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Coincheck - Cryptocurrency Trading Manual

Customers should ensure that they carefully read, and understand, the contents of this cryptocurrency trading manual (hereinafter referred to as the “Manual”) when trading cryptocurrency transactions (hereinafter referred to as “Transaction(s)”) handled by Coincheck, Inc. (hereinafter referred to as “Coincheck”).

There is a risk that the Transactions will generate a loss due to fluctuations in the value of cryptocurrency being traded. Transactions may earn substantial profits but, conversely, there is also the danger that they may make substantial losses. Therefore, when either starting or continuing to conduct Transactions, customers should ensure that they carefully read the contents of this Manual and Coincheck’s Terms of Service delivered with it, and that they have a proper grasp and understanding not only of the Manual but also the structure, content, and risks associated with Transactions before deciding, at their own liability and on their own judgment, to ask us to conduct a Transaction. This decision should only be taken if customers deem the Transaction appropriate in light of their own resources, trading experience, and trading objectives, etc.

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Pursuant to the provisions of Articles 16 and 17 of the Cabinet Office Order on Virtual Currency Exchange Service Providers, Coincheck has created this Manual to be delivered to customers prior to the conclusion of any contract pertaining to a Transaction. Note that any leveraged trades that are part of the Transaction do not qualify as “cryptocurrency currency exchange services” as prescribed in Article 2-7 of the Payment Services Act.

Important Matters concerning Transaction Risk, etc.

- I. Cryptocurrency is not a national currency in or outside of Japan.
- II. Cryptocurrency handled by Coincheck is a “decentralized cryptocurrency” that is traded and issued on the Internet, and its value is not guaranteed by any particular nation, or any other party.
- III. There is a risk that Transactions will generate a loss due to fluctuations in the value of the cryptocurrency being traded. Furthermore, there is a risk that customers will incur losses greater than the amount of any leveraged trades and margin trades conducted, since the transaction amount is larger than the amount of cryptocurrency or margin deposited with Coincheck.
- IV. It is possible that customers may not be able to place trades as intended when conducting a Transaction due to increases in the spread between the ask and bid prices of the cryptocurrency and the temporary suspension of orders or similar in the event of sudden market fluctuations, reduced liquidity, or other such situations.
- V. There may be delays in processing transactions, or it may not be possible to place, execute, confirm, or cancel orders, or similar, due to failures in the trading system required for Transactions or in the communication lines connecting Coincheck and customers.
- VI. It is possible that cryptocurrency may be lost in whole or in part due to a cyber-attack or similar.
- VII. Coincheck may not be able to continue its business if the external environment changes (including the tightening of regulations for virtual currencies); the Company’s financial situation deteriorates; or any of its service providers fall into bankruptcy. If Coincheck falls into bankruptcy, it will not be able to return assets to customers, and there is a possibility that customers may incur losses.
- VIII. Coincheck is obliged to manage cash funds and cryptocurrency deposited by customers separately from its own and shall do so as detailed below. However, margins used in leveraged trading are not subject to separate management. For details, please refer to “11. Customer property safety management .”
 - (1) Cash Funds
These are managed in the customer’s own trading account at Resona Bank, Ltd., SBI Sumishin Net Bank, Ltd., ORIX Bank Corporation., and GMO Aozora Net bank.
 - (2) Cryptocurrencies
Cryptocurrencies are stored in a cold wallet disconnected from the Internet or other external networks, or in a hot wallet connected to the Internet or other external networks; and in either case it is managed in such a manner that each individual customer’s holdings are immediately distinguishable as data.
- IX. Trading exchange fees and other charges are payable for Transactions. Please see “12. Fees” for details.

* For details on Transaction risks, please see “15. Transaction risks.”

Transaction Rules and Structure

1. What are cryptocurrencies?

Cryptocurrency is a currency whose value is not guaranteed by any specific state or other party, as opposed to legal tender such as the Japanese Yen or the US Dollar. As an encrypted “medium for exchange,” cryptocurrency is a “virtual” currency with monetary value, but no physical equivalent, that can be used to carry out economic activity in on line services. It is a type of encrypted currency also known as “digital currency.” A typical cryptocurrency is “bitcoin.”

Bitcoin is said to have been the first decentralized, encrypted currency. Cryptocurrencies other than bitcoin are known as “altcoins,” and the term cryptocurrency refers to bitcoin and altcoins.

2. A summary of the cryptocurrencies handled by Coincheck

(1) BTC: Bitcoin

Bitcoin is a cryptocurrency that can store and transfer value; it is based on blockchain (a network that is used to store and transfer assets, where trading data is recorded in a ledger on the Internet) technology, which is a decentralized ledger of records invented in 2008 that uses encryption technology. Bitcoin has no issuing entity, includes features such as an upper limit on the amount that can ever be issued, and is used as a means of payment and for investment.

(2) ETH: Ethereum

Ethereum is a mechanism that describes smart contracts (contract data) in a blockchain. Bitcoin manages the history of all transactions using blockchain, whereas Ethereum is a mechanism that writes the contracts to be performed in the transactions to the blockchain and then executes the details of those contracts.

(3) ETC: Ethereum Classic

Ethereum Classic is a project that was launched by opponents of the Ethereum Foundation’s hard fork. After the hard fork it maintained the original blockchain and it allows the trading of pre-hard fork ETH. Its image concept is as if pre-hard fork Ethereum had changed its name to Ethereum Classic.

(4) LSK: LISK

LISK is a decentralized application platform. A decentralized application is an application where one or more local or remote clients communicate over multiple machines connected by a network, using one or more servers. Operations can be processed from anywhere, and in terms of cryptocurrency it is similar to Ethereum.

