

September 1, 2020



THE
GLOBAL
DIGITAL ASSET AND
CRYPTOCURRENCY
ASSOCIATION

Code of Conduct

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INTRODUCTION

The Global DCA Code of Conduct

The Global DCA Code of Conduct provides standards of market conduct and ethical behavior that will benefit all participants in the Digital Asset markets.

Members of Global DCA are required to sign the Statement of Commitment to the Global DCA Code of Conduct.

Non-members may also sign the Statement of Commitment to the Global DCA Code of Conduct to demonstrate their adherence to principles of the Code.

***Member** means any person, firm, or entity who is recognized by the Global DCA as being active in one of the Global DCA's existing membership categories and who has signed a Statement of Commitment to the Global DCA Code of Conduct.*

***Adherent** means:*

i. a Member, or

ii. any other person, firm, or entity who has chosen to demonstrate their adherence to the principles of the Global DCA Code of Conduct by signing a Statement of Commitment.

A listing of all current members of the Global DCA and Adherents can be found at www.global-dca.org/StatementOfCommitment.

Global DCA Mission Statement:

To promote and strengthen the Digital Asset and cryptocurrency industry, protect the public interest, and maximize legitimate economic opportunity for all participants in the global digital economy.

Global DCA Vision:

We seek to position ourselves as the global voice, acknowledged leader, recognized authority, chief advocate, standard setter, principal educator, and corporate conscience for the Digital Asset and cryptocurrency industry.

Goals and History:

The Global DCA Code of Conduct ("Code") was developed, and is occasionally updated, by the Global DCA Code of Conduct Working Group. ("Working Group"). The Working Group meets regularly to discuss topics such as ethics, governance, trading and execution in the context of the Digital Asset and cryptocurrency industry.

The first version of the Global DCA Code of Conduct was released in September 2020. A list of adherents is available on the Global DCA Code of Conduct website at the following link, [<http://www.global-dca.org/adherents/>].

The Global DCA Code of Conduct provides standards of market conduct and ethical behavior that will benefit all participants in the Digital Asset market.

The Global DCA Code of Conduct Dispute Resolution Process provides a predetermined framework for the resolution of disputes that strives to (a) reduce costs for Members, and (b) ensure knowledgeable arbiters to resolve disputes in a speedy, efficient, and just manner.

I. SCOPE

- 1.1 Adherents agree that the following concepts set forth herein are important in maintaining the integrity and honesty of the Digital Asset markets.

Digital Asset means a type of private asset that depends primarily on cryptography and distributed ledger technology (or similar technology) as part of its perceived or inherent value, and can represent an asset such as a currency, commodity, or security, or be a derivative on a commodity or securities. This definition includes virtual currencies, digital currencies, and digital tokens.

A. SCOPE

- 1.2 Covered Entities: This Code is one of voluntary adherence and applies only to Adherents who have signed a Statement of Commitment.
- 1.3 Covered Activities: This Code applies to all of an Adherent's activities related to Digital Assets.

B. EXISTING LAWS

- 1.4 Adherents will be aware that this Code does not substitute for, but exists alongside and in addition to, any applicable existing laws or regulations.
- 1.5 Adherents will be familiar with, and will comply with, all applicable laws and regulations.
- 1.6 Adherents will obtain all required licenses, certifications, or similar recognitions that are required for the Adherent's particular activities in the Digital Assets markets.

C. IMPLEMENTATION

- 1.7 Upon signing a Statement of Commitment, an Adherent will have a period of six (6) months from the date of initial signing to implement each of the principles of the Code.

II. ETHICS

A. GENERAL

- 2.1 Adherents, and their employees, will behave in an ethical and professional manner so as to not cheat, steal, embezzle, defraud, or attempt to cheat, steal, embezzle, or defraud any Digital Asset holder, user or customer.
- 2.2 Adherents will not engage in the act of manipulating the price of any Digital Asset.
- 2.3 Adherents will not disseminate false or misleading information that has the potential to affect the price of any Digital Asset.
- 2.4 Adherents will not submit materially false or deceptive information to Global DCA.
- 2.5 Adherents will have adequate policies and procedures in place to ensure a strong culture of ethical and professional conduct.

