

Appendix 2: Subscriber Manual

SM ATS Subscriber Manual

Version: 1.2

Updated: November 19, 2021

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Updated: June 1, 2021	1
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Introduction

This document provides information about the SM ATS (the “System”, “SM” or the “ATS”), operated by Securitize Markets LLC.

Information contained in this document is subject to change at any time. Please refer to Customer Service link for the latest version of the SM ATS Subscriber Manual.

How We Operate

The SM ATS facilitates the purchase and sale of Securities including Digital Asset Securities, collectively referred to as “Securities”. The System operates on a price/time priority basis and offers continuous real-time matching of orders it receives.

Participation in the ATS at this time will be open to institutional investors (as defined in FINRA Rule 4512(c)), accredited investors (as defined in 17 CFR §230.501), and non-accredited retail investors, as applicable.

All order entry and trade related communications with the ATS will be facilitated either via 1) Electronic order entry by the Subscriber in SM ATS trading portal, or 2) API Protocol access via Subscriber's order management system.

In operating the ATS, SM conducts itself strictly in an Agency capacity. Affiliates of SM will have no access to trade on the System. All Subscribers have equal access to the ATS and its features and functions. SM is not a party to any Transaction and does not act in a principal or riskless principal capacity with respect to any Transaction. SM does not take principal positions in Securities.

Access to the Market

Subscriber Application Process

The System shall be available for entry and matching of orders by Subscribers with authorized access. To obtain authorized access to the System, each Subscriber must enter into a Subscriber Agreement.

Please refer to the:

- SM Subscriber Agreement

SM shall process all completed new account applications and approve or deny prospective Applicants within thirty (30) calendar days of receipt of a substantially complete application form. Specifically, SM shall, after receiving a completed relevant new account opening documents and a signed Subscriber Agreement, and any additional documentation required by SM, in its sole discretion, approve or reject such application, or approve such application subject to conditions and/or restrictions as it considers appropriate. SM shall thereafter promptly notify the applicant of its decision.

SM shall not unreasonably prohibit or limit any person or entity with respect to accessing services offered by the System by applying its application review standards in an unfair or discriminatory manner. Subscriber activity on the ATS shall comply with the terms of the SM Subscriber Agreement and this Subscriber Manual.

Subscriber is informed that uncertificated Securities matched on behalf of Subscriber may NOT be protected by Federal Deposit Insurance Corporation (FDIC) insurance or the Securities Investor Protection Corporation (SIPC).

Connectivity

Subscribers of the ATS are permitted to electronically send orders to buy and sell Securities traded on the ATS only in the manner described above. The ATS will not accept telephone orders.

All Subscribers will be required to implement some form of 2-factor authentication to safeguard their account.

API access follows the above format and safeguards with the additional clarity that access is controlled by an API key generated and managed by the Subscriber. This API key can be used in addition to, or as a replacement for username and password for programmatic access.

Subscribers will be responsible for safeguarding access to the ATS and for notifying the ATS upon learning that such safeguards have been compromised. All communication takes place over TLS which is a cryptographic and secure improvement over SSL.

Market Operation

SM Trading

Hours of Trading and Trading Days

The SM ATS is currently available for connectivity and operation during standard U.S. Market hours 8:00 AM ET – 8:00 PM ET. The SM ATS observes the same holiday schedule as the United States Equity and Option Market Holiday Schedule. SM ATS does not accept orders outside of these time periods.

The Chief Executive Officer or appropriate SM Officer shall have the power to halt or suspend trading in any and all Securities traded on the ATS, to close some or all ATS facilities, and to determine the duration of any such halt, suspension, or closing, when he or she deems such action necessary for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest including special circumstances such as (1) actual or threatened physical danger, severe climatic conditions, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the ATS, (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. Following a trading halt or trading suspension or ATS closing, the Chief Executive Officer or appropriate SM Officer shall have the power to resume trading in any and all Securities traded on the ATS and to resume some or all ATS facilities when he or she deems such action appropriate for the maintenance of fair and orderly markets, the protection of investors, or otherwise in the public interest.

Securities Eligible for Trading

Trading is limited to Securities which have met the listing standards set forth by SM

Display of Orders and Trades

All orders to the ATS will be displayed. The SM Order Book priority is described as Price – Time. Orders resting on the SM Order Book receive a timestamp and are given priority at their resting price level at the time when the order is posted to the Order Book.

For more information see “Transaction Life Cycle” Below

Order Cancellation

Open orders may be canceled by Subscribers at any time. Cancel messages are processed in the order in which they are received by the System. All Cancel/Replace order types will be treated as new orders with the priority adjusted accordingly.

Order Types and Parameters

Time in Force Values

The term Time in Force (“TIF”) shall mean the period of time that the System will hold an order for potential match and shall include;

Day (“DAY”)

Orders entered into the System marked DAY remain active only for the same day as when they were entered and expire at the end of market hours.

Good ‘til Canceled (“GTC”)

Orders entered into the System marked GTC remain active until either the order is filled, the Subscriber cancels it or during a duration of 1 to 31 calendar days.

