order cancellation
Orders that have not been executed are generally able to be cancelled.

6) Expiration of orders
Orders will expire under any of the following conditions.

1. If the order has exceeded the expiration date as defined in 4)
2. When the margin goes below 100% of the maintenance margin rate, all new orders are void as of the time of the decrease.
3. Orders may expire (be cancelled) during system maintenance.

7) Trading limitations
The following trading limitations may be imposed if the Company determines that there are or may be abnormalities in Lightning FX trades for all customers or individual customers. The main trade limitations are as follows.

- Increase in margin rate
- Limitations on quantities of orders or open positions
- Limitations or prohibitions on certain types of orders
- Suspension or interruption of trading
- Temporary changes to trading hours
- Activation of the circuit breaker

・**Lightning Futures trading rules**

Please thoroughly read and understand the following rules before trading on Lightning Futures (Bitcoin Futures).
Trades on Lightning Futures (includes opening accounts, placing orders, making deposits and withdrawals, etc.) occur entirely on the Internet (the Company generally does not take orders by telephone).

Product types and maturity dates

The Company offers futures with three different types of maturity dates.
- Weekly futures (matures on the upcoming Friday)
- Biweekly futures (matures one week after the maturity date of the one week futures)
- Quarterly futures (matures on the last Friday of March, June, September, and December)

*The next quarterly futures will be listed two weeks before the maturity date of the current one.
The maturity date is displayed as follows.
For example, "BTC/JPY-11MAY2018" matures on May 11, 2018.

Maturity schedule

10:00
Commence taking orders (after commencement, orders will not be executed until the market opens) for futures trades with a new maturity date by the Itayose method
10:30
Open futures trades with a new maturity date (after which, trading will commence as usual)
11:00
Update aliases for futures trades for the new maturity date
Stop futures trades that have reached their maturity date
12:00
Commence BTC spot board Itayose method
12:05
An SQ price is determined by the spot board
12:30
Commence settling positions by using the SQ price determined by the spot board
As necessary, the results of the execution will be displayed after the net settlement has been completed.

The schedule above is an approximation. It may change due to various circumstances.

i) Trading days and hours

1) Trading days
Lightning Futures is generally available every day.

2) Trading and order reception hours
Lightning Futures trades can be made during the following hours.
  24 hours/day, 365 days/year
  *Excludes periodic and irregular maintenance. More information on periodic maintenance can be found here (https://bitflyer.com/en-jp/faq/9-25).
  *Periodic maintenance is scheduled to occur every day from around 4:00 AM to 4:10 AM. The start and end times are subject to change.

ii) Orders

1) Order reception hours
Order can be received 24 hours/day, 365 days/year, excluding maintenance periods.

2) Types of trades
The following types of trades are available.

  1. New
     - When you place an order with Lightning Futures, you must first deposit a margin into your Lightning FX/Futures account.
     - Only orders within your available margin can be placed. (Your available margin is calculated by subtracting the margin required for the position and the margin

required for the order from your appraised margin amount.)
2. Settlement
   - Settlement of open positions can be made by either a counter-traded settlement.
   - If a position is not settled by counter-trade by the maturity date, the position will automatically be settled at the settlement price (SQ) determined on the maturity date.

*An order to trade in the opposite direction of the existing open interest in a quantity less than or equal to the open interest when there is open interest is a close order, and an order to trade in the opposite direction of the existing open interest in a quantity greater than or equal to the open interest when there is no open interest or when there is open interest is a new order.

*If a Lightning Futures settlement transaction cannot be processed, the position is automatically carried over to the next business day. If a margin is not settled by reverse trade by the maturity date, the position will automatically be settled at the settlement price (SQ) determined on the maturity date.

*The time required for order instructions may differ between the Company's designated trading interface and bitFlyer Lightning API.

