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

COVER TERMS

These Cover Terms together with the Member Smart Contract Data, including any applicable Annexes, govern the Cover. Each Annex shall be deemed incorporated into and shall have the same force and effect as if set forth in full in the body of these Cover Terms. Accordingly, any reference to these Cover Terms shall include the Annex. In the event of any inconsistency or conflict between the provisions of these Cover Terms and the Annex, the provisions of the Annex shall prevail only in respect of Part specific conditions, definitions, limits and Sublimits, and in all other respects these Cover Terms shall prevail. The Nexus Mutual Member Agreement governs membership separately and is not varied by these Cover Terms.

CLAIMS SUBMISSION.

To be eligible to submit a Claim under these Cover Terms, the individual or entity making the Claim must:

a. Be a Member of Nexus Mutual at the time the Claim is submitted, having satisfied all membership requirements set forth in the Nexus Mutual Member Agreement https://app.nexusmutual.io/assets/Nexus-Mutual-DAO-Member-Agreement-FIN.pdf;
b. Have successfully completed the Know Your Customer process;
c. Have paid the required membership fee (the "**Membership Fee**") in full, as specified at: https://docs.nexusmutual.io/overview/membership; and
d. Not reside in, or otherwise be located in, a country or jurisdiction that is subject to sanctions or other legal restrictions that prohibit participation in Nexus Mutual or the submission of a Claim as detailed in the: https://docs.nexusmutual.io/overview/membership.
e. Provide all information, records, Cryptographic Evidence and reasonable cooperation requested by Nexus Mutual or the Claims Committee to verify the Covered Event, ownership or control of the relevant account or assets, the Loss, any Reimbursement or Recovery Right and the Claim Amount. A failure to provide information or cooperation may result in the Claim being delayed or refused to the extent that the failure materially prevents verification of the Claim.

➢ **Minimum Purchase Requirement for Part A**:
Part A, Custody Cover, of this Cover is **not available** for purchases where the Custody Cover amount allocated to each Designated Custodian is **less than $1,000,000 USD**, unless it is otherwise stated in the Annex.

➢ **No Limitation for Parts B, C and D**:
This limitation **does not apply** to Part B, Part C and Part D of this Cover, which remain available regardless of the purchase amount.

PART A: CUSTODY COVER SPECIFIC TERMS

1. **Part A Covered Event**: Subject to clause 4 (Part A Exclusions) and these Cover Terms, Nexus Mutual *may* approve a Claim under this Cover if, during the Cover Period:
    a. **Crime-Related Loss**:
        i. The Designated Custodian is the victim of a Crime that either occurred or was first discovered during the Cover Period; and
        ii. The Designated Custodian announces that all Users must incur a loss equal to 10% or more of their current holdings, unless it is otherwise stated in the Annex.
    b. **Extended Withdrawal Restriction Loss**:
        i. The Designated Custodian imposes a complete restriction on User withdrawals without prior notice; and
        ii. This restriction remains in effect continuously for 100 days or more if the restriction initially commenced during the Cover Period.
        For the purpose of this clause, "without prior notice" means that Users of the Designated Custodian are not given any warning or opportunity to withdraw funds before the withdrawal restrictions are enforced.
2. **API requirements for CEX**
    a. Read-Only API Key Provision:
    To facilitate verification of holdings in any Designated Custodian, the Covered Member is required to provide and maintain valid read-only API keys for all relevant accounts from the time of Cover purchase until the end of Cover Period and final determination of any Claim relating to those accounts, in the Nexus Mutual user interface. Where applicable, these API keys may need to be submitted to either Nexus Mutual or the Entity through an off-chain method as specified by Nexus Mutual.
    b. Purpose of Requirement:
    The provision and maintenance of read-only API keys is necessary for verifying the Covered Member's holdings on covered CEXes and ensuring accurate assessment of Claims.
    c. Compliance and Verification:
    Failure to provide and maintain the required read-only API keys may result in the inability to verify the Covered Member's holdings and could impact the approval of any Claims related to CEX holdings. For the avoidance of doubt Nexus Mutual may refuse a Claim where a read-only API key is not provided.
3. **Part A Claim Amount Calculation**
    a. For any Loss under Part A, the Loss shall be determined in accordance with clause 3(b) or 3(c) as applicable, and the Claim Amount shall then be calculated by deducting from the Loss any Reimbursement actually received before the Claim Amount is determined and the applicable Deductible, and shall be subject to the

following:

i. any applicable Sublimits specified in the Annex; and
ii. The overall Cover Amount; and
iii. The value of the lost assets shall be determined based on the Market Value, calculated as of 12:00 (noon UTC) on the Business Day immediately preceding the day specified in clauses 3(b) and 3(c) respectively.

