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

(Written Explanation of bitFlyer Crypto CFD Trading)

October 21, 2024

bitFlyer, Inc.

Introduction

Please ensure that you have thoroughly read and understand the contents of this written explanation when trading Over-the-counter derivatives of crypto assets. "bitFlyer Crypto CFD" trade is 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 (In some cases, the Company may make a settlement by acquiring crypto assets that the customer has deposited with the Company as a margin deposit in lieu of fiat currency).

The Company will quote the total of the quantity of orders for crypto-asset-related Over-the-counter derivatives received from other customers and the quantity of crypto-asset-related Over-the-counter derivatives required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the order for crypto-asset-related Over-the-counter derivatives from the customer at each price. Further, when the Company receives an order for crypto-asset-related Over-the-counter derivatives from a customer, the Company will execute a crypto-asset-related Over-the-counter derivatives transaction between the customer and the Company when the conditions regarding the price and the quantity that the customer and the Company offer each other in the opposite direction 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.

The trading unit used to count the quantity of bitFlyer Crypto CFD transactions s corresponds to one unit of the crypto asset that Crypto CFD uses for its price reference. When a new transaction on bitFlyer Crypto CFD is executed between a customer and bitFlyer, the price per trading unit and the quantity of trading units are agreed on. These agreed terms become the executed price and executed quantity for the new bitFlyer Crypto CFD transaction. The executed price multiplied by the executed quantity becomes the amount for the new transaction.

bitFlyer Crypto CFD trading contracts expire at 6:00 pm (JST) every business day. Upon expiration, the transaction amount is recalculated by multiplying

the executed quantity and the most recent spot trading price per unit of the crypto asset established at the crypto asset spot exchange (hereinafter referred to as "Lightning Spot") operated by bitFlyer as a crypto asset exchange operator. If the required margin to maintain the contract for that transaction has been confirmed to be deposited by the customer by the next business day at 6:00 pm (JST), the expiration of the contract is extended by one business day (a process hereinafter referred to as "Rollover"). Should the recalculation of the transaction amount not be possible at 6:00 pm (JST) due to system failures or other reasons, the recalculation will be conducted at the time it becomes possible.

Upon the completion of a settlement transaction on bitFlyer Crypto CFD by the customer, the amount of money per trading unit to be transferred between the customer and bitFlyer is calculated. This amount is based on the difference between the executed price of the settlement transaction and the executed price of the new transaction that is the subject of the settlement. bitFlyer will perform the net settlement by transferring this amount between the customer and bitFlyer. (Additionally, bitFlyer may also perform the settlement by acquiring, at no cost, crypto asset that the customer had deposited as margin with bitFlyer, rather than collecting money.)

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 "bitFlyer Crypto CFD" is Over-the-counter derivatives of crypto asset conducted between customers and the Company by reference to the price of the 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

Although there are no trading fees, leverage point payments occur each time positions that were not offset by an opposing order by 6:00 pm (JST) within the same business day of bitFlyer are extended to 6:00 pm (JST) of the next business day and a rollover is conducted. Should system failures or similar issues prevent the rollover process from being executed at 6:00 pm (JST), leverage point payments will be made as soon as the rollover can be performed.

Additionally, there is a transfer of funding rates between bitFlyer and the customer on bitFlyer Crypto CFD. The "Funding Rate" is defined as the mechanism to transfer or the amount transferred calculated from the price difference between the trading price on bitFlyer Crypto CFD and the spot trading price of the crypto asset that bitFlyer Crypto CFD references. This transfer is conducted in accordance with the customer's held position size, at the designated times every eight hours.

At the time of funding rate transfer, if the trading price on bitFlyer Crypto CFD exceeds the spot trading price of the referenced crypto asset, funds are collected from the long position holders and granted to the short position holders. In the reverse scenario, funds are collected from short position holders and granted to long position holders. (If bitFlyer 's proprietary trading department holds positions, it will also be subject to either fund collection or grant.)

The amount of money transferred as the funding rate may increase as the difference between the Over-the-counter crypto asset derivative price and the crypto asset spot trading price widens, until it reaches a predetermined upper limit, please refer to "5. Fees" below.

Margin

When performing these trades, a margin deposit is required. More

information on the method of calculating the required margin deposit can be found under "Margin" in section "3. Order reception and execution policy" below.

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

1) Trade Price Fluctuation Risks
   Over-the-counter derivatives of crypto assets are conducted by referencing the price of the crypto asset as an index, and losses may be incurred due to fluctuations in the trading prices quoted by the Company for bitFlyer Crypto CFD. Losses may be incurred due to fluctuations in the price of the underlying crypto asset.

   The Company will quote the total of the quantity of orders for crypto-asset-related Over-the-counter derivatives received from other customers and the quantity of crypto-asset-related Over-the-counter derivatives required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the order for crypto-asset-related Over-the-counter derivatives from the customer at each Trade Price. Further, when the Company receives an order for crypto-asset-related Over-the-counter derivatives from a customer, the Company will execute a crypto-asset-related Over-the-counter derivatives transaction between the customer and the Company when the conditions regarding the trade price and the quantity that the customer and the Company offer each other in the opposite direction match. 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 referring to the spot price of 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 reference crypto asset, as well as by entities for arbitrage transactions that expect the price of the reference 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 reference crypto asset, and are determined by reference to such indices. For this reason, the price of the reference 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 reference 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 Over-the-counter crypto asset derivative transactions permit the use of designated spot crypto assets as margin. In Over-the-counter crypto asset derivative transactions that reference the same type of crypto asset as the spot crypto asset used for margin, holding a long position exposes the holder to the risk of experiencing greater losses than anticipated when market downturns lead to declines in the value of the spot crypto asset provided as margin, coupled with losses from the revised valuation of the Over-the-counter crypto asset derivative transactions. Moreover, the margin required to maintain bitFlyer Crypto CFD positions is continuously recalculated based on the latest spot crypto asset trading price established on Lightning Spot. Consequently, the amount of margin needed to sustain the customer's held positions might increase in response to changes in the spot crypto asset trading prices. In such scenarios, there is an elevated risk of encountering a margin shortfall due to an increase in valuation losses on the Over-the-counter crypto asset derivative transactions.

