



GBBC Digital Finance
Code of Conduct
Part IV: Principles for
Cryptoasset Funds
and Fund Managers

Version 1.1

These Additional Principles must be read in conjunction with the Overarching Principles and the GDF Taxonomy.

These principles can also be used by Funds of Funds to guide due diligence of crypto-asset funds.

1. Compliance with Standing Laws

- a. We also understand that the definition of “(collective) investment scheme” differs between markets and that “managing a (collective) investment scheme” may trigger licensing and authorization requirements irrespective of the nature of the underlying assets unless an exemption applies. Accordingly, we will ensure that we either:
 1. do not manage a (collective) investment scheme unless an exemption applies; or
 2. obtain the requisite licenses and authorizations before engaging in such activities.
- b. We also understand that even if our activity falls outside the remit of financial laws, that we remain subject to all other laws, including contract, consumer protection and criminal laws. Therefore, we will seek to abide by the Additional Principles set forth below.

2. Ethics and Conflicts of Interest

- a. We will act honestly, fairly, and in the best interests of our investors and the integrity of the market.
- b. We will disclose our investment philosophy in the fund documentation as well as cautionary language concerning the financial risks associated with investment in crypto-assets, including that investors may face full loss of capital and that they should not make the investment with funds that they cannot afford to lose.
- c. We will use reasonable care and exercise professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- d. We will put in place policies, procedures and controls to avoid conflicts of interest, and when they cannot be avoided to ensure that investors are fairly treated. To this effect we will:
 1. Put in place policies and procedures to identify and manage conflicts of interest that may result from personal trading activities, outside business activities, and the acceptance or provision of disproportionate gifts and entertainment.
 2. Disclose matters that could materially impair our independence and objectivity.
- e. If we are managing multiple pools of capital or multiple mandates, we will not favour one over another and instead will allocate positions equitably, except where this has been clearly explained to limited partners.

3. Relationship with External Service Providers and Counter-parties and Customer Asset Safekeeping

- a. We will disclose in our fund documentation the names of our key external service providers, including the administrator, external auditor, bank, custodian and depository (where applicable). To the extent we do not use external service providers for these roles, we will disclose this in our fund documentation.
- b. We will exercise due care, skill and diligence in selecting and appointing external service providers and counter-parties, by considering their reputation, legal status, financial resources and organizational capabilities. We will use the GDF Overarching Principles and, in the case of Trading Platforms the GDF Additional Principles for Trading Platforms, to guide our due diligence.
- c. We will ensure that our relationship with key service providers and counter-parties is formally documented in an agreement that sets out, amongst other terms, the scope responsibility and liability of the service provider or counter-party in case of loss or theft of customer assets.
- d. To the extent we self-custody crypto-assets, we will put in place robust IT security and operational risk management procedures. Reference is made in this regard to the GDF work on Key Considerations and Takeaways for Crypto Asset Safekeeping and Custody.

- e. We will put in place adequate contingency management procedures to deal with bankruptcy or closure of our key service providers and counter-parties.
- f. We will disclose in our fund documentation whether and to what extent we have insured ourselves against the risk of loss or theft of customer assets.

4. Accounting, valuation and NAV calculation

- a. We recognize that crypto assets are still a nascent asset class characterised by bounds of volatility and illiquidity and that this has clear implications for fund structure, redemption policies, accounting, valuation and NAV calculation.
- b. We recognize that while venture capital structures may be compatible with the current stage of development of the market, open-ended structures may be prone to redemption risk which can be problematic if we trade in or hold illiquid assets. Consequently, if we use an open-ended structure we will clearly define and disclose our redemption, side pocketing and gating policies.
- c. We will ensure that our financial results (including valuations and NAV calculations as applicable) are reported consistent with GAAP, IFRS or other accounting standards acceptable to investors in our primary jurisdiction and published periodically (at least annually) to our investors and will disclose the valuation and NAV calculation methods we use in the fund documentation. Such financial results shall be reviewed by independent auditors.
- d. If we raise money in the form of crypto assets rather than fiat, we will disclose to the investors concerned the valuation we use for pricing such assets.
- e. If we carry out the valuation ourselves, we will ensure valuation is functionally independent from fund management, and that the applicable remuneration policies prevent, mitigate or minimize conflicts of interest and improper influence on employees involved in such valuation.
- f. If we use an external valuer, we will ensure it is independent from our fund, the fund manager and from anyone with close links to the foregoing.
- g. We will ensure that trade reconciliation is performed by an independent third party (such as the administrator) or at a minimum is subject to regular independent third-party audits.
- h. We will ensure that our fee structure is fully transparent and clearly explained to our investors.

5. CDD, KYC and AML

- a. In keeping with the legal and regulatory requirements and the Overarching Principles, we will conduct know-your-customer due diligence on all our investors with a view towards identifying, detecting or deterring non-compliance with anti-money laundering, counter-terrorist financing, sanctions and anti-bribery laws.

6. Insider Trading & Market abuse

- a. In keeping with the legal and regulatory requirements and the Overarching Principles, we will not engage in market abuse and will not trade on the basis of material non-public or insider information.
- b. We will put in place policies, procedures and controls to ensure that we do not:
 1. Solicit Trading Platforms, pricing providers, OTC desks or brokers to provide us with insider information, order-book information or other unfair advantages. If we receive such information without having solicited it, we will not trade on the basis thereof.
 2. Pay Trading Platforms to list tokens and sell the tokens shortly after such listing without applying a lock-up period.
 3. Trade ahead of the fund in personal or firm accounts.
 4. Engage in practices that are designed to improperly or artificially manipulate the price of tokens, whether through the use of research, trading for the fund, personal trading, outside business activities, conflict of interest or otherwise.