B. CONFLICTS OF INTEREST

- 2.6 Adherents should have controls in place designed to identify relevant actual and potential conflicts of interest that may compromise or be perceived to compromise the ethical or professional judgement of Market Participants.
- 2.7 Adherents should endeavor to effectively manage conflicts of interest so as to promote fair treatment of their Clients and other Market Participants, up to and including abstaining from undertaking the relevant activity or action due to the conflict of interests.
- 2.8 Staff should be aware of the potential for conflicts of interest to arise and comply with their firm's policies in these areas.
- 2.9 Contexts in which conflicts may arise include but are not limited to:
 - a. Situations where staff or firm interests may conflict with those of a Client or other Market Participant, or where such a conflict arises for the Market Participant because the interests of one Client may conflict with those of another;
 - b. Personal relationships;
 - c. Gifts and corporate entertainment; and
 - d. Personal Dealing.
- 2.10 Where it is concluded that a specific conflict of interest cannot reasonably be prevented or effectively managed (including by ceasing to undertake the relevant service or activity), Market Participants should disclose sufficient details of the conflicts to enable the affected parties to decide beforehand whether or not they wish to proceed with the transaction or service.

C. ESCALATION

- 2.11 It is the responsibility of all officers, employees, volunteers, and board members to report concerns about violations of the Adherent's code of ethics or suspected violations of laws or regulations that govern the Adherent's operations to the Conflicts Supervisor.
- 2.12 Adherents shall state in their policies that it is contrary to the values of the entity for anyone to retaliate against any officer, employee, volunteer, or board member who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of the entity.
- 2.13 An employee of an Adherent who retaliates against someone who has reported a violation in good faith must be subject to discipline up to and including termination of employment.
- 2.14 Adherents shall have an open-door policy and suggest that employees share their questions, concerns, suggestions or complaints with their supervisor or the Conflicts Supervisor.
- 2.15 Supervisors and managers of the Adherent are required to report complaints or concerns about suspected ethical and legal violations in writing to the Adherent's designated employee for handling such matters or another supervisor. Suspected ethical and/or legal violations will be promptly investigated and addressed by the Adherent.

III. GOVERNANCE

A. GENERAL

- 3.1 Those who are ultimately responsible for business strategy and/or financial soundness of the Member should implement processes that furnish appropriate oversight, supervision, annual Code of Conduct training, and internal controls.
- 3.2 Compensation and incentive structures should promote behaviors that are consistent with the Adherent's ethical and professional conduct responsibilities.
- 3.3 Members should have reasonable policies and procedures that are designed to identify improper practices and behaviors.
- 3.4 Adherents will periodically assess business risks and review internal controls.
- 3.5 Personnel responsible for risk and compliance control functions should be independent from the business lines those control functions are designed to protect, where possible.
- 3.6 Adherents will conduct adequate employee screening and investigate any prior disciplinary actions taken in regards to financial market or other relevant conduct.
- 3.7 Adherents will ensure that customers can readily access information about their assets and data, including where their assets are held.
- 3.8 Adherents will take reasonable steps to ensure that customer assets and data that the Member holds are subjected to sound custody and safekeeping approaches in accordance with industry standards.
- 3.9 Adherents will establish processes for the orderly unwinding of its business to ensure that ownership of customers' assets and data is preserved.
- 3.10 Adherents will ensure that employees are properly trained in the obligations of this Code and in any other applicable laws and regulations.

B. COMPLAINTS

- 3.11 Adherents will put in place processes to enable customers to file complaints. Complaints will be promptly tended to and records will be kept in regards to the nature of the complaint and how the complaint was addressed or resolved.
- 3.12 Adherents will designate at least one (1) senior level employee to oversee customer complaints.

