

Nexus Mutual ETH Slashing Umbrella Cover Terms & Conditions **(the “Cover Terms”)**

COVER TERMS

- A) These Cover Terms including any Schedules govern the use of the ETH Slashing Umbrella Cover. 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 Schedules.
- B) The parties to these Cover Terms agree that for the purpose of these Cover Terms, the Covered Member might need to liaise with and provide certain information to CRS in regard to fulfillment of certain clauses of these Cover Terms.

1) COVERAGE.

- a) In the event that a Loss occurs as a result of a Covered Event, such Covered Event occurring during the Cover Period, Nexus Mutual *may*, subject to the Claim Assessors vote and 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 72 hours after any Covered Event (“cool down period”); and
 - ii) during the Cover Period or within 60 days of the Cover Period ending.
- c) For the avoidance of doubt, a Claim shall not be declined solely on the basis that the Loss was incurred by the Covered Validators rather than directly by the Covered Member.

2) CLAIM AMOUNT.

- a) Claim amount (the “**Claim Amount**”) shall be defined as 100% of Penalties lost in the Covered Event minus the remaining annual Deductible, capped by the remaining portion of the Cover Amount.

3) COVERAGE LIMITS.

- a) Cover limits: Claims Amount in the aggregate shall be limited to the Cover Amount as specified in the Schedule, regardless of the number of Covered Events that may take place.
- b) Deductible: Nexus Mutual shall only reimburse the Covered Member for a Claim after the Deductible has been exhausted.

4) EXCLUSIONS. This Cover does not cover loss, damage, cost or expense of whatsoever nature arising from or relating to Excluded Penalties.

5) REPRESENTATIONS AND WARRANTIES.

- a) By accepting these Cover Terms, the Covered Member represents and warrants that:
 - i) It is purchasing the coverage described in these Cover Terms 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) It owes a duty to Nexus Mutual to disclose to CRS any and all information that is materially relevant to Nexus Mutual so as to enable it to determine whether to provide this Cover.
 - iii) The information and material disclosed to CRS is complete and accurate in any and all material manner and not misleading. No information or material has been withheld from CRS that, if disclosed to CRS, would, individually or together, materially affect the issuance of this Cover in any material manner.
- 6) **NO BENEFIT TO THIRD PARTIES.** 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.
- 7) **REDEEMING THE CLAIM.** 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.
- 8) **REIMBURSEMENTS.** The Covered Member shall preserve any Reimbursement or other rights against any other person or entity for any loss, and preserve Nexus Mutual's reimbursement 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 and warrants that it will:
 - i) Promptly assign all rights over any recoveries or Reimbursements, or rights to any recoveries or Reimbursements to Nexus Mutual and/or the Foundation; and
 - ii) Promptly forward any recoveries or Reimbursements received by the Covered Member to Nexus Mutual and/or the Foundation upon receipt.
 - b) If the Covered Member is unable to assign such rights 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.
- 9) The Covered Member shall preserve any indemnification or other rights against any other person or entity for any loss and preserve Nexus Mutual's subrogation 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 assign all rights over any recoveries or Reimbursements to Nexus Mutual DAO and/or the Foundation; and
 - ii) Promptly forward any recoveries or 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 such rights 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 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) MISREPRESENTATION AND FRAUD. This entire Cover will be void if, whether before, during or after a Covered Event, the Covered Member has:
 - a) willfully concealed or willfully misrepresented any material fact or circumstances concerning this Cover, the subject thereof, or the interest of a Covered Member.
 - b) made any attempt to defraud Nexus Mutual.
- 13) 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.
- 14) TRANSFERABILITY. 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.
- 15) ENTIRE AGREEMENT. These Cover Terms and any applicable addendums, schedules, and Annexes constitute the entire agreement between the parties and no member, or the 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.

DEFINITIONS

"Annex" means an annex attached to the Members Smart Contract Data containing the terms and conditions for a Listing, and Deductible.

"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 in the Member Smart Contract Data by the Covered Member at purchase of the Cover.

"Covered Event" means an event where during the Cover Period one or more of the Covered Validators incur penalties greater than the Deductible in any continuous 40 day period.

"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 Member" means a Member who purchased Cover and, where the context requires, a former Covered Member.

"Covered Validators" means the ETH proof-of-stake validators run by, or on behalf of, the covered member.

"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.

"Deductible" means the value specified in the Annex.

"ETH Proof-of-Stake Chain" means the chain that launched on December 1st 2020 around noon UTC, initially called the Beacon Chain, that introduced proof-of-stake to the Ethereum network and is now used to validate Ethereum main-net consensus after the Merge.

"Excluded Penalties" mean:

- any penalties applied to Covered Validators during the Cover Period as a result of offenses incurred prior to the start of the Cover Period; and
- any form of missed rewards including, but not limited to:
 - any missed consensus rewards as a result of being offline; and
 - any onchain or offchain revenue in connection with the prioritisation or reordering of transactions, generally called Maximal Extractable Value or MEV.

"Foundation" means Terrapin International Foundation, with company number 25048206 whose registered office is at Duplex No. 6, Obarrio, Calle 61, Panama.

"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.

"Listing" means Covered Member as listed in Annex A.

"Loss" means the Penalties incurred by the Covered Validators as a result of a Covered Event, which Penalties shall be deemed to be the loss of the Covered Member for the purposes of this Cover.

"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.

"Penalties" means all deductions made from the Covered Validators on the ETH Proof-of-Stake Chain less any Excluded Penalties.

"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.

"Schedule(s)" means, where applicable, a schedule attached to the Member Smart Contract Data.