3) Order and execution types

Special orders	IFD: An abbreviation of "If Done", If two orders are made at the same time and the first one is filled, then the second order is automatically placed.
	OCO: An abbreviation of "One-Cancels-the-Other", when two orders are made at the same time and one is completed, the other side is automatically cancelled.
	IFDOCO: A combination of IFD and OCO, After an IFD order is filled, the OCO order is automatically placed.
Order types	Market order: This is where an order is placed with no price specified, emphasizing the filling of the order above other parameters. A buy order without limit will be filled with the lowest available offer at that time. A sell order without limit will be filled with the highest available offer at that time.
	Price limit order: A price limit order is an order placed to be filled at the price specified. With a buy order with price limit, the order will not be filled unless a price below that specified is found. For a sell order with price limit, the order will not be filled unless a price above that specified is found.
	Stop order: A stop order is a market order without limit that incorporates the following parameters: If the price reaches above the trigger price, buy; and if the price drops below the trigger price, sell.
	Stop limit order: If the price reaches above the trigger price, buy; and if the price drops below the trigger price, sell.
	Notes on the difference between stop orders and stop limit orders The difference between the above two order types is that, for stop orders, once the trigger price is reached, a market order without limit is placed. A stop limit order, by contrast, is when a price limit order is placed once the trigger price is reached. With a stop limit order, an order will never be filled at a price more unfavorable than the one specified in the price limit. However, due to price fluctuations, the order may not be filled.
	Trailing stop order: A trailing stop order is where the trigger price for a stop order is automatically calibrated based on price fluctuations.

	*Please note that the IFD (the second order), stop orders, stop limit orders and trailing stop orders will not be placed or executed in the case of a margin shortage when actually trying to place an order. Please understand that should any special orders be triggered just before service is suspended (includes maintenance), there is the possibility that they will be executed once the service resumes. If the service resumes under the Itayose method, the order will use the corresponding Itayose method.
Time in Force	Good 'Til Canceled (GTC): A Good 'Til Canceled order is one where the order remains in effect until it is either filled or cancelled.

Immediate or Cancel (IOC): With an Immediate or Cancel order, all or part of the order is immediately filled if a match is found for the price indicated or better. Orders that fail to fill are canceled in their entirety.

Fill or Kill (FOK): This refers to when the order is cancelled if the volume is not immediately executed (filled) in its entirety.

*Please note that the same order type will be applied to the second order when you place IFD or IFDOCO. |

4) Order validity period
If no order expiration date is specified, the order will be valid for 30 days. However, orders may be withdrawn due to factors such as service updates.

5) Order cancellation
Orders that have not been executed are generally able to be cancelled.

6) Expiration of orders
Orders will expire under any of the following conditions.

1. If the order has exceeded the expiration date as defined in 4)
2. When the margin goes below 100% of the maintenance margin rate, all new orders are void as of the time of the decrease.
3. Orders may expire (be cancelled) during system maintenance.

7) Trading limitations
The following trading limitations may be imposed if the Company determines that there are or may be abnormalities in Lightning Futures trades for all customers or individual customers. The main trade limitations are as follows.
- Increase in margin rate
- Limitations on quantities of orders or open positions
- Limitations or prohibitions on certain types of orders
- Suspension or interruption of trading
- Temporary changes to trading hours
- Activation of the circuit breaker
- Margin deposits

Margin Deposit

In order to trade on Lightning FX or Lightning Futures, customers are required to make a margin deposit into the corresponding Lightning FX or Lightning Futures account in advance. The Company accepts Japanese Yen as fiat currency and Bitcoin as a crypto asset in lieu of a margin deposit of Japanese Yen from customers. The margin can be deposited by transferring the Japanese Yen or Bitcoin balance in the customer's bitFlyer account.
For Lightning FX and Lightning Futures, the Company regularly confirms the status of

customers' margin deposits. If the maintenance margin rate falls below a certain standard, and meets the predetermined criteria, the Maintenance Margin Rules, Margin Call Rules, and Sell Out Rules will apply.