b. For a **Crime-Related Loss**
   i. The Loss shall be the Market Value of the cryptocurrency assets actually lost by the Covered Member or relevant User as a direct result of the loss imposed by the Designated Custodian under clause 1(a)(ii), measured by the reduction in that person's holdings or entitlement to those assets and not by the total account balance immediately before the loss is imposed.

c. For an **Extended Withdrawal Restriction Loss**
   i. The Loss shall be the Market Value of the Covered Member's or relevant User's cryptocurrency assets held with the Designated Custodian immediately before the withdrawal restriction that remain inaccessible and unrecovered when the restriction has continued for 100 consecutive days under clause 1(b)(ii). Any funds released or otherwise recovered after that date and before the Claim Amount is determined shall be treated as Reimbursement under clause 3(a), and any subsequent recovery shall be subject to clauses 20 to 25 (Reimbursements and Offsetting Recoveries). The Claim Amount shall then be determined under clause 3(a).

4. **Part A Exclusions**: This Cover does not apply to any loss, damage, cost or expense arising from or relating to:
   a. Withdrawals halted specifically for the Covered Member rather than a widespread halt affecting all users.
   b. A Cover Amount under Part A that is less than $1,000,000 USD.
   c. Situations where the Covered Member is the Designated Custodian, a representative of the Designated Custodian or an entity or individual that is related to the Designated Custodian.

PART B: PROTOCOL COVER SPECIFIC TERMS

5. **Part B Covered Event**: Subject to these Cover Terms and clause 7 (Part B Exclusions), the Mutual *may* approve a Claim made under this Cover if during the Cover Period:
   a. the Covered Member or, where the Cover was purchased on behalf of a User, that User of the Designated Protocol suffers a Material Loss as a direct result of the Designated Protocol failing from either:
      i. a smart contract code bug or error resulting in the Designated Protocol being used in an unintended way; or

ii. A sudden and widespread economic event that is clearly outside the normal or intended operation of the Designated Protocol and affects multiple users where the Loss is caused by:
    1. Oracle Failure; or
    2. Oracle Manipulation; or
    3. Liquidation Failure; or
    4. Governance Takeover.

and

b. the Covered Member provides Cryptographic Evidence:
    i. Linking ownership of the Impacted Account to the account of the Covered Member submitting the Claim; and
    ii. Should the Cover NFT be transferred to another address post Covered Event:
        1. the transfer of the NFT is made directly to a Covered Member Address; and
        2. the sending and receiving addresses are both controlled by the same person or entity.

and

c. the Impacted Account has suffered a Material Loss.

6. **Part B Claim Amount Calculation**:
    a. For a Claim resulting from clause 5(a)(i), the Claim Amount should reflect the loss actually incurred by the Covered Member.
    b. For a Claim resulting from clause 5(a)(ii), the Claim Amount should reflect the loss actually incurred by the Covered Member in any two (2) hour period.
    c. Loss amounts shall be calculated:
        i. at the time the loss occurred, as specified in clause 6(a) and 6(b) respectively; and
        ii. after subtracting any Reimbursements; and
        iii. using exchange rates from *coingecko.com,* or if unavailable, any other reputable crypto pricing data site.
    d. Claim Amount shall be determined as the lesser of:
        i. Loss as calculated in accordance with clause 6(c) minus the Deductible; and
        ii. The remaining Cover Amount.
7. **Part B Exclusions**: Covered Member will not be able to submit a Claim under these Cover Terms for any of the following:
        i. any losses where the vulnerability in a deployment of the Designated Protocol originates on a non–Ethereum Virtual Machine compatible chain, unless:
            1. Part A of this Cover is in force; or

2. It is otherwise specified in the Annex.

ii. any losses due to phishing, private key security breaches, malware, miner behaviour or any other activity where the Designated Protocol continues to act as intended.

iii. any losses where the Designated Protocol was deployed primarily for the purpose of submitting a Claim under this Protocol Cover and not for real usage by the User, as solely determined by Nexus Mutual. In such circumstances, this Cover shall be deemed void and unenforceable.

iv. any losses occurring during the Cover Period if:
    1. the event occurred before the Cover Period began; or
    2. a public bug disclosure or warnings related to the event were made for the Designated Protocol before the Cover Period began; or
    3. where a public bug disclosure or warnings related to the event were made for the parent protocol before the Cover Period began, and the Designated Protocol is a fork of that parent protocol.

v. any losses resulting from movements in the market price of assets used in, or relied upon, by the Designated Protocol except for any losses caused by asset price movements where the price movement meets the definition of Oracle Failure under clause 5(a)(ii)(1) or Oracle Manipulation under clause 5(a)(ii)(2).

vi. any losses resulting from the depeg of any asset that the Designated Protocol generates.

