Contract for Risk Management, Asset Management & Remote trading of cryptocurrencies

Article 1 Introduction

The following is an agreement on asset management / remote control of cryptocurrency and settlement of remuneration between Bálkar Miðlun ehf, Id. 550819-1200 and the customer. In the future, when this agreement is referring to in Bálkar, this refers to the company Bálkar Miðlun ehf. When this agreement is referring to Risk Management, Asset Management or Remote trading it is referring to the automatic advice that Bálkar Miðlun ehf provides to buy, sell or short sell crypto currencies with the aim to maximize returns and minimize risk.
In this contract when the word exchange or market is used it refers to the cryptocurrency exchange Bitstamp or the derivative exchange Bitmex.

Article 2 Customers

Customers should be financially independent individuals or company. Bálkar Miðlun ehf is not a bank or financial company but a company that specializes in the brokerage and asset management of cryptocurrencies.

Article 3 Services

Bálkar provides a service which includes asset management / remote trading of Bitcoin (BTC), where Bálkar provides recommendation for the customer to buy, sell and / or short sells BTC.

Balkar have developed self-learning artificial intelligence software (neural networks) with the goal of maximizing returns and minimizing the risk of BTC / USD trading.

The service is provided on the exchange market where a customer signs up for an account and shares access to the account with Bálkar, such as API keys and API secret, for trading. The customer also has an option to share full access to the account login/password, Google authenticator etc for full service. To start trading the customer buys BTC and transfers into their account on the exchange.

Article 4 Risk and liability

CUSTOMERS ARE AWARE OF THE HIGH RISK IS OF TRADING BTC, SINCE THE MARKET TENDS TO RISE AND FALL WITHIN A FEW HOURS BY LARGE AMOUNTS.

EVEN THOUGH BALKAR CONDUCTS ASSET MANAGEMENT / TRADING SUGGESTIONS, CUSTOMER MAY LOSE MONEY, WHICH BÁLKAR DO NOT LIABLE FOR.

CUSTOMERS ARE ADVISED AGAINST BORROWING MONEY FOR INVESTMENTS IN BTC, AND ONLY INVEST/TRADE MONEY THEY ARE PREPARED TO LOSE.

NB. PAST RETURNS ARE NOT A GUARANTEE OF FUTURE RETURNS.

Description of trading that the customer agrees on:

Short selling:
If Bálkar recommends short sales of BTC / USD, the customer needs to sell those BTCs that are in the customer's account and then resell the same amount to get to a short positions. BTC on the customer's account is therefore pledged and sold 2x, to achieve a net 1x deficit position. At the beginning of the trade the customer should not be at risk of a margin call unless the value of BTC / USD increases by ca. 95% while the customer is in short position.

If a margin call is made, the customer's position is redeemed by [Bitmex](#).

Purchase:
If Bálkar recommends buying BTC / USD for the customer, Bálkar will submit trading signals to the market to close all short positions, so that the net position of the customer is positive in BTC.

Sales:
If Bálkar recommends selling BTC / USD for the customer, Bálkar will submit trading signals to the market to close all short positions and sell all BTC on the account, so that the net position of the customer is zero BTC.

Article 5 Authentication of customer

Customers must identify themselves with a passport or driver's license, provide name, social security number, address, telephone number, e-mail address and respond to the Bálki due diligence survey for money laundering and terrorist financing.

The customer also needs to register and comply with the terms of use of the market used by Bálkar.

The customer should sign up for a Google Authenticator. Google Authenticator is used for 2-step authentication, which is part of the security requirements of most exchanges. The customer shares this two-way authentication with Bálkar.

The user shall keep all information relating to his login information to the exchange secrets and is responsible for ensuring that such security information is not passed on to unauthorized persons or is accessible to others. <u>The Customer is responsible for all actions on the exchange performed during and after the user's login, which is based on his authentications and is in accordance with these terms</u>. If the user discovers that an unauthorized person has access to the account, the user shall immediately notify Bálkar.

Article 6 Acceptance

By sending an email to balkar@balkar.is, with this agreement signed by customer, these terms and conditions are accepted. These terms can also be accepted by answering Bálkar due diligence questions, where the customer ticks the box agreeing to these terms, followed by uploading his passport or driver's license for authentication.

