

# NFT Insider Trading Policy

## 1. PURPOSE

Variance Pty Ltd, a NSW, Australia limited liability company (“Company”) has adopted this NFT Insider Trading Policy (“Policy”) to help ensure that (a) Variance and any Insiders (defined below) connected to any project involving the creation, marketing, distribution, and/or sale of non-fungible tokens (“NFTs”) by or on behalf of Variance (“NFTeams”) comply with applicable laws, (b) any distribution of NFTs by Company to Insiders in connection with a Project is conducted fairly and on equal footing with distributions to the public; and (c) Company, the Project, and Insiders do not have even the appearance of improper insider trading.

## 2. SCOPE

1. “Insiders” include all directors, officers, and employees of Company, and any other individuals Company may designate because they may have access to material nonpublic information concerning a Project (“Inside Information”), including any artists, developers, project managers, contractors, consultants, or other individuals who are providing services in connection with Company or the Project, as well as all of the employees, representatives, affiliates, family members, and others in the households of the aforementioned individuals.

2. This Policy applies to any and all transactions involving NFTs issued by or on behalf of Company, including minting NFTs and both primary and secondary sales.

## 3. GUIDANCE

**A. Generally Prohibited Activity.** As a general matter, an Insider may not use or disclose to any third party any Inside Information about Company or a Project to the advantage of the Insider or any other person in connection with the purchase, sale, or other transaction involving an NFT.

## **B. Specific Rules and Prohibitions.**

1. NFTs must be allocated to token holders, including Insiders, at random.
2. Randomness must be verifiable to the public through the use of NFT provenance hashing or other technology.
3. No buying or selling NFTs on the secondary market (including through any peer-to-peer transactions) until seven (7) days after such NFTs are first made available to the public.
4. No buying or selling NFTs on the secondary market (including through any peer-to-peer transactions) within five (5) days of any announcement or planned announcement relating to the Project that an Insider knows about in advance and is material.
5. No engaging in any activity that may be considered “front-running,” “wash trading,” “pump and dump trading,” “ramping,” “cornering,” or fraudulent, deceptive, or manipulative trading activities, including, without limitation, for the purpose of creating or inducing a false, misleading, or artificial appearance of activity or value in any NFT. Prohibited activities include:
  - facilitating the trading of any NFT at successively lower or higher prices;
  - executing or causing the execution of any transaction involving the NFT which causes no material change in the beneficial ownership thereof;
  - participating in, facilitating, assisting, or knowingly transacting with any person or persons for the purpose of artificially, unfairly, or deceptively influencing the market price of an NFT; or
  - otherwise artificially, unduly, or improperly influencing the market price for any NFT in any manner, including without limitation, on or through social media.
6. No “tipping” of Inside Information to any person or entity.
7. No use of rarity snipers (e.g., Rarity Sniper, Trait Sniper, rarity.tools, icy.tools) or similar services at any time in connection with any Project by or in collaboration with Company.

## **4. DETERMINING WHETHER INFORMATION IS MATERIAL AND NONPUBLIC**

### **A. Definition of “Material” Information**

1. There is no bright line test for determining whether particular information is material. Such a determination depends on the facts and circumstances unique to each situation and cannot be made solely based on the potential financial impact of the information.
2. In general, information about Company or a Project should be considered “material” if:
  - A reasonable purchaser of NFTs would consider the information significant when deciding whether to buy or sell NFTs; or
  - The information, if disclosed, could be viewed by a reasonable purchaser of NFTs as having significantly altered the total mix of information available in the marketplace about Company or the Project.
3. While it is impossible to identify every type of information that could be deemed “material,” the following matters shall be considered material:
  - Rarity tables.
  - The rarity of each individual trait, layer, or element included in the Project.
  - Upcoming airdrops.
  - Upcoming announcements by or on behalf of Company.
  - Upcoming events by, in collaboration with, or on behalf of Company.
  - Potential, future, and, ongoing collaborations.
  - Potential and future utility (including, without limitation, any products, benefits, services, privileges, rights, or opportunities) to be offered to NFT holders.
  - New key members of Company or Project team, including executives, officers, directors, employees, contractors or investors.

### **B. Definition of “Nonpublic” Information**

Information is “nonpublic” if it has not been made known to the general market of purchasers or potential purchasers of NFTs through a widely circulated news or wire

source or social media channel operated by Company or authorized by Company to make such information public.

## **5. REMEDIES FOR VIOLATIONS**

Failure to comply with this NFT Insider Trading Policy may constitute not only a breach of contract with Company, but also may violate applicable criminal and civil law. *See, e.g.,* Department of Justice, *Former Employee Of NFT Marketplace Charged In First Ever Digital Asset Insider Trading Scheme*, June 1, 2022, at <https://bit.ly/3SwXn8m>; Department of Justice, *Three Charged in First Ever Cryptocurrency Insider Trading Tipping Scheme*, July 21, 2022, at <https://bit.ly/3A6Scos>.

In the event that Company determines that an Insider violated the NFT Insider Trading Policy, the Insider agrees, upon Company's instruction, to immediately disgorge and transfer to Company, or any recipient of Company's choosing, any and all NFTs or profits gained as a result of such violation as well as any compensation Insider received from Company under their applicable contract. The foregoing remedies are in addition to any other remedies, both legal and equitable, available to Company under the law.