(5) FCT: Factom

Factom is a project that uses blockchain technology and has been called “Bitcoin 2.0.” It allows all kinds of documents and records to be managed on the blockchain and is expected to also provide a notarization function to verify certain facts, in the same way as certification of registered seals. What Factom records on the blockchain is only hashes of documents and data. This makes it possible to protect personal information and important data from being leaked, and the small amount of data means faster processing speeds.

(6) XRP: Ripple

Ripple is a real-time gross settlement system, currency exchange, and remittance network operated by Ripple Labs Inc., a US-based technology company that uses decentralized ledger technology. The currency that can be used in the system is called “XRP,” or “Ripple Coin,” which is a native digital asset that exists only in Ripple. The Ripple system is programmed with 100 billion XRP; an amount that will never be increased any further.

(7) XEM: NEM

NEM is the first encrypted currency designed so that rewards are not biased towards certain miners who hold a lot of capital. NEM is an abbreviation for New Economy Movement and the mechanism uses the

Proof of Importance (POI) algorithm. POI means that those people who contribute to the NEM network gain benefits, giving everyone an equal opportunity to earn a profit; hence it is referred to as a “redistribution of wealth.”

(8) LTC: Litecoin

Litecoin is an encrypted currency with a market cap that is a spin-off from Bitcoin; if Bitcoin is comparable to “gold,” then Litecoin is comparable to “silver.” The basic mechanism is similar to Bitcoin, but Litecoin allows faster transactions than Bitcoin. In addition, the maximum number of Litecoins ever to be in circulation will be 84 million, which is around four times the number of Bitcoins.

(9) BCH: Bitcoin Cash

Bitcoin Cash is a new cryptocurrency born out of the hard fork which took place on August 1, 2017. One feature of Bitcoin Cash, compared to existing Bitcoin, is that the block size (transaction processing capacity) can be expanded up to 8 times; thus, the currency aims to improve the accumulation periods for remittances and lower costs in order to solve previous issues of scalability.

*Please refer to the sections on our website entitled “Outline of Cryptocurrency” and “Help Center,” etc. for further details on each of the cryptocurrencies.

(10) MONA: Monacoin

Monacoin (Monacoin) is a cryptocurrency from Japan that was officially released on January 1, 2014. The motif is the ASCII art character "Monor", which spread around the anonymous bulletin board around 2000. With Segwit enabled currency prior to Bitcoin and Litecoin, more transactions can be processed in less time than Bitcoin. It is a currency that has grown with the strong support of the community, and it can be said that it is a unique currency that has been loved by fans.

(11) XLM: Stellar Lumens

Stella Lumens is a cryptocurrency issued by Jed McCaleb, co-founder of Ripple with Joyce Kim in 2014. Ripple aims to remit money at major financial institutions and legal entities, Stella Lumens aims to personal, mobile money, micropayment, etc. For this reason, the fee is considerably cheaper than other currencies as one of the features. With Stellar Consensus Protocol (SCP) used as its own consensus algorithm and secure transaction processing is feasible in a short time.

3. Trading channels

Customers can trade over the Internet using a PC or a smart phone. Note that orders cannot be accepted via customer support, e-mail, or telephone.

* Some services cannot be used from smartphones.

4. Trading times

Trading is available 24 hours a day, 365 days a year. Although maintenance is not scheduled on a regular basis, it will take place as required. However, large-scale OTC trading sites can trade between 10:00 and 17:00 on weekdays (except for the year-end and New Year holidays).

* Please note that trading times may change according to requirements.

5. Trading pairs

Coincheck handles the following cryptocurrency pairs.

(1) Trading site (spot trades)

BTC/JPY; ETH/JPY; ETH/BTC; ETC/JPY; ETC/BTC; LSK/JPY; LSK/BTC; FCT/JPY; FCT/BTC
XRP/JPY; XRP/BTC; XEM/JPY; XEM/BTC; LTC/JPY; LTC/BTC; BCH/JPY; BCH/BTC; MONA/JPY
MONA/BTC; XLM/JPY ;XLM/BTC

(2) Exchanges (spot trades, leveraged trades)

6. Transaction summary

(1) Cryptocurrency Trading Site

Cryptocurrency Trading Site is Over- The- Counter transactions where Coincheck as a counterparty deals with customer orders and Cryptocurrencies can be bought and sold . Coincheck provides a different trade price for each buy or sell when customer order. The transaction price to be presented will be a unique price generated by Coincheck in consideration of the order quantity etc. based on the price distributed from other cryptocurrency exchanges and the price of our cryptocurrency exchange. The contract price is the transaction price presented at the time of order. Customers should enter the amount of cryptocurrency they want and place their order on Coincheck’s designated Internet trading screen during our ordering hours. Note that when using a credit card or similar, to make a purchase, customers should specify the monetary value of the amount they want. Customers should check on our website when buying and selling cryptocurrencies, as there is a minimum and a maximum order quantity.

Note that if cryptocurrency is purchased using a credit card or similar, and a charge-back occurs (i.e. the credit card company revokes payment for that sale), then we shall, in order of priority determined by Coincheck, eliminate our losses incurred as a result of the charge-back. Moreover, in the event that these losses exceed the amount of any funds deposited with Coincheck by the customer, then the customer shall agree to promptly deposit the shortfall without objection.

* Large OTC Trading Site

There is a large OTC trading site at Cryptocurrency trading sites. It is a trading site dedicated to large-scale transactions, separate from the “coin purchase” and “coin sale” trading sites (hereinafter referred to as “ordinary trading sites”) where ordinary cryptocurrency can be purchased and sold. The transaction price, minimum order quantity, order reception time, transaction procedure, etc., differ between regular trading sites and large OTC trading sites. Large OTC trading sites are limited to some cryptocurrency.

(2) Cryptocurrency Exchange

Cryptocurrency Exchange is a competitive trading market matching buy and sell orders under the order book from customers limit orders based on priorities such as price priority and time priority

This handles spot trades and leveraged trades of cryptocurrencies. Coincheck may place orders for the purpose of providing liquidity or adjusting the position of the cryptocurrency. For such orders, Coincheck prevents conflicts of interest with customers by using an automatic ordering system based on certain standards.