Order Types

Limit Day Order

An order to buy or sell a Security at a specific price or better. If not immediately matched, this order will rest in the book maintained by SM ATS (the "Order Book") until either matched, systematically canceled at the end of the trading session, or cancelled by the Subscriber. Any orders held in the Order Book may be canceled or replaced prior to match.

Good Til Cancelled Order

Any order marked GTC will default to becoming a limit order to buy or sell a Security at a specific price or better. These orders will be systematically cancelled after a defined period of time (1 to 31 calendar days) they will remain in the order book until cancelled manually by the Subscriber.

Any order may be cancelled by the Subscriber prior to match.

Order Matching

The ATS operates a fully automated electronic book (“Order Book”) for orders to buy or sell assets (“orders”) with a continuous, automated matching function.

Matches will occur when an order to buy and an order to sell match on the Order Book, subject to “Transaction Life Cycle,” discussed below. The System will process incoming orders to the System in the sequence in which they are received. For any match to occur on the ATS, the applicable order price must be equal to or better than the highest Bid or lowest Offer in the SM Order Book.

SM reserves the right to reject or cancel an order based on regulatory, risk, or other considerations without prior notice to Subscribers.

All Subscribers will submit orders to the System from remote locations and have equal access to orders residing on the Order Book. Similarly, because orders on the ATS are anticipated to be matched automatically, no Subscriber will have the ability to control the timing of matches other than to cancel an order prior to match.

An order to buy submitted to the Order Book will be automatically matched by the System to the extent that it is priced at an amount that equals or exceeds any order to sell for the same asset submitted to the Order Book subject to the Transaction Life Cycle requirements below, and that any specific conditions elected on such order by the submitting Subscriber are satisfied. Such order to buy shall be matched at the price of the lowest-priced order to sell having priority on the Order Book.

An order to sell submitted to the Order Book will be automatically matched by the System to the extent that it is priced at an amount that equals or is less than any order to buy for the same asset submitted to the Order Book subject to the Transaction Life Cycle requirements below, and that any specific conditions elected on such order by the submitting Subscriber are satisfied. Such order to sell shall be matched at the price of the highest-priced order to buy having priority on the Order Book.

In the event that less than the full size of a resting order is matched, the unmatched size of the order will continue to reside on the Order Book, consistent with the Subscriber's instructions. Such partially matched orders retain priority at their price level.

Transaction Life Cycle

The steps required in a typical ATS transaction, using an example that begins with a sell order, are as follows:

- Subscriber opens an account with Broker-Dealer/ATS.
- Subscriber opens a custodian accounts with a registered transfer agent for securities (Securitize, LLC) and a custodian for funds (Prime Trust, LLC).
- The seller submits a sell order (the "Order") to the ATS and upon SM ATS's acceptance of the sell order, electronically notifies its respective custodian of its order sent to the ATS and instructs its custodian to settle the transaction in accordance with the terms of its order when the ATS notifies the custodian of a match on the ATS.
- The Order is posted on the ATS.
- The buyer opens a custodian account.
- The buyer submits a buy order to the ATS and upon SM ATS's acceptance of the buy order, electronically notifies its respective custodian of its order sent to the ATS and instructs its custodian to settle the transaction in accordance with the terms of its order when the ATS notifies the custodians of a match on the

ATS.

- The ATS matches the orders and informs the buyer and seller of the match and their respective custodians of the matched trade and the custodians carry out the conditional instructions and settle the trade away from the ATS .
- The ATS does not participate in the security settlement process, except by electronically sending the matched order instructions to the custodians. The custodians move the cash and securities in book entry between the buyer and seller.

Trading Halts (Regulatory and non-regulatory)

SM maintains policies and procedures reasonably designed to adhere to trading halts as communicated by FINRA pursuant to Rule 6420.

When a security is halted, the System shall not match open orders for that security. Existing, open orders shall be persisted by the System until the orders expire or are canceled.

Open orders are eligible to be canceled at any time during a trading halt.

Market Conduct

Subscribers are expected, in the conduct of their business and participation on the ATS, to observe high standards of commercial honor and just and equitable principles of trade. Subscribers must adhere to all applicable laws, rules and regulations and, among other things, must not:

- Enter into transactions on the ATS, or enter orders, that employ fictitious devices or any other form of deception or contrivance.
- Engage in any type of behavior that could adversely affect fair and orderly trading on the ATS, including degradations of its technology platform.
- Commit any act or engage in any behavior which causes or contributes to a breach of the System and/or related guidelines, which are collectively found in this Subscriber Manual, the SM Subscriber Agreement, or applicable laws, rules and regulations, by another Subscriber, or SM.

SM may monitor Subscriber usage of the System in order to identify breaches of the Subscriber Agreement or Manual, or any applicable laws, rules and regulations, disorderly or disruptive trading activities, or conduct which may involve market abuse.

SM may report such breaches as it deems appropriate to the appropriate regulatory agencies or self-regulatory organizations, without delay, and provide such regulatory bodies full cooperation in investigating and prosecuting such behavior as warranted.

Complaints and Disputes

All complaints and disputes should be directed to support@securizemarkets.io

Clearly Erroneous Transactions Policy

All Clearly Erroneous Transactions should be directed to the support@securizemarkets.io

Contact Us

support@securizemarket.io