Firelight

Firelight Terms of Participation

("TERMS OF PARTICIPATION", or "TERMS")

Last Updated: September 2026

IMPORTANT NOTICE REGARDING ACCESS AND PARTICIPATION.

PLEASE READ THESE TERMS OF PARTICIPATION CAREFULLY. THESE TERMS OF PARTICIPATION GOVERN YOUR ACCESS TO AND PARTICIPATION IN THE PROTOCOL VIA THE WEBSITE, INCLUDING PARTICIPATION AS A STAKER OR AS A PROGRAM OPERATOR.

BY ACCESSING, BROWSING, CONNECTING A DIGITAL WALLET TO, OR OTHERWISE PARTICIPATING IN THE PROTOCOL THROUGH THE WEBSITE OR OTHERWISE, OR BY ENABLING COVER ON A VAULT, PLACING A REQUEST TO ENABLE COVER, OR HOLDING A COVER TOKEN, YOU REPRESENT AND WARRANT THAT:

YOU HAVE READ, UNDERSTAND, AND AGREE TO BE BOUND BY THESE TERMS OF PARTICIPATION;

YOU ARE OF LEGAL AGE TO FORM A BINDING CONTRACT;

YOU ARE NOT PROHIBITED FROM PARTICIPATING IN OR WITH THE PROTOCOL UNDER APPLICABLE LAW;

IF YOU ARE ACTING ON BEHALF OF AN ENTITY, YOU HAVE FULL AUTHORITY TO BIND THAT ENTITY; AND

YOU ACKNOWLEDGE AND AGREE THAT ANY COVER ENABLED THROUGH THE FIRELIGHT PROTOCOL IS NOT INSURANCE, DOES NOT CONSTITUTE INSURANCE, A CONTRACT OF INSURANCE, A POLICY OF INSURANCE, A FINANCIAL GUARANTEE, OR ANY OTHER GUARANTEE OF PAYMENT OR PERFORMANCE. YOU FURTHER ACKNOWLEDGE AND AGREE THAT NEITHER YOUR PARTICIPATION IN THE PROTOCOL, NOR YOUR INTERACTION WITH ANY FIRELIGHT PARTY OR THESE TERMS OF PARTICIPATION, CREATES OR ESTABLISHES, DIRECTLY OR INDIRECTLY, ANY CONTRACT OF INSURANCE, INSURANCE RELATIONSHIP, OR OTHER FINANCIAL GUARANTEE OF ANY KIND FOR YOU, YOUR CUSTOMERS, YOUR END USERS, OR ANY OTHER PERSON.

IF YOU DO NOT AGREE TO BE BOUND BY THESE TERMS OF PARTICIPATION, YOU MAY NOT ACCESS OR PARTICIPATE IN THE PROTOCOL VIA THE WEBSITE, AND NO COVER MAY BE ENABLED ON ANY VAULT.

1. DEFINITIONS AND INTERPRETATION

a. Interpretation. This Clause 1 is the authoritative source of defined terms across all Firelight Documents. Capitalised terms used in these Terms of Participation, in the Scope of Firelight Cover Enablement (the "**Cover Scope**"), in any Cover Enablement Order Form, in the Cover Enablement Support Services Agreement, or in any other Firelight

document that refers to these Terms of Participation, have the meanings given in this Clause 1 unless otherwise expressly defined in the relevant document. Certain terms defined in this Clause 1 may not be used in the body of these Terms of Participation; they are defined here for use in the other Firelight documents.

b. Definitions. In these Terms of Participation:

"**Advance**" means the amount advanced to the Protocol by the Program Operator in exchange for enabling Cover on the applicable vault or program, drawn via approval from the Program Operator's prefunded wallet at Settlement. Following the initial Period no further amounts are paid by the Program Operator; the cost of the enabled Cover for subsequent Periods is derived directly from the applicable vault's operations.

"**Affiliate**" means any firm, company, business entity, or other organization: (i) that directly or indirectly controls Firelight Networks; (ii) that is directly or indirectly controlled by Firelight Networks; (iii) that is under common control with Firelight Networks through a third party; (iv) in which Firelight Networks or any Affiliate holds, directly or indirectly, twenty percent (20%) or more of the issued share capital or voting interests; (v) that provides or receives administrative, operational, management, or support services to or from Firelight Networks pursuant to a service agreement or similar arrangement; or (vi) that is a service provider, contributor, developer, or third-party operator engaged by or otherwise associated with Firelight Networks in connection with the Protocol. For the avoidance of doubt, no Affiliate, service provider, contributor, or developer is a party to any transaction on the blockchain and none of them bears any liability in connection with Protocol interactions.

"**Applicable Law**" means any applicable statute, law, regulation, rule, directive, ordinance, treaty, judgment, order, decree, governmental guidance, sanctions regime, or other legally binding requirement of any governmental, regulatory, judicial, or supervisory authority that applies to a party in connection with its activities under these Terms of Participation, including without limitation laws relating to sanctions, anti-money laundering, counter-terrorist financing, anti-corruption, securities, insurance, commodities, consumer protection, and data protection.

"**Approved Loss**" means, for a Cover Token in an Incident, the Loss Amount validated by the Risk Consortium through an approved assessment round, as limited under Clause 7.6.

"**Bad Debt**" means, in respect of a Covered Market, the amount by which a borrow position's outstanding value (principal plus accrued interest) exceeds the Fair Realizable Value of its collateral, such that it has become a determinable loss to a Covered Position, which loss is determined at the earlier of (a) the point at which the Scheduled Protocol's own accounting socializes, writes down, or otherwise allocates the loss to the Covered Position (including supplier-share write-downs in isolated lending markets), and (b) the end of the Stabilization Period, where the Scheduled Protocol still carries the under-collateralized positions without

socializing them, at which point the Covered Position's Bad Debt Share constitutes the Loss Amount.

"**Bad Debt Share**" means the share of a covered position's bad debt burden derived from the size of the Bad Debt in the Covered Market multiplied by the Position Share of the Covered Position.

"**Beneficiary Address**" means the wallet address designated by the Program Operator at order creation that holds the Covered Position in the Covered Market, to which the Cover Token is issued at Settlement and which, unless the Program Operator elects otherwise at order creation, is also the Payout Recipient.

"**Collateral**" means the permissible digital assets staked by Stakers and deployed into the Protocol providing required economic security to enable Protocol operations in the form of programmatic cover.

"**Communications**" has the meaning given in Clause 24(a).

"**Cover**" means the conditional, asset-backed release mechanism enabled by the Protocol in respect of the Covered Markets and Covered Positions, as set out in the Coverage Enablement Schedule and the applicable Firelight documents.

"**Cover Period**" means the Period (or successive Periods, upon renewal) during which a Cover Token is ACTIVE, as recorded in the Cover Token's activation and expiry timestamps.

"**Cover Registry**" means the on-chain registry to which the Protocol publishes approved Covered Markets, base cover rates, and available limits, refreshed each Period.

"**Cover Scope**" means the Scope of Firelight Cover Enablement published by Firelight Networks from time to time, which describes the categories of Covered Exploit Events eligible for cover and the exclusions and conditions applicable to them. The Cover Scope is descriptive only and does not itself constitute a contract.

"**Cover Token**" means the non-fungible on-chain token (ERC-721, also referred to as a Cover NFT) issued to the Program Operator upon activation of enabled cover on the Program Operator's program or vault, recording the Covered Markets, per-market coverage amounts, rate, Advance, Period dates, Payout Recipient, status (ACTIVE, EXPIRED, or SETTLED), and a reference to the applicable terms.

"**Covered Exploit Event**" shall have the meaning given to it in the Cover Scope.

"**Covered Market**" means a combination of blockchain network, DeFi protocol, and market (together with, where applicable, a specific pool identifier) that has been approved by Firelight Networks's risk process, published to the Cover Registry, and recorded on the applicable Cover Token.

"Covered Peripheral Infrastructure" means, in respect of a Covered Market, the DeFi protocols, smart contracts or other on-chain infrastructure connected to a Covered Market (including protocols issuing, backing or supplying assets used as collateral or borrowable assets in that Covered Market) that have been approved by

Firelight Networks' risk process and recorded for that Covered Market in the applicable Coverage Enablement Schedule.

"**Covered Position**" means an amount equal to the portion or full position of the Covered Vault in a Covered Market, as reconstructed by the Incident Reporter for the purposes of loss assessment.

"**Covered Vault**" means the vault or program operated by the Program Operator for which cover has been enabled, as identified in the cover enablement order and the Beneficiary Address.

"**Coverage Enablement Schedule**" means the document or on-chain data specifying the Covered Markets, coverage amounts, Cover Period, and other coverage parameters applicable to a Cover, comprising the Cover Registry entries and Cover Token metadata applicable to that Cover.

"**Fair Realizable Value**" means, in respect of collateral, the value at which that collateral could reasonably have been liquidated at the relevant time, as determined by the Incident Reporter by reference to the volume-weighted average price across at least three (3) independent, liquid trading venues. For NAV-Based Assets, whose value cannot be determined by reference to trading venues, the Fair Realizable Value is the value of the underlying assets for which the asset could have been redeemed or exchanged at the relevant time.

"**Feedback**" has the meaning given in Clause 13(e).

"**Final Incident Payout**" means the actual USD amount distributed to beneficiaries for an Incident, equal to the First-Loss Buffer draw plus actual liquidation proceeds.

"**Firelight Networks**" means Firelight Networks (BVI) Ltd., a BVI business company, acting as the steward of the Firelight Network and the Protocol.

"**Firelight Parties**" means Firelight Networks, the Risk Consortium and its members, the Incident Reporter, the Independent Threat Detection Vendor, the Independent Security Partner, any liquidation service provider, any Staker or Collateral provider participating in the Protocol, and each of their respective directors, officers, employees, contractors, service providers, agents, advisors, and representatives.

"**First-Loss Buffer**" means the protocol-owned stablecoin reserve that absorbs the first tranche of any validated loss before any Collateral is slashed.

"**Force Majeure**" means acts of war or armed conflict, protocol-level sanctions, or other catastrophic events beyond the reasonable control of the Protocol participants.

"**Incident**" means an on-chain incident record created by the Incident Reporter (or by the Risk Consortium pursuant to clause 2.8 of the Cover Scope) in respect of a confirmed exploit event, identifying the affected Covered Markets and carrying a capture timestamp that determines its Period assignment and settlement order.

"**Incident Reporter**" means the entity engaged to support the Protocol by providing or enabling certain narrow incident reporting functions, including reporting

detected exploits, creating Incidents on-chain, and preparing Loss Assessment Reports. The Incident Reporter is supporting Firelight Networks initially at launch of the Protocol, acting in aid of the Protocol and its mission. The incident reporting functions are heavily automated; to the extent any individual step is not yet fully automated, Firelight Networks performs that step only until such step is automated.

"**Independent Security Partner**" means the independent security organization designated by Firelight Networks (e.g., the Security Alliance) to prepare and publish exploit reports.

"**Independent Threat Detection Vendor**" means the third-party digital asset threat detection service designated by Firelight Networks (e.g., HyperNative) to provide real-time exploit monitoring and detection.

"**Interface Fees**" has the meaning given in Clause 9(c).

"**Loss Amount**" shall have the meaning given to it in the Cover Scope.