vii. any losses resulting from the Owners or Controllers of the Designated Protocol confiscating or stealing funds from Users in line with the permissions of the Designated Protocol irrespective of the individual or entity that has access to the private keys of the Owner or Controller accounts (Rug Pull exclusion).

viii. any losses due to the user interface or website errors where the Designated Protocol continues to act as intended.

ix. any losses due to the failure of any components of the Designated Protocol that are used to bridge assets from one blockchain to another, unless it is otherwise stated in the Annex.

x. any losses that occur prior to the Cover NFT being transferred to another address unless it meets the criteria listed in clause 5.b.

xi. any losses where the Designated Protocol Team Member uses any administrative controls in the Designated Protocol, including but not limited to pausing any Designated protocol functions, that leads to loss of User funds.

xii. a Claim under this Cover purchased by a third party without the knowledge and consent of the User, or where the recovery under this Cover is not

intended to be transferred to the User. In such circumstances, this Cover shall be deemed void and unenforceable.

PART C: DEPEG SPECIFIC TERMS

8. **Part C Covered Event**: Subject to clause 12 (Part C Exclusions) and these Cover Terms, Nexus Mutual *may* approve a Claim, if, the relevant depeg or Impairment commences during the Cover Period, and the applicable conditions in clauses 9 and 10 are satisfied:
    a. the Market Value of the Covered Token is below the Reference Value by more than the Depeg Percentage for a continuous period of at least the Depeg Time; or
    b. an Impairment occurs and the resulting reduction in the Reference Value persists continuously for at least the Depeg Time;

    And
9. the Covered Member shall provide Cryptographic Evidence:
    a. linking ownership or control of the Impacted Account to the Covered Member submitting the Claim; and

    And
10. the Covered Member has held the Covered Tokens or an equivalent amount in an Approved Covered Token Derivative for at least 72 hours prior to the beginning of the Covered Event described in clause 8 (Part C Covered Event).
11. **Part C Claim Amount Calculation and Process**:
    a. For a Claim resulting from clause 8(a) or 8(b), the Loss shall be the Net Difference as defined in these Cover Terms and valued under clause 11(b).
    b. Loss amounts should be calculated:
        i. By taking the Net Difference at the expiry of the Depeg Time; and
        ii. After subtracting any Reimbursements.
    c. Claim Amount shall be determined as the lesser of:
        i. Loss as calculated in accordance with clause 11(b) minus the Deductible; and
        ii. The remaining Cover Amount.
    d. For a Claim resulting from clause 8(a) or 8(b), in the event the Net Difference claim calculation method cannot reasonably be applied, it is at the sole discretion of the Claims Committee to accept a transfer of the Covered Token, or the equivalent in any Approved Covered Token Derivative, for the Unit of Claim to Nexus Mutual before submitting a Claim for Assessment. Once the Claim is approved, this Covered Token, or equivalent Approved Covered Token Derivative, is swapped for the Claim Amount payment. If the Claim is denied, Nexus Mutual shall return the Covered Token, or equivalent Approved Covered Token Derivative to the Covered Member promptly, and in any event within 10 days of the Claim being denied.
    e. Claim Amounts are subject to the Sublimit per Covered Token listing in the Annex as well as the overall Cover Amount.

12. **Part C Exclusions**: Covered Member will not be able to submit a Claim under these Cover Terms for any of the following:
    a. Any smart contract or other technical issue related to the Covered Token or any Approved Covered Token Derivative unless that specifically results in a Covered Event as per clause 8 (Part C Covered Event).
    b. Depeg of any asset other than the Covered Token.
    c. if the Covered Member has not continuously held the Covered Tokens, or an equivalent amount in any Approved Covered Token Derivative, for at least 72 hours prior to the beginning of the Covered Event specified in clause 8 (Part C Covered Event).
    d. If the Covered Member has locked the Covered Token, or the equivalent in any Approved Covered Token Derivative, either in a smart contract or as part of a legal agreement with the Designated Protocol team without first disclosing this agreement to the Nexus Mutual team in advance of the cover purchase.
    e. Any Cover purchased after the Designated Protocol team publicly announces a loss or event affecting the assets backing the Covered Token that could reasonably result in an Impairment, but before the size of that loss and the resulting redemption value of the Covered Token have been publicly disclosed.
    f. If, before Cover purchase, the Covered Member or the User on whose behalf the Cover was purchased has material non-public information about a loss or event affecting the assets backing the Covered Token that could reasonably result in an Impairment.

PART D: SLASHING SPECIFIC TERMS

13. **Part D Covered Event**: Subject to clause 16 (Part D Exclusions) and these Cover Terms, Nexus Mutual *may* approve a Claim, if, during the Cover Period, the aggregate Penalties and Slashing incurred:
    a. across all of the Covered Validators or Native Token Stakers exceed the Deductible within any continuous 40 day period. Overlapping periods shall not permit the same Penalties and Slashing to be included in more than one Claim. The Deductible shall be set out in the Annex and may be expressed either as a fixed monetary amount or as a percentage of the Cover Amount.