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 prices as reference, 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 reference 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 asset prices as reference may fall sharply or fluctuate drastically, and customers may suffer losses.

5) Sell Out and other risks
Regardless of the customer's intention, bitFlyer may forcibly settle the customer's open positions through an offsetting sale (sell out order) in accordance with the Margin Call Rule and Sell Out Rule.
bitFlyer conducts a daily assessment at 6:00 pm (JST) to determine whether the customer's open positions have fallen into a margin shortfall. During this assessment, the amount of margin required is calculated based on the most recent spot trading prices on Lightning Spot at 6:00 pm (JST) each business day, and is compared against the customer's deposited margin

(this includes valuation gains or losses on the positions held). If the assessment cannot be carried out at 6:00 pm (JST) due to system failures or other reasons, it will be performed as soon as the calculation of the required margin amount is possible.

If a customer who falls short of margins at 6:00 p.m. on a certain day does not take necessary measures to resolve the margin shortage until 5:00 p.m. on the following day, the sell out rule will be applied to all open positions held by the customer.

In addition to the above, when a customer's margin maintenance ratio declines and reaches 50%, the sell out rule is immediately applied to all open positions for those customers who hold a single open position, and to the open positions necessary to recover the margin maintenance ratio among multiple open positions in the order determined by the Company for customers who hold multiple open positions.

Further, 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 some cases, the Company may make a settlement by acquiring crypto assets that the customer has deposited with the Company as a margin deposit in lieu of fiat currency).

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 bitFlyer Crypto CFD (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.

Please refer to the parts "Margin Call Rules" and "Sell Out Rules" in section "3. Order reception and execution policy" for details regarding additional payment rules and sell out rules, respectively.

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

The Company's Over-the-counter derivatives of crypto asset transactions are conducted between customers and the Company. Thus, if the Company's business or property situations, deteriorates and the company becomes unable to fulfill its obligations, it may also become unable to fulfill its obligations to the customer, making it likely that the customer may suffer losses (especially when customers' open interest is in the form of unrealized profit, the customer may not be able to recover such unrealized profits).

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

8) Leverage Point Risks

Regardless of price movements of the crypto assets subject to trading, holding either short or long positions on bitFlyer Crypto CFD incurs leverage point payments. These payments are added as valuation losses to the customer's held positions, increasing the likelihood of an accumulation of valuation losses the longer the positions are held. Fluctuation in the price of the crypto asset referenced in the Over-the-counter crypto asset derivative transactions, changes in the loan rates, etc., for loan

transactions for the crypto asset, and fluctuation in interest rates, may prompt bitFlyer to adjust Leverage Point levels.

9) Funding Rate Risks

On bitFlyer Crypto CFD, funding rate transfers take place between bitFlyer and the customer. The "Funding Rate" is defined as the mechanism by which money is transferred based on the amount calculated from the price differential between the trading price on bitFlyer Crypto CFD and the spot trading price of the crypto asset that is referenced on bitFlyer Crypto CFD. This transfer is conducted in accordance with the customer's held position size, at the designated times every eight hours. The term can also refer to the monetary amount transferred at such times.

If the trading price on bitFlyer Crypto CFD exceeds the spot trading price of the referenced crypto asset, funds are collected from the long position holders and granted to the short position holders. In the reverse scenario, funds are collected from short position holders and granted to long position holders.

Money transfer resulting from funding rates are added to the valuation gains and losses of a customer's held positions. Consequently, if a customer maintains positions that are subject to money collection, the likelihood of an increase in valuation losses for these positions grows with the duration of ownership.

Additionally, if bitFlyer 's proprietary trading department holds positions, bitFlyer will also be subject to either fund collection or grants pursuant to the funding rate. As a result, in scenarios where the proprietary trading department's positions qualify for fund receipts, money collected from customers may, in effect, be granted to bitFlyer 's proprietary trading department.

In addition, bitFlyer might maintain short positions on bitFlyer Crypto CFD to hedge the risk of price fluctuations in bitFlyer 's crypto asset spot inventory, which is held for the operation of bitFlyer 's crypto asset exchange business. Should the trading price on bitFlyer Crypto CFD deviate from the spot price of the referenced asset, bitFlyer may also maintain positions on bitFlyer Crypto CFD anticipating a narrowing of this gap, with the intent of engaging in arbitrage trading.

For detailed information on bitFlyer 's proprietary trading activities, please see "Explanation of Trading Specifics and Related Terms Trading Methods."

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

There are cases when 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

For more information on the trading methods for bitFlyer Crypto CFD, 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 can be found under the "Introduction" and "Explanation of Trading Specifics and Related Terms".

