

Summary of Client Asset Safeguarding Policy and Plan- Revolut Digital Assets Europe Limited (RDAEL)

1. Introduction

1.1 - Purpose and scope

RDAEL recognises the critical importance of safeguarding and protecting client assets in its operating model. For the purposes of this policy, references to client assets refer to crypto assets. RDAEL does not process or hold any fiat for or on behalf of its clients. The Client Asset Safeguarding Policy and Plan (the “Policy”) seeks to address the below areas:

- To outline RDAEL’s business model and related risks in respect of the safeguarding of client assets and the controls in place to mitigate these;
- To demonstrate how RDAEL’s systems and controls meet the principles of the client asset regime;
- To enable the Board of RDAEL (the “Board”) to document and monitor material changes to RDAEL’s business model, changes to controls and processes and any changes regarding the associated risks to safeguarding client assets; and
- To make information readily available to assist in the prompt distribution of client assets, particularly in the event of RDAEL’s insolvency.

RDAEL’s operating model in relation to crypto assets is based on operating an omnibus wallet with third party exchanges and custodians.

1.2 - Authorisation

For the purposes of this Policy, ‘providing custody and administration of crypto-assets on behalf of clients’ means the safekeeping or controlling, on behalf of clients, of crypto-assets or of the means of access to such crypto-assets, where applicable in the form of private cryptographic keys.

The scope of RDAEL’s services related to safeguarding (custody) of the crypto assets will include:

- Making settlements of executed orders received from clients;
- Processing certain actions (e.g. changes in response to a fork event);
- Recording and accounting of the crypto assets in the personal wallet of the client;
- Providing statements of the crypto asset wallets and other reports to clients and/or to authorities (e.g. the Cyprus Securities and Exchange Commission).

2. Safeguarding of clients' crypto assets

2.1 General requirements

RDAEL shall take adequate measures to protect and safeguard the assets belonging to its clients, including:

- Keep records and accounts in a way that RDAEL is capable, at any time and without delay, to distinguish the assets held for one client from the assets held for any other client and from the assets of RDAEL;
- Maintain records and accounts in a way that ensures their accuracy, and their correspondence to the assets held for the clients, and in a way that such records and accounts can be used as an audit trail;
- Conduct monthly reconciliations between the internal information, records and accounts of RDAEL and those of third parties by whom assets are held;
- Take necessary steps to ensure that assets of the clients, deposited with a third party, are identifiable separately from the assets belonging to RDAEL and to that third party and have the same level of protection as in RDAEL in accordance with this Policy, noting that RDAEL does not hold crypto assets in proprietary assets;
- Take relevant organisational measures to minimise the risk of the loss or diminution of the assets belonging to the client, or of rights in connection with those crypto assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

2.2 Separation and segregation of clients assets

Assets belonging to a client shall be kept separate from the assets belonging to RDAEL.

RDAEL shall inform the clients via T&C or otherwise, that RDAEL may hold the assets belonging to a client:

- Together with the assets belonging to other client(s); and/or
- In an omnibus wallet.

Where RDAEL keeps the clients' assets in an omnibus wallet or in a wallet opened in the name of RDAEL, then it shall always keep separate records of the crypto assets belonging to each client.

RDAEL may deposit crypto assets of the clients into one or more of the following wallets: (a) self custody wallets, (b) hot wallets, and (c) cold wallets. This applies to RDAEL's Retail and Business clients opening a crypto account in the Revolut App and/or opening an account in the Revolut X trading platform.¹

¹ RDAEL is not the operator of the Revolut X trading platform, however RDAEL clients will have the ability to access Revolut X, via RDAEL. Where an RDAEL client wishes to place an order on Revolut X, they will access an interface provided by RDAEL which displays the Revolut X exchange, market data relating to orders open and executed, and other information. Through that RDAEL interface the client will be able to place an order with RDAEL, based on the data the client can see through the interface. When the client places an order through the RDAEL interface, that order will be received by RDAEL and transmitted by RDAEL to Revolut Ltd for execution, which in the case of Revolut X will involve it being placed within the central limit order book and matched appropriately with corresponding orders from other market participants.

Self Custody wallets

This encompasses the crypto assets RDAEL holds with Fireblocks, where RDAEL holds the private keys.

Hot Wallets

This encompasses the crypto assets RDAEL holds with third party exchanges such as Coinbase Exchange and Kraken. A hot wallet is defined as a wallet that has active internet connectivity and where the legal owner or trustee of the crypto assets (i.e. RDAEL) does not own the private keys. While it is less secure than a cold wallet solution, it allows for immediate access to the crypto assets to facilitate trading orders and therefore hot wallets are used to facilitate buy and sell orders received from RDAEL clients.