The required margin is calculated by multiplying the margin rate and the order size.

Margin rate(personal accounts)
50% (for 2x leverage) - 100% (for 1x leverage)

- Margin rate may be changed at the Company's discretion.
- The margin rate of corporate accounts is calculated based on the assumed crypto assets risk ratio and fluctuates on a weekly basis. The leverage fluctuation will be released on our website every week. Please refer to our website for more details. (The assumed crypto asset risk ratio is calculated by the Commissioner of the Financial Services Agency. The method uses the ratio of the risk from price fluctuations that occur in the crypto asset market to the principal amount.)
- Profit and loss (valuation), required margin, etc. are combined across the Lightning FX and Lightning Futures order books.
- Please note that positions on different markets do not offset each other in calculation of required margin.

Terms related to margin deposits and profit and loss are defined as follows.

Margin deposits, profit and loss	Explanation
Margin deposit	This is the amount of deposited JPY. *Bitcoin deposited as a margin deposit will be converted to an amount equal to 50% of the last trading price on Lightning Spot (BTC/JPY) and then combined with the amount of Japanese Yen similarly deposited as margin.
Required margin	This is the current required margin deposit for open positions and new orders. (Required margin for open positions) + (Required margin for new order)
Open position required margin	This is the required amount of margin deposit for the open position. This is the total amount of (Execution Price * Position Size * Margin Rate) for each open position. (Values are rounded up after the decimal point.)
Order required margin	This is the Required Margin for a specific order. This is the total amount of [Order price * Position Size * Margin Rate] on each order. (Values are rounded up after the decimal point.)
Valuation margin	Margin Deposit + Profit or loss from valuation
Maintenance margin	This is the ratio of Valuation Margin to the Required Margin This ratio evaluates the criteria of a sell out. Valuation margin / Required margin
Profit or loss from valuation	(P/L of acquired open positions) - (unsettled swap Loss) - (fees)

Profit or loss from valuation of an acquired open position	This is the profit or loss valuation for the open position.
Loss from unsettled swap points	This is the total amount of unsettled swap points.
Fees	This is the fee for the trade.

・**Maintenance Margin Rules**
- If the maintenance margin rate falls below 100%, the Maintenance Margin Rules will apply.
- All outstanding new orders will be revoked (cancelled) ("New orders" shall mean the orders which increase the customer's position.)
- When the maintenance margin rate is below 100%, transferring out your margin deposit from your margin accounts (Japanese yen and Bitcoin) to spot accounts, or placing new orders will be suspended.
- There may be delays in the Maintenance Margin Rules being applied. The Company will not be held liable for any losses incurred as a result of such delays.

・**Margin Call Rules**

The Margin Call Rules are as follows:

1. If the maintenance margin rate is below 100% at 6:00 PM every business day (including weekends and holidays), Margin Call Rule will apply and a margin call will occur.
2. All outstanding new orders will be revoked (cancelled).
3. If the margin call has not been resolved by 4:59 PM (JST) on the next business day (including weekends and holidays) after the margin call is triggered, Sell Out Rules will apply at 5:00 PM (JST). The methods of resolving the margin call are as follows.
   ・Deposit Japanese yen or Bitcoin into your margin account
   ・Partial or complete settlement of your positions
   ・Increase the leverage rate*
   *If the leverage rate is set lower than the maximum value, it can be raised to resolve the margin call. It will not be raised if you have selected the maximum leverage rate.

- Please note that even if the maintenance margin rate exceeds 100% by methods other than listed above (market fluctuation, etc.), after the margin call is triggered, the margin call will not be resolved.
- If the market has changed abruptly, the Sell Out Rules is applied before the Margin Call Rules are applied.
- It may take time for the amount of the Margin Call to be reflected on the trade screen even after all or part of the Margin Call clears. If the amount is not reflected, wait for a moment and try again.
- There may be delays in the Margin Call rules being applied. The Company will not be held liable for any losses incurred as a result of such delays.

