

# BROKER-DEALER RULES

Last updated: 7 June 2024

These rules (the “**Broker-Dealer Rules**”), in addition to the Terms and Conditions found in <https://pdax.ph/terms-and-conditions>, and all rules and policies incorporated therein by reference, shall govern your transactions wherein PDAX either (1) acts on your account or on your behalf in a transaction with another User or (2) acts, for itself, as the counterparty in a Trading Contract.

These Broker-Dealer Rules are deemed incorporated into the Terms and Conditions. In case of conflict between the Terms and Conditions and these Broker-Dealer Rules on matters relating to transactions done under a Broker-Dealer set-up, these Broker-Dealer Rules shall govern.

## I. BROKER-DEALER RULES IN GENERAL

### 1. DEFINITION OF TERMS

The capitalized terms used herein which are defined in the Terms and Conditions, shall have the respective meanings assigned to them in the Terms and Conditions except as otherwise provided herein or unless the context otherwise requires.

In addition to the definitions under the Terms and Conditions, the following definitions apply:

- a. **Authorized Communication Channels** shall mean communication channels, as allowed by PDAX, through which the User can place an Order with PDAX under these Broker-Dealer Rules.
- b. **Closed Transaction** shall mean a Quote that has been provided by PDAX and accepted by the User.
- c. **Delivery Time** shall mean:
  - (i) if the Closed Transaction is a spot trade, is not subject to net settlement pursuant to Section III(3)(d) of these Broker-Dealer Rules, and the User is delivering Digital Assets, then twenty four (24) hours after the Time of Acceptance;
  - (ii) if the Closed Transaction is a spot trade, is not subject to net settlement pursuant to Section III(3)(d) of these Broker-Dealer Rules,

and the User is delivering Fiat Currency, and the Time of Acceptance occurs before 2:00 p.m. Philippine Standard Time on a business day, then 5:00 p.m. Philippine Standard Time on the same day;

- (iii) if the Closed Transaction is a spot trade, is not subject to net settlement pursuant to Section III(3)(d) of these Broker-Dealer Rules, and the User is delivering Fiat Currency, and the Time of Acceptance occurs at or after 2:00 p.m. Philippine Standard Time on a business day, or on a day that is not a business day, then 2:00 p.m. Philippine Standard Time on the following business day;
- (iv) for all Completed Transactions executed during a Net Settlement Period, as promptly as is reasonably practicable following the delivery of the Net Settlement Summary to the User, but in no event later than twelve (12) hours after such delivery, or such later time as PDAX may agree to in writing in its sole discretion.

d. **Manual Transactions** shall mean Broker-Dealer transactions done through Authorized Communication Channels.

e. **Net Settlement Period** shall mean the period of time, as agreed upon by the Parties, during which Closed Transactions that are executed between the Parties, shall be settled on a net basis in accordance with Section III(3)(d) of these Broker-Dealer Rules.

f. **Quote** means, in respect of a potential transaction, an indicative quotation from PDAX to the User as to the price, which may be denominated in Fiat Currency or another Digital Asset, at which PDAX is willing, but shall not be obliged, to sell or purchase, as the case may be, a specified quantity of such Digital Asset and to enter into such transaction with the User.

g. **Software Transactions** shall mean Broker-Dealer transactions done by the User directly through the PDAX Platform or a Partner Platform, when made available.

h. **Time of Acceptance** shall mean the point in time when a Quote has been accepted by the User, and which such acceptance was communicated to PDAX through the Authorized Communication Channels.

## **2. PROVISIONS COMMON TO SOFTWARE TRANSACTIONS AND MANUAL TRANSACTIONS**

a. PDAX shall have the exclusive right and authority to set the prices and the duration of their validity, and may exercise this right and authority at any time, without prior notice to, or consent from, the User. PDAX may, but has

no absolute obligation, to accept or Fill any Order communicated by the User.

