



Code of Conduct

Part X: Principles for Market Integrity

These Additional Principles must be read in conjunction with GDF's Overarching Principles and the GDF Taxonomy. Any capitalised terms used but not defined herein shall have the same meaning given to them in the GDF Overarching Principles and the GDF Taxonomy.

Goal of the Principles for Market Integrity

GDF believes in the importance of the development of global principles of good practice in cryptoasset markets, in order to provide a common set of guidelines that promote the integrity and effective functioning of these markets.

The Principles for Market Integrity are intended to promote a robust, fair, liquid and adequately transparent market in which participants are able to effectively transact at competitive prices that reflect available market information. This Code is thematic, not focused on a particular type of activity in the cryptoasset market (like custody or token issuance, for example) but looking at behaviours that need to be demonstrated by multiple market actors in their market-making, facing, dealing, trading and supporting roles in order to ensure overall integrity.

We appreciate that different aspects of the Principles need to be undertaken and upheld by different market actors who are described here as the "Market Participants". Given the different roles that Market Participants play in the cryptoasset market, the principles follow a "Waterfall Framework", meaning that they specify principles that are relevant to different participants according to their functions.

The top of each section may include principles relevant for all Market Participants ("**Universal Principles**"), followed by principles that are only relevant for certain Market Participants ("**Specific Principles**").



We would anticipate that all types of Market Participants can accede to this Code, committing themselves to the Universal Principles as well as the particular Specific Principles which are documented for their type of organisation.

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Section 1: Definitions

For the purposes of these Additional Principles, the following definitions shall apply:

1. **Market Participants** shall include the following entities and actors offering services pertaining to the trading of digital assets and/or engaging in the trading of digital assets:

- I. **Digital Asset Trading Platforms:**
 - A. Exchanges, defined by public order books, offering the service of buying and selling of digital assets, including Alternative Trading Systems (ATS), Multilateral Trading Systems (ATS) and OTCs.
 - B. Dark pools (matching engines without displayed prices)
 - C. Quote systems without accompanying matching services, including bulletin boards, P2P and other DeFi applications which provide platforms for trading activities without an internal matching engine
 - D. Over the Counter trading desks
- II. **Individual and Retail Investors**, including professional and non-professional investors, using their own funds or trading on behalf of others.
- III. **Institutional Investors** authorised from a regulatory perspective to invest funds on behalf of other entities or individuals, who hold legal fiduciary responsibility, including but not limited to hedge funds, pensions funds and endowment funds.
- IV. **Digital Asset Liquidity Providers, Market Makers** and other entities engaged in providing liquidity and market making services as well as streaming quotes or Request For Quotes (RFQ) facilities directly to clients. This group also includes entities legally defined as Systematic Internalizers and single dealer platforms.
- V. **Digital Asset Brokerages**, including but not limited to:
 - A. Broker Dealers, acting as principals for each transaction.
 - B. Brokerage Agents, acting on behalf of other investors, without taking principal risk.

- VI. **Digital Asset Lending Platforms** and other services connecting borrowers and lenders of digital assets to both individuals or businesses, including P2P and intermediary services.
- VII. **Data Providers**, including but not limited to:
 - A. Digital Asset Index data providers, who collect and provide index data as well as offer associated investment instruments.
 - B. Trading data providers, offering crypto data services or products.
 - C. Exchange ranking services, offering data on exchanges, digital assets and their performance.
- VIII. **Digital asset network operators and digital security issuers** including but not limited to:
 - A. **Corporate Issuers** engaged in digital assets.
 - B. **Cryptoasset Issuers** which aren't tied to a specific company.
 - C. **Foundations** independent and open-source digital asset issuers.
- IX. **Digital Asset Miners**, including companies or individuals verifying blockchain transactions and their integrity for a reward.
- X. **Blockchain Protocols**, that support digital asset trading platforms.
- XI. **Digital Asset Custody Providers**, specializing in safeguarding assets in order to enable or facilitate digital asset investment and trading.
- XII. **Digital Asset Transfer Agents**, offering services recording ownership, safeguards, financial records, tracking account balances and transactions. Transfer Agent may also assist in providing recourse to investors in the event of lost or stolen digital assets (or in the event of trade errors), performing reconciliations between the public blockchain and other off-chain records and assisting with linking pseudonymous wallet addresses with known and onboarded/KYC'ed customers.
- XIII. **Digital Asset Infrastructure Providers**, including but not limited to (a) matching engines, (b) market surveillance, KYC/KYT/AML, onchain analytics and (c) other infrastructural services supporting the trading of digital assets
- XIV. **Journalists, media and Public Relations Professionals**, including but not limited to:
 - A. Journalists, publications, social media accounts and other information sources covering the digital asset industry, as



well as the trading, issuance and development of digital assets and their applications