Cold Wallets

This encompasses the crypto assets RDAEL holds with Coinbase Cold Custody. A cold wallet is defined as a wallet that has no internet connection and where the legal owner or trustee of the crypto assets (i.e. RDAEL) does not own the private keys. Such wallets are used for security reasons as they are less prone to cyber attacks given the lack of internet connection.

RDAEL does not at any time hold any client funds (fiat currency).

2.3 Due Diligence of third parties

RDAEL may deposit crypto assets belonging to a client into wallets opened with a third party only if it exercises due skill, prudence and diligence in:

- selection and appointment of such third party;
- periodic review over such third party; and
- periodic review over the arrangements of the holding of the crypto assets.

2.4 Use of crypto assets of clients

RDAEL may not pledge the crypto assets of clients in its own interest or in the interest of a third party. RDAEL may not use crypto-assets belonging to the clients for its own account in any way.

3. Business Model

3.1 Regulated services

RDAEL provides execution-only crypto services to Retail and Business clients opening a crypto account in the Revolut App and/or opening an account in the Revolut X trading

platform.² All orders received by all clients are handled on an agency-only basis and therefore there is no dealing on RDAEL's own account.

3.2 Omnibus Account

From an inter-company assets flow perspective, RDAEL applies an executing broker model. This means that once an order is placed by a client, it will immediately be sent from RDAEL to Revolut Ltd for execution, where it will be executed with Revolut Ltd acting as a principal.

As a result of this process, RDAEL's clients assets are combined with Revolut's clients assets into either a centralised omnibus account/wallet held at Revolut Ltd or at a partner crypto exchange in order to achieve operational and financial efficiencies.

Although RDAEL's clients assets are co-mingled with Revolut Ltd clients assets, RDAEL maintains a register of positions and is able to determine at any given moment the outstanding balance of its clients' assets.

3.3 Transactional Activity

Clients must first open a bank account with Revolut Bank UAB (RBUAB), as all activities the client undertakes with RDAEL are funded from the balance of the client's money account with RBUAB. The creation of the client money account and the onboarding process are completed using the Revolut App. Once onboarded into the Revolut App, an RBUAB client can access RDAEL's crypto services through the Revolut App by clicking on the Crypto widget. The client can then become an RDAEL client by following the crypto onboarding steps, including accepting new terms and conditions relating to RDAEL's crypto services offering. Once onboarded into the Revolut App, an RBUAB client can also set up a separate crypto account on Revolut X via [this link](#). The client can then become an RDAEL client by following the crypto onboarding steps, including accepting new terms and conditions relating to RDAEL's crypto services offering via Revolut X.

Clients must have sufficient funds on their account (Revolut App and/or Revolut X) in order to facilitate a purchase order. Funds can be debited directly from clients' bank account held with RBUAB main account in-app.

Clients must have sufficient crypto on their account (Revolut App and/or Revolut X) in order to facilitate a sell order.

Clients can then submit an order (buy or sell) via the Revolut App or Revolut X. RDAEL will arrange for the client orders to be routed to Revolut Limited in its own name but on the clients' behalf for execution. At no point in time does RDAEL interpose itself between the buyer and seller in a manner that would give rise to matched principal trading or back to back trading.

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3.4 Custody and Payment of Gas Fees

Custody

As noted in the 'Omnibus Account' subsection, RDAEL and Revolut Ltd hold client funds within omnibus treasury vaults (i.e. Fireblocks) and transfer client funds to wallets (e.g. Coinbase) in order to manage liquidity between Revolut Ltd wallets.

Payment of Gas Fees

When funds are transferred between wallets, transaction fees may be applied to facilitate this movement. Because Revolut Ltd holds minimal crypto on its balance sheet, these transaction fees are paid from funds held in the wallet from where the assets are transferred. On an intraday basis, in order to make these balances whole again, internal market making teams will perform a 'PNL swipe'. This involves buying the same amount of crypto that was used throughout the day to facilitate the movement of funds and crediting the account from where the fees were paid.

By way of example:

Revolut Ltd spends 0.0001 BTC on a transaction fee to move funds from Coinbase to Fireblocks, with the above amount being debited from the Coinbase account. This 0.0001 BTC goes into PNL Swipe and, at a later time during the same day, Revolut Ltd buys 0.0001 BTC in the market to cover for the fact that it spent that small amount from the Coinbase account.

3.5 Client Statements

Accurate, complete and up-to-date statements of balances can be viewed by clients via the Revolut App and RevolutX and at any point in time.