

Manual of Trading Rules

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1.0 brief introduction

GalaxyEX is committed to providing users with a free and fair marketplace where digital token prices are determined by open market forces and consumer demand through supply and demand. To assist users in identifying optimal market prices for tokens, the exchange's trading monitoring program has introduced this Trading Rules Manual. This manual outlines the compliance procedures the exchange will implement to monitor market execution activities on the platform. These monitoring mechanisms are designed to detect, address, and restrict market manipulation as defined in this manual. The exchange reserves the right to modify these rules at its discretion as circumstances evolve. New regulations may take effect without prior notice.

This trading rules manual does not replace the GalaxyEX Terms of Service.

2.0 market dominance

Digital tokens (also known as digital assets, virtual assets, tokens, and cryptocurrencies) represent an emerging asset class that currently lacks clear regulations related to market manipulation. As part of its commitment to fostering free and fair markets, GalaxyEX is adopting existing rules from some of the world's largest regulated markets to establish and implement best market practices within its platform.

According to the United States Commodity Futures Trading Commission (CFTC), manipulation is defined as any deliberate operation, transaction or conduct designed to cause or maintain an artificial price. Specific types of manipulation include stockpiling and price suppression, as well as abnormal large-scale buying or selling of commodities in a short period of time to distort prices, and the dissemination of false information to distort prices.

Manipulating the means that affect the supply or demand for assets... These include dissemination of false or misleading information, as well as manipulation of quotations, prices or transactions, with a view to creating a false or deceptive picture of the demand for assets.

In the European Union, Article 12 of the Market Abuse Regulation ("MAR") outlines similar market manipulation techniques. MAR stipulates that placing orders for transactions or using fraudulent devices, as well as any other deceptive or manipulative practices, may be deemed market manipulation. In this trading rules manual, market manipulation is generally defined as actions designed to achieve the following purposes:

1. Distorting prices or quantities, or creating a false demand for tokens to entice other users to enter or exit transactions at preferential prices;
2. Misleading or deceiving other platform users by distorting prices or quantities, or creating false demand for tokens that have no economic purpose
3. spreading false or misleading information; and
4. In any way support or endorse anything of the above.

Specific rules in this trading rules manual can be found in section 5 below, "Potential Trade Conduct Violations".

3.0 Trade monitoring plan

The exchange's trading monitoring program focuses on enforcing market anti-monopoly regulations and other trading conduct rules, while overseeing the orderly trading of digital tokens. The exchange has implemented a new automated

trading monitoring system operated by trained compliance personnel to monitor markets, analyze participants, and generate alerts that identify high-risk areas and abnormal market activities. Exchange staff use alerts, proactive analysis, audit trail queries, and complaint referrals to detect and investigate potential violations of trading conduct rules.

4.0 Responsibility of all exchange users

To trade on an exchange, users need to:

- 1. Comply with this trading rules manual;**
- 2. To avoid any act or manner of conduct intended or likely to manipulate the market, thereby causing or likely to cause harm to any user or to the reputation of the exchange;**
- 3. Comply with the exchange's terms of service; and,**
- 4. Cooperate with the inquiries, information requests and instructions of exchange personnel.**

5.0 Potential violations of trade practices

Trade conduct violations are a major focus of trade surveillance investigations. These violations include:(i) causing harm to platform users;

(ii) hindering open and competitive trading on the platform; and/or (iii) producing prices that do not reflect efficient market forces and conditions

Volume of Trading. Sections 5.1-5.7 list and describe specific trading conduct violations that are considered material. This list is not exhaustive, and exchange personnel may identify other forms of trading conduct violations. For the purposes of this section:

A trade is a completed order, whether partially or fully executed, including the purchase or sale of part of an order; an order, buy and/or sell refers to any outstanding portion of an order on the order book.

5.1 Abuse of Pressure

Exchanges define market manipulation as any position, account balance, or accumulated financing that significantly influences the supply or demand of digital tokens, intentionally affecting their circulation, supply, financing availability, demand, or price through manipulative actions (including technical means to influence trading pair prices, quantities, supply, or demand). While large positions, account balances, or accumulated financial capital are not considered market abuse per se, these assets—particularly large margin positions—must be handled with caution to prevent unintended market pressure.

5.2 Kinetic Ignition

Any position, account balance, or accumulated margin that users intentionally employ to negatively influence market prices by initiating or intensifying short-term trends in price or interest rate movements, or to encourage others to participate in such trends through tactics including rapid and significant manipulation of trading pair prices or volumes, thereby subsequently closing positions at more favorable prices or against opposite financing terms to obtain better interest rates, is defined by the exchange as Momentum Ignition. While large trade orders, substantial transactions, or cumulative trading activities within short timeframes relative to average trading volume are not considered market abuse per se, it must be noted that artificially creating sharp and sudden price surges for the purpose of closing positions at advantageous prices should be strictly avoided.