- B. Public relations service providers who offer promotion services to digital asset businesses

[Note on Market Participants: The breadth of participants is clear from the list. Some types of participants listed have other GDF Codes of Conduct which apply specifically to them and/or their activities – for example Corporate Issuers who may be issuing security tokens should refer to the [Code of Conduct for Security Tokens](#), organisations providing cryptoasset custody services should refer to the [Code of Conduct for Custody](#). In order to avoid overlap, we have not reconsidered the detail of responsibilities of Market Participants to the extent that their activities are covered by other Codes of Conduct.]

2. **Confidential Information** means information not in the public domain, received or created by a Market Participant, and shall include information which is restricted by legal or contractual obligations or terms to which the Market Participant is subject.

3. **Data Transparency** means the accurate and publicly available reporting of market dynamics that help to ensure fair and orderly markets, including, but not limited to trades, order books and volumes.

4. **Insider Information** means information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more cryptoassets, and which, if made public, would likely have a significant effect on the prices of those cryptoassets or on the price of related cryptoassets (the use of which, in connection with cryptoasset trading activity, shall be referred to as “**Insider Trading**”).

5. **Information Asymmetry** means that insider actors, via Inside Information, know more about a project’s future prospects than outsiders/investors.

Unequal access to information can lead to:

- I. a. timing trades and decisions based on Insider Information
- II. profiting from the use of Insider Information

6. **Market Integrity** means the preservation of fair and orderly cryptoasset markets which are appropriately defended against manipulation and abuse,

such that public confidence and investor protection within those markets is maintained.

7. **Market Manipulation** shall include:

- III. entering into a transaction, placing an order to trade or any other behavior which:
 - A. gives, or is likely to give, false or misleading signals or price movements as to the supply of, demand for, or price of, a cryptoasset;
 - B. secures, or is likely to secure, the price of one or several cryptoassets at an abnormal or artificial level;
- IV. entering into a transaction, placing an order to trade or any other activity or behavior which affects or is likely to affect the price of one or several cryptoassets, which employs a fictitious device or any other form of deception or contrivance
- V. disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a cryptoasset
- VI. entering a transaction in order to ascertain the level of hidden orders
- VII. **Market manipulation schemes** that Market Participants should avoid, prevent and report include but are not limited to:
 - A. **Wash Trading**, where a single market player buys and sells the same asset so as to increase trading activity, attract investors, and ultimately affect prices.
 - B. **Spoofing**, where traders place excessively large orders to create an illusion of supply (pessimism) or demand (optimism) before cancelling these orders, which can manipulate prices.
 - C. **Layering**, layering, which is similar to spoofing but defined by large numbers of fake quotes.
 - D. **Pump and Dump** schemes, where perpetrators engage in coordinated buying and/or receive tokens in exchange for promoting them, creating hype and excessive optimism (pump), and later sell the tokens (dump) before the market adjusts the price back downward and mainstream investors lose their money
 - E. **Front-running** orders, where trading platform operators may use insider information to take advantage of attractive



buy and sell orders before customers have an opportunity to do so

F. **New crypto-specific market manipulation** schemes unique to digital asset trading, as they are discovered and typologized, including but not limited to cross-market abuse and cross-asset wash-trading.

VIII. **Public Transparency** means a reasonable level of transparent and easily accessible policies and procedures that relate to users, including but not limited to disclosure of conflicts of interest.

8. **Related Parties** means closely associated persons or entities which have access to Insider Information.

9. **Financial Promotion** is an invitation or inducement to engage in the purchase or sale of cryptoassets. This includes practices such as Airdrops, Bounties and Transaction-Fee Mining, where an exchange will distribute a proprietary exchange token in return for trading fees.