- b. PDAX shall act as a Broker-Dealer only for forms of Digital Assets that PDAX chooses to include. The User acknowledges that PDAX shall have the exclusive right and authority to include or exclude any Digital Asset, and may exercise this right and authority at any time, without prior notice to the User, in accordance with Section 20 (a) of the Terms and Conditions.
- c. The User fully acknowledges and agrees that prices are proprietary in nature. The prices set by PDAX may differ from those of other service providers. Any price information provided by PDAX through the PDAX Platform or the Services, by way of a Quote or any other means, constitute mere invitations to make an offer and shall not be binding on PDAX. PDAX may, but has no absolute obligation to proceed with any transaction to sell or purchase any Digital Asset subject of a Quote, or any other communication with respect to price information.
- d. The User fully acknowledges and agrees that prices of Digital Assets are subject to constant change and that there will be instances when the prices provided by PDAX are no longer valid or available by the time the Order is received by PDAX. For avoidance of doubt, the User acknowledges that rapid price change may be due to various causes, which includes, but is not limited to, connectivity issues of the User and market volatility. In such instances, PDAX shall have the right to reject the Order.
- e. The User shall not communicate the prices to a third party or the public, or use the prices for any purpose, unless authorized by PDAX in writing.
- f. If PDAX reasonably determines that a Quote contains an obvious error with respect to the prices or amounts set forth therein, then PDAX shall have the right to cancel the transaction, notwithstanding acceptance.
- g. PDAX may promulgate operational guidelines to govern Broker-Dealer transactions and related activities, which guidelines shall be made available for access to the User, and deemed incorporated into, and shall form part of, these Broker-Dealer Rules.

## **II. SOFTWARE BROKER-DEALER RULES**

These rules (“**Software Broker-Dealer Rules**”) shall govern Software Transactions.

### **1. GENERAL PROCEDURE**

- a. Software Transactions shall be entered into in accordance with the following procedure:
  - (i) PDAX will provide the prices, upon the request of the User or via prices that can generally be accessed by the User even if the prices are not made specifically for the User, through the PDAX app, PDAX website, or partner sites.
  - (ii) A Quote shall not constitute a definite offer to enter into a transaction but merely an invitation for the User to make an offer to PDAX to enter into a transaction. PDAX shall also have the right to decide whether to respond to a request for a Quote.
  - (iii) The User may then place an Order directly through the PDAX Platform or through a Partner Platform. Such Order, when placed shall constitute an offer to PDAX to enter into a transaction, based on the Quote. The User understands and agrees that the Order may not be withdrawn, reversed, recalled or voided without the prior written consent of PDAX.
  - (iv) Closed Transactions shall be executed in near real-time by debiting and/or crediting the User's PDAX Account, as the case may be. Once executed, the User's Digital Asset and Fiat Currency balance, as reflected in the PDAX Platform or Partner Platform, shall be updated accordingly, subject to technical delays.
  - (v) PDAX, in its sole discretion, may allow the User to place an Order directly through the PDAX Platform or, if allowed by PDAX, through a Partner Platform without waiting for a Quote. Such Order, when placed by the User, shall be deemed as a Broker-Dealer Limit Order and shall constitute, unless cancelled, a continuous offer to PDAX to enter into a transaction, based on the terms of the Broker-Dealer Limit Order. PDAX may, but has no absolute obligation to, proceed with any transaction which follows the terms of the Broker-Dealer Limit Order placed by the User.
  - (vi) A Broker-Dealer Limit Order for a large quantity of Digital Assets can be partially matched, executed, and settled with smaller matching Orders. The portion that remains unfilled will remain good until Filled or cancelled by the User, as may be allowed under these Rules.
  - (vii) You understand and agree that PDAX does not guarantee that any Order you place will be accepted, Filled, or executed; neither does PDAX make any commitment to accept, Fill or execute any Order you submitted.
- b. The User acknowledges and understands that Orders relating to transactions under these Software Broker-Dealer Rules are placed using an electronic

transaction system. If you incorrectly enter an Order or your Order violates the Terms and Conditions, these Software Broker-Dealer Rules, any rule or policy incorporated therein, or any addendum or agreement which you may have agreed to, your intended Order may not be executed, or an unintended Order may be executed. PDAX will not be liable for any resulting loss or damage you may suffer under such circumstances.

- c. A Closed Transaction under these Software Broker-Dealer Rules shall be evidenced by an electronic summary and receipt.

## **III. MANUAL BROKER-DEALER RULES**

These rules ("Manual Broker-Dealer Rules") shall govern Manual Transactions.

### **1. GENERAL PROCEDURE**

- a. The User understands and agrees that PDAX shall have the sole discretion: [a] to permit Users to avail of Manual Transactions; [b] to prescribe the procedure governing Manual Transactions; [c] to determine the Fiat Currency and Digital Assets covered by Manual Transactions; and [d] to determine all logistical and operational particulars of Manual Transactions, including settlement procedures and operating hours. Additional rules may be found in <https://prime.pdax.ph/> which shall supplement these Rules.
- b. Manual Transactions shall be entered into in accordance with the following procedure:
  - (i) To initiate a Manual Transaction, the User must place an Order through an Authorized Communication Channel.
  - (ii) Upon receipt of the Order, PDAX will provide a Quote through the Authorized Communication Channel.
  - (iii) The User must accept the Quote within a sixty (60) seconds acceptance window from the time the Quote is sent; provided, however, that PDAX may withdraw a Quote through the Authorized Communication Channel at any time prior to the User accepting such Quote or the expiry of the acceptance window.
  - (iv) If the User timely accepts the Quote within the acceptance window, binding transaction will be deemed to have been executed at the Time of

Acceptance, under the terms set forth in the accepted Quote. PDAX shall send a confirmation containing trade details to the User.