Summary of Taxes

For more information on tax handling for crypto assets-related Over-the-counter derivatives 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 by individual customers from trading Over-the-counter derivatives of crypto assets are generally subject to taxation as miscellaneous income.
  However, the tax treatment may shift to business income tax depending on the amount of capital gains and compliance with the requirements for maintaining transaction-related accounting records and documents.
- 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.

- Transfer gains (capital gains) received by corporate clients from crypto-asset-related Over-the-counter derivatives transactions can be subject to corporate taxation.

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.

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 restricted transactions, unauthorized logins and fraud damage:
  03-6434-7957
  General Inquiries: 03-6434-5864
    - The call center is open from 9:30 to 17:30 (JST)
    - Only available in Japanese
    - 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

Definitions

- **Execution**
  The conditions of a sell order and a buy order match and a buy/sell transaction is executed.
- **Position**
  An execution that remains unsettled in margin trading.
- **Short Position (Sell Position)**
  This term describes a contract in derivative transactions, etc., where a sale is executed, but the contract has not yet been settled. In the context of bitFlyer 's Over-the-counter crypto asset derivative transactions , which are classified under the Financial Instruments and Exchange Act as "index forward trading," a contract is referred to as a short position when the customer has entered into an Over-the-counter crypto asset derivative trading contract with bitFlyer and will pay money upon settlement if the trading price of the involved Over-the-counter crypto asset derivative has increased.
- **Long Position (Buy Position)**
  This term describes a contract in derivative transactions, etc., where a purchase is executed, but the contract has not yet been settled. In the context of bitFlyer 's Over-the-counter crypto asset derivative transactions, which are classified under the Financial Instruments and Exchange Act as "index forward trading," a contract is referred to as a long position when the customer has entered into an Over-the-counter crypto asset derivative trading contract with bitFlyer and will receive money upon settlement if the trading price of the involved Over-the-counter crypto asset derivative has increased.
- **Repurchase**
  Process of buying back sell open positions in order to close out (reduce them).
- **Crypto asset exchange operator**
  Business entities that are registered with the Finance Bureau of Japan and provide services such as the exchange of crypto assets for legal tender in Japan.
- **Financial instruments exchange operator**
  Business entities registered under the Financial Instruments and Exchange Act and engaged in the business of handling financial instruments transactions, incl. Over-the-counter derivatives of crypto assets, in Japan.
- **Net settlement**
  This refers to a method of settlement in which the net profit or loss (i.e., the difference) resulting from a transaction is resolved through the transfer of funds. In the context of Over-the-counter crypto asset derivative trading, this involves executing an offsetting trade and settling the net profit or loss incurred between the trading price at the inception of the position and the trading price at the time of the offsetting trade. While n et settlements are commonly executed via the transfer of funds, bitFlyer may also conduct net settlements by obtaining, without cost, the crypto assets that customers have deposited in lieu of a margin. In such instances, the amount of crypto assets obtained by bitFlyer is determined to ensure that its value, calculated at 95% of the most recent spot trading price in Lightning Spot at the time of acquisition, equals the monetary amount that would have been exchanged in the net settlement.
- **Leverage Points**
  These are payments incurred through the maintenance of either short positions or long positions in Over-the-counter crypto asset derivative trading, irrespective of fluctuations in the prices of the crypto assets that the Over-the-counter crypto asset derivative transactions reference. bitFlyer may adjust leverage point levels in response to shifts in the prices of the crypto assets being referenced as indexes for the Over-the-counter crypto asset derivative transactions, changes in their loan rates, and interest rate changes.
- **Funding Rate**
  For bitFlyer Crypto CFDs, an exchange of Funding Rates takes place between bitFlyer and our customers. The "Funding Rate" is defined as the mechanism by which money is transferred based on the amount calculated from the price differential between the bitFlyer Crypto CFD trading price and the spot trading price of the crypto asset that is referenced on bitFlyer Crypto CFD. This transfer is conducted in accordance with the

customer's held position size, at the designated times every eight hours. The term can also refer to the monetary amount transferred at such times. If the bitFlyer Crypto CFD trading price exceeds the spot trading price of the crypto asset it references, funds are collected from the long position holders and granted to the short position holders. In the reverse scenario, funds are collected from the short position holders and granted to the long position holders. (If bitFlyer 's proprietary trading department holds positions, it will also be subject to either fund collection or grants.) The amount of money transferred increases up to a predetermined limit as the difference between the Over-the-counter crypto asset derivative trading price and the crypto asset spot trading price widens.

- **Rollover**
  This refers to the process undertaken on each business day when positions held by the customer on bitFlyer Crypto CFD reach their expiration at 6:00 pm (JST). The process extends the expiration of these positions to the next business day at 6:00 pm (JST), after conducting the following procedures: At the time of expiration of the position, the transaction amount is recalculated based on the most recent spot trading price established on Lightning Spot, and it is confirmed that the customer has provided the necessary amount of margin to continue holding the position.

- **Derivatives trading**
  Transactions in financial instruments whose prices are derivatively determined based on the (numerical) value of a reference object. They include futures, options and swaps.

- **Index Forward Trading**
  A type of Over-the-counter derivative trading, among derivative trading, which trades are net settled or traded similarly referencing "financial indices", such as the prices or interest rates of financial instruments, including crypto assets, and other indices derived from them. When establishing a transaction between parties, the parties are obliged to enter a contract for net settlement, which involves the transfer of money calculated based on the difference between the "stipulated value", which is a numerical value agreed upon regarding the referenced financial index, and the real figure", which is the actual value of said financial index at a certain future point in time from the point of transaction establishment. Transactions on bitFlyer Crypto CFD are index forward transactions that reference the price of Bitcoin as the financial index and set the designated future point in time as 6:00 pm (JST) every business day.