"**Loss Assessment Report**" means the report prepared by the Incident Reporter for an Incident containing the proposed loss schedule for the Incident.

"**NAV-Based Asset**" means an asset representing a claim on one or more underlying assets held by a protocol, vault or reserve, and redeemable or convertible against those underlying assets.

"**Payout Amount**" means the amount actually payable in respect of a Cover Token for an Incident, being its pro-rata share of the Final Incident Payout as determined in Clauses 7.6 to 7.11.

"**Payout Recipient**" means the on-chain address recorded at order creation to which any payout in respect of the Cover Token is routed. Unless the Program Operator elects otherwise at order creation, the Payout Recipient is the Beneficiary Address.

"**Period**" means a fixed 30-day protocol period. Coverage, pricing, capacity, and matching align to Period boundaries.

"**Platform Materials**" has the meaning given in Clause 13(a).

"**Position Share**" means the ratio of the supplied capital of the Covered Vault with enabled coverage to the total supplied capital of the Covered Market at the Time of Loss.

"**Pre-Launch Staking**" has the meaning given in Clause 6(a).

"**Program Operator**" means the institution that has completed onboarding and enables cover on a vault or program it operates, holds the Cover Token, and receives payouts via the Payout Recipient. Formerly referred to as the "Cover Purchaser" in prior versions.

"**Protocol**" or "**Firelight Protocol**" means the Firelight decentralized cover engine, comprising the smart contracts, staking mechanisms, and associated infrastructure that execute the enablement of a coverage marketplace.

"**Protocol Fees**" has the meaning given in Clause 9(a).

"**Protocol Launch**" has the meaning given in Clause 6(b).

"**Restricted Jurisdiction**" means any jurisdiction, country, territory, or region: (i) named on an Office of Foreign Asset Control ("**OFAC**") list as provided at http://www.treas.gov/ofac; or (ii) that is the subject or target of any U.S. or other national government financial or economic sanctions, trade embargoes, or otherwise identified on a list of prohibited, sanctioned, debarred, or denied parties, including without limitation those imposed, administered or enforced from time to time by the European Union ("**EU**"), United Kingdom or Swiss governments via the EU sanctions regulations, including Council Regulation (EC) No 428/2009 and Council Regulation (EU) No 833/2014, as well as any subsequent amendments or regulations; the UK sanctions regulations, including the Sanctions and Anti-Money Laundering Act 2018 and the Sanctions (EU Exit) Regulations 2019, as well as any subsequent amendments or regulations; and the Swiss sanctions regulations, including the Federal Act on the Implementation of International Sanctions, as well as any subsequent amendments or regulations.

"**Restricted User**" means any individual or entity that: (i) is located in, resident in, organized in, or subject to the jurisdiction of a Restricted Jurisdiction; (ii) appears on any sanctions list or restricted-party list maintained by OFAC, the European Union, the United Kingdom, Switzerland, or any other governmental authority; or (iii) Firelight Networks determines, in its sole discretion, presents heightened legal, regulatory, sanctions, compliance, enforcement, or reputational risk.

"**Risk Consortium**" means the entity providing the services of an independent factual review committee, engaged by Firelight Networks to confirm Incidents against the applicable cover terms, as further described in the Risk Consortium Scope of Participation, acting through its designated multisig.

"**Scheduled Protocol**" means a DeFi protocol hosting one or more Covered Markets that has met all eligibility requirements, including HyperNative integration and audit disclosure, and for which coverage is active.

"**Settlement**" means the deterministic processing of matched orders at a Period boundary pursuant to Clause 7.4(d), including the drawing of the Advance and the issuance of Cover Tokens, determined by reference to the snapshot taken at the Period-start timestamp.

"**Stabilization Period**" means twenty-four (24) hours following the Time of Loss, or such other period as the Risk Consortium may determine is appropriate given the nature of the mechanism failure.

"**Stake**" means digital assets staked to the Protocol by a Staker, and "**to Stake**" shall be construed accordingly.

"**Staker**" means a person who stakes digital assets into the Protocol to serve as Collateral required for Protocol operations, in exchange for Protocol-generated emissions, and whose staked position is subject to slashing under Clause 7.7.

"**Supplemental Terms**" has the meaning given in Clause 8(a).

"**Time of Loss**" means the blockchain-recorded timestamp of the initial transaction triggering a Covered Exploit Event, as determined by the Incident Reporter and validated by the Risk Consortium.

"**Total Payout Capacity**" means, at any time, the First-Loss Buffer balance plus the market value of staked Collateral, being the single constraint on aggregate Incident payouts under Clause 7.7.

"**Website**" means the Firelight website and any front-end interface through which Firelight Networks may make the Protocol accessible to users.

c. Interpretation. In these Terms of Participation, unless the context otherwise requires: (i) headings are for convenience only and do not affect interpretation; (ii) the singular includes the plural and vice versa; (iii) "including", "includes", and "in particular" are illustrative and do not limit the sense of the words preceding them; (iv) references to Clauses and Appendices are to clauses of, and appendices to, these Terms of Participation; (v) references to any statute, regulation, or other legislation include any amendment, re-enactment, or replacement of it; and (vi) references to a document include that document as amended, restated, supplemented, or replaced from time to time.

2. AGREEMENT TO THE TERMS

a. Parties and Scope. These Terms of Participation constitute a binding agreement between you and Firelight Networks (BVI) Ltd (together with its Affiliates, contributors, developers, service providers, and associated entities, collectively referred to as "**Firelight**," "**Firelight Networks**," "**we**," or "**us**"). These Terms of Participation, together with: (i) the Risk Disclosure Statement set forth in Appendix A; and (ii) any Supplemental Terms (as defined below), (collectively, and as may be amended from time to time, the "**Terms of Participation**") govern your access to and participation in the Firelight Protocol via the Website, including participation as a Staker under Clause 6 and as a Program Operator under Clause 7. Firelight Networks's role is limited to acting as steward of the Protocol and providing the Website as an access point to the Protocol's smart contracts. Firelight Networks does not provide services in the traditional sense and is not a service provider in connection with Protocol interactions.

b. Related Documents. Cover enablement under the Firelight Protocol is further documented in the Cover Scope (which describes the categories of Covered Exploit Events and the exclusions and conditions applicable to them), the Cover Enablement Order Form (which records the commercial terms of each cover request), and, where applicable, the Cover Enablement Support Services Agreement. Each document governs its own domain; these Terms of Participation govern all participation in the Protocol generally, including the payout waterfall, and are the single source of truth for defined terms in accordance with Clause 1.

c. Acceptance and Binding Effect. You must carefully review these Terms of Participation before accessing the Website or participating in the Protocol. By accessing, browsing, connecting a digital wallet to, or otherwise participating in the Protocol through the Website, or by enabling cover on a vault, placing a request to enable cover, or holding a

Cover Token, you confirm that you have read, understood, and agree to be legally bound by these Terms of Participation. If you do not agree to these Terms of Participation, you must immediately cease all access to the Website and participation in the Protocol.

d. Eligibility. The Website and the Protocol are intended only for individuals who are at least eighteen (18) years of age (or the age of legal majority in their jurisdiction, if higher). By accessing or using the Website or the Protocol, you represent and warrant that you satisfy these eligibility requirements and that your participation in the Protocol does not violate any applicable law or regulation.

e. Geographic and Legal Restrictions. Access to the Website and participation in the Protocol are not made available to any individual or entity whose access or participation would be unlawful or would cause Firelight Networks or its Affiliates to violate any applicable law, regulation, sanctions program, or export control requirement. Without limitation, access to the Website and participation in the Protocol are not made available to any Restricted User or to any person located in, organized under the laws of, or ordinarily resident in a Restricted Jurisdiction.

f. Compliance. You bear sole responsibility for ensuring that your access to and use of the Website and participation in the Protocol complies with all applicable laws, rules, regulations, and restrictions in your jurisdiction. Firelight Networks makes no representation or warranty that the Website or Protocol are lawful, appropriate, or available in any particular jurisdiction.

3. MODIFICATIONS TO THE TERMS

a. Amendments. Firelight Networks reserves the right, in its sole discretion, to modify, amend, supplement, restate, or otherwise update these Terms of Participation at any time.

b. Notice of Changes. When changes are made, the "**Last Updated**" date at the beginning of these Terms will be revised accordingly. Firelight Networks may, but is not obligated to, provide notice of material modifications by posting an updated version of these Terms on the Website or through other communications.

c. Effectiveness. Unless otherwise expressly stated, modifications to these Terms become effective immediately upon posting and apply to all subsequent access to and use of the Website and participation in the Protocol. The version of these Terms referenced by a Cover Token (including by way of the token's terms reference) is the version that applies to that Cover for its Period, as further described in Clause 25(i).

d. Continued Use Constitutes Acceptance. Your continued access to or use of the Website or participation in the Protocol following the posting of revised Terms constitutes your binding acceptance of such modifications.

e. Obligation to Cease Use. If you do not agree to any modified Terms, you must immediately discontinue access to and use of the Website and participation in the Protocol.

f. Service Evolution. You acknowledge that the Firelight Protocol is an evolving technology and may be updated, modified, suspended, restricted, or discontinued, in whole or in part, at any time and without liability.

4. WEBSITE ACCESS AND SECURITY

a. Availability and Changes. Firelight Networks reserves the right, at any time and without notice, to modify, suspend, discontinue, restrict, or withdraw the Website or access to participation in the Protocol. Firelight Networks shall not be liable if any part of the Website or the Protocol becomes unavailable for any reason or for any duration. For the avoidance of doubt, the unavailability of the Website or any interface does not affect the continued operation of smart contracts deployed on public blockchain networks. Users may interact with such smart contracts through other interfaces or applications that are not operated by Firelight Networks.

b. Security and Integrity. You are responsible for ensuring that your access to the Website and participation in the Protocol is conducted in a secure manner and that your devices, systems, and network connections are appropriately protected against unauthorized access, malware, and other security risks.

c. Monitoring. Firelight Networks reserves the right, but does not assume the obligation, to monitor access to or use of the Website for the purpose of ensuring compliance with these Terms and protecting the integrity and security of the Protocol and Website.