- (v) If the Quote is not accepted by the User within the acceptance window, the Quote shall be deemed to be rejected, withdrawn, and expired, and no transaction shall be effected in respect of such Quote.
- (vi) After the execution of a Closed Transaction, PDAX shall send a summary of the Closed Transaction to the User through the Authorized Communication Channel, which shall contain the following information: (i) the type of Digital Assets to be purchased or sold; (ii) whether PDAX is selling or purchasing Digital Assets; (iii) where PDAX is selling Digital Assets, the kind of Digital Assets and the price; and (v) where PDAX is purchasing Digital Assets, the kind of Digital Assets and the price. The failure of PDAX to send the summary shall not affect the validity of the Closed Transaction.
- (vii) If the User fails to inform PDAX of any error in the summary within one (1) business day from transmittal, the account entries as kept by PDAX and the details contained in the summary shall be conclusive evidence as to the correctness of the details set forth therein, as well as, the terms of the Closed Transaction.

## **2. CONTACT PERSONS AND AUTHORIZED COMMUNICATION CHANNELS**

- a. Each of the Parties shall appoint one or more individuals who shall serve as the contact person for the purpose of carrying out Manual Transactions. Each Party shall notify the other Party, in writing, of the name, e-mail address and telephone number of its designated contact person, and his or her future replacements.
- b. The User shall submit the identity, contact information, and residential address of its contact person to PDAX without any delay and without the need for any demand or request from PDAX, and shall keep a complete record of the foregoing information throughout the duration of your relationship with PDAX and for up to five (5) years after its termination. PDAX reserves the right to request information from time to time on the identity of the User's contact person, and his/her suitability to enter into Manual Transactions.

- c. The User warrants that its contact person is duly authorized, through the appropriate corporate documents and actions, to act on behalf of the User under the Manual Broker-Dealer Rules, the Terms and Conditions, applicable PDAX Platform Rules, and all rules, policies, and documents incorporated therein by reference. A contact person's authority to act on behalf of a User shall be deemed continuing until PDAX is notified otherwise. PDAX may refuse a contact person, and may require the User to appoint another. The User shall only appoint contact persons who are officers or employees.
- d. The contact persons shall communicate with one another through any of the Authorized Communication Channels.
- e. The User shall be bound by, and be solely responsible for, any act of the contact person with respect to Manual Transactions, the PDAX Account, the PDAX Platform, and the Services.
- f. The User represents and warrants that it has implemented, and shall maintain, appropriate policies and procedures to ensure that it can and will monitor and supervise its contact person in order to secure and maintain full control of their access to, and use of, Manual Transactions, the PDAX Account, the PDAX Platform, and the Services.
- g. The User shall ensure that its contact persons are adequately trained and have the appropriate skills, experience and knowledge to access and use the PDAX Account, the PDAX Platform, and the Services. The Counterparty shall bear all responsibility for training its contact persons to ensure that it can comply with this provision.
- h. The User shall be solely responsible for maintaining and keeping secure all security credentials or passwords required to access the PDAX Account, PDAX Platform, Services, and the Authorized Communication Channels. If the User becomes aware that any of its contact persons has lost or misplaced their security credentials, or that the security credentials have become or may become compromised, it shall inform PDAX immediately. PDAX reserves the right to suspend the User's access to and use of the PDAX Account, PDAX Platform, and Services until such time as changes are made to the User's security credentials. Until such time as the User notifies PDAX that the security credentials have been lost or misplaced, PDAX shall be entitled to

rely on any instructions made by a contact person and the User shall remain solely liable for any Orders or transactions entered into as a result.