    And

14. the Covered Member shall provide Cryptographic Evidence, including:
    a. Identifying the Covered Validator list from the time of Cover purchase until the end of Cover Period in the Nexus Mutual user interface; or
    b. Evidence linking ownership or control of the Impacted Account to the Covered Member submitting the Claim.
15. **Part D Claim Amount and Process**:
    a. **Claim Amount**: The Claim Amount shall be calculated as 100% of eligible Penalties

and Slashings incurred in the Covered Event, less the remaining Deductible. If the Covered Validators Exposure exceeds the Covered Validator Limit, the Claim Amount shall be reduced proportionally. The final Claim Amount is subject to any applicable Sublimits specified in the Annex, which may be specified by the network and capped at the Remaining Cover Amount.

16. **Part D Exclusions**: Covered Member will not be able to submit a Claim under these Cover Terms for any of the following Excluded Penalties or Slashing:
    a. any Penalties or Slashing applied to Covered Validators during the Cover Period as a result of offenses incurred prior to the start of the Cover Period; and
    b. any form of missed rewards including, but not limited to:
        i. any missed rewards as a result of being offline; and
        ii. any onchain or offchain revenue in connection with the prioritisation or reordering of transactions, generally called Maximal Extractable Value or MEV.
        iii. any Penalties or Slashing for an offence occurring prior to the Cover Period starting.

TERMS AND CONDITIONS APPLICABLE TO PART A, PART B, PART C and PART D

17. Claim Essentials:
    a. Nexus Mutual ***may*** pay the Claim Amount subject to the following conditions:
        i. compliance with these Cover Terms; and
        ii. Claims Committee vote; and
        iii. The Claim Amount not exceeding the remaining Cover Amount; and
        iv. the Covered Member submitting a Claim only after the Cool Down Period for the relevant Part has ended.
        v. the Covered Member submitting a Claim within the following timeframes. Failure to comply with these timeframes will result in the termination of the right to claim under this Cover:
            1. **For Part A:**
                a. Claims may only be submitted during the Cover Period or Grace Period.
            2. **For Part B:**
                a. Claims may only be submitted during the Cover Period or Grace Period.

3. **For Part C:**
    a. Claims must be submitted within 30 days of the occurrence of the Covered Event as described in clause 8. For the avoidance of doubt, the 30 day period starts once the depeg has continued for the Depeg Time.
4. **For Part D**: Claims may only be submitted during the Cover Period or Grace Period.

b. 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.

c. **Redeeming**: subject to these Cover Terms, the Covered Member may redeem the Claim Amount within thirty (30) days from the Claim approval date. Failure to do so will result in forfeiture of the Claim.

a. **Cover limits:** Claims Amount for Parts A, B, C and D 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.

18. REPRESENTATIONS AND WARRANTIES. By accepting these Cover Terms, the Covered Member represents and warrants that 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 Cover.
19. NO BENEFIT TO THIRD PARTIES. Except as expressly set forth in these Cover Terms, none of the provisions in these Cover Terms shall be for the benefit of or be enforceable by any person other than the Covered Member.
20. REIMBURSEMENTS. The Covered Member shall take all reasonable steps to preserve any rights to Reimbursement or other recovery from any third party in connection with any Claim for any loss, and preserve Nexus Mutual's Reimbursement rights with respect thereto.
21. Upon approval and redemption of a Claim Amount, the Covered Member agrees and warrants to:
    a. Promptly, and in any event no later than within 20 days, assign all rights over any Reimbursements, or rights to any Reimbursements to the Foundation; and
    b. If assignment is not possible, allow the Foundation to pursue recovery on their behalf.

22. If the Covered Member receives any Reimbursement or other compensation (including from a third party, insurance, legal proceeding or settlement) after a Claim Amount has been paid, the Covered Member shall:
    a. Promptly notify Nexus Mutual of the Reimbursement amount received; and
    b. Promptly, and in any event no later than within 5 days of receipt, repay to the Foundation the lesser of:
        i. The amount received as Reimbursement; or
        ii. The Claim Amount previously paid by Nexus Mutual under these Cover Terms.
23. The Covered Member shall not waive, release, compromise or otherwise prejudice any rights or claims where doing so could adversely affect Nexus Mutual's or the Foundation's ability to recover Reimbursement, exercise any assignment rights, or pursue, receive or benefit from recoveries under these Terms or any separate written recovery arrangement.