5. NATURE OF PROTOCOL ACCESS AND PARTICIPATION

a. Firelight Protocol. The Firelight Protocol is a decentralized system of smart contracts deployed on public blockchain networks that operates a collateral-backed cover marketplace for digital-asset participants in respect of certain vaults offered or maintained by Program Operators. The Protocol's functionalities include, without limitation: (i) the acceptance of staked digital-asset collateral from independent Stakers to provide economic security for the Protocol's cover functionality; (ii) the issuance of technical receipt tokens evidencing such staked positions; (iii) the enablement of Cover on Covered Markets in respect of Covered Exploit Events, recorded on Cover Tokens issued to Program Operators; (iv) real-time exploit detection by the Independent Threat Detection Vendor, incident reporting and loss assessment by the Incident Reporter, and independent on-chain factual validation by the Risk Consortium; (v) the automated execution of the payout waterfall through smart-contract logic upon approval of an assessment round, comprising the First-Loss Buffer draw, the slashing of staked Collateral, the liquidation of slashed positions into stablecoins, and the distribution of proceeds to Payout Recipients; and (vi) integration with decentralized finance protocols and blockchain infrastructure. Firelight Networks acts solely as the steward of the Protocol. It holds and deploys the smart contracts that enable access to the Protocol's cover marketplace and makes the Website available as a front-end access point to those smart contracts. Firelight Networks does not operate, control, intermediate, or guarantee the outcome of any Protocol interaction. It is the doorway to the marketplace, not a party within it. Users' participation in the Protocol is entirely at their own direction and risk.

b. Software Interface Only. The Website and associated interfaces function solely as software interfaces that enable users to interact directly with publicly deployed smart contracts and blockchain networks. Firelight Networks does not execute transactions on behalf of users and does not act as a counterparty to blockchain transactions. Firelight Networks does not provide financial, investment, insurance, custody, advisory, brokerage, or any other services to users. The sole function of Firelight Networks is to make the Protocol marketplace accessible via the Website.

c. Informational Nature of the Website. The Website is an informational resource about the Protocol; however, it is not the exclusive or sole source. All information provided in connection with your access and participation in the Protocol via the Website is intended for informational purposes only. While we strive to provide accurate and reliable information, we cannot guarantee the accuracy, completeness, or timeliness of the information provided. The codebases of all versions of the Firelight Protocol are maintained on each full network node of the relevant blockchain. You should not take, or refrain from taking, any action based on any information available through the Protocol including, without limitation, developer documentation, blog posts, data, articles, links to third-party content, community channels, news feeds, tutorials, posts, and videos. You further acknowledge and agree that we will not be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with the use of or reliance on any such content, goods, or services available on or through any such site or resource.

d. Control. It is important to understand that neither we nor any Affiliate is a party to any transaction on the blockchain networks underlying the Firelight Protocol; we do not have possession, custody, or control over any cryptoassets or any user's funds. When you interact with the Firelight Protocol, you retain control over your cryptoassets at all times, subject only to the relevant smart contracts' programmed logic (including any unbonding or withdrawal conditions).

e. Third-Party Wallets. To interact with the Firelight Protocol using the Website, you will need to connect and engage with it through your self-custodial wallet. Your self-custodial wallet is provided by a third-party entity and is governed by separate terms and conditions set by that provider. These separate terms and conditions may involve additional fees, disclaimers, or risk warnings. It is your sole responsibility to review and understand the terms and conditions associated with your chosen self-custodial wallet provider and any third-party services. We provide no guarantee as to the usability, connectivity, or functionality of any such wallets or services and accept no liability relating to their use, fault, loss, consequences, or otherwise.

f. Supported Networks. By transacting via any blockchain network supported by the Protocol from time to time, you acknowledge that all activity is strictly non-custodial: we neither hold, control, nor guarantee any assets. You should review and accept any applicable network's terms of use before continuing.

g. Our Relationship. The Protocol solely utilizes non-custodial and decentralized technology. We are not intermediaries, agents, advisors, or custodians, and we do not have a fiduciary relationship or obligation to you regarding any decisions, actions, or transactions you make when participating in the Protocol. This includes, without

limitation, any transactions you initiate with or through the Firelight Protocol or any other decentralized protocol, application, or service accessible via the Website. You are solely responsible for ensuring the accuracy, legality, and appropriateness of your interactions with any such third-party services, decentralized protocols, or smart contracts. We do not act as an intermediary, broker, agent, or fiduciary for any user or third party, and we disclaim any responsibility for the execution, settlement, or outcome of any transaction initiated by you. Firelight Networks is solely the steward of the Protocol. It makes the cover marketplace accessible, but does not control how users and participants interact with it, what positions they take, or the outcome of any Protocol-level events, including exploit events.

h. Protocol Transaction Information. You acknowledge that we do not have information regarding any Firelight Protocol transactions beyond what is publicly available or obtainable via the applicable blockchain(s). We may collect information regarding participants in the Protocol in accordance with our Privacy Policy.

i. No Insurance or Underwriting.

(i) The Protocol does not constitute, and does not create, insurance. The Firelight Protocol is a decentralized system of smart contracts that enables independent users to participate in collateral-backed cover arrangements. Any "cover", protection mechanism, or risk-sharing arrangement enabled through the Protocol arises solely from the operation of smart contracts and the participation of independent users. Nothing made available through the Website, the Protocol, or Firelight Networks's activities in connection with the Protocol constitutes an insurance policy, an insurance contract, insurance coverage, an insurance product, or the business of insurance under the laws of any applicable jurisdiction. The Firelight Protocol does not create any contract of insurance between any persons. The Protocol does not assess insurable risk, determine claims eligibility, guarantee payouts, or maintain insurance reserves. Any payments or transfers that may occur through Protocol mechanisms arise solely from the operation of smart contracts and the participation of independent users.

(ii) Firelight Networks does not provide or broker insurance. Firelight Networks does not provide insurance services and is not, and does not act as, an insurer, insurance intermediary, insurance broker, insurance agent, or insurance underwriter. Firelight Networks does not assess insurable risk, determine claims eligibility, guarantee payouts, or maintain insurance reserves. Firelight Networks does not guarantee compensation for any losses arising from participation in the Protocol and does not provide any form of insurance protection. You acknowledge and agree that by participating in the Protocol you are not purchasing insurance from, and have no insurance claim against, Firelight Networks or any Affiliate.

6. STAKING AND STAKERS

a. Pre-Launch Staking; No Rewards and No Securities. From time to time, the Website may enable pre-launch, non-reward-bearing staking opportunities on the Protocol ("**Pre-Launch Staking**"). You acknowledge and agree that:

(i) No rewards, yield, interest, fees, or other economic returns are available or promised during the Pre-Launch Staking period, and your participation in any Pre-Launch Staking opportunity does not create any right or entitlement to future rewards or economic benefits.

(ii) Any receipt token issued in connection with Pre-Launch Staking (such as "**stXRP**") is a technical receipt token only, evidencing a stake of the underlying asset (e.g., FXRP) and does not confer any ownership, profit participation, income rights, or governance rights.

(iii) Pre-Launch Staking participation is made solely for functional and technical use of the Protocol (such as enabling composability with other DeFi applications), and not for investment, speculative, or capital-formation purposes.

(iv) Any future reward-bearing or economic participation in later phases of the Firelight Protocol (if and when launched) will require separate actions, disclosures, and eligibility requirements, and your Pre-Launch Staking participation does not in itself constitute participation in any such future program or securities offering.

(v) You further acknowledge that your Pre-Launch Staking participation does not constitute a purchase of any security and is not part of any securities offering or investment program, and that no reward-bearing participation is available at this stage.

b. Post-Launch Staking. Upon launch of the Protocol's cover engine ("**Protocol Launch**"), Stakers supply digital-asset Collateral to the Protocol to provide economic security for the Protocol's cover functionality. By staking digital-asset collateral to the Protocol following Protocol Launch, you acknowledge and agree that:

(A) your Stake is an active deployment of digital assets that provides economic security for the Protocol's cover functionality; your Stake is a use of, and active participation in, the Protocol, and is not an investment in the Protocol or in any business; depending on your category of staking, your Stake may make you eligible to receive a share of protocol emissions as configured in the relevant smart contracts from time to time;

(B) your Stake is exposed to slashing in accordance with the payout waterfall set out in Clause 7.7 upon approval by the Risk Consortium of an assessment round in respect of a Covered Exploit Event. Slashing is applied pro-rata across Staker positions after the First-Loss Buffer has been drawn, is denominated in USD, and is fixed at the time the slash instruction is generated. Slashing may result in the partial or total loss of your staked assets, although Stakers cannot be compelled into negative equity and no additional Collateral is slashed for the same Incident after the slash instruction is generated. Recovered assets, if any, are applied first to restore slashed Staker positions in accordance with Clause 7.14;

(C) you are not providing insurance, reinsurance, underwriting, or any similar regulated activity, and you are not entering into a contract of insurance with any Program Operator, Covered Vault, Firelight Networks, any Affiliate, or any other

person. You participate solely as an independent user of a smart-contract-based, decentralised risk-sharing mechanism;

(D) no protocol emissions, fees, or other economic returns are guaranteed. Any returns depend entirely on Protocol usage, the occurrence or non-occurrence of Covered Exploit Events, and the continued availability and operation of the underlying smart contracts;

(E) your Stake is subject to any lock-up, unbonding, withdrawal, or cooldown conditions encoded in the relevant smart contracts, and you must satisfy yourself as to those conditions before staking; and

(F) additional risks specifically affecting Stakers are set out in Clause 16 of the Risk Disclosure Statement in Appendix A.

c. Staking Categories; Emissions and Slashing. The Protocol may support different categories of staking from time to time, as configured in the relevant smart contracts. The category of staking in which you participate determines your eligibility for, and share of, any protocol emissions, as well as the nature and extent of your exposure to slashing. Different categories of staking may offer different opportunities for emissions and may carry different slashing risk, and you are solely responsible for reviewing the parameters applicable to your chosen category before Staking.

d. Entry and Exit. Subject to any lock-up, unbonding, withdrawal, or cooldown conditions encoded in the relevant smart contracts, Stakers may enter into and exit from staking positions at their own discretion by interacting directly with the Protocol. No minimum participation period applies other than as encoded in the relevant smart contracts, and Firelight Networks has no ability to prevent, compel, or reverse any Staking or unstaking transaction.

e. Staker Representations, Warranties, and Acknowledgements. In addition to the representations, warranties, and acknowledgements set out in Clause 21, by Staking you represent, warrant, acknowledge, and agree, on a continuing basis for so long as you maintain any Stake, that:

(i) you are engaging in staking, being the active deployment of digital assets into an automated, smart-contract-based protocol; your participation in the Protocol is an active use of, and participation with, technology, and is not a passive investment;

(ii) your Stake is not an investment in the Protocol, Firelight Networks, any Affiliate, or any business or common enterprise, and does not confer any ownership interest, equity, share of profits or revenues, or governance or voting rights in respect of any person;

(iii) the Protocol operates autonomously by way of smart contracts, and you are not relying on the entrepreneurial or managerial efforts of Firelight Networks, any Affiliate, or any other person to generate any emissions or other returns; any emissions you may receive are generated by the automated operation of the Protocol and depend on, among other things, the category of your staking, Protocol usage, and the occurrence or non-occurrence of Covered Exploit Events;

(iv) you knowingly assume all risks associated with Staking, including the risk of partial or total loss of your staked assets through slashing and the operation of any lock-up, unbonding, withdrawal, or cooldown conditions;

(v) staking activity of the kind contemplated by these Terms of Participation is lawful and permitted in your jurisdiction, and you are not a Restricted User and are not located in, organized under the laws of, or ordinarily resident in a Restricted Jurisdiction; and

(vi) these representations, warranties, and acknowledgements are repeated each time you Stake or maintain a Stake.

7. PROGRAM OPERATORS AND COVER ENABLEMENT

7.1. Role of the Program Operator. A Program Operator independently elects to enable cover on a vault it owns, operates, manages, or offers under its program for its own benefit or for its end users (the vault so enabled, the Covered Vault). The enablement of cover on a vault through the marketplace established by way of the Protocol does not create an insurance contract or any other contractual right against the Firelight Parties. Rather, it provides the Cover Token holder, which may be the Program Operator or its designee, only with an on-chain, programmatic right to receive a portion of the proceeds of designated staked assets, if and to the extent sufficient assets are staked and available at the time of settlement, upon the independently validated occurrence of prespecified exploit events, as determined pursuant to the Protocol's predefined parameters and processes. Program Operators may be required to liaise with, and provide certain information to, Firelight Networks, the Incident Reporter, or their designees in regard to the fulfillment of certain clauses herein, including the verification of Covered Positions and the assessment of losses.