・**Sell Out Rules**

The Sell Out Rules are as follows:

- If the maintenance margin rate falls below 50%, or based on the Margin Call Rules, if the margin call has not been resolved by 4:59 PM (JST) of the next business day (including weekends and holidays) after the margin call is triggered, the Sell Out Rules will apply at

5:00 PM (JST).

- We will close all of your positions on Lightning FX/Futures (Sell Out order). Sell Out orders involve market orders on all positions for settlement purposes

- Trade may not be resumed until settlement orders on all positions are finalized.

- There may be delays in the Sell Out Rules being applied. The Company will not be held liable for any losses incurred as a result of such delays.

· **Transfer Payments (inward and outward) for Margins**
1. Transfer in (Spot Account to Lightning FX/Futures Account)
    - Transfers in can be made 24 hours a day, 365 days a year.
    - Deposit margins will be increased as soon as transfer is completed.
    - Transfers can be made within the range of the transferable amount in your bitFlyer account.
2. Transfer out (Lightning FX/Futures Account to Spot Account)
    - Transfers out can be made 24 hours a day, 365 days a year.
    - Margin Deposit will be decreased as soon as transfer is completed.
    - Transfers can be made within the range of the transferable amount in your Lightning Futures account.

As a rule, transfers can be made 24 hours a day, 365 days a year. However, the following times are excluded:
    - During system maintenance

4. Response to Large-scale Blockchain Divergences
1. Method of reporting to users
    In the event that a crypto asset handled by the Company is scheduled to undergo a large-scale update where backward and forward compatibility will be lost ("hard fork"), the Company shall report the Company's response to the hard fork, including the beginning and end of temporary suspensions of services related to the corresponding crypto asset, to customers on the Company's website, through email, and other communication channels that the Company deems appropriate. Additionally, if the corresponding crypto asset is the underlying asset in leverage trading or if the corresponding leverage trade is linked to a crypto asset index, the communication channels above will be used.
2. Service suspension measures for when a hard fork occurs
    In the event of a hard fork, the Company may suspend purchases, sales, deposits, withdrawals, etc. for a period of time determined by the Company. The Company shall consider when to make and lift a temporary suspension of services based on a comprehensive assessment of the risks of losing mutual compatibility, retroactive invalidation of trades, large declines in price, etc. Additionally, withdrawals of fiat currency and crypto assets will be unavailable during the suspension period and available once service resumes. In the event that any customers incur losses due to price movement, etc. during the suspension period, the Company shall bear no responsibility for the corresponding losses incurred.
3. The Company shall decide if and how to handle the underlying crypto assets of a hard fork and the new crypto assets generated by the hard fork. As a result, the Company may not grant the new crypto assets to customers or may not adjust the rights of open positions in over-the-counter derivatives of crypto asset transactions as described below. The Company is not responsible for any losses incurred due to not granting new crypto assets or not adjusting rights. Regarding the fees required for the granting of new crypto assets, etc.
    The Company may collect fees from customers for the system construction costs, etc., required for operations actually incurred in connection with the granting of new crypto

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assets to customers, adjustment of open interest in over-the-counter derivatives of crypto asset transactions, and other measures necessary for customer protection.

4. Regarding the adjustment of rights for new crypto assets in over-the-counter derivatives of crypto asset transactions
The Company may collect fees from customers for system construction costs and other expenses incurred in operations that are actually incurred in connection with the adjustment of rights to new crypto assets for over-the-counter derivatives of crypto asset transactions.

5. Regarding the method of adjustment of open interest in over-the-counter derivatives of crypto asset transactions upon the creation and granting of new crypto assets
The Company shall adjust the method of adjustment of open interest for over-the-counter derivatives of crypto asset transactions upon the creation and granting of new crypto assets on a case-by-case basis and will notify customers in advance. The need for and method of rights adjustment will be determined at the discretion of the Company based on the Terms of Service, but for example, a method in which the rights adjustment amount is collected from customers who hold open interest in over-the-counter derivatives of crypto asset transactions where the underlying asset is the crypto asset in which the subject event occurred, while the rights adjustment amount is granted to customers who hold open interest.