IV. TRADING & EXECUTION

- 4.1 Adherents will implement policies and procedures intended to uncover and prevent disruptive and manipulative trading practices.
- 4.2 Adherents will be clear about the capacities in which they interact with clients, including, but not limited to, clearly informing counterparties of whether a trading or counterparty relationship is being conducted on a principal or agency basis.
- 4.3 Adherents may only Pre-Hedge client orders when acting as a Principal, and should do so fairly and transparently.
- 4.4 Any Mark-Up applied to client transactions by Members should be done in a fair, sensible, and transparent manner.
- 4.5 Adherents will not engage in any activity which is reasonably likely to cause market disruptions.

- 4.6 Adherents providing execution or aggregation services to clients should provide adequate disclosure regarding how those execution or aggregation services operate and the processes the Adherent utilizes.
- 4.7 All fees charged by Adherents will be clearly disclosed.
- 4.8 The manner in which orders are handled and executed will be clearly disclosed by Adherents.
- 4.9 Adherents will avoid making inaccurate or misleading statements regarding trading volumes or available liquidity. Additionally, Adherents should utilize wash blockers so as to prevent wash trading.

V. COMMUNICATION & INFORMATION SHARING

- 5.1 When acting as an agent, Adherents will utilize information barriers sufficient to prevent the sharing of information related to client orders with any affiliated Principal trading desk, provided that such information may be shared in a manner that does not disadvantage the client.
- 5.2 Adherents will sufficiently identify and appropriately limit access to confidential information.
- 5.3 Adherents will not disclose confidential information to external parties, except under specific circumstances, as pre-disclosed to clients
- 5.4 Adherents will communicate in a clear, precise, and professional manner.
- 5.5 Adherents will provide employees with clear guidance on approved forms of communication.
- 5.6 Adherents will be truthful in their statements to clients, using clear and precise language.
- 5.7 Adherents will provide clients with all material information regarding the nature of the relationship between the parties that is necessary to make intelligent decisions as to whether to conduct business with each other, and the terms that apply to the relationship.

VI. PROMOTIONAL MATERIALS

- 6.1 No Adherent will use any promotional materials that contain material misrepresentations and/or are likely to defraud a customer.
- 6.2 No Adherent will imply that trading or investing in Digital Assets is suitable for everyone.
- 6.3 No Adherent will utilize or employ a high-pressure sales tactic.
- 6.4 Adherents will appropriately identify and label hypothetical performance.
- 6.5 Adherents will label opinions that are used within promotional materials as such and all opinions must have a reasonable basis in fact.

VII. RISK MANAGEMENT & COMPLIANCE

A. RISK MANAGEMENT

- 7.1 Adherents will have written compliance and risk management procedures that are adequate to address the risks faced by their lines of business.
- 7.2 Adherents will have processes to measure, monitor, report, and manage their market risk exposure in real-time.
- 7.3 Adherents will have appropriate processes and internal controls in place to handle operational

risks caused by human error, failure of systems or processes or unforeseen external events.

- 7.4 Adherents will have policies that outline who is authorized to trade on behalf of the Adherent and clients.

B. SUPERVISION

- 7.5 Each Adherent will adequately supervise its employees and agents. Each employee with supervisory responsibilities should impartially exercise those duties on behalf of or directly for the Member.

C. BOOKS & RECORDS

- 7.6 Adherents will keep accurate books and records and be able to furnish those books and records in a timely manner to appropriate authorities, including Global DCA, upon reasonable request.

D. INFORMATION SECURITY

- 7.7 Adherents will establish and maintain a written information security program commensurate with their size, complexity, and risk. The information security program may include: penetration testing, employee background checks, third party audits, encryption of information, and physical safeguards.

- 7.8 Adherents will provide timely notice to affected parties of breaches, hacks, or other incidents that have resulted in, or are reasonably likely to result in, exposure of sensitive personal identifying information (PII), loss, theft, or inaccessibility of the party's Digital Assets or other property.