- **Margin Call (Additional Margin)**
  The margin that must be added by the deadline specified by the financial instruments exchange operator in the event that the amount of margin submitted (valuation margin), after adding or subtracting settlement gains or losses, falls below the required amount due to market fluctuations etc. at the time of determination specified by the financial instruments exchange operator.

- **Sell out**
  The forced settlement of the customer's open positions by the financial instruments exchange operator to prevent the customer's losses from increasing and to manage risk when a customer's losses reach a predetermined level or when additional margin is not cleared by the deadline.

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 (hereafter "activities related to crypto-asset related Over-the-counter derivative transactions"). 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

23 Concluding or soliciting a contract for crypto asset-related Over-the-counter derivatives transactions, or making an advertisement related to the underlying financial instruments business without showing reasonable grounds supporting such indication or conducting an act of indicating the matters listed in Article 78, Items 5 to 7 inclusive or item 13 Par. (a) to (e) inclusive of the Cabinet Office Order on Financial Instruments Business, etc. to customers.

24 Soliciting the conclusion of crypto asset-related Over-the-counter derivative contracts without clearly and accurately indicating to customers the matters listed in Article 76, Item 3 (a) and (b) of the Cabinet Office Order. (This includes displaying the letters or numerals of indication in a size significantly different from the largest letters or numerals in the documents or other equivalent methods used for indication.)

25 Engaging in derivatives transactions from a customer, while knowing that the customer is likely to conduct derivative transactions that violate the provisions of Article 185-22, Par. 1, Article 185-23, Par. 1 or Article 185-24, Par. 1 or Par. 2 of the Financial Instruments and Exchange Act (including acts conducted in relation to acts in violation of these provisions).

26 Engaging in derivatives transactions pertaining to the cryptographic assets, etc., or subscribing to such transactions, for the purpose of altering the market price or the market value calculated based on the market price or trading volume of the cryptographic assets, etc., or increasing the trading volume of the cryptographic assets, etc.

27 Engaging in derivatives transactions pertaining to crypto assets, etc., while knowing that the act will cause fluctuations in the market price of the cryptographic assets, etc. or in the value calculated based on the market price or trading volume, or increase the trading volume so that the act will be an artificial act that does not reflect the actual situation.

28 Using information or communicating it to a third party about crypto assets, etc. pertaining to sales, purchases, or other transactions, etc. of securities or material

information about the corresponding financial instrument exchange operator that is deemed to influence a customer's decision to buy, sell, or otherwise deal in the securities pertaining to the crypto assets, etc. (excluding information that is readily available to all customers of the financial instrument exchange operator and information that is necessary for the proper and reliable performance of the financial instruments business, etc. conducted by the corresponding financial instruments exchange operator) for the purpose of benefiting oneself or a third party.

Explanation of Trading Specifics and Related Terms

1. Trading types

bitFlyer Crypto CFD trade is Over-the-counter derivative transactions that reference the price of crypto assets (Index forward contract).

2. Trading methods

bitFlyer Crypto CFD trade is 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, before settling the transaction with the Company for the difference between the price of the reference cryptographic asset agreed upon by the customer and the Company at the time of execution of the new transaction and the relevant price at the time of execution of the settlement transaction. (In some cases, the Company may settle the transaction by acquiring the cryptographic assets that the customer has deposited with the Company as margin, instead of cash. The amount of crypto assets that bitFlyer obtains is calculated to ensure that, at the time of obtainment, its value calculated at 95% of the latest spot trading price on Lightning Spot equals the monetary amount that would have been settled through a net settlement.)

The Company will quote the total of the quantity of orders for crypto-asset-related Over-the-counter derivatives received from other customers and the quantity of crypto-asset-related Over-the-counter derivatives required by the department conducting proprietary trading within the Company as the quantity at which the Company can accept the order for crypto-asset-related Over-the-counter derivatives from the customer at each price. Further, when the Company receives an order for crypto-asset-related Over-the-counter derivatives from a customer, the Company will act as the customer's counterparty and execute a crypto-asset-related Over-the-counter derivatives transaction between the customer and the Company when the conditions regarding the price and the quantity that the customer and the Company offer each other in the opposite direction match. (the Company will not execute Over-the-counter derivatives of crypto asset transactions with the customer in excess of the quantity 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 bitFlyer Crypto CFD, 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.

As conditions that allow for possible transactions, bitFlyer 's proprietary trading department may offer quantities desired for trading at certain prices when there is a widening expansion in the divergence between the trading prices on bitFlyer Crypto CFD and the spot trading prices of the crypto assets that bitFlyer Crypto CFD references; this will be done within the necessary scope for conducting transactions on bitFlyer Crypto CFD aimed at arbitrage, in anticipation of narrowing the aforementioned divergence.

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 order information of customers in order to place its own order before of customers orders are placed.

3. Order reception and execution policy

・Limitations on Order Volume and Position Holdings

For details on the maximum and minimum order sizes, as well as the limits on the number of positions that can be held, please consult the following table.

bitFlyer Crypto CFD

Reference index	Unit	Minimum Order Size	Maximum Order Size	Maximum Held Position Limit
BTC-CFD/JPY	BTC-CFD	0.001	100	500

If we are concerned that a customer with open positions in excess of 100 BTC-CFD 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 amounts 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.