Section 2: Principles

1. Ethical Trading Practices

Universal Principle:

We agree that Market Manipulation is unethical. We support and want to participate in cryptoasset markets that demonstrate Market Integrity. We will endeavour to integrate the principles of honesty, fairness and integrity in the operation of our business or investment strategy. We agree that cryptoasset trading activities should be carried on in an ethical and fair manner and we will not enable the extraction of, or directly extract, gain (or create loss for others) from Market Manipulation, Information Asymmetry or other unfair trading practices or market abuses.

Specific Principles:

Trading Platforms and Brokerages



- a. We will place adequate policies, procedures designed to prevent Market Manipulation, including but not limited to activities resulting from Information Asymmetry and Insider Information.
- b. We will implement processes and tools designed to identify and detect Market Manipulation, and auditing procedures to ensure and verify their effectiveness.
- c. We will ensure adequate Data Transparency and Public Transparency. This includes ensuring that our platform and/or service operates based on rules that are publicly available, known by participants and applied evenly.
- d. We will avoid engaging, and will also prevent our employees from engaging, in front-running, insider-trading or any other use of Insider Information for unfair trading.
- e. We will commit to only trade and/or support trading in the best interest of our clients, subject, in a consistently applied manner, to our conflicts of interests policies.
- f. We will apply appropriate staff background screening and due diligence to hire competent and professional people and advisors who act in the interest of Market Integrity at all times.
- g. We will invest in providing our staff ongoing training and education of our staff to ensure their commitment to ethical trading practices as markets continue to evolve and change.

Individual and Institutional Investors

- a. We will endeavor to trade fairly, without the intention to manipulate prices artificially or mislead other traders or the platforms by which we invest and trade.
- b. We will endeavor to only submit orders with the full intentions of executing, and avoid placing orders for any other purpose.
- c. We will actively avoid participating in manipulative or illegal behavior, including but not limited to engaging in wash-trading, spoofing, pump and dump and layering schemes.



d. We will be responsible for fully educating ourselves on digital assets, the way crypto markets operate and the risks involved in trading and investing in digital assets.

Liquidity Providers and Market Makers

a. In providing liquidity and market-making services, we will endeavor not to engage in manipulative trading behavior that may inflate volumes and prices, that may amount to wash trading, or any other market abuse.

2. Commitment Towards Transparency

Universal Principle:

We are committed to providing and working with transparent information in support of accurate and publicly available reporting of market dynamics that help ensure fair and orderly markets including, but not limited to, our market capacities, activities, status (including from a regulatory perspective), prices, order books and volumes.

Specific Principles:

Trading Platforms and Brokerages

a. Where we are operators of Trading Platforms and/or Brokerage Services, we will provide transparent disclosure of rules which apply to Market Participants and will provide clear guidance as to restrictions and requirements that may apply. We recognize the importance of providing clear and timely information related to different order types, technology services and events which may have an adverse impact on Market Integrity, including service outages and failed systems or processes.

b. We will endeavor to be transparent as to the capacities in which we are acting and will always provide truthful statements in clear and unambiguous language as to our business operations and legal entity information.



c. Where our services may have an impact on Market Integrity, we will provide clear guidance as to how we will treat certain cryptoasset market events, including forks and associated technical events. We will notify market participants on the impact of forks on services.

d. Where we are involved in providing algorithmic trading or aggregation services to clients, we will provide adequate disclosures regarding how such services operate. This information should enable the Client to evaluate the performance of the service, understand the applicable fees and other key service terms, and understand how order execution may be undertaken.

e. We will ensure that we are familiar with the processes related to suspicious transaction and order reporting in the jurisdiction in which we operate, and will have processes in place to respond appropriately where required to do so.

f. We will be transparent and educate our clients about potential conflicts of interest between various areas of our business, clients, the markets we operate in, and/or any potential reasons for conflict of interest that may arise for our employees.

Data Providers and Exchange Ranking Services

a. We will endeavour to provide transparency regarding our methodologies of data collection, supply, price aggregation and the ranking of exchanges and/or assets.

b. We will endeavor to ensure the information we offer publicly as part of our services is accurate.

c. We will avoid providing partial information in a way that may create biases and influence market integrity.

d. we will endeavour to provide accurate and up-to-date information and to remove/correct/update (with full disclosure) inaccurate and outdated information, and provide balanced information, cognizant that information (and in particular ranking information) may be influential and therefore providing appropriate disclaimers.

Media Outlets and Public Relations Services

a. In covering the digital asset industry, we will be fully transparent about paid coverage vs. earned coverage, and fully denote articles that were paid for by market participants.

