

Socios Europe Services

Custody Policy Summary for Users

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About this document

Purpose

This summary (the “**Summary**”) of Socios Europe Services Limited (referred to as “**Socios**” or “**SES**”) Custody Policy (the “**Custody Policy**”) is designed to provide clients with a transparent and non-technical description of the mechanisms deployed by Socios for the management, safekeeping, and administration of clients’ crypto-assets where custody services are provided to clients.

This Summary describes the scope of the custody services provided by Socios to clients, defines the internal procedures elaborated by Socios to prevent unauthorised use of clients’ crypto-assets and to ensure that clients’ crypto-assets are accurately identified and operationally segregated from Socios’s own crypto-assets. This Summary also outlines operational processes implemented by Socios to manage, transfer, and report crypto-assets under custody.

This Summary provides an overview of the key mechanisms governing custody arrangements and described extensively by Socios within its Custody Policy. As a Crypto-Asset Service Provider (“**CASP**”) licensed under the Markets in Crypto-Assets Regulation (“**MiCA**”), Socios Custody Policy has been drafted in compliance with the requirements defined under Regulation (EU) 2023/1114.

Through the publication of this Summary, Socios aims to provide the highest level of compliance when providing custody services to clients. For a more comprehensive and technical description of Socios's custody services, clients are encouraged to refer to the [Socios.com Platform Terms of Use](#) (the “**Platform Terms**”) which also governs the provision of custody services.

Scope

This Summary covers the provision of custody services by Socios. Such custody services are provided in the following scenarios:

- Clients who registered with Socios.com before the introduction of Socios.com non-custodial wallet solution (“**Socios.com Wallet**”) on November 18th, 2024, and did not switch to Socios.com Wallet.

For transparency purposes, clients who registered with Socios after the introduction of Socios.com Wallet hold the crypto-assets in their Socios.com Wallet in self-custody and may refer to the [Socios.com Wallet Terms](#) (the “**Wallet Terms**”) for information on the non-custodial solution offered by Socios.

Definitions

Chiliz Chain	Refers to the Layer-1, open, public, permissionless, decentralized blockchain infrastructure to which custody of crypto-assets provided by Socios is tied.
Chiliz Tokens or \$CHZ	The native crypto-assets of the Chiliz Chain. Socios may provide custody services in relation to Chiliz Tokens.

Client	Refers to any natural or legal person who relies on Socios's custodial services to hold and access crypto-assets.
Crypto-assets	A digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology. In the context of this Summary, custody of crypto-assets provided by Socios only applies to crypto-assets issued and stored on the Chiliz Chain.
Fan Tokens	Refers to any CAP-20 token issued on the Chiliz Chain and for which Socios provides custody services.
Provider	Refers to Fireblocks Ltd. which provides a technical custody solution of crypto-assets to Socios.

Revision History

Version	Date	Author	Description of Change
1.0	01-10-2025	Legal Department	Initial Release

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Custody Procedure

Socios has implemented strong crypto-asset segregation practices to ensure that clients' crypto-assets are securely held and operationally separated from Socios's own crypto-assets. Upon registration, client's \$CHZ tokens are managed within an omnibus account tied to the Chiliz Chain but are tracked individually through Socios's internal ledger system. Clients' Fan Tokens are held within a segregated wallets system, where each client is allocated a wallet hosted by the Software Service Provider. The private keys of these wallets, and therefore access to the crypto-assets they contain, remain with Socios for all clients, as per the arrangements described in this Summary.

Socios stores clients' crypto-assets in a highly secured system composed of a combination of hot and cold wallets, and has implemented several security measures to prevent the risks associated with the management of clients' crypto-assets and related movements. Such security measures include multi-signature wallets, encryption procedure, regular audits, and the implementation of an MPC technology solution.

The implementation of this MPC solution means that the private keys associated with clients wallets and used to execute transactions from these wallets are fragmented across multiple secured locations. This technology reduces the points of failure: if a single key share is compromised, the attacker remains unable to sign and execute transactions.

For each client's wallet, three key shares are generated. One of the key shares is made available to Socios, while the two remaining corresponding key

shares are generated on the Software Service Provider's encrypted hardware (“**HSM**”).

Transaction Monitoring

To ensure clients' crypto-assets remain safe at any time, Socios reviews clients' instructions and constantly monitors crypto-asset transfers to detect any suspicious transaction. This process involves identifying and verifying any relevant transaction data, including, where applicable, the originator and recipient addresses and transfer amounts. Any transaction that is flagged as suspicious through this process may lead to internal investigations and drafting of Suspicious Activity Report (“**SAR**”) in accordance with applicable AML/CFT requirements.

Additionally, Socios has drafted and implemented a Transaction Authorisation Policy (“**TAP**”). The TAP is a set of rules established by Socios to define and control which employees of Socios can move crypto-assets, how much can be transferred in a single transaction or per day, and how transactions are approved. This policy aims to ensure that any transactions involving clients' crypto-assets comply with a pre-fixed set of requirements prior to being executed on the Chiliz Chain.