6. The Company's response guidelines for planned hard forks and new crypto assets
The Company's response guidelines for expected blockchain divergence resulting from a hard fork and new crypto assets resulting from a hard fork can be found here (https://bitflyer.com/en-jp/guidelines-hard-forks).

5. Fees

Lightning FX may require margin deposits, swap points, and SFD. Lightning Futures may require margin deposits and swap points.

Lightning FX/Futures Swap points *5
Swap points are calculated at 00:00:00 for the previous day. Swap points are subtracted from positions at the time of settlement.

Position	Swap points
Buy positions	The total of (the absolute value of open positions x 0.04% per day) (Base unit: JPY) *6
Sell positions	

*5 Swap points may occur on Lightning FX and Lightning Futures.
*6 The total value of open positions is calculated by multiplying the total volume of open positions the customer holds by the closing price of the previous day.

Lightning FX/Futures Margins

Margin Rate（personal accounts）
50% (2x Leverage) to 100% (1x Leverage)

- The margin rate of corporate accounts is calculated based on the assumed crypto assets risk ratio and fluctuates on a weekly basis. The leverage fluctuation will be released on our website every week. Please refer to our website for more details.（The assumed crypto asset risk ratio is calculated by the Commissioner of the Financial Services Agency. The method uses the ratio of the risk from price fluctuations that occur in the crypto asset market to the principal amount.）

Lightning FX SFD (Swap For Difference)

When the price disparity between Lightning FX and Lightning Spot (BTC/JPY) reaches at least 5%, a Lightning FX SFD occurs at the time of execution and is applied when the position is settled. However, it will not be granted to settlement orders.

Execution Type	New order	Settlement order
Executions that increase price disparity	Pays SFD	Pays SFD
Executions that decrease price disparity	Granted SFD	NO SFD

- Price Disparity is calculated as follows.
  Price Disparity (%) = [Last Lightning FX trade price ÷ Last Lightning Spot (BTC/JPY) trade price - 1] x 100

- SFD is calculated as follows.
  SFD (JPY) = execution amount x Lightning FX trade price x SFD rate

The SFD rate is determined as follows.

Price Disparity	SFD rate
At least 5% but less than 10%	0.25% of the execution amount
At least 10% but less than 15%	0.50% of the execution amount
At least 15% but less than 20%	1.00% of the execution amount
At least 20% but less than 25%	2.00% of the execution amount
At least 25% but less than 30%	4.00% of the execution amount
At least 30%	8.00% of the execution amount

6. Business Reports and the Most Recent Financial Documents

The Company shall publish periodic business reports, most recent financial documents, audit reports, etc., on the Company's website (https://bitflyer.com/en-jp/company).

Explanation of the Characteristics of Crypto Assets

- Crypto assets can be used for tender of payment to non-designated parties as well as for purchases and sales with non-designated parties.
- With no issuer-set limitations, crypto assets can be exchanged for Japanese yen, other fiat currencies or other crypto assets, given there are exchange markets in place for trade among these currencies.

The following crypto assets are referenced as underlying assets in over-the-counter derivatives of crypto asset transactions that the Company conducts with customers.

・Bitcoin

Bitcoin is a crypto asset. Bitcoin is not issued by a central bank or any specific organization. Bitcoin has an upper limit to the amount that can be issued. The practical value held by Bitcoin is derived from the trust placed in it by people. Blockchain technology, a distributed ledger that uses encryption technology, is used to store and transfer values.

This English translation is provided for convenience purposes only. The Japanese version of this document shall be regarded as the official version. In the event of a dispute, the Japanese language version shall prevail.

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