7.2. End Users. End users who deposit into a Covered Vault are not parties to these Terms of Participation in their capacity as such depositors, acquire no rights under the Cover, and have no claim against any Firelight Party in respect of the Cover. The Cover Token holder is the recipient of any proceeds released by the Protocol following the independently validated occurrence of a prespecified exploit event, and controls and holds all entitlement to such proceeds. Distribution, if any, of such proceeds by a Cover Token holder or the Program Operator to the Program Operator's end users is governed exclusively by the Program Operator, including but not limited to its terms of participation with its program or as encoded into the vault, and any such distribution and corresponding conditions and terms is at all times the sole responsibility and obligation of the Program Operator. For the avoidance of doubt, you expressly acknowledge that: (i) the Cover Token holder wallet address is the only recipient eligible to directly receive funds released from the Protocol; (ii) the cover enabled on the vault by Firelight does not provide the Program Operator's end users or such end users' funds with any direct economic cover or guarantee of any kind; (iii) the Program Operator's end users' only entitlement to receiving any economic cover or protection on their assets deposited into the Program Operator's program, if any, is solely based on the end users' relationship with the Program Operator and the Program Operator's terms and conditions applicable to their program; and (iv) the cover enabled by the Protocol does not cover the actual

assets in the applicable Covered Vault and creates no entitlement to cover for any such assets, but rather it enables certain cover in an amount equal to the elected Covered Position with the recipient of any corresponding funds released by the Protocol limited to only the Cover Token holder. The Program Operator shall ensure that its end users affirmatively accept the terms of participation applicable to its program (including by click-through or equivalent acknowledgment) prior to depositing into a Covered Vault.

7.3. Eligibility. To be eligible to request or effectuate the enablement of cover, the Program Operator must:

(a) have completed the onboarding and verification processes as required by the Protocol requirements or incorporated by Firelight Networks in its capacity as the steward of the Protocol, which may include but are not limited to any applicable Know Your Customer ("**KYC**") and Anti-Money Laundering ("**AML**") procedures and/or screenings. At launch of the Protocol, enabling cover on a vault is permissioned to institutions that have completed such onboarding;

(b) have recorded, at order creation, a Beneficiary Address identifying the Covered Position and a Payout Recipient address for the receipt of any payout;

(c) have prefunded the Advance in a supported payment asset and granted the Protocol a valid spending approval sufficient for the Advance at the applicable Period boundary, as further described in Clause 7.4;

(d) not reside in, or otherwise be located in, a Restricted Jurisdiction; and

(e) have agreed to be bound by these Terms of Participation and require all end users of its program to be bound by these Terms of Participation.

7.4. Cover Lifecycle. Cover is enabled, priced, and activated on a fixed 30-day Period cycle, as follows:

(a) Order Placement. An onboarded Program Operator (or the Incident Reporter acting on its behalf at launch of the Protocol) requests a quote for one or more Covered Markets and a total coverage amount, and places an order at the quoted rates. The order records the Beneficiary Address, the Payout Recipient, and the per-market coverage allocations.

(b) Advance Funding. The Advance is prefunded in the Program Operator's own wallet, and the Program Operator grants the Protocol a spending approval for the Advance in a supported payment asset. No escrow is used. The Program Operator retains custody of the funds until Settlement. The Program Operator may cancel an order before the Period boundary by revoking the approval or cancelling the order. If the wallet balance or approval is insufficient at Settlement, the order fails and cover does not activate. Maintaining sufficient balance and approval ahead of the Period boundary is the Program Operator's sole responsibility.

(c) Matching. At each Period boundary, the matching engine allocates available capacity against a deterministic snapshot taken at the Period-start timestamp. Renewal orders from existing coverage holders are matched first. If renewal demand exceeds capacity, renewal allocations are pro-rated by each holder's previous-Period coverage amount. Remaining capacity is then allocated to new

orders, pro-rated by requested amount if oversubscribed. No first-come-first-served priority applies within either queue. The Incident Reporter may cancel orders for the next Period on behalf of its clients. The Incident Reporter cannot reorder queues or manually allocate capacity.

(d) Settlement and Activation. The matching result is committed on-chain, followed by a governance-configured settlement cooldown during which an incorrect or compromised matching result may be cancelled, in which case no cover is issued and no Advance is drawn. Upon expiry of the cooldown without cancellation, the Advance (or, for a partially matched order, a proportionally reduced Advance) is drawn from the Program Operator's wallet via the approval, any partial-fill difference remains with or is refunded to the Program Operator, and the Protocol issues an on-chain Cover Token to the Program Operator recording the Covered Markets, per-market coverage amounts, rate, Advance, Period dates, Payout Recipient, and a reference to the applicable terms. Cover is effective from activation for the 30-day Period.

(e) Fixed Period; No Mid-Period Cancellation. Once activated, cover runs for the full Period and cannot be cancelled, modified, or refunded mid-Period. The scope of cover is fixed at activation: only the Covered Markets recorded on the Cover Token are covered, up to their allocated amounts. If a Covered Vault's strategy moves funds into a market not recorded on the Cover Token during the Period, that allocation is not covered unless and until cover is renewed with an updated declaration at a subsequent Period boundary.

(f) Renewal. Renewal is a separate action and is not guaranteed. Renewal orders are repriced at the new Period's published rates and are subject to available capacity and the renewal-priority allocation described in Clause 7.4(c). If cover is not renewed, the Cover Token expires at the end of the Period (status EXPIRED) and no further coverage applies.

(g) End of Cover. Cover ends upon the earlier of: (i) the full coverage amount recorded on the Cover Token having been consumed by validated payouts (status SETTLED); or (ii) the end of the Period for which cover was activated (status EXPIRED).

7.5. Automatic Inclusion; Program Operator Escalation. The Protocol does not require, and does not provide for the filing or submission of coverage payout requests, however where the Firelight Parties fail to take the steps required of them, the Program Operator may exercise the escalation rights set out in clause 2.8 of the Scope of Firelight Cover Enablement. When a potential Covered Exploit Event is signalled to the Protocol by the Independent Threat Detection Vendor, or substantiated by a submission of the Program Operator under clause 2.8 of the Cover Scope, an incident id is created, and the Protocol then identifies every Cover Token with an active recorded position at Time of Loss in the affected Covered Market(s) and automatically includes each such Cover Token in the Incident.Validation runs against on-chain state and the applicable position reconstruction. A Program Operator cannot forfeit a payout by failing to act, and no submission deadline applies. The sole temporal bound on an Incident is the resolution window described in the Cover Scope: an Incident that is not resolved before the end of

the Period following its creation expires with no payout. A single Incident may consume less than the full coverage amount allocated to a Covered Market on a Cover Token. The unconsumed remainder stays in force for that Covered Market for the rest of the Period, and coverage amounts allocated to unaffected Covered Markets on the same Cover Token are unaffected. If multiple Covered Exploit Events occur in the same Period, each draws down the applicable remaining coverage until the Period ends or the coverage is fully consumed.

7.6. Payout Amount; Approved Loss. The Approved Loss for a Cover Token in an Incident is the Loss Amount validated by the Risk Consortium, subject to the following limits applied in order:

(a) it does not exceed the coverage amount allocated on the Cover Token to the affected Covered Market, less amounts already consumed by prior validated payouts on that Covered Market in the same Period (the remaining coverage);

(b) it does not exceed the total coverage amount of the Cover Token.

7.7. Single Payout Constraint; Waterfall. The maximum aggregate payout for any Incident is the Total Payout Capacity at the time of settlement, defined as the First-Loss Buffer balance plus the market value of staked Collateral. No per-market or per-protocol cap applies at payout. Concentration limits govern the sale of cover at matching time only. If the aggregate Approved Loss for an Incident exceeds the Total Payout Capacity, all beneficiaries in the Incident share the available amount pro-rata in proportion to their Approved Loss. Upon approval of an assessment round, settlement proceeds in the following order:

(a) **First-Loss Buffer:** the Protocol's stablecoin first-loss reserve is drawn first, up to its available balance;

(b) **Collateral Slashing:** any remainder is slashed from staked Collateral pro-rata across Staker positions. The slash amount is denominated in USD and fixed at the time the slash instruction is generated. No additional Collateral is slashed thereafter for the same Incident;

(c) **Liquidation:** slashed Collateral is routed to the designated liquidation service for conversion into payout stablecoins; and

(d) **Distribution:** the combined proceeds of the buffer draw and the liquidation (the Final Incident Payout) are distributed to Payout Recipients pro-rata in proportion to each Cover Token's Approved Loss.

7.8. Slash Valuation; Liquidation Costs. The value of each slash is fixed at the time the slash instruction is generated. The slash equals the portion of the Incident's aggregate Approved Loss that remains after the First-Loss Buffer draw, subject to the limits in Clause 7.7. It is denominated in USD and converted into a Collateral amount at the prevailing market price of the Collateral at the time of the instruction. The slash amount does not change after the instruction is generated. The Payout Amount actually received may be lower than the value of the slash. The liquidation of slashed Collateral incurs execution slippage, trading fees, and other conversion costs, and the market price of the Collateral may move between the slash instruction and the completion of the liquidation.

All such slippage, fees, and costs are absorbed by the beneficiaries of the payout, pro-rata in proportion to Approved Loss. They are not borne by the Stakers, are not replenished from the First-Loss Buffer, and are not compensated by any Firelight Party.

7.9. Sequential Settlement. Incidents settle strictly in order of their capture timestamps. Each Incident triggers exactly one slash, one liquidation, and one distribution. A later Incident settles against whatever Total Payout Capacity remains after all earlier Incidents have settled. Where remaining capacity has been exhausted, subsequent Incidents in the Period proceed through the validation lifecycle but settle with a payout of zero and are recorded as valid but unpayable. Capacity resets at the next Period boundary based on the then-current buffer balance and Collateral base.

7.10. Shortfalls. The Payout Amount received in respect of a Cover Token may be less than its Approved Loss in the following circumstances, in each of which the shortfall is borne by the beneficiaries pro-rata and each beneficiary in the Incident receives the same percentage of its Approved Loss: (a) prior Incidents have consumed Total Payout Capacity; (b) the market value of staked Collateral has declined before settlement; or (c) liquidation execution yields less than the slash instruction amount as a result of execution slippage, fees, and other liquidation costs, as described in Clause 7.8. The Protocol does not draw additional buffer funds or slash additional Collateral to make up any such shortfall, and Stakers cannot be compelled into negative equity. If liquidation execution yields more than the slash instruction amount, the excess is returned to the vault and is not distributed to beneficiaries.

7.11. Payout Currency. Each entitlement is denominated in USD. Payouts are made in the primary payout stablecoin (USDC at launch). If liquidity in the primary stablecoin is insufficient, the liquidation service may settle part or all of the payout in one or more other approved stablecoins. Currency preference governs denomination of settlement, not the amount of the entitlement.