	Spot trades	Leveraged trades
Trading (Position) limit	None	
Order instructions	Please indicate the items required and place an order from Coincheck’s designated Internet trading screen within our ordering hours.	
Buy (long) orders	New buy orders for cryptocurrencies	Orders with a long position
Sell (short) orders	Sell orders for cryptocurrencies held	Orders with a short position
New orders		Orders with a new position
Payment orders		Orders to determine gains/losses on positions held
Types of order	Market orders; limit orders; stop-limit orders	Market orders; limit orders

	* Please refer to “7. Types of orders.”
Effective duration for limit orders and stop-limit orders	None (GTC) *The order is effective until the contract is filled or until canceled by the customer.
Cancellation of orders	Limit orders and stop-limit orders can be canceled before the orders are filled. Market orders cannot be canceled.
Order corrections	Orders cannot be corrected, so in this event please cancel the order and place a new one.
Minimum order amount Maximum order amount	Buy (long) orders; sell (short) orders; and payment orders all have minimum and maximum order amounts. Please check these on Coincheck’s website.

(3) Margin trades

Customers can conduct spot trades on cryptocurrency trading sites and exchanges leveraged up to a maximum of five times by borrowing BTC, ETH, or ETC from Coincheck.

(4) Trading confirmation and reporting (common to margin trades, cryptocurrency trading sites, and exchanges)

(i) Confirmation of Trading, etc.

Customers can check the filling of orders, the deposit/withdrawal of cash funds, and the status of cryptocurrencies sent/received (hereinafter referred to as “Trading, etc.”) on the transaction screen.

(ii) Reports of Trading, etc.

In order to allow the details of Trading, etc. to be checked, Coincheck compiles a report describing the details of Trading, etc. executed and the closing balance for the period and sends it to customers once per month.

(5) Aspect of transactions

The aspect of transactions as follows ;

(i) Cryptocurrency Trading Site: Cryptocurrency buy and sell or Exchange for other cryptocurrency as prescribed in Article 2-7-1 of the Payment Services Act.

(ii) Cryptocurrency Exchange: Mediation for Cryptocurrency buy and sell as prescribed in Article 2-7-2 of the Payment Services Act. * Depending on the transactions, this may fall under Cryptocurrency buy and sell as prescribed in Article 2-7-1 of the Payment Services Act.

(iii) Management for customer cash funds and cryptocurrencies relating to the above (i) and (ii) as prescribed in Article 2-7-3 of the Payment Services Act.

(6) Cover transaction

With regard to over-the-counter transactions at cryptocurrency trading sites , Coincheck has cover deals with our contracted domestic and overseas counterparty for the purpose of mitigating risk .

(7) Hard fork

Customers can check at Coincheck website on “Planned Correspondence guideline to the hard fork and the new coin ”. In addition, When granting a new cryptocurrency to be created, delivering the appropriate amount of money or adjusting rights by hard fork in leverage transactions and margin transactions, the grant, delivery or rights adjustment may be charged as a fee to customers.

In leveraged trading, depending on the point quantity at the time of branching by hard fork, there is a case to adjust the right by granting adjustment money for long position holders and claiming adjustment money

to short position holders. Also, in margin trading ,depending on the position quantity at the the time of branching by hard fork, there is a case to apply for an adjustment by claiming adjustment money in case the customer borrows cryptocurrency . The amount of the adjustment money will be determined by Coincheck based on the market price of a new cryptocurrency to be created at the time of branching by hard folk .

(8) Suspending order acceptance

At Cryptocurrency trading site, when Coincheck determined that the stable price could not be received because of drastic market price changes due to the status change of the other corresponding cryptocurrency exchange, etc, Coincheck may suspend the order acceptance temporarily. After suspension of order acceptance, Coincheck will resume order acceptance in case Coincheck determined that the stable price can be received from the corresponding other cryptocurrency exchange.

7. Types of orders

*The prices Coincheck provides on the chart is reference purpose only and differs from the actual trade prices.

Market orders	This is an order method that does not specify price. When a market order to buy is issued, the order is filled in line with the order quantity, in order of the lowest priced sell orders on the market at the time. Similarly, when a market order to sell is issued, the order is filled in line with the order quantity, in order of the highest-priced buy orders on the market.
Limit orders	These are orders with conditions attached to “buy if the price reaches a specified price or less” or “sell if the price reaches a specified price or more” Note that for limit orders there may be cases where the order is only partially filled by contract; in this case, the remainder of the order remains effective until it is either filled by contract or canceled by the customer.
Stop-limit orders	These are orders with conditions attached to “buy if the price reaches a specified price or more” or “sell if the price reaches a specified price or less.”

* Limit orders may be canceled by the system if the deviation between current rates and limit order rates is larger than Coincheck’s stipulated standards.

8. Rules on leveraged trades

Leveraged trades refer to transactions where customers deposit margin funds with Coincheck and are then able to manage funds that are equivalent to five times that amount using the margin funds as collateral. When conducting a leveraged trade, funds need to first be transferred from the spot trading account to the leveraged trading account. All leveraged trades are processed in the leveraged trading account and instructions from the customer are required to transfer funds between the spot trading account and the leveraged trading account, unless the margin funds in the leveraged trading account have fallen into deficit.

(1) Terminology related to leveraged trades

Position	The situation that exists before reversing trades (before settlement) * Buying in a leveraged trade is called a “long position,” while selling is a “short position.” There are also cases called an “open position.”
Margin funds	This is money posted as collateral to allow positions to be built.