    Any amounts, cryptoassets or other proceeds recovered, received or realised by or on behalf of the Covered Member, Nexus Mutual and/or the Foundation in respect of the loss giving rise to the Covered Claim, whether through the exercise of Reimbursement or assignment rights, the exercise of rights retained by the Covered Member, or any other agreed recovery arrangement, shall be applied as follows, except to the extent expressly provided otherwise in a separate written agreement between the relevant parties:
    a. First, to reimburse the Foundation for the Claim Amount paid under this Cover and for any costs or expenses incurred in connection with such recovery; and
    b. Second, any remaining recovered amounts shall be paid to the Covered Member.

    Failure by the Covered Member to comply with this clause may result in the denial or reduction of a Claim, in whole or in part, to the extent that such failure materially prejudices Nexus Mutual's or the Foundation's Reimbursement, assignment or other recovery rights.
24. The Covered Member shall not retain any compensation that results in double recovery for the same loss. In the event that the total amount recovered from all sources (including the Claim Amount, Reimbursements, or other recoveries) exceeds the Covered Member's actual loss, the Covered Member must promptly return the excess to Nexus Mutual and/or the Foundation.
25. 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 received by the Covered Member.
26. MISREPRESENTATION AND FRAUD. The Cover will be void if, whether before or after a Covered Event, the Covered Member has:
    a. willfully concealed or willfully misrepresented any material fact or circumstances relating to this Cover, the subject thereof, or the interest of a Covered Member.
    b. made any attempt to defraud Nexus Mutual.

27. 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 Cover (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.
28. TRANSFERABILITY. This Cover becomes entirely void if it is transferred to another address that is not owned by the Covered Member. Sufficient Cryptographic Evidence must be provided that proves both the purchasing address and the transferred address are owned by the same Covered Member.
29. ENTIRE AGREEMENT. These Cover Terms and any applicable addendums, Schedules, and Annexes 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, whether or not in writing, in relation to the subject matter of this Cover. The Nexus Mutual Member Agreement separately governs membership and is not superseded or varied by this clause.

DEFINITIONS

"**Annex**" means a supplementary document attached to the Members Smart Contract Data and forming part of the Cover, providing additional conditions, definitions, and further details relevant to the Cover.

"Approved Covered Token Derivative" means any of the token derivatives explicitly specified in the Annex that can be exited to the Covered Token and that can be used to deposit in advance of a Claim submission and swap for a Claim payment on the successful approval of that Claim submission.

“**Business Day”** means a day, other than a Saturday, Sunday or public holiday in England, when banks in London are open for business.

"**Claim**" means a request by a Covered Member in accordance with these Cover Terms for reimbursement of a loss resulting from a Covered Event, subject to the Cover Amount and these Cover Terms.

"**Claim Amount**" means the amount determined in accordance with these Cover Terms and approved by the Claims Committee for payment in respect of a Claim, after deduction of the applicable Deductible and any Reimbursement, and subject to any applicable Sublimit and the Remaining Cover Amount. The Claim Amount is not necessarily the amount requested by the Covered Member. The calculation methodology and further details on the Claim Amount are set forth in Parts A, B, C and D respectively.

"**Claims Committee**" means a Member elected to the committee or appointed in accordance

with Nexus Mutual governance who assesses a Covered Member's Claim under these Cover Terms.

"Cool Down Period" means the specified waiting period measured from the commencement of the Covered Event during which no Claims may be submitted. The Cool Down Period for each relevant Part is as follows:

- **Part A**:
  - 1(a) 14 days.
  - 1(b) 100 days.
- **Part B**: 14 days.
- **Part C**: Depeg Time.
- **Part D:** 7 days.

"**Cover**" means collectively 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 maximum amount payable under the Cover, as specified in the Member Smart Contract Data. This Cover Amount applies across Parts A, B, C and D collectively. The aggregate of all the Claim Amounts paid and all approved Claim amounts approved but not yet paid across Parts A , B, C and D shall not exceed the Cover Amount. No Claim shall be paid in excess of the remaining balance of the Cover Amount. No new Claim shall be approved if it would cause the aggregate of payments and outstanding reservations to exceed the Cover Amount.

"Cover Currency" means the currency used by the Member to purchase the Cover. This can include, but is not limited to, ETH, USD, cbBTC, or any other currency as may be added by Nexus Mutual from time to time.

"**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 Event**" for the purposes of this Cover, a Covered Event shall mean any event explicitly described in Part A, Part B, Part C or Part D of these Cover Terms, subject to their respective conditions and exclusions, collectively referred to herein as a Covered Event.

"**Covered Member**" means a Member that purchased a Cover or, where the context requires, a former Covered Member. A Covered Member may purchase a Cover on behalf of multiple Users, or, in certain scenarios, the Covered Member may be the User itself.

"Covered Token" means tokens specified in the Annex.

“Covered Validators” means the proof-of-stake validators run by, or on behalf of, the

Covered Member.