E. BUSINESS CONTINUITY & DISASTER RECOVERY

- 7.9 Adherents will establish and maintain written business continuity and disaster recovery ("BCDR") plans that are appropriate to the nature, scale, and complexity of their business.

- 7.10 Such a BCDR plan should be designed to enable the Adherent to continue operating, to restore operations, or to shift its operations to another Adherent with minimal disruption to clients, other Adherents, and the overall marketplace.

F. ANTI-MONEY LAUNDERING

- 7.11 Adherents will have written Anti-Money Laundering (AML) and Know Your Customer (KYC) policies and procedures which will be reviewed no less than annually.

- 7.12 Adherent's procedures will be appropriate for conducting due diligence on all customers and monitoring transactions on a risk basis.

- 7.13 Adherents will appoint a designated compliance officer who is responsible for overseeing the AML and KYC programs, and who reports directly to the board of directors or firm equivalent.

- 7.14 Adherents will provide ongoing AML and KYC training for employees.

VIII. CONFIRMATION & SETTLEMENT

- 8.1 Adherents will confirm trades within a reasonable timeframe and maintain records of each confirmed trade.

- 8.2 Adherents will send confirmations in a reliable and secure manner.

- 8.3 Adherents will work to resolve confirmation and settlement discrepancies as soon as reasonably possible after they are discovered.

IX. CODE ENFORCEMENT & DISPUTE RESOLUTION

A. CODE ENFORCEMENT

- 9.1 The Board may, in accordance with the Global DCA Bylaws, take appropriate action to maintain the fairness and integrity of Digital Asset Markets and the credibility of the Code. Global DCA reserves the right, pursuant to a decision by the Board in accordance with the Global DCA Bylaws, to expel any Adherents for serious or repeated misconduct in violation of the principles of this Code, or refusal to undertake remedies requested by the Board in response to violations of the Code. The Board may develop procedures for investigating and addressing complaints, including providing notice and an opportunity to respond.

B. ARBITRATION PROVISIONS

- 9.2 Adherents agree to resolve any and all disputes through binding arbitration. In the absence of mutual written agreement of Members, all arbitrations will take place in Cook County, Illinois.
- 9.3 All arbitrations under this Code will be governed by the Global DCA Arbitration Rules which can be found at [<http://www.global-dca.org/arbitration>].
- 9.4 Notwithstanding the arbitration provisions, which are incorporated into this Code by reference, Adherents agree that any legal proceedings which are deemed not subject to arbitration will take place in the state or federal courts of Cook County, Illinois, barring mutual agreement of the parties to conduct the legal proceedings at a different venue.

X. ADHERENCE TO THE CODE

A. CODE OF CONDUCT STATEMENT OF COMMITMENT

- 10.1 Adherents will annually sign the Code of Conduct Statement of Commitment which demonstrates their commitment to, and adoption of, the practices set forth in this Code of Conduct.
- 10.2 As applicable, each of the following documents are required to be reviewed by each Adherent on an annual basis:
1. Business Continuity & Disaster Recovery Plan
 2. Information Security Policy
 3. AML/KYC Policy
 4. Risk Management Policies and Procedures
 5. Compliance Policies and Procedures
 6. Global DCA Code of Conduct Statement of Commitment

ANNEX 1: STATEMENT OF COMMITMENT

GLOBAL DIGITAL ASSET AND CRYPTOCURRENCY ASSOCIATION

CODE OF CONDUCT

STATEMENT OF COMMITMENT

[] (Adherent) has reviewed the contents of the Global DCA Code of Conduct (“Code”) and acknowledges that the Code represents a set of principles generally recognized as good practice in the Digital Asset markets.

The Adherent confirms that it is committed to conducting its Digital Asset market activities (“Activities”) in a manner consistent with the principles set forth in the Code.

To this end, the Adherent has taken appropriate steps, based on the size and complexity of its Activities, and the nature of its engagement in the Digital Asset markets, to align its Activities with the principles of the Code.

Name of Adherent

Date: _____

Note: This is a sample. To download the statement of commitment, go to <http://www.global-dca.org/SOC/>.