Margin rate	<p>$1 \div \text{the leverage rate}$</p> <p>* Leverage rate = 4x</p> <p>* The margin rate may be changed at Coincheck's discretion.</p>
Required margin	<p>The margin required to fill orders</p> <p>* The required margin is the amount calculated using the following formula. Contract price x contract quantity x margin rate; as of the time of contract.</p>
Order margin	<p>The margin required for unfilled orders when a new order is placed as a limit order.</p> <p>*The order margin is the amount calculated using the following formula. Order price x order quantity x margin rate; as of the time of the order.</p>
Net assets	<p>The effective amount of funds (net assets) in the leveraged trading account reflecting margin funds and unrealized gains/losses</p> <p>Margin funds + unrealized gains/losses in the position = net assets</p>
Available margin funds	<p>The amount of margin funds after the deduction of required margin, order margin, and unrealized gains/losses</p>
Margin maintenance rate	<p>The ratio of net assets to required margin/order margin (effective margin \div required margin)</p> <p>$\text{Net assets} \div (\text{required margin} + \text{order margin}) = \text{margin maintenance rate}$</p> <p>*This rate acts as a standard to determine loss cuts, etc.</p> <p>*The required margin used to calculate the margin maintenance rate is the amount calculated using the following formula. Current price x quantity held x margin rate</p>
Alert rate	<p>100%</p> <p>This is the level at which an alert is issued that the margin maintenance rate is falling. Customers are notified by email if the margin maintenance rate falls below the alert rate. Also, if the margin maintenance rate has not recovered within three (3) hours of the previous notification, then the email will be resent.</p> <p>*Customers should note that we send out alert notices as a reference for the management of their positions, but sometimes the emails may be sent out late due to technical issues with our systems or drastic fluctuations in market prices, etc., or indeed sometimes they may not be sent out at all. Customers are asked to anticipate such cases in advance and always ensure they have sufficient margin for trades.</p> <p>* The alert rate may be changed at Coincheck's discretion.</p>

Loss cut rate	50% If the margin maintenance rate falls below the loss cut rate, then any unfilled orders will be canceled and positions will be settled, in full or in part, through compulsory reversing trades. Customers will be notified by email if a loss cut is executed. *Customers should note that sometimes notifications of loss cuts may be sent out late due to technical issues with our systems or drastic fluctuations in market prices, etc., or indeed sometimes they may not be sent out at all. * The loss cut rate may be changed at Coincheck's discretion.
Unrealized gains/losses	Gains/losses from open positions valued at current prices. *Settlement gains/losses made when a position is partially settled will be included and displayed in unrealized gains/losses.

(2) Leveraged trades

New	For new orders, margin funds must be deposited beforehand in the leveraged trading account. Orders must be placed within the scope of available margin funds.
Settlement	Positions shall be settled by net settlement through reversing trades. For transactions without a settlement deadline, one may be set by Coincheck at our discretion.

(3) Swap fees

Regardless of fluctuations in the price of cryptocurrencies, swap fees are incurred when a customer retains a new position, and for every 24-hour period when a position is held for more than 24 hours.

Swap fees are paid collectively at the time that a position is settled.

Please refer to "12. Fees" for details on swap fees.

(4) Margin funds

Margin funds must be deposited beforehand in the leveraged trading account when conducting leveraged trades. Customers may only deposit margin funds in Japanese yen.

The margin funds required (order margin/required margin) are the amount calculated by multiplying the actual value of the trade by the margin rate. Whether or not the margin funds deposited are sufficient for the required amount is confirmed at two stages - when the order is placed and when the contract is made.

	Required margin
Order margin (at the time of the order)	Order price x order quantity x margin rate
Required margin (at the time of the contract)	Contract price x contract quantity x margin rate

(5) Loss cut

The loss cut system is one where any new orders not yet filled are canceled and customers are forced to settle their positions, in full or in part, through reversing trades if the margin maintenance rate falls below the loss cut rate; this is to prevent losses growing. For loss cuts, the final settlement price depends on the market price; therefore, the amount of the loss will not be decided until settlement is completed.

Sometimes an order may be filled at a final settlement price that differs significantly from the price valid at the time the loss cut was executed due to sudden changes in the market, or for some other reason. In this

case, customers may incur losses in excess of any funds deposited with Coincheck. If losses in excess of the margin funds in the leveraged trading account are incurred and the customer has assets in the spot trading account, we will use these (in an order determined by Coincheck) to eliminate the losses in the leveraged trading account.

Note that in the event of the customer incurring a loss in excess of any funds deposited with Coincheck, the customer shall agree to promptly pay Coincheck the shortfall without objection.

If the loss cut trading procedures are not carried out as planned due to systems failures or similar, a larger loss than anticipated may occur, or customers may risk incurring losses in excess of any funds they have deposited with Coincheck. Even in this event, Coincheck shall not be liable to provide compensation for any losses incurred by customers. In addition, Coincheck will process loss cutting with customers by using prices determined by Coincheck in case the trades can not liquidated by market prices due to system failure.

If it is confirmed that the customer's margin maintenance rate has fallen below the alert rate, then we will send an e-mail to the registered email address to alert the customer of the fact. Also, if the margin maintenance rate has not recovered within three (3) hours of the previous notification, then the email will be resent. Customers should note that we send out alert notices as a reference for the management of their positions, but sometimes the emails may be sent out late due to technical issues with our systems or drastic fluctuations in market prices, etc., or indeed sometimes they may not be sent out at all; in any event Coincheck shall not be liable for damages.

Customers will be notified by email if a loss cut is executed. Customers should note that we send out loss cut notices, but sometimes the notices may be sent out late due to technical issues with our systems or drastic fluctuations in market prices, etc., or indeed sometimes they may not be sent out at all.

Note that margin maintenance rates are checked at one-minute intervals.

Loss cut rate	50%
Alert rate	100%

The interval at which margin maintenance rates are checked, the loss cut rate, and the alert rate may be changed at Coincheck's discretion.