・Circuit breaker during rapid price changes (measure to prevent sudden changes in trading prices)

To prevent sudden price changes, bitFlyer Crypto CFD 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	15% 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 *When trading resumes, bitFlyer 's proprietary trading department may employ the Itayose method to hold positions for the purpose of hedging price fluctuation risks or for arbitrage trading. In such instances, the price and quantity desired by the proprietary trading department will be reflected on the order book and displayed in the same manner as orders from other customers.

*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.
*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.

・Circuit breaker during divergence expansion (measure to prevent significant divergence from crypto asset spot trading prices)

bitFlyer Crypto CFD employs a circuit breaker mechanism to temporarily suspend trading with the aim of preventing a significant divergence between crypto asset   spot trading   prices and bitFlyer Crypto CFD trading prices.

Below is an overview of the circuit breaker mechanism activated during periods of growing divergence.

Activation Conditions	When orders are placed that can be expected to execute a trading contract on bitFlyer Crypto CFD at trading prices outside the price range limitations
Circuit Breaker Reference Price	The spot trading price of the crypto asset referenced on bitFlyer Crypto CFD, utilized as the standard for calculating the trading prices that bitFlyer offers at the exchange in its role as a crypto asset exchange operator *Under normal market conditions, this reference price matches the crypto asset spot trading price displayed by bitFlyer on the exchange as the mid-price, which is the midpoint of the available buy and sell prices. However, bitFlyer has discretion Over-the presentation of available buy and sell prices at the exchange, and as a result, the aforementioned Reference Price may not always coincide with the mid-price.
Price Fluctuation	5% above or below the circuit breaker reference price

Threshold	
Suspension Period	About 5 minutes
Resumption Procedure	Trading will resume by the Itayose method after the suspension period has elapsed * When trading resumes, bitFlyer 's proprietary trading department may employ the Itayose method to hold positions for the purpose of hedging price fluctuation risks or for arbitrage trading. In such instances, the price and quantity desired by the proprietary trading department will be reflected on the order book and displayed in the same manner as orders from other customers.

*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.
*Any opportunity losses, including those due to the introduction of the circuit breaker system, are under no circumstances the responsibility of the Company.

・bitFlyer Crypto CFD trading rules

These rules explain bitFlyer Crypto CFD trading. All times listed are in Japan Standard Time (JST).
Trades on bitFlyer Crypto CFD (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
bitFlyer Crypto CFD trades are generally available every day.

2) Trading and order reception hours
bitFlyer Crypto CFD 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 bitFlyer Crypto CFD, 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.

*bitFlyer Crypto CFD contracts expire every business day at 6:00 pm (JST). Upon expiration, a rollover process takes place, during which the transaction amount for each unit of assumed principal is recalculated based on the latest spot trading price for each unit of the respective crypto asset, as established on Lightning Spot. After confirming that the customer has provided the necessary margin to sustain the trading contract, the expiration of the contract is extended to 6:00 pm (JST) of the following business day. However, bitFlyer only offers conditions for trading to customers if their desired direction for trading on bitFlyer Crypto CFD is supported by an order from the opposite direction. As a result, customers cannot settle their positions at the most recent spot trading price at expiration. To settle a position, customers must place and execute a settlement order that aligns with the conditions bitFlyer presents. Since bitFlyer does not specifically restrict the timeframe from the formation of a position to the issuance and execution of a settlement order to dissolve said position, bitFlyer Crypto CFD transactions are without a fixed settlement deadline. (However, bitFlyer reserves the right to establish a settlement deadline at its discretion.)

*If there is a possibility that a Registered User's order may self-trade with another order of the same user that has already been received by the Company (meaning a case where the conditions match and execution may occur), the Registered User may not place such an order.

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

3) Order and execution types

Order types	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.

Execution 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. (This does not apply if an expiration date shorter than 30 days is set using the bitFlyer Lightning API.) 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 bitFlyer Crypto CFD 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
- Circuit breaker during rapid price changes
- Circuit breaker during divergence expansion

· Margin Deposit

In order to trade on bitFlyer Crypto CFD, customers are required to make a margin deposit into the corresponding bitFlyer Crypto CFD 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 bitFlyer Crypto CFD, 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 total of the unexecuted order amount and the amount of the open positions at the time when the open positions are formed. The order amount of an unexecuted limit order is calculated by multiplying the limit price by the order quantity, the order amount of an unexecuted market order is calculated by multiplying the most recently traded price, and the execution amount when open positions are formed is calculated by multiplying the execution price by the number of open positions held.

When a customer holds a position that reaches expiration at 6:00 pm (JST), the expiration of this position is extended by one business day, until 6:00 pm (JST) the following business day. At this time, it is verified whether the customer has deposited the necessary amount of margin to continue holding the position. The amount of required margin for the position is calculated by multiplying the most recent spot trading price for one unit of the relevant crypto asset, as established on Lightning Spot, by the quantity of the position and the margin rate.

Terms related to margin ratio is defined as follows.

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 bitFlyer Crypto CFD order books.
- Please note that positions on different markets do not offset each other in calculation of required margin.