“Covered Validators Exposure” means the total amount of funds denominated in the native staking token that are operated by the Covered Validators.

“Covered Validator Limit” means the maximum amount of Covered Validators Exposure, denominated in the native staking token, as specified in the Annex.

"**Crime**" means the criminal, fraudulent or dishonest taking or appropriation of cryptocurrency assets to the deprivation of the Designated Custodian by any person that occurred or was first discovered during the Cover Period.

"**Cryptographic Evidence**" means cryptographic evidence the Covered Member is required to provide in the following circumstances. Such evidence must establish control of the relevant address or account and, where applicable, entitlement to the assets that suffered the Loss; mere designation of a wallet address does not, by itself, prove ownership or entitlement:

- When the Cover NFT has been transferred after the Covered Event, consisting of sufficient cryptographic proof linking the sender and the receiver; or
- Providing Designated Wallet Addresses at the time of the Cover NFT purchase; or
- Providing a cryptographically signed message by signing a transaction or signing a zero-value transaction, from the sender referencing the receiver’s address or other equivalent cryptographically signed evidence at the time of filing a Claim.

"**CRS**" means Collective Risk Services CIC, a company (Company Number 11353187) which has its registered office at 71-75 Shelton Street, Covent Garden, London, United Kingdom, WC2H 9JQ.

"**Deductible**" means the portion of the Cover Amount (e.g., 5%) that is excluded from payout. For the purpose of this Cover, Deductible is five percent (5%) of the Cover Amount unless stated otherwise in the Annex. See the Explanatory Note 1 for more information.

"**Depeg Percentage**" means the percentage drop in the Covered Token's value as specified in the Annex.

"Depeg Time" means the amount of time specified in the Annex.

"Designated Custodian" means the Centralized Exchange (CEX) or custodian business responsible for the safekeeping of the private keys to cryptocurrency assets on behalf of their Users. Cover is provided against Designated Custodians listed in the Annex.

"**Designated Protocol/s**" means open source smart contract code marketed under one brand, running on one or more public blockchain networks including any directly linked layer two components but excluding the underlying blockchain network or networks and the related mining or consensus activities. Designated Protocol specifically excludes any user interfaces, including websites or any other interface that is used to interact with the Designated Protocol.

“Designated Wallet Addresses” means the wallet addresses chosen by the Covered Member at the time of Cover purchase held in the Member Smart Contract Data.

"**Entity**" means CRS, Foundation or any other entity designated by Nexus Mutual.

“**Excluded Penalties or Slashing**” means any Penalties or Slashing incurred by the Covered Validators that are not eligible for a Claim under these Cover Terms, as specified in Part D Exclusions (clause 16).

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

"Grace Period" means the specified period of time following the occurrence of the Covered Event during which the Covered Member may submit a Claim. The Grace Period for each relevant Part is as follows

- **Part A:** 120 days following the Cover Period ending.
- **Part B:** 35 days following the Cover Period ending.
- **Part C:** 30 days following the Depeg Time ending.
- **Part D:** 35 days following the Cover Period ending.

"**Governance Takeover**" means an event where a malicious actor forces through a malicious upgrade to a Designated Protocol smart contract.

"Impacted Account" means an account which directly suffered a loss of funds as a result of the Covered Event.

"**Impairment**" means a material loss that impacts the assets backing the Covered Token, which directly results in a change in the Reference Value by more than the Depeg Percentage, measured against the Reference Value immediately before such loss, that is passed on to all Covered Token holders that begins at such time when the Designated Protocol team publicly discloses to all affected Users:

- that the loss occurred; and
- the size of the loss; and
- the subsequent redemption value of the Covered Token.

“**Keeper"** means a decentralised network participant or automated agent (including but not limited to externally owned accounts, or bots) that monitors and executes predefined operational tasks or jobs on one or more smart contracts on the Designated Protocol.

"Liquidation failure" means an event where:

- Keepers are unable to liquidate collateral backing unhealthy borrow positions, resulting in bad debt that is subsequently socialized and passed on to all lenders within the affected market; or
- Keepers liquidate collateral backing unhealthy borrow positions for an amount less than 80% of the fair realisable market value of the collateral, taking account of the prevailing market conditions.

“Loss” means the amount of loss suffered by the Covered Member as calculated in accordance with these Cover Terms.

"Market Value" means either the value of the Covered Tokens as reported on websites such as https://www.coingecko.com/, https://coinmarketcap.com/ or another widely accepted equivalent; or the market value of the tokens that the Covered Tokens can be redeemed for from their corresponding smart contracts. For the purposes of clause 8(a) and the calculation of the Net Difference under clause 8(a), Market Value means the secondary market price of the Covered Token as reported by the sources referred to above.

"**Material Loss**" means a loss which, after subtracting any Reimbursement actually received and the applicable Deductible, exceeds the gas and transaction costs reasonably required to submit and settle the relevant Claim.