(6) Offsetting

Holding both a long position and a short position is referred to as "offsetting"; something that customers are allowed to do. Even if positions are offset, required margins are needed for both the long and the short positions.

Customers should properly consider the fact that offsetting trades will incur swap fees for both the long and the short positions and therefore risk lacking economic rationale.

9. Rules on margin trades

Margin trades indicate spot trades conducted on cryptocurrency trading sites and exchanges that are leveraged up to a maximum of five times by the customer borrowing BTC, ETH, or ETC from Coincheck.

(1) Interest rates

Interest is payable on the loan. Interest shall be paid collectively at the end of the loan period.

Please refer to "12. Fees" for details on interest rates.

(2) Loan period

The loan period is 15 days. If this deadline expires, the loan is automatically rolled over to maintain cryptocurrency borrowing. Furthermore, if borrowing proves impossible, the loan may be canceled for repayment purposes.

(3) Loss cut

As in leveraged trades, there is a loss cut system also for margin trades.

Note that apart from the alert rate being 80%, the loss cut system is the same as that for leveraged trades. For details please refer to “8. (5) Loss cut.”

10. Deposit/withdrawal and transfer of cash funds, and sending/receiving cryptocurrencies

(1) Deposit of cash funds

Customers may deposit cash funds in Japanese yen. Customers can deposit cash funds using one of the following methods: by bank transfer to Coincheck’s designated bank account; by making a deposit at a convenience store; or by “pay-easy” (quick deposit).

When making a deposit, customers should ensure that they use the same name as appears on their user account. If the customer uses another person’s name, or even his/her own name but with a different spelling (in Japanese kana), or includes a company name, etc., then the Transaction will be handled under the other person’s name. Then, in addition to processing a return, Coincheck may at its own discretion take measures such as locking out the user account.

Any cash funds will only be reflected in the customer’s user account once their transfer to Coincheck’s designated bank account has been confirmed. Therefore, customers are asked to note that there may be a certain time delay between when funds are transferred and when they appear in the user account.

(2) Withdrawal of cash funds

Customers may have all, or some, of their funds available for withdrawal repaid to them. However, customers cannot request a withdrawal if the amount of funds available for withdrawal is less than the withdrawal fee. Furthermore, the amount of the withdrawal requested will be deducted from margin funds at the point in time that the request is completed. If, during the withdrawal process, the amount of the withdrawal request exceeds the amount of funds available for withdrawal, then the request will be canceled in full.

The method used for withdrawals is to transfer the funds to a deposit account in the customer’s own name. As a general rule, the repayment of funds takes two business days from the date of the request, unless the customer is otherwise notified by Coincheck based on reasonable grounds.

In some cases, Coincheck may carry out withdrawal procedures from multiple financial institutions. In these cases, the order of the customer’s request for withdrawals and the order in which the funds are credited to the customer’s deposit account may change. In addition, there is a case some withdrawal may be limited based on Coincheck decision.

(3) Transfer of cash funds

User accounts are divided into spot trading accounts and leveraged trading accounts. Any cash funds deposited into a user account will appear in the spot trading account; then, when conducting a leveraged trade, funds will need to be transferred from the spot trading account to the leveraged trading account. Also, when making a withdrawal of margin funds from the leveraged trading account, these will need to be transferred from the leveraged trading account to the spot trading account.

(4) Depositing cryptocurrency into a user account

When customers deposit cryptocurrency into their user accounts, it is sent to a cryptocurrency address specified by Coincheck. The cryptocurrency that is sent to this address will appear in the customer’s user account at the point in time during Coincheck’s business hours that Coincheck confirms it has been sent. Therefore, customers are asked to note that there may be a certain time delay between when cryptocurrencies are sent and when they appear in the user account. In some cases, customers deposit may be halted based on Coincheck decision.

The cryptocurrency address specified by Coincheck will be a unique address for each currency. In addition, a message needs to be specified, depending on the cryptocurrency. When customers are making a cryptocurrency deposit, there is a risk that it may be lost if they send a currency that Coincheck does not handle, or if it is sent to the wrong remittance address or with the wrong message (including cases where

this information has been forgotten), etc.

Note that if a cryptocurrency is sent to an address other than one managed by Coincheck (including old address managed by Coincheck but no use currently), or if it is a currency not handled by Coincheck,(including different cryptocurrency other than designated by Coincheck) or if has been sent with the wrong message and or the wrong destination tag, we will be unable to refund it. And at the discretion of Coincheck, the expense along with the refund will be charged to customers as a fee.

* Some cryptocurrencies cannot be deposited to user accounts.

(5) Sending cryptocurrency from a user account

Customers may request that all, or some, of the cryptocurrency deposited in their user account (except for leveraged trading positions) be remitted. Note that the remittance request will be canceled if the amount of the cryptocurrency in the request is more than the account balance. Also, customers cannot remit funds that are less than the minimum remittance permitted, as specified by Coincheck. Please check Coincheck's website for details on the minimum remittances permitted. In some cases, there may be the case customers remittance be halted or the remittance amount be limited by Coincheck.

When remitting cryptocurrency from their user account, customers place a remittance request on the trading screen.

If the customer makes a mistake in the remittance address or remits the funds to an address other than one managed by Coincheck, it will not be possible to refund the cryptocurrency.

Depending on the generation status of the block of cryptocurrency ,sending cryptocurrency may be delayed

Also, in cases indicated separately by Coincheck and otherwise when there are reasonable grounds, it may take some time from the remittance request to the completion of the remittance.

In addition, according to the laws and regulations, Coincheck will suspend the remittance or will not be able to accept the remittance in case Coincheck recognized that the remittance was inappropriate depending on the content and the attribute of the destination

* Some cryptocurrencies cannot be sent from user accounts.

(6) Restrictions on the transfer of funds

For purchases from funds deposited at convenience stores, pay-easy payments (quick deposits), and credit card payments, the movement of assets is restricted for seven days.