7.12. Distribution Mechanics. On-chain, settlement proceeds are released to a single configured payout receiver and distributed to individual Payout Recipients pro-rata to Approved Loss. During the MVP this distribution is executed operationally by Firelight Networks's operations function as described in Clause 7.16. Firelight's role ends upon distribution to the Payout Recipient. Any onward distribution to depositors of a Covered Vault is the Program Operator's sole responsibility under Clause 7.2.

7.13. Nature of Payouts; Partial Payment Risk. THE PROGRAM OPERATOR ACKNOWLEDGES THAT ANY PAYOUT (I) IS AN ENTITLEMENT TO A CLAIM ON FINITE AND FLUCTUATING PROTOCOL COLLATERAL AND SUBJECT TO THE AVAILABILITY OF SUFFICIENT PROTOCOL COLLATERAL, AND (II) DOES NOT ESTABLISH, CREATE, OR IMPLY A GUARANTEE OF OR RIGHT TO PAYMENT OR ANY ECONOMIC AMOUNT OF ANY KIND. THE PAYOUT AMOUNT ACTUALLY RECEIVED, IF ANY, MAY BE LESS THAN THE APPROVED LOSS, AND MAY BE ZERO, AS A RESULT OF, WITHOUT LIMITATION: PRIOR INCIDENTS CONSUMING TOTAL PAYOUT CAPACITY; DECLINES IN THE MARKET VALUE OF STAKED COLLATERAL; AND LIQUIDATION EXECUTION SLIPPAGE. THE ALLOCATION OF THESE SHORTFALLS IS GOVERNED BY CLAUSE 7.10. Coverage amounts recorded on Cover Tokens are capacity commitments made against leveraged capacity and do not

represent segregated or reserved assets. The Protocol's aggregate outstanding coverage may exceed the value of staked assets available to satisfy enabled Cover at any given time.

7.14. Recoveries. Following settlement of an Incident, a recovery window (of a duration published by Firelight Networks prior to launch) opens during which assets recovered from the exploit (including through white-hat negotiation, law enforcement action, or protocol-level recovery) are returned in reverse order of loss absorption: slashed Staker positions are restored first, and any excess is returned to the First-Loss Buffer. A recovery bounty may be paid to Risk Consortium members who actively contribute to a recovery. Recoveries are administered off-chain by Firelight Networks. Amounts already distributed to Payout Recipients are not subject to clawback on account of subsequent recoveries. A beneficiary that itself receives assets directly from an attacker or recovery process in respect of a loss already compensated shall, to the extent of the double recovery, hold such amounts for return to the Protocol.

7.15. Compliance Holds. All payouts are subject to sanctions and AML screening at the time of distribution. If a Payout Recipient is, at the time of distribution, subject to sanctions, blocklisted, or otherwise a person to whom payment is prohibited by Applicable Law, the corresponding payout shall be withheld, and not forfeited, pending resolution, and Firelight Networks may require the designation of an alternative compliant Payout Recipient controlled by the same beneficial owner before releasing it. No interest or compensation accrues on withheld amounts.

7.16. Operational Processes at Launch. At launch of the Protocol: (a) per-beneficiary distribution of settlement proceeds is executed operationally by Firelight Networks's operations function from the configured payout receiver, pro-rata to Approved Loss, and may include a small test transaction before the remainder is distributed; (b) the tracking and decrementing of each Cover Token's remaining coverage following a payout is performed administratively and reconciled against the on-chain attestations of approved assessment rounds; (c) the Protocol's on-chain state does not enforce the per-token remaining-coverage limit; and (d) the Incident Reporter may place and cancel orders on behalf of Program Operators. These operational processes do not expand or diminish any entitlement determined under the exploit validation, loss amount, and payout provisions.

7.17. Roles; Conflicts of Interest. Firelight Networks may act simultaneously as the Incident Reporter (opening Incidents and preparing Loss Assessment Reports), as the liquidation execution service, and as an agent placing orders on behalf of Program Operators. These roles are disclosed. The structural control on this concentration of roles is the independent validation by the Risk Consortium: no payout can occur without approval of the assessment round by a three-of-five quorum of independent members, the Incident Reporter cannot approve its own loss calculations, and the Incident Reporter cannot cancel an Incident once assessment has begun. Members of the Risk Consortium with a conflict of interest in a given Incident must declare a non-vote and abstain.

7.18. Changes to Risk Consortium Membership. Any change to the membership of the Risk Consortium, including the appointment, replacement, or removal of a member, takes effect only from the start of a Period. Firelight Networks shall give the Program Operator written notice of any such change before the start of the Period in which it takes effect. No membership change applies to any Incident or assessment round pending when the change takes effect; those matters are completed by the members in office when the Incident was created.

7.19. Program Operator Representations, Warranties, and Undertakings. Each Program Operator represents, warrants, and undertakes, on a continuing basis for so long as any Cover is enabled in respect of its program, that:

(a) all information provided in connection with its onboarding, verification, and each cover enablement order is accurate, complete, and kept current;

(b) it is not a Restricted User, is not located in, organized under the laws of, or ordinarily resident in a Restricted Jurisdiction, and its participation in the Protocol does not violate Applicable Law;

(c) no recipient of any payout or other proceeds released by the Protocol (including any Payout Recipient and any person to whom the Program Operator onward-distributes such proceeds), and no ultimate beneficial owner of the Program Operator or of any Payout Recipient, is a Restricted User or a person with whom dealings are prohibited or restricted under any applicable sanctions regime;

(d) it will not state, represent, market, or imply to any person (including its end users) that the Cover, the Protocol, or any payout constitutes insurance, a contract or policy of insurance, an indemnity, a guarantee, or any other regulated financial-services product, and it will not use, deliver, or make available the Cover in any manner, or take any action, that causes or is reasonably likely to cause the Cover or the Protocol to be characterized as insurance or any other regulated offering in any jurisdiction;

(e) it will make the Cover, and any product or program referencing the Cover, available only in jurisdictions in which doing so is lawful; and

(f) it is solely responsible for its relationship with its own end users, clients, and customers, including all onboarding, disclosures, screening required of it under Applicable Law, and terms applicable to its program.

8. SUPPLEMENTAL TERMS

a. Applicability. Your access to and use of certain features, protocol integrations, interfaces, or other functionality may be subject to additional terms, disclosures, or service-specific conditions ("**Supplemental Terms**").

b. Form of Supplemental Terms. Supplemental Terms may be set forth in a separate agreement, addendum, appendix, feature-specific disclosure, or presented to you at the time you activate or begin participating in the Protocol.

c. Control Hierarchy. If these Terms of Participation conflict with any Supplemental Terms, the Supplemental Terms control solely with respect to the applicable services.

d. Acceptance Requirement. Firelight Networks may require your affirmative acceptance of Supplemental Terms as a condition to accessing certain functionality.

e. Cover Enablement Documents. Without limitation, each Cover Enablement Order Form constitutes Supplemental Terms for the purposes of this Clause 8 with respect to the Cover to which it relates. The Cover Scope is descriptive only, does not itself constitute a contract, and describes the categories of Covered Exploit Events and the exclusions and conditions applicable to them; the defined terms "Covered Exploit Event" and "Loss Amount" have the meanings given in the Cover Scope, as provided in Clause 1.

9. FEES AND THE ADVANCE

a. Protocol Fees. Certain interactions with the Firelight Protocol may involve the application or incurrence of protocol-level fees, including but not limited to cover-enablement charges applied at the vault level upon interaction with a Covered Vault, on-chain transaction fees, protocol maintenance fees and other fees implemented through the underlying smart contracts at the vault level (collectively, "**Protocol Fees**"). Where applicable, such Protocol Fees may be automatically calculated and deducted by the relevant smart contracts.. The application of Protocol Fees establishes and funds the Protocol's emissions, which may be distributed to Stakers or to other participants in the ecosystem, depending on the design and operation of the relevant protocol functionality.**b. The Advance.** No person or entity purchases insurance or pays an insurance premium. Cover may be enabled on Covered Vaults against the Advance, which is prefunded by the Program Operator's own wallet and drawn at Settlement via the Program Operator's spending approval, in each case as described in Clause 7.4. Once Cover is activated, the Advance is not refundable mid-Period, as described in Clause 7.4(e). For the avoidance of doubt, the Advance is not a fee payable to Firelight Networks in consideration of services and does not create any contractual obligation on Firelight Networks or any Affiliate to make any payment or provide any guarantee.

c. Interface Fees. Firelight Networks may charge fees for the use of certain interfaces, tools, or features made available through the Website (collectively, "**Interface Fees**"). Where applicable, Interface Fees will be disclosed through the Website or interface prior to your confirmation of the relevant transaction. By authorizing a transaction through the interface, you consent to the payment of any disclosed Interface Fees.

d. Blockchain Network Fees. Transactions conducted through blockchain networks require payment of network transaction fees (commonly referred to as "gas fees"). Such fees: are determined by the relevant blockchain network, are paid directly to validators or miners maintaining that network, and are not collected or controlled by Firelight Networks. Firelight Networks has no control over the amount of blockchain network fees and does not receive such fees unless explicitly stated otherwise.

e. Third-Party Fees. Interactions with third-party protocols, services, or infrastructure through the Protocol may involve additional fees imposed by those third parties. Such fees may include, without limitation: validator fees, liquidity provider fees, bridge fees,

oracle fees, or other third-party service charges. You are solely responsible for reviewing and paying any such third-party fees.

f. Fee Modifications. Firelight Networks reserves the right to introduce, modify, or discontinue Protocol Fees or Interface Fees at any time, subject to disclosure through the Website or interface. Changes to fees will apply only to transactions authorized after the updated fees are disclosed. Base cover rates are published to the Cover Registry and refreshed each Period, and renewal orders are repriced at the new Period's published rates in accordance with Clause 7.4(f).

g. Responsibility for Fees. You acknowledge and agree that you are solely responsible for: reviewing any applicable fees prior to authorizing transactions and ensuring that your wallet contains sufficient digital assets to cover applicable fees. Firelight Networks shall not be responsible for failed transactions resulting from insufficient funds to pay applicable fees.

10. INTERFACE FUNCTIONALITY AND TRANSACTION AUTHORIZATION

a. Interface Outputs and Draft Transactions. The Website may generate draft transaction parameters, prompts, previews, estimates, or messages based on user inputs and selected options. Such outputs are provided solely as a technical convenience and do not constitute instructions, advice, recommendations, representations, or guarantees of accuracy.

b. User Authorization and Control. All transactions must be independently reviewed and authorized by you through your self-custodied wallet using your private keys or signing credentials. Firelight Networks does not have access to your private keys and cannot sign transactions on your behalf.

c. Transaction Finality and Error Risk. Transactions executed on public blockchain networks are irreversible once confirmed. You acknowledge and accept full responsibility for verifying transaction details before authorization. Errors in addresses, contract interactions, amounts, or parameters may result in permanent loss of digital assets.

d. Staking and Withdrawals. All staking transactions, Stake withdrawals, and other transfers to or from Protocol smart contracts are initiated solely by you through your wallet. Firelight Networks does not control such transactions and cannot reverse them once executed.

e. Third-Party Wallet Software. Participation in the Protocol requires the use of wallet software provided by third-party providers. Such wallets are governed by their own terms of service and privacy policies. Firelight Networks does not develop, operate, or control such wallet software and disclaims responsibility for any malfunction or security failure associated with third-party wallets.