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

"Covered Member Address" means the designated Ethereum blockchain address that is associated with the Covered Member, where the membership is active.

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

"**Native Token Stakers**" means any Covered Members who stake tokens into:

- a self-insurance module used by the Designated Protocol; or
- a liquid staking protocol (i.e., the Designated Protocol); or
- a liquid restaking protocol (i.e., the Designated Protocol).

"**Net Difference**" means the amount calculated as follows:

- Under clause 8(a), the number of Covered Tokens held at the start of the qualifying event under clause 8(a) multiplied by the Reference Value minus the number of the Covered Tokens multiplied by Market Value [(Number of Covered Tokens x Reference Value) - (Number of Covered Tokens x Market Value)]; or
- Under clause 8(b), the number of Covered Tokens held at the start of the qualifying Impairment multiplied by the reduction in Reference Value per Covered Token caused by that Impairment, measured from immediately before the loss to expiry of the Depeg Time [(Number of Covered Tokens x Reference Value immediately before the Impairment) - (Number of Covered Tokens x Reference Value at expiry of the Depeg Time)].

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

"**Oracle Failure**" means an event in which incorrect price feed data is used by the Designated Protocol's smart contracts, where

- for stablecoin-related oracles, the error exceeds 1%; or
- for all other assets, the error exceeds 2.5%

and such incorrect data arises as a result of any of the following:

- a faulty oracle configuration; or
- a lack of proper safeguards to prevent an unauthorized party from providing pricing updates; or
- a fixed-rate oracle that is manually updated where the data is updated incorrectly; or
- an oracle's defined trigger parameters to provide updates to its price feed are met but the price feed fails to update a Designated Protocol's smart contracts.

"**Oracle Manipulation**" means an event where price feed data is deliberately corrupted and leads to a loss of funds in a Designated Protocol.

"**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.

"**Penalties and Slashing**" means all deductions made from the Covered Validators or Native Token Stakers less any Excluded Penalties.

"Reference Value" means the intended value of the token in the Reference Currency. For clause 8(b) and the corresponding Net Difference calculation, Reference Value means the per-token redemption entitlement immediately before the Impairment and at expiry of the Depeg Time, expressed in the Reference Currency. The Reference Value otherwise depends on how the Covered Token is implemented. For example, the Reference Value can be either:

- directly expressed as the number of Covered Tokens where the Covered Tokens are designed to have a 1-to-1 basis with the Reference Currency *(eg, like a rebasing token)*; or
- indirectly expressed where the number of Covered Tokens has a defined programmatic relationship to the Reference Currency *(eg, like a non-rebasing token)*; or
- indirectly expressed where the number of Covered Tokens is designed to represent proportional ownership of a liquidity pool that accumulates in value relative to the Reference Currency *(eg like an ERC-4626 token); or*
- expressed via some other representation.

"**Reference Currency"** means either:

- USD, GBP, EUR or other national currencies; or
- ETH, BTC or other crypto currencies.

"**Reimbursement**" means any current, past, or future indemnification, reimbursement or recovery or right to indemnification, reimbursement or recovery of an approved and redeemed Claim made under the Cover, or promised to be made, or made available to Covered Members.

“**Remaining Cover Amount**” means the Cover Amount less the aggregate of all the Claim Amounts previously approved.

"**Rug Pull**" means a type of exit scam in which the Owners or Controllers of a Designated Protocol intentionally withdraw, misappropriate, or otherwise confiscate user funds by exercising permissions granted to them under the protocol’s governance or technical design, resulting in the collapse of asset value and substantial User losses.

Rug Pulls may occur where:

- The Owners or Controllers retain centralised control over protocol assets (such as liquidity pools or treasury wallets);
- Smart contracts contain backdoors, privileged functions, or exploitable permissions;
- A project is abandoned or shut down without notice.

"Sublimits" means the portion of the overall Cover Amount that is specifically allocated to a particular Covered Event under this Cover. The Sub-limit represents the maximum amount payable by Nexus Mutual for Claims arising from that specific Covered Event. Sublimit is subject to the overall Cover Amount and all other Cover Terms.

"Unit of Claim" means the exchange rate inclusive of the Deductible specified in the Annex for each Covered Token, representing the value received when one Covered Token is swapped. For example, if the Unit of Claim is defined as 95%, then on a successful claim, 95% of the Covered Token's Reference Value is paid in the Cover Currency as a claim for each Covered Token (or the equivalent in Approved Covered Token Derivative) that is swapped.

"User" means the end-user of the Designated Protocol and/or the Designated Custodian.

Explanatory Note 1

Part A, B, and D Deductibles

The Deductible shall be calculated using the following formula

- Claim Amount = min[Loss Amount - (Deductible x Cover Amount), Cover Amount]

See the examples below for further explanation.