(i) Convenience store deposits: an amount equivalent to that deposited

(ii) Pay-easy payments (quick deposits): an amount equivalent to the deposit

(iii) Credit card payments: an amount equivalent to that of the purchase

11. Customer property safety management

(1) Separate management

Cash funds and cryptocurrencies deposited by customers are both subject to separate management as described below:

(i) Cash Funds

The customer's cash balance on the ledger and the balance of the customer's dedicated account are reconciled each business day. If, as a result of the reconciliation, the balance in the customer's dedicated account is found to be lower than the customer's cash balance on the ledger, then the amount of the shortfall shall be rectified within two business days by depositing customer's dedicated account.

Note that customers' cash balances on the ledger are managed in such a way that each customer's holdings can be immediately identified.

(ii) Cryptocurrency:

The customer's cryptocurrency balances on the ledger and the balances of the cryptocurrencies in the customer's wallet are reconciled each business day, with separate reconciliations being conducted for each cryptocurrency. If, as a result of the reconciliation, the cryptocurrency balances in the customer's wallet are found to be lower than the customer's cryptocurrency balances on the ledger, then the amount of the shortfall shall be rectified within five (5) business days.

Note that customers' cryptocurrency balances on the ledger are managed in such a way that each customer's holdings can be immediately identified.

(2) Other safety management methods

Coincheck constructs a cold wallet for all the cryptocurrencies it handles, and then manages it separately from the hot wallet. A certain threshold is set, and the cryptocurrency that exceeds this threshold is managed by a cold wallet. This operation can prevent the cryptocurrency in the cold wallet from being affected even if our network receives unauthorized intrusion by a third party. It becomes possible to limit the damage of customer's cryptocurrency. In addition, the private key required for sending cryptocurrency is strictly managed by setting the operating method according to internal rules and building an appropriate security environment and checking system.

(3) Facilities and personnel required for safety management operations and operation methods

Coincheck has the facilities necessary for the operations of (1) and (2) and has sufficient personnel for operation. In-house rules have been established for the operation method.

(4) Policy for dealing with asset loss due to cyberattacks.

If the cryptocurrency entrusted by the customer is lost due to a cyber attack, etc. Coincheck will send the customer another cryptocurrency equivalent to the cryptocurrency calculated at the price determined by Coincheck instead of sending in the cryptocurrency, or refund in cash. Refunds will be made promptly after Coincheck determines the method.

12. Fees (incl. consumption tax)

Please refer to Coincheck's website as described below for details of fees.

<https://coincheck.com/ja/info/fee>

13. Terminating an account

To terminate an account, customers are asked to go to "Settings" on the trading screen and apply to cancel their membership.

Note that if, at the time of termination (including termination based on these rules), the account balance is less than the fee to withdraw funds, then the said balance shall be charged as the "fee for cancellation of membership."

14. Public taxes and dues

Profits related to Transactions are subject to comprehensive taxation as miscellaneous income.

* Please check the details with the Tax Office, or a tax accountant.

15. Transaction risks

There are various risks in these Transactions. Customers are asked to carry out trades based on their own judgment and under their own liability only after they have read the details described below, gained a proper understanding of the features, structure, and risks associated with cryptocurrency trades, and accepted these without objection.

(1) Risk of fluctuations in value

(Spot trades & leveraged trades)

Cryptocurrencies are not legal tender, nor are they underpinned by legal tender. The value of

cryptocurrencies fluctuates from day to day and hour to hour. The value of cryptocurrencies may be affected by trends in other markets such as commodity prices, currencies, and securities markets; natural disasters; political changes; strikes; increased regulation; the spread of other similar cryptocurrencies; and other unexpected future events or extraordinary events. Consequently, the value of cryptocurrencies held by customers, and the value of customers' cryptocurrency trades, may rapidly fluctuate or fall. Furthermore, customers should also be constantly aware that there is a risk of the value of cryptocurrency falling below the purchase price, and that it may fall to zero.

(2) Risks associated with business hours

(Spot trades & leveraged trades)

The price of cryptocurrencies may fluctuate significantly outside of Coincheck's business hours (including times when maintenance is being conducted). Coincheck shall bear no liability whatsoever for any trades that cannot be made outside of business hours.

(3) Liquidity risk

(Spot trades & leveraged trades)

Depending on conditions such as market trends and transaction volumes, trading may become difficult or impossible; or alternatively, customers may be forced to trade at prices that are extremely disadvantageous.

(Leveraged trades)

Depending on conditions such as market trends and transaction volumes, reversing trades on customer positions may become difficult and losses may increase.

(4) Risks associated with cryptocurrency networks

(Spot trades)

In cryptocurrency trading, trades are not concluded until proper verification of the trade (trade authentication with the blockchain) is completed; so for a certain period of time, the trade's status will remain on "hold." This verification is not required for the transfer of cryptocurrencies within Coincheck, but it is required for transfers of cryptocurrencies between Coincheck and non-Coincheck services. Consequently, there is a risk when transferring cryptocurrencies between Coincheck and non-Coincheck services that, until the trade is properly verified in the cryptocurrency network, customers' transactions may not be reflected in their user accounts; the transfer of cryptocurrencies remitted externally from user accounts may not be completed; or customers' remittance/acceptance of funds may be canceled.

It is worth noting the fact that cryptocurrencies are recorded electronically and that transfers take place on the network, which means there is a risk of them being lost.

As described in 10 (4) & (5), if cryptocurrencies are not sent/received using the correct procedure, then there is a risk of them being lost; and, moreover, none of any such cryptocurrencies may be retrievable at all.

(5) Risks associated with cryptocurrency splits

(Spot trades, leveraged trades & margin trades)

Splits in cryptocurrencies caused by hard forks or similar can cause the currencies to become mutually incompatible, which may lead to a significant drop in value or the risk that a trade becomes invalid in retrospect.