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

Factor	Explanation
Total Margin Deposit	This refers to the margin customers have deposited into their accounts with bitFlyer. Bitcoins deposited as margin are valued at 50% of the most recent spot trading price on Lightning Spot. This amount is then aggregated with the sum of Japanese yen also deposited as margin. In instances where Bitcoins deposited as margin are obtained by bitFlyer at no cost as an alternative to money payable to bitFlyer to handle net settlements by the customer, the amount of Bitcoins to be obtained by bitFlyer is determined by dividing the cash amount due by 95% of the most recent spot trading price on Lightning Spot.
Required margin	This refers to the margin necessary for the maintenance of positions and for the placement of new orders. Margin Required for Maintenance + Margin Required for Orders
Margin Required for Orders	This represents the margin amount necessary for placing new orders. It is calculated as the sum of "bitFlyer Crypto CFD Trading Order Price × Order Quantity × Margin Rate" for each order. Any fractional amounts are rounded up.
Margin Required at Contract Execution	This refers to the margin required to establish a position at the time of contract execution. It is calculated as "Executed Price × Position Quantity × Margin Rate", with any fractional amounts being rounded up.
Margin Required for Maintenance of Position	This margin is necessary to maintain a position. It is calculated as "Most Recent Spot Trading Price Per Unit of the Applicable Crypto Asset on Lightning Spot × Position Quantity × Margin Rate." Any fractional amounts are rounded up.
Valuation margin	Total Margin Deposit + Valuation Gains and Losses
Maintenance margin rate	This is the ratio of the valuation margin to the required margin. It is used as a criterion for decisions such as loss cutting. Valuation Margin ÷ Required Margin
Valuation Gains and Losses	Position Valuation Gains and Losses - Unsettled Leverage Point Loss - Fees - Unsettled Funding Rate Loss (if the collected funding rate amount exceeds the granted funding rate amount)

	Position Valuation Gains and Losses - Unsettled Leverage Point Losses - Fees + Unsettled Funding Rate Gains (if the granted Funding Rate amount exceeds the collected Funding Rate amount)
Position Valuation Gains and Losses	This refers to the gains and losses incurred on a position. It is calculated by multiplying the quantity of the bitFlyer Crypto CFD position by the difference between the most recent trading price on bitFlyer Crypto CFD and the executed price at which the position was formed on bitFlyer Crypto CFD.
Unsettled Leverage Point Losses	This is the total amount of leverage point losses accumulated until the position is settled.
Fees	This is the fee for the trade.
Unsettled Funding Rate Gains/Losses	This refers to the gains or losses that occur due to the collection or grants of funding rates. *For more details on the funding rate, please refer to "bitFlyer Crypto CFD Funding Rate" under "Fees, Etc.".

・**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 margin maintenance ratio falls below 100% at 6:00 pm (JST) on any business day (this condition is referred to as "Margin Shortfall"), bitFlyer will request the customer to deposit an additional margin amount to make up for the shortfall to 100%. At this time, the margin maintenance ratio is calculated according to the following formula. (The "Gains and Losses" in the numerator includes unrealized leverage point losses and unrealized funding rate gains/losses).

$$\text{Margin maintenance rate} = \frac{\text{Deposit Margin Amount} + \text{P\&L calculated from the difference between the average contract price and the most recently traded price of bitFlyer Crypto CFD open interest} \times \text{Held Position}}{\text{Last Traded Price executed in Lightning SPOT} \times \text{Held Position} \times \text{Margin Ratio}}$$

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 rule is applied under two conditions: when the margin maintenance ratio falls to 50%, or if a margin shortfall identified under the margin call rule is not rectified by 4:59 pm (JST) on the following business day, leading to application of the sell out rule at 5:00 pm (JST) .

- For the circumstances above where the margin maintenance ratio falls to 50%, the margin maintenance ratio is calculated according to the following formula. (The "Gains and Losses" in the numerator includes unsettled leverage point losses and unsettled funding rate gains/losses). bitFlyer continuously recalculates the margin maintenance ratio. As a result, the margin maintenance ratio fluctuates with changes in both the most recent trading price on bitFlyer Crypto CFD and the most recent spot trading price established on Lightning Spot for the crypto asset referenced by bitFlyer Crypto CFD.
The Sell Out Rules are as follows.

$$\text{Margin maintenance rate} = \frac{\left(\text{Deposit Margin Amount} + \text{P\&L calculated from the difference between the average contract price and the most recently traded price of bitFlyer Crypto CFD open interest}\right) \times \text{Held Position}}{\text{Last Traded Price executed in Lightning SPOT} \times \text{Held Position} \times \text{Margin Ratio}}$$

1) If the additional margin incurred on the previous day is not cleared at 5:00 pm JST, in accordance with the Margin Call Rules,

- The Company will close all open positions on bitFlyer Crypto CFD (Sell Out order).

- Sell Out orders are placed as market orders to settle all open positions

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

2) If the maintenance margin rate falls and reaches 50%,

the open positions on bitFlyer Crypto CFD will be automatically resold or repurchased in the following order to recover the maintenance margin rate to over 50% (sell out order).

- All sell out orders are executed as market orders.

- Trade may not be resumed until all sell out orders are executed.

In the event of sudden market fluctuations, losses may exceed the amount of margin even if sell out rules are applied. In such cases, customers are required to promptly allocate cash or cryptographic assets to eliminate the shortfall. In the event of a shortfall, the sending of bitcoin, withdrawal of Japanese yen, and use of bitWire （β） will be suspended.
If the customer is unable to deposit more cash than the amount of the shortfall, the Company may, at its discretion, transfer funds from the customer's bitFlyer account to the customer's margin account. In such cases, if it is necessary to allocate the insufficient amount, the Company may, at its discretion, cancel instructions to withdraw money or send cryptographic assets from the customer's bitFlyer account, cancel orders, dispose of assets such as cryptographic assets in deposited with the Company, or allocate the money deposited by the customer, including the consideration for disposal, to the repayment of obligations owed by the customer to the Company. The Company shall not be liable for any losses incurred as a result of such disposal.