Example 1

- **Cover Amount**: 1,000 USDC
- **Loss Amount**: 800 USDC
- **Deductible**: 5%
- **Deductible Value**: 50 USDC
- **Claim Amount**: 750 USDC

In this scenario, the Covered Member suffered a loss of 800 USDC. The Covered Member's Deductible is 50 USDC. The Claim Amount shall be calculated as follows:

- Claim Amount = min[800 USDC - (5% x 1,000 USDC), 1,000 USDC] = 750 USDC

Accordingly, the maximum the Covered Member may claim for in this scenario would be 750 USDC, after applying the deductible and subject to the remaining amount of the Cover Amount.

Example 2

- **Cover Amount**: 1,000 USDC
- **Loss Amount**: 1,100 USDC
- **Deductible**: 5%
- **Deductible Value**: 50 USDC
- **Claim Amount**: 1,000 USDC

In this scenario, the Covered Member suffered a loss of 1,100 USDC. The Covered Member's Deductible is 50 USDC. The Claim Amount shall be calculated as follows:

- Claim Amount = min[1,100 USDC - (5% x 1,000 USDC), 1,000 USDC] = 1,000 USDC

Accordingly, the maximum the Covered Member may claim for in this scenario would be 1,000 USDC, after applying the deductible and subject to the remaining amount of the Cover Amount.

Part C Deductible

For Part C Depeg Cover, the Unit of Claim is inclusive of the Deductible.

Example 1

If a loss occurs under clause 8(b), the Loss shall be calculated using the following Net Difference formula:

- [(Number of Covered Tokens x Reference Value) - (Number of Covered Tokens x Market Value)]

And the Deductible shall be calculated using the following formula:

- Deductible = 100% - Unit of Claim

And the Claim Amount shall be calculated using the following formula:

- Claim Amount = min[Loss Amount - (Deductible x Cover Amount), Cover Amount]

See the example below for further explanation.

Example | Loss under clause 8a

- **Cover Amount**: 1,000 USDC
- **Number of Covered Tokens**: 1,000
- **Covered Token Reference Value**: $1.00 USD
- **Covered Token Market Value**: $0.80 USD
- **Depeg Percentage in Annex**: 10%
- **Depeg Realized**: 20%
- **Loss Amount**: 200 USDC
- **Unit of Claim**: 97.5%
- **Deductible**: 2.5%
- **Deductible Value**: 25 USDC

In this scenario, the Covered Member suffered a Loss of 200 USDC. The Covered Member's Deductible is calculated as follows:

- Deductible = 100% - 97.5% = 2.5%

Their Loss Amount is calculated as follows:

- [(1,000 x 1.00) - (1,000 x 0.8)] = 200 USDC

The Claim Amount shall be calculated as follows:

- Claim Amount = min[200 USDC - (2.5% x 1,000 USDC), 1,000 USDC] = 175 USDC

Accordingly, the maximum the Covered Member may claim for in this scenario would be 175 USDC, after applying the deductible and subject to the remaining amount of the Cover Amount.

Example 2

If a loss occurs under clause 8(a), the Loss shall be calculated using the following Net Difference formula:

- [(Number of Covered Tokens x Reference Value immediately before the Impairment) - (Number of Covered Tokens x Reference Value at expiry of the Depeg Time)]

And the Deductible shall be calculated using the following formula:

- Deductible = 100% - Unit of Claim

And the Claim Amount shall be calculated using the following formula:

- Claim Amount = min[Loss Amount - (Deductible x Cover Amount), Cover Amount]

See the example below for further explanation.

Example | Loss under clause 8(b)

- **Cover Amount**: 1,000 USDC
- **Number of Covered Tokens**: 1,000
- **Covered Token Reference Value Before Impairment**: $1.00 USD
- **Covered Token Reference Value at Expiry of Depeg Time**: $0.65 USD
- **Depeg Percentage in Annex**: 10%
- **Depeg Realized**: 35%
- **Loss Amount**: 350 USDC
- **Unit of Claim**: 97.5%
- **Deductible**: 2.5%
- **Deductible Value**: 25 USDC

In this scenario, the Covered Member suffered a Loss of 350 USDC. The Covered Member's Deductible is calculated as follows:

- Deductible = 100% - 97.5% = 2.5%

Their Loss Amount is calculated as follows:

- [(1,000 x $1.00) - (1,000 x $0.65)] = 350 USDC

The Claim Amount shall be calculated as follows:

- Claim Amount = min[350 USDC - (2.5% x 1,000 USDC), 1,000 USDC] = 325 USDC

Accordingly, the maximum the Covered Member may claim for in this scenario would be 325 USDC, after applying the deductible and subject to the remaining amount of the Cover Amount.