



galaxy

Galaxy Digital UK Limited

Information Statement relating to risks in connection with title transfer collateral arrangements

December 2024

This Information Statement is provided for information purposes only and does not amend or supersede the express terms of any Transaction, Collateral Arrangement (each as defined in the Appendix below) or any rights or obligations you may have under applicable law, create any rights or obligations, or otherwise affect your or our liabilities and obligations.

1. Introduction

You have received this Information Statement because you have entered into or may hereafter enter into a Collateral Arrangement with us.

This Information Statement has been prepared to comply with the FCA Rules in relation to client money and custody assets by informing you of the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a security collateral arrangement or of concluding a title transfer collateral arrangement with respect to money or non-cash assets belonging to you ("**Re-use Risks and Consequences**"). This Information Statement relates only to Re-use Risks and Consequences and does not address any other risks or consequences that may arise as a result of your particular circumstances or as a result of the terms of particular Transactions.

This Information Statement is not intended to be, and should not be relied upon as, legal, financial, tax, accounting or other advice. Unless otherwise expressly agreed in writing, we are not providing you with any such legal, financial, tax, accounting or other advice and you should consult your own advisors for advice on consenting to a right of use of collateral provided under a security collateral arrangement or on concluding a title transfer collateral arrangement, including the impact on your business and the requirements of, and results of, entering into any Transaction.

2. Re-use Risks and Consequences

- (a) Where you transfer full ownership in your cash or non-cash assets to us under a title transfer collateral arrangement or if we exercise a right of use in relation to cash or non-cash assets that you have provided to us by way of collateral under a security collateral arrangement ("**Relevant Assets**"), we draw your attention to the following Re-use Risks and Consequences:
- (i) your rights, including any proprietary rights that you may have had, in those Relevant Assets will be replaced by an unsecured contractual claim for delivery of equivalent cash or non-cash assets subject to the terms of the relevant Collateral Arrangement;
 - (ii) those Relevant Assets will not be held by us in accordance with client money or client asset rules, and, if they had benefited from any client money or client asset protection rights, those protection rights will not apply (for example, the Relevant Assets will not be segregated from our assets and will not be held subject to a trust);
 - (iii) in the event of our insolvency or default under the relevant agreement your claim against us for delivery of equivalent cash or non-cash assets will not be secured and will be subject to the terms of the relevant Collateral Arrangement and applicable law and, accordingly, you may not receive such equivalent cash or non-cash assets or recover the full value of the Relevant Assets (although your exposure may be reduced to the extent that you have liabilities to us which can be set off or netted against or discharged by reference to our obligation to deliver equivalent cash or non-cash assets to you);
 - (iv) in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to us any rights you may have to take any action against

us, such as to terminate our agreement, may be subject to a stay by the relevant resolution authority and:

- a. your claim for delivery of equivalent cash or non-cash assets may be reduced (in part or in full) or converted into equity; or
- b. a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities,

although you may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

- (v) as a result of your ceasing to have a proprietary interest in those Relevant Assets you will not be entitled to exercise any voting, consent or similar rights attached to the Relevant Assets, and even if we have agreed to exercise voting, consent or similar rights attached to any equivalent assets in accordance with your instructions or the relevant Collateral Arrangement entitles you to notify us that the equivalent assets to be delivered by us to you should reflect your instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that we do not hold and are not able to readily obtain equivalent assets, we may not be able to comply (subject to any other solution that may have been agreed between the parties);
- (vi) in the event that we are not able to readily obtain equivalent assets to deliver to you at the time required: you may be unable to fulfil your settlement obligations under a hedging or other transaction you have entered into in relation to those Relevant Assets; a counterparty, exchange or other person may exercise a right to buy-in the Relevant Assets; and you may be unable to exercise rights or take other action in relation to those Relevant Assets;
- (vii) subject to any express agreement between you and us, we will have no obligation to inform you of any corporate events or actions in relation to those Relevant Assets;
- (viii) you will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those Relevant Assets, although the express written terms of the relevant Collateral Arrangement or Transaction may provide for you to receive or be credited with a payment by reference to such dividend, coupon or other payment (a **"manufactured payment"**);
- (ix) the provision of title transfer collateral to us, our exercise of a right of use in respect of any Relevant Assets and the delivery by us to you of equivalent assets may give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by you or by us for your account of those Relevant Assets;
- (x) where you receive or are credited with a manufactured payment, your tax treatment may differ from your tax treatment in respect of the original dividend, coupon or other payment in relation to those Relevant Assets.

Appendix

Definitions

"Collateral Arrangement" means a (a) title transfer collateral arrangement or (b) security collateral arrangement (each as defined below);

"FCA Rules" means the Handbook issued by the FCA;

"right of use" means any right we have to use, in our own name and on our own account or the account of another counterparty, cash or non-cash assets received by us by way of collateral under a security collateral arrangement between you and us;

"security collateral arrangement" means an agreement or arrangement under which a collateral provider secures the relevant financial obligations by providing financial collateral to a collateral taker or a person acting on its behalf, and where the full ownership of the financial collateral or margin remains with the collateral provider when the security right is established and where the arrangement contains a right of use in favour of the collateral taker;

"title transfer collateral arrangement" means an agreement or arrangement under which a collateral provider transfers legal and beneficial ownership in the financial collateral to the collateral taker to secure the relevant financial obligations, with legal and beneficial ownership to be transferred back to the collateral provider on the discharge of such obligations;

"Transaction" means a transaction entered into, executed or agreed between you and us under which you agree to provide cash or non-cash assets as collateral, either under a security collateral arrangement or under a title transfer collateral arrangement;

"we", "our", "ours" and "us" refer to the provider of this Information Statement that may conduct Transactions with you (or, where we are acting on behalf of another person, including where that person is an affiliate, that person);

"you", "your" and "yours" refer to each of the persons to which this Information Statement is delivered or addressed in connection with entering into, continuing, executing or agreeing upon the terms of Transactions with us (or, where you are acting on behalf of other persons, each of those persons).