11. THIRD-PARTY SERVICES

a. Availability and Use of Third-Party Services. The Website may display, embed, integrate with, or otherwise provide access to content, data feeds, applications, protocols, or other services that are owned, operated, or provided by third parties (collectively,

"**Third-Party Services**"). Such Third-Party Services may include, without limitation: blockchain networks, validator networks, digital asset wallets, bridges, decentralized exchanges, decentralized finance protocols, oracle providers, analytics providers, and other infrastructure or middleware services. These Third-Party Services may be governed by separate terms of service, licenses, or policies established by the relevant third-party provider.

b. No Responsibility for Third-Party Services. Notwithstanding anything to the contrary in these Terms of Participation, you acknowledge and agree that: (i) you, and not Firelight Networks, are solely responsible for ensuring that participation in the Protocol by you in connection with any Third-Party Services complies with the terms applicable to such Third-Party Services; (ii) Firelight Networks shall not be liable for any damages, liabilities, losses, or other harms arising in connection with your use of, or inability to access, any Third-Party Services; and (iii) Firelight Networks shall be under no obligation to investigate or verify the reliability, security, legality, or functionality of any Third-Party Services.

c. Exported Information. Participating in the Protocol may include tools that enable you to export information or interact with Third-Party Services. By using such tools, you authorize Firelight Networks to transmit relevant information to the applicable Third-Party Service solely for the purpose of enabling such interaction. Firelight Networks is not responsible for the use, storage, processing, or disclosure of such information by any Third-Party Service.

12. PERMITTED USE

a. Authorized Use. Subject to your compliance with these Terms of Participation and applicable law, you may access and use the Website solely for lawful purposes and to interact with supported blockchain networks and smart contracts at your own direction and risk. You acknowledge that participating in the Protocol includes technical tools that allow users to interact with decentralized systems and that Firelight Networks does not exercise control over user-initiated blockchain transactions.

b. Prohibited Activities. You agree that you will not, and will not attempt to, directly or indirectly:

(i) access or use the Website or participate in the Protocol in violation of any applicable law, regulation, sanctions program, export control requirement, or court order;

(ii) engage in money laundering, terrorist financing, fraud, deceptive practices, manipulation of markets or protocols, or any unlawful or abusive activity;

(iii) interfere with, disrupt, degrade, or impair the operation, integrity, or security of the Website or the Protocol, including through the introduction of malware, denial-of-service attacks, excessive automated traffic, scraping, spamming, or similar conduct;

(iv) attempt to gain unauthorized access to any systems, networks, data, wallets, or accounts associated with the Website or Protocol;

(v) impersonate any person or entity or misrepresent your identity, affiliation, or authority;

(vi) use any robot, bot, crawler, scraper, automated script, or similar automated tool to access the Website or Protocol except where expressly authorized;

(vii) bypass, evade, defeat, or circumvent any access controls, geographic restrictions, technical safeguards, or usage limitations implemented by Firelight Networks;

(viii) exploit, abuse, or attempt to exploit any vulnerability, bug, or unintended behavior in the Website or Protocol, smart contracts, or integrated protocols;

(ix) reverse engineer, decompile, disassemble, or otherwise attempt to derive the source code or underlying structure of any portion of the Website or Protocol, except to the extent permitted by applicable law; or

(x) engage in any activity that intentionally manipulates, exploits, or circumvents the intended economic design, operational logic, or security assumptions of any smart contract or protocol integration.

c. Enforcement and Remedies. Firelight Networks reserves the right, but does not assume the obligation, to investigate suspected violations of these Terms. Firelight Networks may cooperate with law enforcement or regulatory authorities, restrict or terminate access to the Protocol, preserve relevant records, or pursue any remedies available at law or in equity.

13. INTELLECTUAL PROPERTY RIGHTS

a. Ownership of Platform Materials. Except as expressly stated otherwise, the Website and all content, features, functionality, software, text, graphics, images, audio, video, design elements, compilations, and the selection and arrangement of materials (collectively, the "**Platform Materials**") are owned by or licensed to Firelight Networks. The Platform Materials are protected by applicable copyright, trademark, patent, trade secret, and other intellectual property laws.

b. Limited License. Subject to your ongoing compliance with these Terms of Participation, Firelight Networks grants you a limited, non-exclusive, non-transferable, non-sublicensable, revocable license to access and use the Website solely for your personal or internal business purposes.

c. Use Restrictions. Except as expressly permitted by these Terms of Participation, you may not: copy, reproduce, distribute, modify, adapt, create derivative works of, publicly display, publicly perform, republish, download (other than ordinary browser caching), store, transmit, or otherwise exploit any Platform Materials without Firelight Networks's prior written consent.

d. Open-Source Components and Smart Contracts. Certain components of the Protocol, including smart contracts or software libraries, may be made available under open-source licenses. Your use of such components is governed solely by the applicable open-source license terms. Once deployed on a public blockchain, smart contracts may

not be owned, controlled, or modifiable by Firelight Networks, and all interactions occur at your own risk.

e. Feedback License. If you submit suggestions, ideas, improvements, feedback, or other materials to Firelight Networks ("**Feedback**"), you grant Firelight Networks a perpetual, irrevocable, worldwide, royalty-free, fully paid-up, sublicensable right and license to use, reproduce, modify, distribute, display, perform, and otherwise exploit such Feedback for any lawful purpose without compensation or attribution.

14. TRADEMARKS

The name "**Firelight**," together with any associated logos, trademarks, service marks, trade dress, product names, and slogans, are the exclusive property of Firelight Networks or its licensors. Nothing in these Terms of Participation grants you any right or license to use any such marks without the prior written consent of Firelight Networks. All other trademarks appearing on the Website are the property of their respective owners.

15. PRIVACY AND PUBLIC BLOCKCHAIN DATA

a. Privacy. Your use of the Website may be subject to any applicable privacy policy published by Firelight Networks, which describes how information may be collected, used, and disclosed in connection with the Protocol.

b. Public Blockchain Transparency. You acknowledge and agree that transactions conducted on public blockchain networks are inherently transparent and permanent. Information submitted to blockchain networks may be publicly visible, immutable, and accessible to third parties. Firelight Networks does not control the public visibility of blockchain data.

c. No Control Over Blockchain Data. Firelight Networks does not maintain records of user wallet balances or digital asset holdings beyond information that is publicly available on blockchain networks. Firelight Networks does not monitor, verify, or control blockchain transactions initiated by users.

d. No Personal Data. You are not required to provide, and should not provide, any personal data to Firelight Networks or the Protocol in connection with your access to and use of the Website or your participation in the Protocol. Neither the Protocol nor Firelight Networks collects, receives, or has access to any of your personal data. If you voluntarily provide personal data by contacting Firelight Networks directly, such data will be handled in accordance with the applicable privacy policy referred to in Clause 15(a).

16. NATURE OF COVER; REGULATORY CONTINGENCY

a. The Cover. The Cover enabled on Covered Vaults by way of the Protocol is a conditional, collateral-backed programmatic release mechanism executed through smart contract logic. It does not constitute: a contract of insurance; an indemnity agreement; a guarantee of loss; a financial services product; or a regulated insurance, reinsurance, underwriting, brokerage, or financial advisory service. No Firelight Party holds itself out as an insurer, reinsurer, broker, financial institution, or regulated financial services provider.

b. Regulatory Contingency. If any governmental, regulatory, or supervisory authority determines, or Firelight Networks reasonably believes, that the Protocol, any Cover, or related activities constitute regulated insurance, financial services, or other regulated activity under Applicable Law, Firelight Networks may suspend, modify, or terminate the availability of the Cover marketplace without liability.

17. MISREPRESENTATION AND FRAUD; COVER TOKEN TRANSFERABILITY

a. Misrepresentation and Fraud. Cover will be void if, whether before or after a Covered Exploit Event, the Program Operator has: (i) willfully concealed or willfully misrepresented any material fact or circumstances relating to the Cover, the subject thereof, or the interest of a Program Operator or Covered Vault; or (ii) made any attempt to defraud the Protocol or the Firelight Parties.

b. Cover Token Transferability. The Cover Token is freely transferable on-chain and is not burned upon payout or expiry. Transfer of the Cover Token does not void the Cover and does not change the routing of payouts: all payouts are made to the Payout Recipient recorded at order creation, regardless of the current holder of the Cover Token. A change of Payout Recipient is effective only if made through a Protocol-supported update process, where available, prior to the creation of the relevant Incident. No Firelight Party has any obligation to adjudicate, and no liability in respect of, any dispute between a transferee holder of a Cover Token and the recorded Payout Recipient or Beneficiary Address.

18. DISCLAIMER OF WARRANTIES

a. As-Is Basis. THE WEBSITE, PROTOCOL, AND ALL CONTENT AND MATERIALS PROVIDED THROUGH THEM ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITH ALL FAULTS AND WITHOUT WARRANTIES OF ANY KIND.

b. Disclaimer of Implied Warranties. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FIRELIGHT NETWORKS EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING WITHOUT LIMITATION: WARRANTIES OF MERCHANTABILITY; FITNESS FOR A PARTICULAR PURPOSE; TITLE; QUIET ENJOYMENT; NON-INFRINGEMENT; ACCURACY; SECURITY; RELIABILITY; AVAILABILITY; CONTINUOUS OPERATION; ERROR-FREE PERFORMANCE; AND ANY WARRANTIES ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE.

c. No Guarantee of Availability. Firelight Networks does not warrant that the Website or Protocol will be uninterrupted, secure, error-free, or free from harmful components. Firelight Networks makes no representations regarding the reliability, accuracy, or completeness of any information provided through the Website.

d. No Advice; No Fiduciary Duty. Nothing on the Website, in these Terms of Participation, or in any communication from Firelight Networks constitutes legal, financial, investment, tax, insurance, or other professional advice. Firelight Networks owes no fiduciary, advisory, or similar duties to you, and no such duties are created by these Terms of Participation, your access to or use of the Website, or your participation in the Protocol. You acknowledge that you have independently evaluated the Protocol and have

not relied on Firelight Networks or any Affiliate in determining whether participation in the Protocol is suitable for you or, where applicable, your end users.

e. No Custody; No Guaranteed Outcomes. Firelight Networks does not custody, hold, or control your digital assets or private keys at any time. The Protocol operates autonomously through smart contracts deployed on public blockchain networks, and Firelight Networks does not warrant, and assumes no obligation to procure, any particular outcome of any Protocol interaction, including, without limitation: that the Protocol or any related software, smart contracts, or documentation will remain available, unchanged, or free from defects; that any exploit or other event will be detected, reported, or validated; that any Covered Exploit Event will qualify for or result in a payout; that any Cover will be available or remain enabled; that sufficient Protocol capacity or Collateral will exist to support enabled Cover; that any protocol emissions will be generated or distributed; that Protocol governance will approve or implement any proposal or action; or that the Protocol will continue to operate or exist in its current form.

