Nexus Mutual Transaction Cover Terms & Conditions (the "**Cover Terms**")

COVER TERMS

A) These Cover Terms govern the use of the Transaction Cover provided to OpenCover. Schedules and Annexes shall have effect as if set out in full in the body of these Cover Terms and any reference to these Cover Terms includes the Annex and Schedules.

B) The Parties agree that for the purpose of these Cover Terms and fulfilment of certain clauses of these Cover Terms, the Covered Member shall liaise with and provide certain information to the Foundation.

1. <u>COVERAGE.</u>

    a. If the Covered Event leads to Loss during the Cover Period, the Mutual may, subject to the vote of the Claim Assessors and adherence to these Cover Terms, reimburse the Covered Member for their Loss in accordance with clause 2 (Claim Amount) below.

    b. The Covered Member must submit a Claim on the blockchain within the following timeframes:

        i. at least 48 hours after the loss event listed in clause 1 (a); and

        ii. during the Cover Period or within 30 calendar days of the Covered Event.

2. <u>COVER TERMINATION.</u>

    a. Cover ends when:

        i. the full Cover Amount has been redeemed in claims; or

        ii. the Cover Period specified at purchase has ended;

    whichever is earlier.

3. <u>CLAIM AMOUNT.</u>
   a. Claim amount (the "**Claim Amount**") shall be defined as a Loss minus the Deductible, capped by the remaining portion of the Cover Amount (inclusive of respective Sublimit, if any).

4. <u>COVERAGE LIMITS.</u>
   a. Cover limits: Claim(s) Amount in the aggregate shall be limited to the Cover Amount inclusive of the Sublimit, as specified in the Annex, regardless of the number of Covered Events that may take place. The Sublimit is part of the Cover Amount and not in addition.
   b. Deductible: the Covered Member shall be reimbursed for a Claim only after the Deductible has been applied.

5. <u>EXCLUSIONS</u>. This Cover does not cover loss, damage, cost or expense of whatsoever nature arising from or relating to:
   a. In respect of all Covered Events:
      i. Any events or losses due to private key security breaches or internal fraud.
      ii. Any events or losses resulting from movements in the market price of assets, except as allowed for under:
         1. oracle manipulation or failure as referenced under Sudden and Severe Economic Event; or
         2. Legitimate Stablecoin Depeg.
      iii. Any loss due to interacting with, including sending funds to, an unintended but non-malicious contract due to human error.
      iv. Any loss due to sending funds to an unintended address as part of a legitimate transaction due to human error.
      v. Any loss due to sending funds mistakenly to an EOA, except where allowed for under Covered Event 3b as part of a scam or phishing campaign.
      vi. Any events or losses due to the market value of a wrapped asset diverging from its target free-floating cryptocurrency, this includes but is not limited to assets like wETH to ETH or wBTC to BTC

vii. Any events or loss due to a regulatory or legally non-compliant transaction, including but not limited to interacting with a sanctioned address or smart contract.

viii. Any events or losses where the Transaction Cover API flags an issue to the Partner Platform.

ix. Any events or losses occurring outside the OpenCover Warranty Period.

x. Any events or losses occurring for a transaction that is not a Covered Transaction.

xi. Any events or losses occurring:

1. On blockchains that are not a Covered Chain; or

2. With assets (fiat or cryptocurrency) that are not listed in the Annex.

b. In respect of Legitimate Protocol:

i. any events, losses or other activity where the Legitimate Protocol continues to act as intended.

ii. any events or losses where the Legitimate Protocol was deployed primarily for the purpose of submitting a Claim under this Protocol Cover and not for real usage by the Final User.

iii. any events or losses resulting from the depeg of any asset that the Legitimate Protocol generates except as allowed for under the Legitimate Stablecoin Depeg.

iv. any events or losses resulting from the Owners or Controllers of the Legitimate Protocol confiscating or stealing funds from the Legitimate Protocol's users in line with the permissions of the Legitimate Protocol irrespective of the individual or entity that has access to the private keys of the Owner or Controller accounts ("rug pull" exclusion).

c. In respect of Legitimate Stablecoin Depeg: No specific exclusions apply.

d. In respect of Malicious Contract or Token: No specific exclusions apply.

e. In respect of Blockchain Failures:

i. Any losses from movement in asset prices.

      ii.   Any blockchain failures which technically prevent Nexus Mutual paying a claim due to the fact that Nexus Mutual runs on Ethereum and possibly other blockchains in the future.

6. <u>REPRESENTATIONS AND WARRANTIES</u>.

    a. By accepting these Cover Terms, the Covered Member represents and warrants that:

        i.   It is purchasing the Cover with full knowledge and acceptance of its terms and conditions without any reliance on any representation, warranty, advice or other statement by Nexus Mutual or any of its representatives or advisors regarding any legal, tax or accounting implications or requirements of the coverage described in these Cover Terms.

        ii.   The information and material disclosed is complete and accurate in any and all material manner and not misleading. No information or material has been withheld that, if disclosed, would, individually or together, materially affect the issuance of this Cover in any material manner.

    b. This entire Cover will be immediately void if, whether before or after a Covered Event, the Covered Member:

        i.   Has wilfully concealed or wilfully misrepresented any material fact or circumstances concerning this Cover, the subject thereof, or the interest of a Covered Member.

        ii.   Made any attempt to defraud Nexus Mutual.

