Architect

PRICING POLICY

APPROVAL

Adoption of this document is subject to the approval of the Board (the "**Board**") of Architect Bermuda Ltd. (the "**Company**").

This document has been reviewed and approved by the Board on the following dates:

Version	Date of Approval	Effective Date
2025 - 1	August 13, 2025	August 13, 2025

Document maintenance

This Policy will be reviewed on at least an annual basis by senior management and if any changes are required or recommended, they will be submitted to the Board for review and approval. If there is a significant change required to the client protection framework, this document will be revised to reflect such change.

1. DEFINED TERMS

BMA means Bermuda Monetary Authority

CEO means the Chief Executive Officer

Company means Architect Bermuda Ltd.

Codes means the DABA Code and the IBA Code

CRO means the Chief Risk Officer

DABA means the Digital Asset Business Act 2018 (as amended)

DABA Code means the DABA Code of Practice dated February 2024

Digital assets means anything that exists in binary format and comes with the right to use it and includes a digital representation of value that:

a) is used as a medium of exchange, unit of account, or store of value and is not legal tender, whether or not denominated in legal tender;

b) is intended to represent assets such as debt or equity in the promoter;

c) is otherwise intended to represent any assets or rights associated with such assets; or

d) is intended to provide access to an application or service or product by means of distributed ledger technology;

IBA means the Investment Business Act 2003 (as amended)

IBA Code means the IBA Code of General Business Conduct and Practice dated July 2022

Policy means this Pricing Policy

2. INTRODUCTION AND PURPOSE

2.1. The Company holds a Class F digital asset business licence and a standard investment business licence, and is therefore required to comply with the DABA, the IBA, and all related legislation, regulations, and principles, including the Codes and the fair pricing methodology and verifiable price source rules.

2.2. This Pricing Policy establishes a comprehensive framework for the transparent, fair, and efficient pricing of perpetual futures contracts on non-digital assets. This policy covers price discovery, fee structures, collateral pricing, funding rates, and liquidation mechanisms.

3. UNDERLYING AND MARK PRICE CALCULATION

3.1. Underlying Price Calculation

3.1.1. The underlying price factors into settlement calculations. To ensure the fairness and reliability of underlying pricing:

3.1.1.1. The exchange will retrieve underlying prices for non-digital assets, such as currencies and equities, from reputable, independent benchmark providers and publicly disseminated data sources (e.g., LSEG, S&P, ICE, NASDAQ).

3.1.1.2. The exchange will also retrieve underlying prices for any digital assets from reputable independent, benchmark providers and publicly disseminated data sources (e.g. CF Benchmarks, Coinbase).

3.1.1.3. Where possible, the exchange will source additional feeds for both non-digital and digital asset underlyings to provide sanity checks on the official benchmarks and to provide a backup pricing source.

3.2. Mark Price Calculation

3.2.1. The Mark Price factors into both settlement and real-time margin calculations. To ensure fairness and reliability of mark pricing:

3.2.1.1. The Mark Price will be determined from publically available orderbook data for each perpetual contract.

3.2.1.2. The Mark Price will be computed in real-time for margin calculations, at 1-minute intervals as well as at the settlement time for use in settlement calculations.

3.2.1.3. The Mark Price computation formula the arithmetic average of snapshot prices from the last 15 one-minute intervals prior to settlement time. For each one-minute interval, the snapshot price is determined as follows:

(i) Two values are computed: a) Mid-Price Average: The arithmetic average of mid-prices sampled within each minute. If any snapshot lacks a valid market, the entire minute's mid-price average is discarded. b) Trade VWAP: The volume-weighted average price of all trades executed during the minute.

(ii) The snapshot price for each minute is then determined by these rules:

- If neither Mid-Price Average nor Trade VWAP is available: Use the previous minute's mark price
- If only Mid-Price Average is available: Use the Mid-Price Average
- If both Mid-Price Average and Trade VWAP are available: Compute weighted average as: (0.3 × Mid-Price Average) + (0.7 × Trade VWAP)

The Mark Price is the arithmetic mean of valid snapshot prices over the trailing 15 minute interval.

3.3. Dissemination

Calculated prices shall be publicly available.