5.3 Spray Tape

Any order or transaction (including currency pairs and financing) designed to artificially influence exchange rates by creating the illusion of abnormal trading volume through public displays such as time and sales is defined by exchanges as "market manipulation". While large short-term trades or significant cumulative trading volumes relative to average pair activity itself are not considered market abuse, it must be noted that artificially inflating trading volume spikes for the purpose of influencing or attracting traders to execute or initiate trades at favorable prices should be strictly prohibited.

5.4 Phishing

The exchange defines any order or trade that is intended to discover hidden orders or patterns of other traders, as well as any act that intends to exploit hidden orders or patterns of other traders, as phishing.

5.5 Mountain Road Processing

Similar to momentum ignition, exchanges classify any order or series of orders designed to alter the best buy or sell price as "upward" orders, even when their actual intent isn't to execute subsequent pending orders. The key difference between upward orders and momentum ignition lies in their requirements: upward orders demand that price movement remain constant, while momentum ignition orders require price changes to continue moving according to the trend.

5.6 Deception/ Stratification

Exchanges classify any orders intended to be canceled before execution (including currency pairs and margin orders) as deceptive or layered orders, which may create the illusion of greater liquidity than actual orders. These non-real orders could potentially pair with real orders, with the intended effect being to execute trades that would otherwise occur only if such non-real orders were absent. Regardless of whether the trade is completed, non-real orders are considered market manipulation.

5.7 Wash Sale

The exchange defines any order or series of orders (i.e., trades between proprietary trading or mutual beneficial ownership accounts) that are intended to trade against another order as a fake trade. Market makers must be particularly careful not to trade against themselves, otherwise they may be considered to have engaged in a fake trade.

6.0 Investigation and settlement procedures

6.1 Investigate

If more information is required as a result of a review alert, observation of the market or one or more customer complaints, exchange personnel will collect

Additional information may be requested from users, including providing details as required by exchange personnel during investigations. Cooperation with the investigation may involve terminating, modifying, or closing specific transactions or positions. If a user fails to provide information or does not comply with the exchange's requirements, formal action will be taken against them. Upon conclusion of the investigation, an official report will be issued detailing applicable regulations, observed violations, and evidence supporting potential rule breaches. The exchange will then determine whether formal disciplinary measures are necessary to address the identified misconduct.

6.2 Formal Action

If the exchange discovers that a user or users have implemented a strategy and/or transaction that meets the definition of a transactional breach as described in Section 5, the exchange may take the following actions at its own discretion;

1. **Warning.** This warning will include details about the identified abusive behavior. During a consecutive 12-month period, multiple warnings for the same potential violation should not be issued to the same user. The warning may include instructions for the user to liquidate or partially liquidate the collateral, re-mortgage it, modify the transaction, close the trade, or otherwise adjust the transaction. Non-compliance with such trading instructions may result in manual trade liquidation, partial liquidation, or termination of the trade.

2. **Temporary suspension and account closure.** A temporary suspension takes effect for a period determined exclusively by the exchange. If a suspended user attempts to rejoin the platform using a new or different profile, the suspension will extend to the new account. Similar to warning notifications, temporary suspension notices will include details about identified abusive behavior. Suspension may involve instructions for users to liquidate or partially liquidate positions, re-mortgage positions, modify trading positions, close positions, or otherwise adjust trading activities. Non-compliance with these exchange instructions may result in manual position liquidation, partial liquidation, or account closure.

3. **Account Closure.** If a user fails to comply with this Trading Rules Manual after receiving warnings or temporary suspension, the exchange may independently decide to close their account. Once an account is closed, the user will be permanently banned from using the platform. If a closed account attempts to rejoin using new or different personal information, the new account will also be closed. Like warning notifications, account closure notices will include detailed information about the identified abusive behavior. Account closures may include instructions to stop trading. Non-compliance with these exchange instructions may result in manual trading closures.

If a user is found to have engaged in potential abuse and they believe the exchange cannot meet their trading needs, they can withdraw their assets at any time.

Sanctions under this Trading Rules Manual and Terms of Service may include: reporting to any government, law enforcement agency, or other authorities without notifying you; freezing or confiscating funds, property, proceeds, or digital tokens; and suspending or terminating your access to the platform or related assets. When necessary or required by law, the exchange reserves the right to seize your property and transfer it to applicable governments, law enforcement agencies, or other competent authorities.