

SUMMARY OF THE CUSTODY POLICY

This summary of Tesseract Investment Oy's Custody Policy is provided in accordance with Article 75(3) of the EU Regulation 2023/1114 on Markets in Crypto-Assets (MiCA). It outlines how Tesseract ensures appropriate custody and administration of client crypto-assets under a secure and transparent framework. The aim is to give clients a clear understanding of Tesseract's custody services and the measures in place to protect their assets.

1. CUSTODY AND ADMINISTRATION OF CRYPTO-ASSETS

Tesseract provides custody of crypto-assets as part of two main services (rather than as a standalone service):

- **Portfolio Management:** Active management of client portfolios by allocating assets into decentralized finance (DeFi) strategy vaults and protocols. Client assets are held in custody briefly and typically allocated to yield-generating DeFi investments within the same business day.
- **Reception and Transmission of Orders:** Handling client orders to purchase or sell crypto-assets via third-party exchanges or brokers. Assets received for an order are generally swapped to the desired crypto-asset and then immediately transferred out to the client's own external wallet once the trade is completed.

In both services, any crypto-assets held by Tesseract are kept in custody only for the short duration necessary to execute the transaction or investment. For secure storage, Tesseract employs a specialized third-party custody platform Copper Markets (Liechtenstein) AG as a sub-custodian for the crypto-assets. Tesseract retains full responsibility and client-facing obligations for the assets at all times, while leveraging the sub-custodian's infrastructure to hold and safeguard the assets. This custody framework has been implemented to meet MiCA's high standards for asset safekeeping.

2. SAFEKEEPING AND ASSET SEGREGATION

Tesseract ensures full segregation of client crypto-assets from the company's own assets. Client holdings are never co-mingled with Tesseract's proprietary holdings and remain unencumbered, protecting clients in all circumstances (including in the event of insolvency). Tesseract also maintains a dedicated internal ledger that records each client's balances and transactions in real time, ensuring that every client's assets are tracked on a continual basis and remain clearly attributable to that client.

Legal segregation complements these operational measures. Clients retain ownership of the crypto-assets held by Tesseract on their behalf at all times. Custodied assets are recorded off-balance sheet and are not considered part of Tesseract's estate; they would not be available to Tesseract's creditors even in the case of Tesseract's insolvency. Tesseract's client agreements explicitly state that all crypto-assets held for clients remain the sole property of those clients, and accounting records reflect each client's assets separately.

3. INFORMATION PROVIDED TO CLIENTS AND CLIENT RIGHTS

Tesseract is committed to transparency and keeps clients informed about their assets and rights under the custody arrangement. Key information and client rights include:

- **Terms and Conditions:** All custody-related terms and responsibilities are clearly defined in the agreement with clients. These terms are presented and agreed to during the onboarding process before a client begins using Tesseract's services. Clients can access the custody terms and related policies at any time through the platform or upon request.

- **Account Statements:** Clients receive regular statements of their crypto-asset holdings under custody. At minimum, a statement of positions is provided at least once every three months (quarterly). Each statement details the list of crypto-assets held for the client, the quantities and market values of those assets, and any relevant portfolio performance or transactions (such as yields earned or fees charged) during the period. In addition, clients using Tesseract's web or mobile application can at any time check the current crypto-assets being held on their behalf and monitor portfolio performance.
- **Withdrawal Rights:** Clients retain the right to withdraw or transfer their crypto-assets from Tesseract whenever they wish, subject to standard security verification steps or any notice requirements that have been agreed to. The procedures for initiating a withdrawal are explained to clients during onboarding. Tesseract will promptly return assets to the client's designated external wallet upon receiving a valid withdrawal request, ensuring that clients can retrieve their assets as quickly as possible.
- **Transparency and Updates:** Tesseract clearly discloses to clients how and where their assets are custodied. In particular, clients are informed of Tesseract's use of an independent sub-custodian for the storage of crypto-assets including any potential changes to such arrangement. Tesseract also keeps clients updated about major events affecting their crypto-assets. For example, if there is a relevant change in a blockchain (such as a fork or airdrop that impacts an asset under custody) or any security incident, Tesseract will notify affected clients in a timely manner and take all appropriate actions to protect the clients' interests. Additionally, any significant updates to the custody policy or practices will be communicated to clients as needed, to maintain full transparency.

4. SECURITY SYSTEMS

Tesseract ensures that all client crypto-assets held in custody are protected by appropriate technical and organizational security systems. These systems are designed to safeguard client assets and private keys from unauthorized access, loss, theft, or other forms of misuse.

The key components of Tesseract's security systems include:

- multi-factor access controls to custody systems,
- encrypted data transmission and storage,
- security audits and continuous vulnerability monitoring,
- segregated hot and cold wallet solutions based on risk management principles,
- monitoring of client transactions to detect unusual activity

Tesseract ensures that these security systems are continuously maintained and developed in accordance with technological advancements and applicable regulatory requirements.

5. LIMITATION OF LIABILITY

As a custodian of crypto-assets, Tesseract is liable to its clients for the loss of any crypto-assets (or the loss of access to such assets) resulting from an incident that is attributable to Tesseract. In the unfortunate event that client assets are lost due to Tesseract's error or failure, Tesseract's liability is generally capped at no more than the market value of the affected crypto-assets at the time the loss occurred. However, Tesseract will not be liable for losses caused by events outside of its control. This includes, for example, problems inherent to a blockchain or distributed ledger that are not caused by Tesseract, or other force majeure events that occur independently of Tesseract's operations. The precise terms and limitations of liability are

detailed in the custody agreement with clients, ensuring that clients are fully informed of Tesseract's responsibilities and any applicable limitations.

6. USE OF THIRD-PARTY CUSTODY PROVIDER (SUB-CUSTODIAN)

Tesseract's custody operations are supported by a reputable third-party crypto custody provider Copper Markets (Liechtenstein) AG (acting as a sub-custodian). Rather than holding client crypto-assets on its own servers alone, Tesseract entrusts them to a specialized external custodian that provides secure, institutional-grade wallet infrastructure. The use of a sub-custodian is an operational measure to enhance security and efficiency, and it does not diminish the client's rights or Tesseract's obligations in any way.

Disclaimer: This summary is provided for informational purposes and does not override any official terms or agreements. In case of any discrepancy between this summary and the full Custody Policy or client terms and conditions, the provisions of the full policy and client terms and conditions will prevail.

Customer Support: If you have any questions about the custody and administration of your crypto-assets, or require further information, please contact our support team at support@tesseractinvestment.com. We are happy to assist and provide any additional details or clarifications regarding our custody services and policies.