7. <u>NO BENEFIT TO THIRD PARTIES</u>. Except as expressly set forth in these Cover Terms, none of the provisions in this Cover shall be for the benefit of or be enforceable by any person other than the Covered Member.

8. <u>REDEEMING THE CLAIM</u>: subject to an approval of a Claim as described in these Cover Terms, the Covered Member may redeem the Claim Amount within thirty (30) days from the Claim approval date.

9. <u>REIMBURSEMENTS</u>. The Covered Member shall preserve any Reimbursement or other rights against any third party for any loss claimed under these Cover Terms and preserve Nexus Mutual's rights with respect thereto.

a. In the event the Claim made by the Covered Member is approved and redeemed under these Cover Terms the Covered Member agrees to:

    i. Promptly, and in any event no later than within 30 calendar days of the redemption of the Claim as described in clause 7, assign all rights over any Reimbursements to Nexus Mutual DAO and/or the Foundation; and

    ii. Promptly, and in any event no later than within 10 calendar days of receipt of such Reimbursements, forward any Reimbursements received by the Covered Member to Nexus Mutual DAO and/or the Foundation upon receipt.

b. If the Covered Member is unable to assign rights to the Reimbursement to Nexus Mutual and/or the Foundation, or if Nexus Mutual and/or the Foundation desires, then, instead of assigning such rights to Nexus Mutual and/or the Foundation, the Covered Member shall allow Nexus Mutual and/or the Foundation to bring suit in their name. In no event shall the Covered Member waive any rights that could adversely affect any such assignment rights. Any amounts recovered by Nexus Mutual and/or the Foundation in connection with the exercise of its assignment rights shall be applied first to reimburse Nexus Mutual for any Claim paid by Nexus Mutual pursuant to this Cover and for any costs or expenses incurred in connection with such recovery and then the remainder of such recovered amounts shall be paid to the Covered Member.

10. OFFSETTING RECOVERIES. Any Claims under this Cover shall be reduced by any recoveries (including recoveries from any contractors, subcontractors, suppliers or any insurance policies or indemnities) actually paid to the Covered Member.

11. MATERIAL CHANGE IN RISK DISCLAIMER. Nexus Mutual reserves the right to deny a Claim made by the Covered Member in the circumstances where the Covered Member made an alteration in the Covered Member's business activities and terms and conditions that are within the control of the Covered Member and that would result in a material change in the risk assumed by this Cover, or affect the risk profile of the Covered Events.

12. SEVERABILITY. If any provision or provisions of this Cover shall be held to be invalid, illegal, or unenforceable for any reason whatsoever, then the validity, legality and

enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Cover containing any such provision held to be invalid, illegal, or unenforceable that are not themselves invalid, illegal, or unenforceable) shall not in any way be affected or impaired.

13. <u>TRANSFERABILITY</u>. This cover can only be transferred to a different address if owned by the same Covered Member, any other transfer, or transfer to a third party automatically invalidates the Cover. Sufficient Cryptographic Evidence must be provided that proves both the purchasing address and the transferred address are owned by the same Covered Member.

14. <u>ENTIRE AGREEMENT</u>. These Cover Terms and any applicable annexes and schedules constitute the entire agreement between the parties and no member, or Nexus Mutual as a whole, shall be liable or bound to any other member in any manner by any warranties, representations or covenants outside these Cover Terms.

<u>DEFINITIONS</u>

"**Annex**" means a PDF attached to the Listing Smart Contract Data that contains a list of Legitimate Protocols, Legitimate Stablecoins and Covered Chains, Sublimits for maximum payout per Covered Transaction and OpenCover Warranty Period timing.

"**Claim**" means any request by the Covered Member in accordance with these Cover Terms to be reimbursed for a Loss resulting from the Covered Event.

"**Claim Assessor**" means a Member who assesses a Covered Member's Claim under these Cover Terms.

"**Cover**" means the matters which are the subject of the discretionary cover provided by Nexus Mutual as set out in the Member Smart Contract Data and these Cover Terms.

"**Cover Amount**" means the amount of Cover specified by the Covered Member in the Member Smart Contract Data at purchase of the Cover inclusive of any Sublimits specified in the Annex.

"**Covered Event**" means:

1) **Legitimate Protocol**: subject to the applicable Sublimit and clause 5 (Exclusions), a Final User suffers a loss of funds as a direct result of the Legitimate Protocol failing from either:

   a) smart contract code bug or error resulting in the Legitimate Protocol being used in an unintended way; or

   b) Sudden and Severe Economic Event occurs which results in the unintended confiscation or seizure of funds deposited by the FInal User into the Legitimate Protocol ; or

   c) the Final User using a Legitimate Protocol to bridge from one blockchain to another, and a smart contract code bug or error resulting in the Legitimate Protocol being used in an unintended way.