Other terms by the exchange might also apply, which customers must also accept, which are also part of this agreement.

Article 7 Market Connection

THE CUSTOMER SHOULD NOT ACCESS BITMEX **THROUGH A VPN OR TOR-NETWORK THAT INDICATES LOCATION IN THE USA, BERMUDA, SEYCHELLES, HONG KONG, CANADIAN / QUEBEC, CUBA, CRIMEA, SEVASTOPOL, SYRIA OR NORTH KOREA.**

The customer himself provides the terminal equipment and connection to the world wide web and the software necessary for connecting to the exchange if he wants to have an overview of

his position. The user is fully responsible for the method and equipment he chooses to use, including the browser and the operating system for each computer. The client must familiarize himself with the general guidelines and minimum guidelines for computer security and virus protection at all times and is responsible for computer viruses, worms or other malware that could possibly be on his computer and influence his use of the exchange and communication with Bálkar.

Article 8 Execution of requests and service

Requests for actions, such as stop trading, settlement of the account, position increment or reduction of position received by Bálkar after the close of a banking day, 16 GMT, may be carried out the next business day.

Access to the exchange by Bálkar may temporarily be interrupted without notice, if files need to be updated, systems changed, internet connection interrupted, etc. Bálkar will, however, try to notify the customer of a service halting in good time. The user is also aware that requests from him can be delayed temporarily because of this.

If an internet connection is lost to the exchange, the customer's offers on the market will still be open on the market and will not be updated in the meantime.

BTC position withdrawals are conducted once a day, at 12 noon GMT, and customers who request settlement and withdrawals need to do so before 10 am GMT, so that the account can settled before 12 noon.

Article 9 Corrections The

The customer should monitor his or her position on the exchange with regards to all transfers in and out, and shall notify Bálkum immediately of any unauthorized movements/trades.

If a customer trades on the exchange himself, not in accordance to the remote API signaling from Bálkar or withdraws BTC from his account, he is fully liable for those actions.

Article 10 Commission

If the customers balance in the Risk Management service increases in Bitcoin BTC terms, Bálkar will charge commission based on the increase of Bitcoin BTC or USD equivalent in Bitcoin BTC. Bálkar's commission will be a portion shown in the table below of the increase of Bitcoin BTC or USD equivalent on the customers account.

Valuation of assets in Risk Management	Bálkar will receive this portion of Bitcoin increase	Customer will recieve thsi portion of the Bitcoin increase
Under $10.000	50%	50%
Between $10.001 and $100.000	40%	60%
Between $100.001 and $150.000	30%	70%
Over $150.001	20%	80%

Example: If the customer has Bitcoin BTC or USD equivalent of $15.000 under Risk Management, his fee to Bálkar will be 40% of the increase of Bitcoin BTC or USD equivalent in Bitcoin BTC that the Risk Management produces. If there are no gains in Bitcoin BTC terms the customer pays no fees for the service.

Bálkar will send a bill denominated in BTC, USD or EUR to the customer via e-mail for settlement of the commission. Customers that share full access to their exchange account with Bálkar or Bálkar is hosting on its own accounts will get the commission withdrawn form their accounts.

Customers have 7 days to pay the amount billed to the them by e-mail before the trading signal is canceled for their account.

Article 11 Changes to the Terms

If these terms are changed, the customer shall be notified of such changes via his registered e-mail address.

If the customer does not accept changes to the terms, he / she shall without undue delay notify Bálkar of the termination of this asset management agreement. The agreement is terminable with 14 days notice, see Article 14 of these terms. Otherwise, the amended terms are considered binding.

Article 12 Disclaimers

Bálkar is not responsible for any losses that may be caused directly or indirectly by defects/errors in customer terminal equipment, connection to the world wide web, the software necessary for connection to an exchaange with a browser or operating system. Bálkar are not responsible for any losses that may occur directly or indirectly as a result of transactions on an exchange not being executing as expected, such as due to technical malfunctions or interruptions in the operation of computer and / or business systems. Bálkar shall not be liable for losses resulting from ignorance, misunderstanding or misuse of customer on the exchange or any other party who has access to the customers account.