In addition, for periods of time (as designated by Coincheck) around any such splits, it may be that cryptocurrency cannot be deposited/withdrawn or traded. Also, Coincheck will need to decide if and how to handle any cryptocurrency splits—decisions that may prove disadvantageous to the customer.

(Leveraged trades & margin trades)

When a split occurs due to a hard fork or similar, there is a risk that customers will incur an obligation to repay the cryptocurrency and to pay adjustments accompanying right adjustments after the split if

they hold short positions in leveraged trades and have borrowed the cryptocurrency in a margin trade. Furthermore, the following risks are generated by the obligation to make repayment. Note that Coincheck shall bear no responsibility whatsoever if any losses pertaining to the repayment are incurred.

(i) No cash funds or cryptocurrency can be withdrawn in the period between the date that Trading, etc. is suspended due to the split and the repayment of the cryptocurrency after the split.

(ii) If the valuation of the unpaid cryptocurrency balance after the split is negative, the customer's net asset value may decline and a loss cut may be executed; moreover, there is a risk that the customer may incur losses that are greater than the funds deposited with Coincheck.

(iii) Coincheck shall determine the deadline for the repayment of cryptocurrency after the split, as incurred under the obligation to make repayment. In the event that repayment has not been made by the repayment deadline, Coincheck shall use other assets belonging to the customer to make compulsory repayment by a method of its choosing.

(6) Risks associated with changes in charges and required margins, etc.

(Spot trades, leveraged trades & margin trades)

The Company may change rules pertaining to Transactions in the future. In particular, charges (including fee rates), required margins, loss cut rates, and similar may change depending on circumstances. If any such changes to the rules are made, then as a result it may be that new additional funds are required, or that the distance from the loss cut level is reduced.

(7) Risks associated with leverage effects, etc.

(Leveraged trades & margin trades)

In cryptocurrency leveraged trades, neither the margin fund principal nor any profits are guaranteed. In cryptocurrency leveraged trades, the leveraging involves a high level of risk. The higher the magnification of the leverage, the larger the feasible transaction compared to the funds actually invested (including the amount of margin funds deposited). While this means that customers can expect substantial profits, conversely it also means losses can be greater if market prices differ from those expected. Consequently, if the market shifts in a direction that is disadvantageous to the customers' positions, not only may reversing trades be enforced to settle customers' positions using a method prescribed by Coincheck, but customers may also suffer losses in excess of any funds invested (including the amount of margin funds deposited).

(8) Risks associated with loss cuts

(Leveraged trades & margin trades)

The loss cut system is a system that not only cancels any uncontracted new orders but also forces reversing trades to settle all or some of the customer's positions in order to prevent losses from increasing if net assets fall below 50% of the total of the required margin and the order margin (known as the loss cut rate; a rate that may be changed at the discretion of Coincheck). For loss cuts, the final settlement price depends on the market price; therefore, the amount of the loss will not be decided until settlement is completed.

Sometimes the final settlement price may be contracted at a price that differs significantly from the price valid at the time the loss cut was executed due to sudden changes in the market, or for some other reason. In this case, customers may incur losses in excess of any funds deposited with Coincheck. Note that customers shall deposit funds in the amount of any shortfall with Coincheck in a timely manner.

(9) System risk

(Spot trades, leveraged trades & margin trades)

Trades conducted by customers use an electronic trading system. If the customer makes a mistake when entering an order, the intended order may not be filled, or alternatively an unintended order may be filled. There is a risk that it will not be possible to use the electronic trading system temporarily, or for a certain period of time, due to a variety of reasons such as the failure of either Coincheck's or the

customer's own communications/computer systems equipment, disruptions in communications or disaster etc. Alternatively, orders may be invalidated due to delays in customers' order instructions to Coincheck's system, or the failure of such instructions to arrive at all. It is also possible that customer trading may be suspended due to failures in the electronic trading system.

If the market fluctuates drastically, or similar, price information tends to be delayed and the price information on the electronic trading system may deviate from actual prices in the market.

In the electronic trading system, information such as login ID and passwords are used for electronic authentication. If this information is leaked due to theft, interception, or similar, then the customer may incur losses as a result of the information being misused by a third party.

Changes in the external environment may cause systems failure, which risks interference with customers' transactions. A systems failure is one where Coincheck deems an obvious malfunction to have occurred in the computer systems used to provide Coincheck's services (this does not include line failures, malfunctions in customers' PCs, or similar.)

Please be forewarned that in the event of any opportunities lost due to emergency maintenance of systems or systems failures (e.g. if a customer misses out on the opportunity to place an order and thus gain the profits that would otherwise have been obtained due to the fact that customer orders could not be accepted, etc.), we will be unable to process error corrections as Coincheck is not able to specify the details of any orders (i.e. original orders) placed by customers. It is possible that bid/ask prices of cryptocurrencies calculated by the system may be abnormal values. Please be forewarned that if Coincheck deems a transaction to have been concluded using an abnormal value, it may cancel the trade at its own discretion.

(10) Risk of bankruptcy

(Spot trades, leveraged trades & margin trades)

There is a risk that Coincheck will be unable to continue business operations due to factors such as changes in the external environment (including a tightening of statutory regulations on cryptocurrencies), a deterioration in Coincheck's financial circumstances, or the insolvency of subcontractors and similar who provide us with computer systems and other essential services.

In the event that Coincheck is unable to continue its business operations, it will carry out proceedings, including the handling of customers' assets, in line with all applicable laws such as the Bankruptcy Act, the Civil Rehabilitation Act, the Corporate Reorganization Act, and the Companies Act.

Although Coincheck may receive cash funds and cryptocurrency deposits from customers, any assets deposited by customers are managed separately from Coincheck's own assets. However, no measures such as trust protection or similar have been taken in respect to these assets; consequently, if Coincheck were to become insolvent, we would not be able to return customers' assets, and there is a risk that customers would incur losses.