f. Smart Contract and Technology Disclaimer. Firelight Networks makes no representation or warranty that the smart contracts comprising the Protocol are free from defects, vulnerabilities, or exploits. You acknowledge and agree that participation in the Protocol and the use of blockchain-based technologies inherently involve significant technical, operational, cybersecurity, governance, market, and regulatory risks that are outside the reasonable control of Firelight Networks, including, without limitation: blockchain reorganizations; network congestion; forks; validator or sequencer failures; consensus failures; oracle failures; bridge failures; smart contract vulnerabilities; software bugs; cryptographic failures; private key compromise; cyberattacks; protocol governance actions or changes; digital asset volatility; liquidity constraints; and changes in Applicable Law or regulatory treatment. You assume all risks associated with the foregoing, and, to the maximum extent permitted by Applicable Law, Firelight Networks shall have no responsibility or liability for any losses, delays, failures, interruptions, or other consequences arising from or relating to any such risks.

g. No Duty to Monitor. Except for the incident reporting functions described in these Terms of Participation to the extent performed by Firelight Networks in its capacity as Incident Reporter, and except as expressly agreed by Firelight Networks in a separate written agreement, Firelight Networks has no duty or obligation to monitor, supervise, or oversee the operation or performance of any Covered Vault, staked position, digital asset, blockchain activity, exploit or other security event, sanctions or other regulatory compliance, protocol governance activity, or any other aspect of your participation in the Protocol, and Firelight Networks shall have no liability arising from any failure to detect, identify, report, or respond to any such matter.**19. LIMITATION OF LIABILITY**

a. No Contractual Obligation. The Cover enabled by the Protocol operates solely through the automated logic of the Protocol's smart contracts and the processes described herein. Neither the Protocol nor Firelight Networks issues insurance, provides guarantees, or assumes any contractual or legal obligation to release Collateral, make payments, or otherwise satisfy any coverage event. Any determination regarding eligibility for coverage or the release of proceeds is executed programmatically through

the Protocol and its governance processes. Firelight Networks does not control, custody, or direct the Collateral and disclaims any responsibility or liability in connection with any coverage outcome, payout, or failure of the Protocol to execute as intended.

b. Exclusion of Certain Damages. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL ANY FIRELIGHT PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES. SUCH DAMAGES MAY INCLUDE, WITHOUT LIMITATION: LOSS OF PROFITS; LOSS OF REVENUE; LOSS OF BUSINESS OPPORTUNITY; LOSS OF GOODWILL; LOSS OF DATA; LOSS OF DIGITAL ASSETS; BUSINESS INTERRUPTION; OR ANY OTHER INTANGIBLE LOSSES ARISING OUT OF OR RELATING TO YOUR ACCESS TO OR USE OF THE WEBSITE OR PROTOCOL, THESE TERMS OF PARTICIPATION, ANY COVER, OR THE OPERATION OF THE PROTOCOL, REGARDLESS OF THE THEORY OF LIABILITY AND WHETHER OR NOT ANY FIRELIGHT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

c. Aggregate Liability Cap. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE TOTAL CUMULATIVE LIABILITY OF THE FIRELIGHT PARTIES FOR ALL CLAIMS ARISING OUT OF OR RELATING TO THESE TERMS OF PARTICIPATION OR THE PROTOCOL SHALL NOT EXCEED: (i) IN RESPECT OF ANY CLAIM ARISING OUT OF OR RELATING TO ANY COVER, THE ADVANCE PROVIDED BY THE PROGRAM OPERATOR FOR THE RELEVANT COVER; AND (ii) IN ALL OTHER CASES, THE GREATER OF (A) ONE HUNDRED UNITED STATES DOLLARS (US $100) OR (B) THE TOTAL FEES PAID BY YOU DIRECTLY TO FIRELIGHT NETWORKS, IF ANY, DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

d. Smart Contract Limitation. The sole mechanism for payout is execution of the Protocol's smart contracts in accordance with their programmed logic and subject to a valid affirmative determination of a Covered Exploit Event by the Risk Consortium. The Firelight Parties do not provide insurance, make or control determinations regarding Covered Exploit Events, adjudicate outcomes, direct or approve payouts, or otherwise exercise discretion over the operation of the Protocol or the release of proceeds.

e. Allocation of Risk. YOU ACKNOWLEDGE THAT THE FOREGOING LIMITATIONS OF LIABILITY AND EXCLUSIONS OF DAMAGES REFLECT A REASONABLE ALLOCATION OF RISK BETWEEN YOU AND FIRELIGHT NETWORKS AND FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES. FIRELIGHT NETWORKS WOULD NOT ENABLE ACCESS TO THE PROTOCOL WITHOUT SUCH LIMITATIONS. The Program Operator further acknowledges that the Advance and the cost structure of the Cover reflect the allocation of risk set forth in these Terms of Participation and that the Firelight Parties would not facilitate Cover absent these limitations.

f. Standard of Care. All factual determinations, validations, voting decisions, and quorum confirmations made by the Risk Consortium, and all loss calculations and assessments prepared by the Incident Reporter, shall be made in good faith and in their sole discretion. No Firelight Party shall be liable for any error of judgment, mistake, delay, or discretionary determination.

g. Jurisdictional Limitations. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF CERTAIN WARRANTIES OR DAMAGES. TO THE EXTENT SUCH RESTRICTIONS APPLY TO YOU, SOME PORTIONS OF THIS SECTION MAY NOT APPLY.

20. INDEMNIFICATION

a. Indemnity Obligation. You agree to defend, indemnify, and hold harmless the Firelight Parties from and against any and all claims, demands, actions, investigations, proceedings, losses, damages, liabilities, judgments, settlements, penalties, fines, costs, and expenses (including reasonable attorneys' fees and costs) arising out of or relating to: (i) your access to or use of the Website or Protocol; (ii) your breach of these Terms of Participation or violation of any applicable law or regulation; (iii) your infringement, misappropriation, or violation of any intellectual property, privacy, publicity, or other rights of any third party; (iv) your interaction with any third-party protocol, wallet, bridge, oracle, validator, or smart contract; or (v) any dispute between you and any third party relating to your activities using the Protocol.

b. Program Operator Indemnity. In addition to Clause 20(a), each Program Operator shall defend, indemnify, and hold harmless the Firelight Parties from and against any and all claims, demands, actions, investigations, proceedings, losses, liabilities, damages, judgments, penalties, fines, and expenses (including reasonable legal fees) arising out of or relating to: (i) any breach of these Terms of Participation; (ii) any misrepresentation, fraud, or bad faith conduct; (iii) any violation of Applicable Law; (v) any dispute between the Program Operator and any third party, including any depositor or end user of a Covered Vault; (vi) the Program Operator's use of any Scheduled Protocol; (vii) any distribution, or failure to distribute, payout proceeds by the Program Operator to its end users of a Covered Vault; or (viii) any act or omission of the Program Operator, its customers, or its end users that causes, or is alleged to cause, the Cover or the Protocol to be characterized as insurance or any other regulated offering in any jurisdiction, including any breach of Clause 7.18(d).

c. Control of Defense. Firelight Networks reserves the right, at your expense, to assume exclusive control over the defense and settlement of any matter subject to indemnification by you. No matter subject to indemnification by you shall be settled without Firelight Networks's prior written consent. You agree to cooperate fully with Firelight Networks in the defense of any such claim.

d. Survival. Your indemnification obligations shall survive any termination or expiration of these Terms of Participation and your use of the Protocol, and, in the case of a Program Operator, the termination, expiration, or voiding of any Cover.

21. USER REPRESENTATIONS, WARRANTIES, AND ACKNOWLEDGEMENTS

By accessing or using the Website or participating in the Protocol, you represent, warrant, acknowledge, and agree on a continuing basis that:

a. Authority and Capacity. You have full legal capacity and authority to enter into these Terms of Participation and to comply with their terms. If acting on behalf of an entity, you are duly authorized to bind that entity.

b. Sanctions and Jurisdiction. You are not located in, a resident of, or subject to the laws or control of any Restricted Jurisdiction and are not listed on any sanctions, restricted party, or denied persons lists maintained by any governmental authority.

c. Legal Compliance. Your access and use of the Website and participation in the Protocol complies with all applicable laws and regulatory requirements, including laws relating to: securities, commodities, sanctions, anti-money laundering, counter-terrorist financing, consumer protection, data protection, and taxation.

d. Tax Responsibility. You are solely responsible for determining and paying any taxes arising from your access and use of the Website and participation in the Protocol.

e. No Misrepresentation. You will not misrepresent the nature, functionality, or regulatory status of the Protocol or the Cover to any third party.

f. Accuracy of Information. All information you provide in connection with access and use of the Website and participation in the Protocol is accurate, complete, and kept current.

g. Assumption of Risk. You knowingly assume all risks associated with the use of blockchain technology, digital assets, decentralized protocols, and smart contracts, as detailed in the Risk Disclosure Statement in Appendix A.

h. Continuing Effect. These representations are reaffirmed each time you access or use the Website or participate in the Protocol.

22. SUSPENSION OF ACCESS

Without limiting any other rights set forth in these Terms of Participation, Firelight Networks may suspend or restrict your access and use of the Website or participation in the Protocol at any time if Firelight Networks reasonably believes that your activity: (i) violates applicable law, regulation, sanctions requirements, or court orders; (ii) breaches these Terms of Participation; (iii) poses a security, operational, compliance, financial, or reputational risk; or (iv) may expose Firelight Networks or any third party to liability or regulatory scrutiny.

23. TERMINATION

a. Termination by Firelight Networks. Without limiting any other rights set forth in these Terms of Participation, Firelight Networks may terminate or suspend your access to the Website or your ability to participate in the Protocol through the Website or any interface or service made available by Firelight Networks, in whole or in part, at any time where: (i) you fail to cooperate with a lawful inquiry or investigation by a governmental authority; (ii) you violate any provision of these Terms of Participation or breach any representation or warranty; (iii) your activities violate applicable law; or (iv) continuing to enable access to the Protocol becomes unlawful or impracticable.

b. Termination by You. You may discontinue use of the Website and Protocol at any time by ceasing all access to and use of the Website and refraining from interaction or participating with the Protocol.

c. Effect of Termination. Upon termination: all rights and licenses granted to you under these Terms immediately cease and provisions which by their nature should survive termination shall remain in full force and effect. Termination shall not limit any rights or remedies available to Firelight Networks at law or in equity.

d. Open Protocol Acknowledgement. You acknowledge that the Protocol comprises open-source, autonomous smart contracts deployed on public blockchain networks. Any suspension or termination under Clause 22 or this Clause 23 applies to your access to and use of the Website and any interfaces or services made available by Firelight Networks; Firelight Networks may be unable to prevent direct interaction with publicly deployed smart contracts, and any such interaction is at your sole risk and remains subject to these Terms of Participation to the extent applicable.[

24. ELECTRONIC COMMUNICATIONS AND NOTICES

a. Consent to Electronic Delivery. You consent to receiving all notices, disclosures, statements, agreements, confirmations, tax documents, and other communications (collectively, "**Communications**") from Firelight Networks in electronic form. Communications may be delivered by: email, in-platform notifications, or posting on the Website.

b. Legal Effect of Electronic Communications. You agree that Communications delivered electronically satisfy any legal requirement that such communications be provided in writing.

c. Delivery Limitations. If you no longer have access to your electronic account or delivery method, you may request delivery of Communications in alternative formats where legally required.