Bálkar is not responsible for any losses that may result from incorrect transactions or transactions of customers or other parties with control or access to the customers account on an exchange. Bálkar are not responsible for losses caused by external events such as malfunctions, incorrect external information, etc. Furthermore, losses that can be attributed to events caused by natural disasters, wars, strikes or due to items that are considered unmanageable, (force majeure). Bálkar is not responsible for any losses that may be attributed to the closure of users' bank accounts or the exchange. Bálkar is not responsible for any losses the customer may incur as a result of changes to laws or legislation that limit the use of cryptocurrencies. Bálkar are not responsible for the losses that can be attributed to the nature of cryptocurrencies and the payment network in question, such as the attack on the coin or delays in transfers.

Bálkar is not responsible for any losses that may be attributed to computer hacking, computer worms, viruses or internet attacks that can occur on the online payment network, on customer terminal equipment or on an exchange.

Article 13 Secrecy and handling of data

Bálkar will be exposed to personal information of the customer, which cannot be deleted. According to the law, Bálkar and its employees and anyone who undertakes work for Bálkar are bound by confidentiality regarding all of the customers information, their trading the personal affairs of clients, unless it is required by law to disclose them.

Bálkar will provide the Financial Supervisory Authority and the police with the customers information such as transactions and trading if the customer is suspected of money laundering or terrorist financing or other illegal activities.

Article 14 Termination, non-compliance, etc.

Mutual notice of termination of this agreement and terms are 14 days. Bálkar can terminate this contract by sending the customer an email notification of the action. Same goes for the customer, he can send and email to balkar@balkar.is to terminate the agreement and ask for settlement.

If a user is trading himself against Bálkar trading API signals on an exchange, is suspected of money laundering or terrorist financing, attempts to misuse information or connections offered by Bálkar, Bálkar may terminate the signaling service to the client's account without notice. The same applies if the customer files for bankruptcy or a moratorium or other similar legal remedy applies, an ineffective solicitation of the user, an auction of his property or estate is being conducted or other comparable reasons arise which, in Bálkar estimation, indicate the bad state of the customers finances.

Article 15 Other provisions

If a case arises under this agreement, it shall be brought before the District Court of Reykjavik, Iceland.

Article 16 Debit service charges and fees

By agreeing to these terms the customer agrees to pay withdrawal fees, trading fees and fees related to short positions and transaction costs due to the use of service on an exchange from his account position. The customer also agrees that Bálkar can withdraw fees charged on the 1st of each month in accordance with Article 10 of this agreement.

Article 17 Ownership and control of funds and credits

When a customer transfers fiat currencies into Bálkar bank account for asset management / remote trading, Bálkar acquires full ownership and control of the currencies in its bank account, but sends the agreed amount of BTC to the customer's account number on an exchange.

The customer owns the BTC credit on the exchange but upon withdrawal, the customer receives the BTC to his BTC-address or the value of the BTC in ISK or other currencies transferred to his bank account.

Article 18 Business and Use of Markets

When transferring funds to Bálkar, whether in the form of cryptocurrency or fiat currencies, Bálkar reserves the time to accept or reject transfers, which can take up to four days. The main reasons may be that bank transfers on domestic accounts are limited over weekends and holidays and international wire transfer might take up to four days. Cryptocurrency transfers might also not settle until confirmations comes from the BTC payment network.

1. Customers are responsible for transferring cryptocurrencies or currencies to the specified account number or bank account given by Bálkar.

   If the customer deposits funds into accounts other than Bálkar refers to, such transactions cannot be corrected.

   When transferring to Bálkar bank account, customer transfers need to come from bank accounts, which are identified by the customer's social security number.

2. Customers are responsible for all trading on the exchange.

3. Trading on an exchange are matched by best price and timing. A commission is deducted to update a customer's credit. If there are no buy or sell order on the market to match, the offer will be left on the market, until other users strike the offer or the offers are later removed from Bálkum.

4. Withdrawal of funds. Users are responsible for specifying the BTC-account numbers they wish to use to withdraw their BTC. Bálkar cannot reverse cryptocurrency transfers sent to the wrong account number.

   The client is responsible for specifying his or her own bank account, which must match his social security number for currency withdrawals. If a customer specifies incorrect accounts, Bálkar will not be able to reverse transfers.