- i. The User shall also be responsible for all authorized and unauthorized actions in connection with the Authorized Communication Channels, purporting to be actions performed by the User, including transmittal of messages, invitation of unauthorized persons without PDAX's or the User's consent, and other activities which may compromise the integrity and reliability of the Authorized Communication Channels, or lead to false and unauthorized transactions and Orders.
- j. The User represents and warrants that it has implemented, and shall maintain, appropriate policies and procedures to ensure it can and will monitor and supervise all Authorized Communications Channels, including all communications and transactions therein. The User undertakes to report all unauthorized communications, and all communications purporting to be, but in fact are not, officially made by the User, within ten (10) minutes from its timestamp. All communications and/or transactions not reported within this period shall conclusively be presumed to be authorized by the User.
- k. The User understands and agrees that all information relayed through the Authorized Communications Channels shall be deemed to constitute account information which may be processed, stored, shared, transferred, and/or disclosed in accordance with the Terms and Conditions.

### **3. SETTLEMENT PROCEDURE**

- a. Closed Transactions shall be settled, in general, as follows:
  - (i) User pays Fiat Currency and buys Digital Assets
    - PDAX debits Fiat Currency from the User's PDAX Account.
    - PDAX credits the User's Digital Asset wallet on the PDAX Platform.
    - PDAX notifies the User via email of the delivery of Digital Assets.
    - The User confirms receipt of the Digital Assets via email.
  - (ii) User sells Digital Assets and buys Philippine Peso (PHP).
    - PDAX debits the User's Digital Asset wallet on the PDAX Platform.
    - PDAX credits the User's cash wallet on the PDAX Platform with PHP.
    - PDAX notifies the User via email of the delivery of PHP.

- User confirms receipt of the PHP via email.
  - (iii) User sells Digital Assets and buys United States Dollar (USD).
    - PDAX debits the User's Digital Asset wallet on the PDAX Platform.
    - PDAX initiates a wire transfer on the same day or on the next immediate banking day.
    - PDAX notifies the User of the incoming wire transfer. User confirms receipt of USD via email.
- b. If the Closed Transaction cannot be settled by debiting and crediting the User's PDAX Account, the Parties shall settle Closed Transactions in accordance with the following settlement terms:
  - (i) If the User is purchasing Digital Assets, the User shall transfer, or cause to be transferred, the purchase price to PDAX by transfer of immediately available Fiat Currency to a bank account duly designated by PDAX, no later than the Delivery Time. As promptly as is reasonably practicable following receipt of the purchase price, PDAX shall deliver, or cause to be delivered the Digital Assets to the User's designated wallet.
  - (ii) If the User is selling Digital Assets to PDAX, the User shall transfer, or cause to be transferred the Digital Assets to a wallet duly designated by PDAX no later than the Delivery Time. As promptly as is reasonably practicable following receipt of the Digital Assets, PDAX shall transfer, or cause to be transferred the purchase price to the User's designated bank account.
  - (iii) PDAX and the User shall designate bank accounts and Digital Asset wallets through a separate document. Each Party bears sole responsibility for ensuring that its bank accounts and Digital Asset wallets are up to date.
  - (iv) On-chain settlement of Digital Assets shall be subject to the clearing times and inherent process of the relevant blockchain.
- c. The User understands and agrees that with respect to any and all wire transfers from the User or on behalf of User, to PDAX, the name on the originating account must match exactly the User's name as provided by the User to PDAX. If it does not, PDAX reserves the right to reject the wire transfer.

- d. To the extent that the Parties have payment and delivery obligations with respect to multiple Transactions in the same Digital Assets, upon request by the User, PDAX may, in its sole discretion, net such completed transactions executed during a Net Settlement Period against each other as follows: (i) purchased Digital Assets by each Party will be offset against one another; (ii) purchase prices to be paid by each Party will be offset against one another; and (iii) a net number of units of Digital Assets will be delivered by one Party against a net purchase price to be paid by the other Party. At the completion of the Net Settlement Period, PDAX shall provide the User with a net settlement summary of the Closed Transactions executed during the Net Settlement Period, which shall set forth the net number of units of the Digital Assets to be delivered by one Party and the net purchase price to be paid by the other Party.
- e. Notwithstanding the above, upon acceptance of an Order by PDAX, PDAX is authorized and entitled to set off or net against, without further notice or consent of the User, the full extent of the purchase price or Digital Assets (including all relevant fees and charges) due from a User to PDAX, with those held in the User's PDAX Account. PDAX shall have full title and ownership to the aforementioned offset purchase price and/or Digital Assets.
- f. If the User fails to settle a Closed Transaction in accordance with these Rules, disavows or repudiates any summary of a Closed Transaction, or becomes insolvent or files for or enters liquidation or receivership proceedings as the debtor, PDAX may, among other remedies, liquidate, close-out, cancel and/or terminate any transaction, at its discretion. Any proceeds obtained from the liquidation shall be applied to the discharge of the User's obligations to PDAX.