3. Standards for Monitoring and Surveillance

Universal Principle:

We agree that, regardless of regulatory requirements, platforms, trading activities, service providers and users should be reviewed and monitored on a reasonable ongoing basis, for purposes of detecting and eliminating Market Manipulation and unfair market abuses. We agree to provide, and/or maintain, as applicable, reasonably accurate data as required for the purposes of such review and monitoring and to support efforts seeking to expose behaviour which is contrary to the maintenance of Market Integrity.

Specific Principles:

Trading Platforms and Brokerage Services

- a. We will establish and maintain effective arrangements, systems and procedures aimed at continuously preventing, detecting and reporting Market Manipulation, including but not limited to Wash Trading, Spoofing, Layering, Pump and Dump and Front Running, as well as new forms of market abuse concerns unique to digital asset trading as they are discovered and typologized.
- b. We will report orders and transactions, including any cancellation or modification thereof, that could constitute Insider Trading, Market Manipulation or attempted Insider Trading or Market Manipulation to the competent authority of the trading venue within a reasonable period of time.
- c. We will maintain appropriate audit processes to review and, where necessary, improve the effectiveness of our market abuse monitoring and surveillance programs periodically.
- d. We will implement automated or manual Market Surveillance Systems and procedures to detect actual or attempted Market Manipulation and we



will undertake to ensure that those systems are effective, well maintained and updated as needed.

e. We will endeavour to ensure that our personnel is qualified to detect and alert on trading patterns that may suggest unfair or manipulative practices.

f. We will provide transparent disclosures about policies and promotions that encourage our users to increase their trade, and will include an acknowledgement in such policies, that as a by product, their implementation may promote behavior that can impair market integrity, including but not limited to Transaction Fee Mining and Trade Mining. Whenever possible, we will utilize Surveillance and Monitoring Systems to detect and prevent any such activities.

g. When hiring the services of liquidity providers and market makers, we will be responsible for screening and selecting partners that act with integrity, and will endeavor to monitor their operation for such factors within our system.

h. We will endeavor to maintain proper information barriers to ensure information from any matching engine remains privileged.

Liquidity Providers and Market Makers

a. We will independently monitor our operations for potential Market Manipulation, and when possible use specific tools for liquidity providers in order to monitor for abuse, including but not limited to offering algorithmic trading services.

b. In providing our services, we will endeavor to avoid excessive cancellations that may amount to layering and other manipulative behavior, as well as trading against ourselves.

c. We will be mindful and endeavor to avoid incidents of momentum ignition, where an actor takes a pre-position in order to instigate other market participants to trade aggressively and cause a price move in order to trade out, as well as instances where our services can manipulatively drive prices due to Asymmetrical Information.

Infrastructure and Surveillance Providers



a. We will endeavor to ensure our market surveillance systems are effective in surveilling digital asset trading, and fulfill their purpose of detecting potential manipulation and abuse concerns. This includes commonly known concerns from traditional markets including but not limited to Wash Trading, Spoofing, Layering and Pump and Dump, as well as new forms of abuse unique to digital asset trading as they are detected and typologized.

b. We will assist our clients in detecting known forms of market manipulation, as well as newly discovered manipulation concerns unique to digital asset trading. Whenever possible, we will make an effort to inform the industry and regulators of newly discovered manipulation challenges and abuse patterns, in order to contribute to overarching market integrity.

4. Client Privacy and Security

Trading Platforms, Brokerage and Investment Services and Infrastructure Providers

a. We will endeavor to ensure that thorough testing and maintenance of trading systems and algorithms that we use for this purpose has been undertaken, with a view to preserving Market Integrity.

b. We will endeavor to put in place appropriate and proportionate controls to reduce the likelihood of and mitigate any consequences of generating erroneous transactions or causing market disruption, such as off-market quotes or trades, fat finger errors and uncontrolled trading activity arising from technological failures and flaws in trading logic.

c. We will clearly and effectively identify and appropriately limit access to Confidential Information.

d. We will carefully limit access to and protect Confidential Information in accordance with our contractual obligations and any applicable legislation.

e. We will have business continuity plans (“**BCPs**”) in place that are appropriate to the nature, scale, and complexity of our business and that can be implemented quickly and effectively in the event of large-scale disasters, loss of access to significant trading platforms or other critical services.