25. MISCELLANEOUS

a. Entire Agreement. These Terms of Participation, together with any Supplemental Terms and, in respect of any Cover, the Coverage Enablement Schedule, constitute the entire agreement between you and Firelight Networks regarding your access to and use of the Website and participation in the Protocol. They supersede all prior or contemporaneous agreements, communications, or understandings. No party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants outside these Terms of Participation, whether or not in writing, in relation to the subject matter of any Cover.

b. No Waiver. The failure of Firelight Networks to enforce any provision of these Terms shall not constitute a waiver of that provision or of the right to enforce it at a later time.

c. Severability. If any provision of these Terms of Participation is held to be invalid, illegal, or unenforceable, the remaining provisions shall remain in full force and effect.

d. Governing Law. These Terms of Participation shall be governed by and construed in accordance with the laws of the British Virgin Islands, without regard to its conflict-of-laws principles.

e. Arbitration. You and we agree that any Dispute that cannot be resolved through good-faith negotiations will be resolved through binding arbitration in accordance with the arbitration rules of the British Virgin Islands International Arbitration Centre ("**BVI IAC**"). The arbitrator(s) shall have experience adjudicating matters involving Internet technology, software applications, financial transactions and, ideally, blockchain technology. The arbitrator's award of damages must be consistent with the terms of the "**Limitation of Liability**" subsection of these Terms as to the types and amounts of damages for which a party may be held liable. The prevailing party will be entitled to an award of their reasonable attorney's fees and costs. It is agreed that: (1) the tribunal shall consist of one arbitrator; (2) in default of agreement on the arbitrator to be appointed, the appointing authority shall be the BVI IAC; (3) the seat of arbitration shall be the British Virgin Islands; (4) the law governing the arbitration agreement contained in this section shall be the laws of the British Virgin Islands; (5) the language of the arbitration shall be English; (6) unless otherwise agreed by the parties to this Agreement, the parties undertake to keep confidential in relation to any mediation or arbitration under this Agreement, and to use only in connection with the mediation and arbitration; (7) the fact that a mediation and/or arbitration is taking place and the identity of the parties including those of the mediators and arbitrators in the mediation and arbitration; (8) all mediation and/or arbitration awards or orders made by the tribunal shall remain confidential.

f. Jury Trial and Class Action Waiver. YOU ACKNOWLEDGE AND AGREE THAT YOU AND WE ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS ACTION OR REPRESENTATIVE PROCEEDING. FURTHER, UNLESS BOTH YOU AND WE OTHERWISE AGREE IN WRITING, THE ARBITRATOR MAY NOT CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF ANY CLASS OR REPRESENTATIVE PROCEEDING.

g. Force Majeure. Firelight Networks shall not be liable for any delay, interruption, or failure in performing its functions in connection with the Website or the Protocol to the extent caused by events or circumstances beyond its reasonable control, including without limitation: acts of God; natural disasters; epidemics or pandemics; war, armed conflict, terrorism, civil unrest, or acts of any governmental, regulatory, or supervisory authority; sanctions, embargoes, or export-control actions; strikes or labor disputes; failures, outages, congestion, forks, reorganizations, or attacks affecting any blockchain network, validator, oracle, bridge, or third-party infrastructure on which the Protocol depends; critical internet or telecommunications failures; and unavailability of essential software, hardware, or third-party services. The foregoing does not relieve you of any obligation to comply with these Terms of Participation.

h. Assignment. You may not assign or transfer your rights or obligations under these Terms without Firelight Networks's prior written consent. Firelight Networks may assign or transfer these Terms without restriction.

i. On-Chain Records. These Terms of Participation govern participation in the Protocol, including coverage eligibility, exclusions, and interpretation, together with the Cover Scope. The Cover Token metadata and the Cover Registry are the operative records of the

Covered Markets, coverage amounts, rates, Advance, Period dates, and Payout Recipient applicable to a given Cover. The version of these Terms referenced by a Cover Token (including by way of the token's terms reference) is the version that applies to that Cover for its Period.

APPENDIX A

RISK DISCLOSURE STATEMENT

This Risk Disclosure Statement forms part of the Terms of Participation and should be read carefully in its entirety before accessing or using the Website or participating in the Protocol.

Capitalized terms not otherwise defined in this Risk Disclosure Statement have the meanings set forth in the Terms of Participation.

This Risk Disclosure Statement does not disclose or explain all risks associated with the use of blockchain technology, digital assets, decentralized protocols, smart contracts, or the Protocol.

You should carefully consider whether participating in the Protocol is suitable for you in light of your financial condition, risk tolerance, experience, and objectives, and you should seek independent professional advice where appropriate.

By accessing or using the Website or participating in the Protocol, you acknowledge and agree that you fully understand and voluntarily assume all risks described herein and all other risks inherent in the use of blockchain-based systems and digital assets, whether known or unknown, foreseeable or unforeseeable.

1. NON-CUSTODIAL ARCHITECTURE

The Protocol is non-custodial in nature. Firelight Networks does not custody, hold, store, control, possess, or manage your digital assets or private keys at any time. You interact directly with blockchain networks and smart contracts through your own wallet software or hardware. You are solely responsible for safeguarding your private keys, seed phrases, authentication credentials, and devices used to access your wallet. Loss, theft, compromise, or mismanagement of private keys may result in permanent and irreversible loss of access to your digital assets. Firelight Networks has no ability to recover private keys, reverse transactions, or restore access to assets. Transactions executed on public blockchains are irreversible. Once a transaction is confirmed on a blockchain network, it cannot be undone, canceled, or modified.

2. DIGITAL ASSET RISKS

Digital assets are highly volatile and speculative. The value of digital assets may fluctuate significantly and may decline to zero. You acknowledge that you may experience substantial financial losses as a result of digital asset price volatility.

3. SMART CONTRACT RISKS

Smart contracts are software programs deployed on blockchain networks that automatically execute transactions based on programmed logic. Smart contracts may contain bugs, errors, vulnerabilities, or design flaws that could result in loss of funds. Even audited smart contracts may contain undiscovered vulnerabilities. Firelight Networks makes no representation or warranty regarding the security or reliability of any smart contract.

4. BLOCKCHAIN NETWORK RISKS

Blockchain networks may experience: congestion, forks, reorganizations, validator failures, attacks on consensus mechanisms, and network outages. Such events may cause delays, transaction failures, or loss of digital assets. Blockchain networks are maintained by independent participants and are not controlled by Firelight Networks.

5. THIRD-PARTY PROTOCOL RISKS

The Protocol may interact with third-party protocols and infrastructure. Such third-party systems may include: decentralized exchanges, lending platforms, staking systems, bridges, oracle networks, and validator networks. These systems operate independently of Firelight Networks and may experience vulnerabilities, exploits, insolvency, or governance failures. Firelight Networks does not control or guarantee the performance of third-party protocols.

6. BRIDGE AND CROSS-CHAIN RISKS

Blockchain bridges are complex technical systems that enable digital assets to move between blockchain networks. Bridge systems have historically been subject to significant security vulnerabilities and exploits.

7. ORACLE RISKS

Certain smart contracts depend on external data feeds known as oracles. Oracle systems may malfunction, be manipulated, or provide inaccurate data. Oracle failures may result in incorrect transaction execution, unexpected liquidations, or loss of assets.

8. LIQUIDITY RISKS

Digital asset markets may experience periods of limited liquidity. During periods of market stress, it may become difficult or impossible to buy, sell, or exchange digital assets at desired prices. Liquidity shortages may increase volatility and cause significant losses.

9. MAXIMAL EXTRACTABLE VALUE (MEV)

Blockchain transactions may be reordered, delayed, or manipulated by validators or block producers seeking to extract additional economic value. Such practices are commonly referred to as Maximal Extractable Value (MEV). MEV activity may result in: front-running, sandwich attacks, transaction reordering. These activities may adversely affect the outcome of transactions executed through the Protocol.

10. GOVERNANCE RISKS

Some blockchain protocols operate under decentralized governance mechanisms. Governance participants may vote to modify protocol parameters, upgrade smart contracts, or change economic mechanisms. Such governance actions may adversely affect users. Firelight Networks does not control governance processes of third-party protocols.

11. REGULATORY RISKS

The regulatory status of digital assets and decentralized protocols remains uncertain in many jurisdictions. Future regulatory developments may: restrict the use of blockchain technology, prohibit certain activities involving digital assets, require licensing or

registration of certain services. Regulatory actions could negatively affect the availability or functionality of the Protocol.

12. CYBERSECURITY RISKS

Digital assets and blockchain systems are frequent targets of cyberattacks. You are responsible for implementing appropriate security measures to protect your assets.

13. TECHNOLOGY RISKS

Blockchain technology is still evolving and may contain unknown risks. Software upgrades, protocol changes, or network forks may affect the operation of smart contracts and digital assets. Technological changes may result in unexpected outcomes or disruptions of the Protocol.

14. NO GUARANTEE OF PERFORMANCE

Firelight Networks does not guarantee: the profitability of any transaction, the performance of any protocol strategy, or the value of any digital asset. All activities conducted through the Protocol are undertaken at your own risk.

15. COVER MECHANISM RISKS AND NO INSURANCE

(a) The Protocol does not constitute insurance. The cover arrangements available through the Protocol are decentralized, smart contract-based mechanisms arising from interactions between independent users. They are not insurance policies, insurance contracts, or insurance products under any applicable law. Cover positions may not result in payment, may be subject to dispute or governance outcomes, and may be insufficient to cover a user's losses. No entity guarantees payment in connection with any cover position.

(b) The Protocol's cover mechanisms depend on: (i) sufficient Collateral being staked to the Protocol by independent Stakers and the balance of the First-Loss Buffer; (ii) accurate and timely detection of exploit events by the Independent Threat Detection Vendor and incident reporting and loss assessment by the Incident Reporter; (iii) validation of assessment rounds by the Risk Consortium; (iv) the correct operation of smart contracts; and (v) the execution of the liquidation of slashed Collateral. Any of these factors may fail, be disputed, or produce outcomes adverse to Program Operators or Payout Recipients. The Payout Amount actually received may be less than the Approved Loss, and may be zero. Neither the Protocol nor Firelight Networks guarantees any payment in connection with any cover position or Collateral deployment.

(c) Firelight Networks does not provide insurance. Firelight Networks is not an insurer, insurance intermediary, insurance broker, insurance agent, or insurance underwriter. Firelight Networks does not assess insurable risk, determine claims eligibility, guarantee payouts, or maintain insurance reserves. Firelight Networks does not guarantee compensation for any losses arising from Protocol participation and does not provide any form of insurance protection. By participating in the Protocol you are not purchasing insurance from, and have no insurance claim against, Firelight Networks.

16. COLLATERAL AND STAKER RISKS

Users who stake Collateral to the Protocol act as independent participants in a decentralised risk-sharing marketplace. They are not providing insurance. Staked Collateral may be slashed and the resulting proceeds released to Payout Recipients in accordance with the payout waterfall in Clause 7.7 of the Terms of Participation upon approval by the Risk Consortium of an assessment round in respect of a Covered Exploit Event, which may result in the partial or total loss of staked assets. There are no guaranteed returns on staked Collateral. During Pre-Launch Staking no rewards, fees, or economic entitlements are available, as described in Clause 6(a) of the Terms of Participation. From Protocol Launch, Stakers may be eligible to receive a pro-rata share of protocol emissions as described in Clause 6(b). Staking does not constitute a purchase of any security, investment contract, or financial instrument.