

**PAXOS SECURITIES SETTLEMENT COMPANY, LLC
PARTICIPANT ADVISORY COMMITTEE CHARTER**

I. Purpose

Pursuant to Article II of the Bylaws, on and after the date on which the first participant is admitted to the Company (as defined below), there will be a Participant Advisory Committee (“Committee”) established for the purpose of advising the Board regarding the administration of the affairs of Paxos Securities Settlement Company (“Company”) and the selection of its directors. The Committee will also provide Company participants a forum to collaborate directly with the Company on potential enhancements and modifications to the organization of the Company and the services that it provides. The Board of Directors (“Board”) will not be bound by any advice or recommendation of the Committee, and the Committee is not authorized to act on behalf of the Board. Nothing in this Charter (“Charter”) alters the roles and responsibilities of other Board committees.

II. Membership and Organization

- A. Composition. Each participant will have one (1) seat on the Committee to which it may appoint a representative upon notice to the Secretary of the Company. Any appointed representative must be a director, officer or employee of the participant. Each representative shall have one (1) vote on matters voted on by the Committee, with the exception of the selection of Participant Directors whose nomination and selection will be carried out as specified in the Bylaws.

Participants shall have the right to designate a new representative upon reasonable prior notice to the Secretary of the Company. For the avoidance of doubt, telephonic or electronic (video) participation by a voting representative or alternate member will constitute attendance.

Representatives will designate a chair (“Chair”) by majority vote of all of the voting representatives. If the representatives are unable to elect a Chair, the Board shall elect the Chair of the Committee by majority vote. The Chair will serve for a one (1) year term and be eligible for re-election in subsequent years. The Chair will have the following responsibilities:

- (i) Operate the Committee meetings in accordance with the Charter.
- (ii) Facilitate the voting process and verify results.

- (iii) Review, approve and distribute Committee minutes for all meetings.
- (iv) Ensure orderly operations such that all Committee representatives are treated equally and fairly.
- (v) Serve as the point person for dialog with the Company on behalf of the Committee.

The representatives will designate a vice Chair ("Vice Chair") by majority vote. If the representatives are unable to elect a Vice Chair, the Board shall elect the Vice Chair of the Committee by majority vote. The Vice Chair will serve for a one (1) year term, eligible for re-election in subsequent years. The Vice Chair will have the following responsibilities:

- (i) Assist in operating the Committee meetings in accordance with the Charter.
- (ii) Assist in facilitating the voting process and verification of results.
- (iii) Prepare drafts of all Committee meeting minutes.
- (iv) Schedule and communicate Committee meetings.
- (v) Maintain the Committee Charter.

In the event the Chair is unable to continue in the role for any reason, the Vice Chair will, on an interim basis, serve as the acting Chair ("Acting Chair") until a new Chair is elected. The appointment of a new Chair should in any event take place within ninety (90) days of the Chair becoming unable to continue in the role.

B. Meetings. The Committee will meet at least six (6) times a year. Other meetings may be called by the Chair. The Chair or his or her designee, in consultation with the Chairman of the Board, Chief Executive Officer ("CEO") and Secretary, will establish the agenda for Committee meetings. The agenda may include, but will not be limited to, discussion of matters related to new and existing products, technology, operations, risk management, financial statements and/or regulatory supervision. The Chair may ask members of management or other guests to attend meetings and provide pertinent information. The Committee may call executive sessions from which members of management, directors and invited guests may be excluded. Individual representatives may also be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which the voting representative has an actual or potential conflict of interest. The Chair, or Acting Chair as applicable, will serve as

chair for the executive session.

Committee discussions, votes, decisions and other information related to the Committee and its affairs are to be treated by representatives, participants and the Company as confidential information.

Representatives may participate in meetings by means of a conference telephone call or other means of communication that allows all representatives participating in the meeting to hear each other.

- C. Board and Management Participation at Committee Meetings. The Chairman of the Board, CEO and Secretary, or appointees of such persons if they are unable to attend, must attend all meetings of the Committee.
- D. Quorum. A simple majority of the Committee voting representatives will constitute a quorum for the transaction of business.
- E. Minutes and Reports. The Committee will maintain minutes of all Committee meetings. The Chair, or Acting Chair as applicable, will determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. Meeting minutes will reflect that an executive session was convened and broadly describe the topics discussed. Minutes of Committee meetings must be promptly provided to the Company and all participants in the Company.

III. Authority

- A. Scope. The Committee will advise the Board regarding the administration of the affairs of the Company and the selection of directors. With the exception of the Committee's voting authority described in Section IV, the Board will not be bound by any advice or recommendation of the Committee, and the Committee is not authorized to act on behalf of the Board.
- B. Delegation. The Committee may form and delegate authority to subcommittees, and may delegate authority to one (1) or more designated representatives of the Committee.

IV. Functions and Responsibilities

The primary functions of the Committee are to provide advice and recommendations to the Board and to participate in the selection of Participant Directors, as described further below.

- A. Advice and Recommendations. The Committee's role is to provide advice and recommendations to the Board regarding the administration of the affairs of the Company and the selection of its directors. The Committee's primary functions and responsibilities are to provide advice and recommendations to management and the Board on matters including but not limited to the following:
- (i) The margin methodology, including the timing and sequence of margin calculations and cash margin exchange.
 - (ii) The calculation methodology and processing sequence for the netting model and all rules related to the netting process, including but not limited to any order of operations or partial settlement rules.
 - (iii) The selection of Board directors and the criteria, skills, experience, expertise, attributes and professional backgrounds desirable in Board directors to ensure that the Board is able to discharge its duties and responsibilities.
 - (iv) The governance structure of the Company, including reporting lines, and the ability of the Committee to have a meaningful influence on decisions made by the Board.
 - (v) Compliance by the Company with applicable laws and regulations, including securities and banking laws and other regulatory guidance and standards.
 - (vi) The operational execution and delivery of clearance and settlement services and matters related to new initiatives and operations.
 - (vii) Participation standards and disciplinary practices regarding participants.

Committee advice and recommendations to the Board and/or management may be for information, discussion, decision or a combination thereof. Any such matters will be considered by the Board and/or management and acted on, where relevant, in a timely manner given the nature of the facts and circumstances. The Board will not be bound by any advice or recommendation of the Committee.

- B. Participant Director Nomination and Election. Article II of the Bylaws provides that, as of a specified date, the size of the Board will be increased to include two (2) Participant Directors, as that term is defined in the Bylaws. Participant Directors will be nominated and selected as provided for in the Bylaws.

- C. Voting to Call a Direct Meeting with the Board. The Committee, by majority vote, may call for a meeting with the Board on any matter. The Board will hold such meeting as soon as reasonably practicable under the circumstances, which may be as part of a regularly scheduled Board meeting. The Chair or his or her designee, in consultation with the Company's management and Secretary, will establish the agenda for any such meeting consistent with the matters prompting the Committee's call for the meeting. The Chair, or his or her designee, and any representatives selected by the Chair will participate in the meeting the Board.

- D. Other Matters. Each calendar year, the Committee shall review its and its individual members' performance and provide the results of such assessment to the Governance, Nominating and Policy Committee for review.

V. Review

The Board and the Chair or Acting Chair, as applicable, will review this Charter at least once every twelve (12) months.