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 margin 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 (Margin 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 the customer's margin 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 (hereafter "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 price of the corresponding crypto asset is referenced to crypto-asset related Over-the-counter

derivative transactions, the Company will make a notification through the communication channels above accordingly.

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. Handling new crypto assets resulting from a hard fork
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.

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

5. 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.

6. 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 that reference the price of the crypto asset in which the subject event occurred, while the rights adjustment amount is granted to customers who hold open interest.

7. 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

In the event that a customer continues to hold a position in bitFlyer Crypto CFDs, payment of leverage points will be required. Additionally, the transfer of funding rates may be necessary.

bitFlyer Crypto CFD Leverage Points
If the expiration of the positions held by the customer is extended by one business day at 6:00 pm (JST), the amount of leverage points covering that one business day until the position's expiration is extended will be calculated based on the quantity of the position and the most recent trading price on bitFlyer Crypto CFD at that time. The payment amount for leverage

points will be included in the valuation gains and losses of the target position and deducted from the margin at the time of settlement of that position.

Leverage point charges apply when a bitFlyer Crypto CFD position is continuously held.
The value of a position is determined by multiplying the customer's held position quantity by the most recent bitFlyer Crypto CFD trading price as of 6:00 pm (JST)

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

* Leverage points may occur on bitFlyer Crypto CFD.
* The total value of open positions is calculated by multiplying the total volume of open positions the customer holds by the last traded price of bitFlyer Crypto CFD as of 6:00PM Japan time

bitFlyer Crypto CFD Funding Rate
For bitFlyer Crypto CFDs, funding rate transfers take place between bitFlyer and the customer.

The "Funding Rate" is defined as the mechanism by which money is transferred based on the amount calculated from the divergence between the bitFlyer Crypto CFD trading price and the spot trading price of the crypto asset referenced on bitFlyer Crypto CFD. This transfer is conducted in accordance with the customer's held position size, at the designated times every eight hours. If the bitFlyer Crypto CFD trading price exceeds the spot trading price of the crypto asset it references, funds are collected from the long position holders and granted to the short position holders. In the reverse scenario, funds are collected from the short position holders and granted to the long position holders. (If bitFlyer 's proprietary trading department holds positions, it will also be subject to either fund collection or grants.)

The amount of money transferred increases as the difference between the Over-the-counter crypto asset derivative trading price and the spot trading price widens, up to a predetermined limit, but a fixed amount is still exchanged from the holders of long positions to the holders of short positions even if no difference exists between the two prices.

Factor	Explanation
Funding Rate Transfer Amount	Funding Rate Transfer Ratio × Quantity of Position at Time of Exchange × Most Recent Spot Trading Price at Time of Calculation If the value is positive, funding is collected from holders of long positions and granted to holders of short positions (at the time of the exchange, this is recorded as an unrealized loss in the valuation of long positions and as an unrealized gain in the valuation of short positions). If the value is negative, funding is collected from holders of short positions and granted to holders of long positions (at the time of the exchange, this is recorded as an unrealized loss in the valuation of short positions and as an unrealized gain in the valuation of long positions).
Funding Rate Transfer Ratio	The funding rate transfer ratio is the simple average of the minute-by-minute divergence rate, which is calculated every minute throughout the calculation period. * However, the absolute value of the funding rate transfer ratio will not exceed the upper limit of the funding rate. 1) If the calculation result for the above is positive and its absolute

	value is less than or equal to "the sum of the lower limit of the funding rate fixed interval equivalent and the lower limit of the funding rate," the funding rate basis rate will be equal to the lower limit of the funding rate. 2) If the calculation result for the above is negative and its absolute value is less than or equal to "the difference of the lower limit of the funding rate fixed interval equivalent subtracted by the lower limit of the funding rate," the funding rate basis rate will be equal to the lower limit of the funding rate. 3) If the calculation result for the above is positive and its absolute value exceeds "the sum of the lower limit of the funding rate Fixed Interval Equivalent and the lower limit of the funding rate," the funding rate transfer ratio will be the calculation result minus the lower limit of the funding rate fixed interval equivalent. 4) If the calculation result is negative and its absolute value exceeds "the difference of the lower limit of the funding rate fixed interval equivalent subtracted by the lower limit of the funding rate," the funding rate basis rate will be the calculation result plus the lower limit of the funding rate fixed interval equivalent.
Minute-by-Minute Divergence Rate	Bid/ask price (either the Impact Bid Price or Impact Ask Price, whichever is closer to the Most Recent Spot Trading Price) ÷ Most Recent Spot Trading Price - 100% If the Most Recent Spot Trading Price is between the Impact Bid Price and Impact Ask Price, the Minute-by-Minute Divergence Rate is set to zero.
Upper Limit of Transfer Ratio	0.375% (subject to change by bitFlyer in consideration of market trends)
Lower Limit of the Transfer Ratio	0.010% (collected from long position holders and distributed to short position holders) Lower limit of the funding rate fixed interval equivalent: 0.050 (interval for keeping funding rate levels at the lower limit of the funding rate)
Impact Ask Price	The expected volume-weighted average executed price of a transaction on bitFlyer Crypto CFD, assuming the purchase of exactly 1 BTC-CFD, based on the order situation on bitFlyer Crypto CFD at the time when the minute-by-minute divergence rate is calculated.
Impact Bid Price	The expected volume-weighted average executed price of a transaction on bitFlyer Crypto CFD, assuming the sale of exactly 1 BTC-CFD, based on the order situation on bitFlyer Crypto CFD at the time when the minute-by-minute divergence rate is calculated.
Most Recent Spot Trading Price	Price per unit of crypto asset referenced by bitFlyer Crypto CFD, displayed to users as the most recent trading price on Lightning Spot.
Reference Time	Either 6:00 am (JST), 2:00 pm (JST) or 10:00 pm (JST) on each business day.
Start Time	The reference time marking the beginning of the calculation period.
Determination Time	The reference time occurring eight hours after the start time.