Recovery Procedure

Socios has identified several risks associated with the above custody procedure, including but not limited to the loss or theft of crypto-assets, unavailability of a key share, and connectivity failure. To mitigate these risks, Socios has implemented the following processes:

- A Soft Key Recovery process in cases where the key share saved on a particular device is lost, due to the loss of the device itself, or inaccessible due to the migration to a new device. In this scenario, the Soft Key Recovery process aims to reset the affected device, set a new key share and grant it signing privileges again, ensuring that the wallet's crypto-assets remain unaffected through the whole process.
- A Hard Key Recovery process to respond to failures from the Software Service Provider, notably if the Software Service Provider goes out of business and the private keys cannot be gathered. This process enables the continuation of operations by reconstructing the full private keys by transferring the wallet into another secured wallet infrastructure.

Additionally, Socios has subscribed to an insurance policy covering the loss of crypto-assets where the loss is due to the Software Service Provider's failure.

Risk Management

To ensure clients' crypto-assets remain safe at any time and prevent any risks susceptible to affect clients' crypto-assets, Socios has implemented the following risk management processes:

- Monthly monitoring of transaction signing procedures and privileges and update of the TAP.

- Semestrial review of latest recovery updates from the Software Service Provider, governance processes, and internal backup procedures.
- Yearly review of equipment and network access.

Additionally, Socios has established a Recovery Team composed of diverse professionals based on their skills and ability to lead Socios efforts in response to any incidents likely to affect the crypto-assets or the means to access the crypto-assets held in custody by Socios. The Recovery Team is also in charge of ensuring the strict application of the above risk management processes and providing updates to these processes when required to respond to new risks or to improve the response attributed to already identified risk factors.

Register of Positions

Socios maintains a register of positions in the name of each client to whom Socios is providing custody services. When a client instructs Socios to transfer all or a portion of the crypto-assets that Socios holds in custody, such movements, including deposits and withdrawals, are registered as soon as possible within the relevant register of positions. Additionally, Socios records within the register of positions any changes to the Chiliz Chain, on which clients' crypto-assets are stored and transferred, that may affect existing clients' rights in relation to the crypto-assets held in custody by Socios or create new rights to the benefit of clients.

This register of position is continuously updated to ensure it accurately represents the client's holdings at any given time. The process of updating

the register of position is governed by strict internal controls, including multi-level authorisation procedures, verification of client instructions, and the use of secure communication channels to prevent unauthorised access or fraudulent activities.

Upon clients' request, Socios is engaged to provide clients with an electronic statement of position related to the crypto-assets held in custody by Socios on behalf of the client. This statement identifies the crypto-assets held in custody, their balance and value at the date of the statement, and every transaction in relation to those crypto-assets that have been executed over the requested period of time by Socios. Through this process, Socios ensures that all reporting comply with regulatory standards, specifically those outlined in MiCA and relevant Regulatory Technical Standards ("**RTS**"). Reports are generated using secure systems that protect clients data and maintain the confidentiality of all information.

End of custody services

Socios has implemented procedures to ensure, upon request, the prompt return to clients of the crypto-assets held in custody by Socios on behalf of them. This return may take place by attributing to the client the means of access to the digital wallet where the client's crypto-assets are stored. In any case, the return of the crypto-assets held in custody by Socios to the client evidences the end of the provision of custody services by Socios to the client.

Until this event, Socios remains liable to clients for the loss of any crypto-assets or the loss of the means to access those crypto-assets resulting from any incidents imputable to Socios. In this regard, liability to clients for

such losses is capped at the market value of the crypto-assets at the time the loss occurs. Any loss that occurs due to an event outside the control of Socios, such as technical issues affecting the functioning of the Chiliz Chain - on which Socios does not have any control - is not imputable to Socios and shall not be subject to compensation under the Custody Policy.

Communication with Clients

Socios aims to maintain efficient communication processes with clients to ensure that any client remains well-informed at any time about any aspect of the custody procedures implemented by Socios. To this end, Socios provides multiple channels for clients to reach out, including email ticketing system and direct online customer support available on the Socios.com platform. Through these channels, clients may raise any questions or concerns related to Socios Custody Policy, and address to a team of professionals trained to provide clear and transparent answers to clients.

In addition, clients are being regularly informed through routine communications at the initiative of Socios about any updates to the Custody Policy, any regulatory development that may affect the provision of Custody Services by Socios, or any other relevant event related to their crypto-asset holdings.

Policy Review

The Custody Policy is being reviewed twice a year and updated when necessary to preserve clients' rights in relation to the crypto-assets held in

custody by Socios. In consequence, any updates to the Custody Policy will be reflected by a relevant update of this Summary.

Socios aims to follow best practices in terms of custody services and prevent non-compliance issues. Therefore, Socios employs a dedicated compliance team in charge of monitoring any regulatory developments and ensuring that all necessary adjustments to policies and procedures required by laws are promptly implemented and communicated to clients. This approach is aimed at preventing non-compliance issues before such issues arise and compromise the validity or legality of the provision of custody services by Socios.

This Summary of the Custody Policy may be shared with clients in an electronic format upon request.