

October 2, 2017

BY ELECTRONIC MAIL

Dear LedgerX Participant,

We are tremendously excited that you will be joining us as a Day 1 Participant on LedgerX's federally-regulated bitcoin derivatives exchange and clearing platform. As LedgerX's Chief Compliance Officer, I wanted to introduce myself and to draw your attention to some technical requirements of CFTC regulation and LedgerX rules. Although these will not come as a surprise to anyone who has previously traded on a regulated platform, we want to work as partners to help our Participants maintain compliance from our first day of trading and clearing.

UCC Lien. In its capacity as a clearinghouse, LedgerX is required by CFTC regulations to obtain a perfected security interest in Participant collateral. This means that, in advance of trading by a Participant, pursuant to LedgerX Rule 7.2B, LedgerX will file a Uniform Commercial Code financing statement (i.e., a lien) naming such Participant as debtor and listing the pledged collateral in the collateral description. This is a routine filing in these circumstances, but if you have unique concerns, please promptly contact us.

Recordkeeping. CFTC regulations include a variety of recordkeeping requirements for swaps traders. LedgerX Participants should conduct an independent review of the relevant regulations, but records should generally be retained for the life of the swap plus an additional five years. Failure by a swap trader to retain records for the required period can lead to investigations and penalties by the CFTC or self-regulatory organizations.

Other Obligations. The items outlined here are only a brief summary of a few Participant obligations. Participants are responsible for compliance with all CFTC regulations and LedgerX rules, including the Participant Obligations set forth in LedgerX Rule 3.3.

On behalf of the entire LedgerX team, thank you for signing on as an initial Participant as we venture into a newly-regulated space. If you ever have any questions about compliance or other matters affecting LedgerX Participants, please do not hesitate to reach out.

Sincerely,

Chuck Thompson
Chief Compliance Officer