3.4. Discretion

The Company may use its discretion to amend the Underlying and Mark Price Computation in the interest of market fairness and integrity as needed. Examples include, but are not limited to, unexpected exchange closures, market disruption events, technical or computer failure, clear data or market error, or any event that could cause an unfair or disruptive Underlying Price Computation or Mark Price Computation. For the Underlying Price, a clearly erroneous datapoint received from the benchmark provider would also be cause to intervene.

Discretionary adjustments to the Underlying or Mark Price are expected to be exceedingly rare and will only be undertaken when necessary to ensure the integrity and fairness of the market.

3.4.1. Procedure for Price Adjustments:

- The process for implementing a discretionary adjustment to the Underlying or Mark Price will require a formal recommendation from the CRO, accompanied by appropriate documentation and clear rationale for the adjustment.

- The recommendation and supporting materials must be submitted to the CEO for review and approval before any adjustment is made.

- All discretionary price adjustments, along with their rationale and support documentation, will be compiled by the CRO and presented at the subsequent Board meeting for review and discussion.

- The CRO's report to the Board will include a description of the triggering event, analysis with the applicable record keeping requirements and will be made available for regulatory review by the BMA upon request.

This process ensures that any use of discretion in price computation is transparent, justified, and subject to the appropriate governance and oversight, in line with the Company's obligations under DABA, the IBA, and the Codes.

4. DYNAMIC FUNDING RATE MECHANISM

4.1. Funding Rate Overview - To keep the perpetual futures contract price in line with the underlying spot market price, the exchange will apply a regular settlement/funding rate mechanism.

4.2. Funding Calculation - The funding calculation is equal to the difference between the perpetual contract's Mark Price and the Underlying Price at the time of settlement. If the difference is positive (i.e. Mark Price is greater than Underlying Price), long contract holders will be debited the amount and short contract holders will be credited the amount. If the difference is negative (i.e. Mark Price is less than Underlying Price), long contract holders will be credited the amount and short contract holders will be debited the amount.

4.3. Funding Rate Frequency - The funding process will be conducted regularly on a published schedule. Typically, this will be once per business day, and shall generally take holidays and exchange closures into consideration.

4.4. Funding Rate Dissemination - For convenience, the exchange will publish real-time and historical funding rates.

5. TRANSACTION FEE STRUCTURE

5.1. Maker-Taker Fee Model - The exchange will implement a Maker-Taker fee model, rewarding liquidity providers and balancing market depth.

5.1.1. Taker Fee: Traders who remove liquidity from the orderbook will be charged a Taker Fee.

5.1.2. Maker Fee: Traders who add liquidity by resting limit orders will be charged a Maker Fee.

5.2. Tiered Fee Structure - A tiered fee system will be introduced to incentivize high-volume traders:

5.2.1. Tier 1 (Up to $1M 30-day volume): Taker Fee: 0.25%, Maker Fee: 0.02%.

5.2.2. Tier 2 ($1M - $10M 30-day volume): Taker Fee: 0.15%, Maker Fee: 0.01%.

5.2.3. Tier 3 (Above $10M 30-day volume): Taker Fee: 0.05%, Maker Fee: 0.005%.

5.3. The Company may provisionally assign traders to a Tier, or otherwise promotionally discount fees.

5.4. The Company plans to allow trading on the exchange either directly, or through brokers either on an omnibus or fully disclosed basis. Brokers would onboard individual retail or institutional investors and facilitate their trading on the Company's exchange. The Company may allocate a share of transaction fees to these brokers.

6. COLLATERAL VALUATION AND PRICING

6.1. Collateral Types

6.1.1. The exchange will accept fiat currencies and digital asset stablecoins as collateral, at Company's discretion.

6.1.2. Initially USD will be the only fiat currency acceptable as collateral. The first digital asset stablecoin that will be acceptable will be USDC, which will initially be valued as 1 USDC per 1 USD.

6.2. Collateral Haircuts - The exchange reserves the right to assess a haircut on the collateral value of non-USD assets during periods of high market stress, ensuring over-collateralization to mitigate liquidation risks.

7. SETTLEMENT AND PROFIT REALIZATION

7.1. Marking to Market - The exchange will mark all profits and losses to market in near real-time. This means that profits and losses will be added to or subtracted from traders' account collateral value as they occur, reflecting current market conditions and minimizing settlement risks.

7.2. Continuous Trading - Perpetual futures contracts do not have an expiration date. Traders may hold their positions as long as margin levels are maintained, with regular profit and loss realization based on market conditions.