2) **Legitimate Stablecoin Depeg:** Subject to the applicable Sublimit and clause 5 (Exclusions), if a Final User purchases a Legitimate Stablecoin and, after the Covered Transaction executes but within the OpenCover Warranty Period, the market value of the Legitimate Stablecoin deviates:

   a) by more than 1% from its Face Value; and

   b) the deviation remains for a continuous period of seven (7) or more days.

   c) Covered Member can claim the difference between value of the purchased stablecoin and the value subsection b (end of that period) or the incurred loss whichever is smaller.

3) **Malicious Transaction:** Subject to the applicable Sublimits and clause 5 (Exclusions), a Final User suffers a loss of funds due to the Transaction Cover API failure to identify and flag a transaction, and that transaction results in an interaction with either;

   a) a malicious contract or token; or

   b) malicious sending of funds

   as part of a scam or phishing campaign.

4) **Blockchain Failure**. Subject to the applicable Sublimit and clause 5 (Exclusions), a Final User suffers a loss of funds due to the failure of the underlying blockchain, on which the Final User holds assets, either as a result of a 51% attack or block reorganisation.

"**Cryptographic Evidence**" means where cryptographic evidence is required due to the Cover NFT being transferred post Covered Event, sufficient cryptographic proof that links both the sender and the receiver with which could include a cryptographically signed message from the sender that references the receiver address or other equivalent cryptographically signed evidence.

"Covered Member" means OpenCover.

"**Cover NFT"** means the NFT token generated by the Nexus Mutual protocol that represents the Cover.

"**Cover Period**" means the period of time that a Covered Member is protected under this Cover, specified by the Covered Member when purchasing Cover and stated in the Member Smart Contract Data.

"**Covered Transaction**" means a blockchain transaction that has been executed within the OpenCover Warranty Period that is warrantied by OpenCover's Transaction Cover Terms of Service after submission to the Transaction Cover API.

"**Deductible**" means 5% of the Loss amount.

"**EOA**" means Externally Owned Account which is an address that is controlled by a private key, has no associated code, and can send transactions.

"**Face Value**" means the nominal value of the Legitimate Stablecoin, for example USDC has a Face Value of 1 USD.

"**Final User**" means controller of the address initiating a Covered Transaction.

"**Foundation**" means Terrapin International Foundation.

"**Listing Smart Contract Data**" means data held on the Ethereum network which relates to a specific Partner Platform listing of these Cover Terms.

"**Loss**" means the loss amounts resulting from the Covered Event calculated as follows:

- at the time the loss actually occurred, or for a Claim resulting from Covered Event 1(b) the loss incurred within any two hour period valued at the end of that two (2) hour period; and
- after subtracting any Reimbursements; and
- using exchange rates from coingecko.com or if not available any other reputable crypto pricing data site.

"**Member**" means an individual or entity who has paid their Membership Fee and is entered in the Mutual's register of members and, where the context requires, a former member.

"**Member Smart Contract Data**" means data held on the Ethereum Network in relation to a specific Member Address.

"**Nexus Mutual**" means Nexus Mutual DAO.

"**OpenCover Warranty Period**" means the period commencing at the time the Transaction API Call is made and ending;

- a certain amount of minutes, as defined in the Annex, following the Transaction API call for Covered Transactions to be executed from an EOA (the "**EOA Transaction**") ; or
- a certain amount of minutes, as defined in the Annex, after the Transaction API call for Covered Transactions to be executed from a multi-signature smart contract wallet (the "Multi-Sig Transaction").

"**Owner or Controller"** means the blockchain address or addresses which have permission to upgrade, change or alter the Designated Protocol either in part or in full.

"**OpenCover general Terms of Service**" means the OpenCover terms and and conditions as exhibited in these Cover Terms.

"**Partner Platform**" means the interface that serves as the business partner to OpenCover, and through which the Final Users initiate Covered Transactions.

"**Reimbursement**" means any current, past, or future reimbursement, indemnity or recovery of an approved and redeemed Claim made, or promised to be made, or made available to Covered Members by a third party.

"**Sublimits**" means the sublimits contained in the Annex.

"**Sudden and Severe Economic Event**" means the event must be

    a) clearly outside the normal or intended operation of the Designated Protocol; and

    b) be caused by either:

        i) oracle manipulation or failure; or

        ii) severe liquidation failures where liquidation processes of the Legitimate Protocol clearly fail to operate correctly; or

        iii) governance takeovers where a malicious actor forces through a malicious upgrade to a Legitimate Protocol smart contract.

"**Transaction Cover API**" means the application programming interface (API) developed by OpenCover to provide the Transaction Cover service, screening all transactions made on Partner Platforms.