Exchange Time	The reference time occurring eight hours after the determination time.
Calculation Period	The interval from the start time to the determination time

* For example, if the start time is designated as 6:00 am (JST) on a given day, the determination time at 2:00 pm (JST) on that same day, and the calculation period for the funding rate for the actual exchange being 6:00 am (JST) to 2:00 pm (JST),the Exchange Time, would be set for 10:00 pm (JST) on that same day.

An illustration regarding bitFlyer Crypto CFD funding rates is shown below.

Funding rate exchange rate
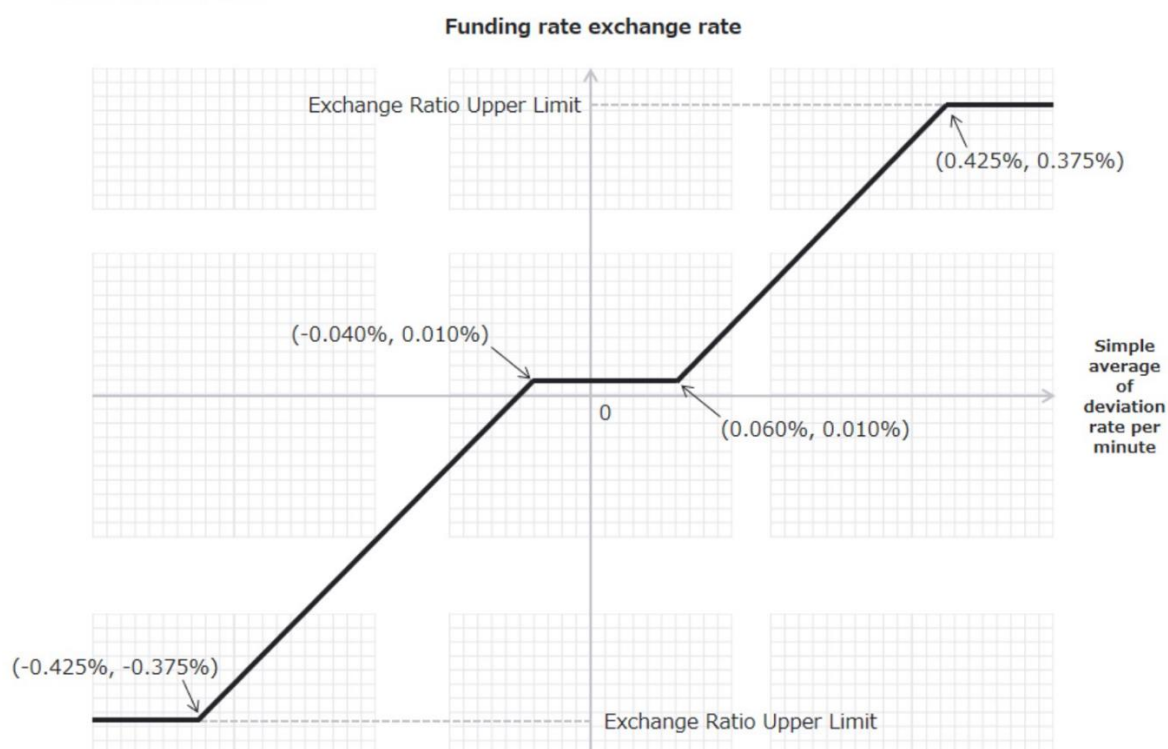
6. Business Reports and the Most Recent Financial Documents

The documents can be found under "Company Profile" on the Company's website (only in Japanese) (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 positioned as the underlying assets and their prices are referenced for crypto-asset related Over-the-counter derivative transactions that the Company conducts with customers.

・Bitcoin

Bitcoin is a crypto asset that began as a concept described in a paper published on the Internet in 2008 by someone assuming the name Satoshi Nakamoto.
Through the use of a distributed ledger known as a blockchain, Bitcoin can store and transfer values Over-the Internet without the need for an issuing authority or administrator.

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.

[Enacted on April 20, 2020]
[Amended on May 1, 2020]
[Amended on November 26, 2020]
[Amended on January 8, 2021]
[Amended on March 3, 2021]
[Amended on April 21, 2021]
[Amended on May 12, 2021]
[Amended on August 31, 2021]
[Amended on October 15, 2021]
[Amended on February 25, 2022]
[Amended on June 17, 2022]
[Amended on October 1, 2022]
[Amended on April 28, 2023]
[Amended on June 7, 2023]
[Amended on July 27, 2023]
[Amended on December 30, 2023]
[Amended on March 15, 2024]
[Amended on March 28, 2024]
[Amended on October 21, 2024]