f. We will carefully assess and review the adequacy of external dependencies, including third party infrastructure and business critical service providers, as well as the appropriate inclusion of third party BCPs into our own BCPs.

g. Where we are operators of trading platforms or perform a service that could be deemed critical to Market Integrity, we will address potential adverse outcomes arising from the use of or reliance on technological systems (both hardware and software) (together the “**Systems**”) and shall ensure that any system will be tested before being released into production.

h. Where we are operators of trading platforms we will test our Systems to determine and ensure our ability to process cryptoasset transactions in an accurate, timely and appropriate manner in keeping with commonly understood principles of Market Integrity.

i. We will regularly test our system against penetration attempts and provide, when possible, insurance against potential system failures.

j. We will endeavor to put in place appropriate and proportionate controls to reduce the likelihood of and mitigate any consequences of generating erroneous transactions or causing market disruption, such as off-market quotes or trades, fat finger errors and uncontrolled trading activity arising from technological failures and flaws in trading logic.

5. Strategies and Products – Risk and Compliance

Universal Principle:

We agree that different trading products and strategies have different risk profiles and that some products and strategies may be more likely to induce Market Manipulation behaviours. Where we are trading or offering services connected to trading, we will endeavour to educate ourselves and others on the types of manipulations which may occur, where applicable, how to spot these and how they might be avoided. We will endeavour to stay updated on these matters, in particular where we are changing our strategy.

Specific Principles:

Trading Platforms, Brokerage and Investment Services

- a. We commit to collecting and reviewing good quality Management Information (MI), enabling the orderly accumulation of data and effective analysis required to inform our users. With regard to Market Integrity risks associated with trading strategy, we agree to implement internal audit or other similar review processes to assess the conduct risk for MI collected, and also if the strategy changes in regard to such areas as policy, regulation and Information Technology. Our internal audit review analysis will include, without limitation, considerations regarding strategy, corporate and trading culture and risk management effectiveness, being risk-focused, holistic, forward looking and proportionate to the magnitude of the risks identified. This information will be produced periodically in a timely and accurate manner, in a comprehensive and traceable format.
- b. We commit to institute methods to protect retail clients engaged in leverage trading, including providing educational materials on the associated risks, ask clients to attest they have read the materials.
- c. When possible, we will endeavour to institute qualification tests for sophisticated investors when opting in to high levels of leverage investing.
- d. In addressing concerns to do with Contracts for Difference (CFD's). Trading Platform providers and operators will abide by the jurisdictional restrictions imposed by local regulators or supranational regulators. e.g. those imposed by the European Securities & Markets Authority in its August 2018 guidance.

Digital Asset Lending Services Providers

- a. Where we are involved in providing lending and leverage services, we commit to ensure that they are properly backed up and insured, and that we are able to cover potential losses on the exchange side.

6. Conflicts of Interest

Universal Principle:



We will actively endeavor to identify and address conflicts of interest in a timely manner. Where such conflicts of interest cannot be fully eliminated, they will be effectively managed in an appropriate manner.

Given the robust regulation regarding conflicts of interest across asset classes, and its importance in the cryptoasset space given the risks, this section sets principles for market players to uphold their ability to disclose their activities and prove them adequately.

When defining actions, which may entail a conflict of interest, we will assess the existence of the following circumstances during the performance of a service:

- a relevant person making or likely to make a financial gain or avoid a financial loss on account of a client.
- interests of Trading Platform providers, operators, or a relevant person in the provision of a service to a client, or with regard to the outcome of a service provided on behalf of a client, distinct from the client's interests.
- Trading Platform providers, operators, or a relevant person having a financial or other incentive to favor the interests of one client over the interests of another client.
- Trading Platform providers, operators, or a relevant person having business interests or being involved in the same area of business as the client.
- Trading Platform providers, operators, or a relevant person receiving, in connection with the service provided to a client, inducements from a third party which are not part of the standard commission or fee for that service.

Trading Platforms, Brokerage Services, Infrastructure Providers

a. We will, in order to fulfill our regulatory duty, take measures to identify, manage, prevent and/or disclose any conflicts of interest within our organisations, with our clients and between our clients, in order to prevent conflicts of interest from adversely affecting client interests.

Media Outlets

a. We will inform our readers in instances where our ownership by a market participant might cause a conflict of interest, or when we are publishing sponsored information.