(11) Risk of changes in legislation & the tax system

(Spot trades, leveraged trades & margin trades)

There is a risk that, in the future, cryptocurrency may be banned, restricted, have higher taxes imposed, or similar; and that the holding and trading of cryptocurrencies will be restricted or treated in a more disadvantageous manner than at present due to changes in legislation, the tax system or government policies. In this case, customers may incur unexpected losses.

For further information customers are asked to personally contact their local tax office or a tax accountant, lawyer, or other expert.

(12) Risk of cyber-attacks and similar

For all cryptocurrencies handled at Coincheck, after creating a cold wallet that is managed separately from the hot wallet, we then set a fixed threshold value and try to manage all cryptocurrencies that exceed this threshold in the cold wallet. However, there is a risk that all, or some, of the cryptocurrency

managed by Coincheck would be lost in the unlikely event of the Company's network being subject to a cyber-attack such as an unauthorized intrusion by a third party, or an attack in which our office is subject to an intrusion of a similar nature. There is also the risk that some or all of our services may be suspended due to a cyber-attack or similar.

(13) Risk of damage caused by circumstances unmanageable by Coinchek

Disaster, communication failure of public line, delay in the processing of value transfer records for cryptocurrency may cause losses to customers. However, Coincheck shall not be responsible for that.

The matters listed above briefly explain the typical risks associated with these Transactions and do not represent all risks that may arise in trading.

**Corporate summary of Coincheck (a cryptocurrency exchange service provider)
and Coincheck’s Procedures for Receiving/Handling Complaints and Resolving Disputes**

1. Corporate summary of Coincheck

- (i) Trading Name: Coincheck, Inc.
- (ii) Address: Maruyamachou 3-6 Shibuya, Shibuya-ku, Tokyo
- (iii) Date of Establishment: August 28, 2012
- (iv) Capital Stock: 100,000,000 Yen
- (v) Name of Representative: Toshihiko Katsuya, Representative Director
- (vi) Type of Business: cryptocurrency exchange business (Kanto Local Financial Bureau No: 00014)
- (vii) Corporate History

August 2012	ResuPress Inc., established
September 2014	Launch of “Coincheck Payment” service
September 2016	Launch of “Coincheck DENKI” service
March 2017	Trading name changed to Coincheck Incorporated
January 2019	Membership for Japan Virtual Currency Exchange Association
January 2019	Completed Registration of Virtual Currency Exchanger for FSA

- (viii) Principal shareholder: Monex Group, Inc.
- (ix) Memberships: Japan Virtual Currency Exchange Association, Japan Cryptocurrency Business Association & Japan Blockchain Association
- (x) Disclosure items: Disclosure items related to financial statements and cryptocurrency exchange business are disclosed on the following website.
<https://corporate.coincheck.com/about/disclosure>

ADR System for Financial Services

1. Complaints Help Desk

Coincheck accepts complaints from customers at the following Help Desk.

Business Management Department

Maruyamachou 3-6 Shibuya, Shibuya-ku, Tokyo

Contact form: https://coincheck.com/en/info/help_contact

TEL: 03-6625-5113

Reception hours: The inquiry form will be accepted 24 hours a day, 365 days a year. Responses to inquiries will be handled sequentially. Calls will be handled from Monday to Friday from 10:00 to 17:00 (excluding holidays and year-end and New Year holidays (December 31 to January 3) as stipulated by the National Holiday Law).

* Please use the inquiry form for any inquiries about opening an account, depositing/withdrawing funds, or trading

2. Based on regulations prescribed by Coincheck, we will handle any complaints or discussions on Coincheck’s cryptocurrency exchange business and services pertaining to cryptocurrency net settlement trades, known as “cryptocurrency leveraged trades” (collectively referred to as the “Services”) in all good faith, as detailed below.

- (1) Notice of a complaint or similar can be made not only by the customer personally, but also by the customer's heir, or his/her agent.
- (2) Customers can file a complaint, or similar, about Coincheck's Services at Coincheck's complaints help desk. We will respond in all good faith even in cases where it is not obvious whether or not the complaint from the customer relates to Coincheck's Services.
- (3) Coincheck's Business Management Department shall deal with any customer complaints appropriately and report the complaint to the President and Executive Officers if the content so requires.
- (4) If necessary, the President, Executive Officers, and Executive Committee shall instruct the Legal Department to investigate and analyze the complaint to prevent any recurrence.
- (5) Coincheck's Legal Department shall review periodically how complaints and similar from customers are handled.
- (6) Coincheck's Legal Department will introduce customers to an institution that offers support for dispute resolution if so required.

3. In the resolution of disputes concerning Coincheck's cryptocurrency exchange business, the arbitration (dispute resolution) centers set up and run by any of the following can be used for mediation proceedings (ADR system for financial services): the Tokyo Bar Association, the First Tokyo Bar Association, and the Second Tokyo Bar Association.

< Mediation/Arbitration Claims >

Tokyo Bar Association Dispute Resolution Center:

1-1-3 Kasumigaseki, Chiyoda-ku, Tokyo

TEL: 03-3581-0031

First Tokyo Bar Association Arbitration Center:

TEL: 03-3595-8588

Second Tokyo Bar Association Arbitration Center:

TEL: 03-3581-2249

4. Japan Virtual Currency Exchange Association, an accredited money settlement business association will also accept complaints pertaining to virtual currency exchange .

Japan Virtual Currency Exchange Association

Complaints form:

<https://jvcea.or.jp/contact/form-contact/>

TEL: 03-3222-1061

Response time: Mon-Fri 9: 30-17: 00

[Holidays (inclu.Transfer Holidays) and except New Year holidays (Dec. 29-Jan. 3)]

End

November 12, 2019