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Risk And Capital Management Policy

Trace Finance Sociedade Prestadora de Serviços de Ativos Virtuais Ltda.

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1. Purpose

This Policy sets out the principles, responsibilities, structure and processes of Trace Finance Sociedade Prestadora de Serviços de Ativos Virtuais Ltda. ("Trace Finance") for the continuous and integrated management of risks and the continuous management of capital, in a manner consistent with its business model, the nature of its operations and the complexity of its products, services and processes.

It constitutes the risk and capital management policy and the information disclosure policy referred to in BCB Resolution No. 265/2022, applicable to Trace Finance by virtue of BCB Resolution No. 580/2026, and complies with article 13 of BCB Resolution No. 520/2025 with respect to proprietary transactions.

Operational details, such as the Risk Appetite Statement, the measurement methodologies, the capital plan, the liquidity contingency plan and the stress testing program, are set out in separate documents linked to this Policy.

2. Scope

This Policy applies to Trace Finance, its officers, employees and service providers, and to all its products, services, processes and systems, including functions performed for its benefit by companies of the economic group or by third parties.

Trace Finance operates as a virtual asset brokerage company, providing intermediation and custody, with relationships exclusively with corporate clients. In the purchase and sale of virtual assets, it acts as a direct counterparty and liquidity provider, which constitutes proprietary activity subject to prudential rules. Trace Finance does not grant credit or loans and does not offer staking services.

The risks below are governed by specific regulations, to which this Policy refers:

- a. Information security and cyber:** Information Security Risk Management Policy and Cybersecurity Policy;
- b. Money laundering and the financing of terrorism and of the proliferation of weapons of mass destruction (ML/TF-P):** AML Policy and Internal Risk Assessment;
- c. Fraud:** Fraud Prevention Policy;
- d. Business continuity:** Business Continuity Policy;

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e. Asset segregation and custody: asset segregation and virtual asset custody regulations;

f. Internal controls and compliance: Governance and Internal Controls Policy.

The following remain under this Policy in all cases: the consolidation of these risks in Trace Finance's risk profile, the appetite limits that apply to them and the capital required to cover them. This Policy is Trace Finance's main risk management policy and covers all risk categories. The Information Security Risk Management Policy is limited to information security and cyber risks and observes the appetite, the assessment scale and the risk acceptance rules defined in this Policy. The Internal Risk Assessment remains the specific instrument for assessing ML/TF-P risks.

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3. Terms and Definitions

Term	Definition
Risk appetite	Levels and types of risk that Trace Finance is willing to assume in pursuing its strategic objectives.
Risk Appetite Statement (RAS)	Document approved by the Board of Executive Officers that formalizes risk appetite levels, metrics, limits and the actions to be taken in the event of a breach.
Alert level	Metric value that precedes the limit and triggers preventive action and communication to the Chief Risk Officer.
Breach	Exceeding of a limit approved in the RAS or in the documents derived from it.
Inherent risk	Level of risk before considering controls and mitigation measures.
Residual risk	Level of risk remaining after considering the proven effectiveness of controls.
Risk owner	Manager responsible for monitoring, treating and overseeing a given risk.
Consolidated risk profile	Integrated view of the residual risks of all categories, reported to the governance bodies.
Proprietary position	Balance of virtual assets and fiat currency held by Trace Finance on its own account, including that arising from its activity as counterparty and liquidity provider.
Reference Equity (PR)	Capital measure calculated in accordance with prudential regulation, used to verify compliance with capital requirements.
Capital plan	Document that sets capital targets and projections, the main sources of capital and the planned actions, with a minimum horizon of three years.
Liquidity contingency plan	Document that sets alert indicators, responsibilities, sources of liquidity and procedures for dealing with liquidity stress situations.
Stress test	Exercise assessing the effects of severe and plausible events on Trace Finance's results, capital, liquidity and limits.

4. Principles

a. Proportionality. The structure, methodologies and controls are commensurate with Trace Finance's business model, the nature of its operations, the complexity of its products and its prudential segment.

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b. Integration. Risks are assessed in an integrated manner, considering the interactions between them, including with ML/TF-P risk.

c. Independence. Risk Management is segregated from the business areas and from internal audit, and whoever takes the risk does not approve their own limit.

d. Conservatism. In case of doubt or insufficient information, the more severe classification is adopted, and controls under implementation do not reduce residual risk.

e. Use in decision-making. The RAS and capital planning guide strategy, budgeting, product approval and the setting of limits.

f. Traceability. Assessments, limits, exceptions and decisions produce records verifiable by third parties.

g. Client protection. Client funds and virtual assets are kept separate from proprietary ones and are not a source of liquidity or capital for Trace Finance.

5. Risk Management Structure

As from January 1, 2027, Trace Finance observes the prudential rules applicable to Type 3 institutions, classified in Segment 4 (S4) until June 30, 2028, regardless of its size, in accordance with BCB Resolution No. 580/2026. By December 31, 2026, the structure set out in this Policy is implemented and tested, so as to be in operation at the beginning of the prudential regime.

The risk management structure comprises, at a minimum:

- a.** documented policies, strategies and limits, with procedures to keep exposure within the levels set in the RAS;
- b.** procedures for the timely reporting of exceptions to policies, limits and risk appetite levels;
- c.** prior assessment of the risks of new products, services and relevant changes;
- d.** a stress testing program, in the simplified form permitted for segment S4;
- e.** integration with business continuity management;
- f.** systems, routines and procedures to identify, measure, assess, monitor, report, control and mitigate risks;
- g.** timely management reports to the Board of Executive Officers and the Compliance Committee.

Risk Management is a unit segregated from the business areas and from internal audit, reporting to the Chief Risk Officer, with adequate resources and access to the information

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necessary to perform its functions. The Chief Risk Officer may hold other functions, subject to regulatory restrictions and the absence of conflicts of interest. The appointment and removal of the Chief Risk Officer are approved by the Board of Executive Officers, and the removal is disclosed on Trace Finance's website, in accordance with article 52 of BCB Resolution No. 265/2022.

Given the exemption from a risk committee for segment S4, the corresponding duties are performed by the Board of Executive Officers.

6. Risk Management Process

The process comprises the stages of identification, assessment, treatment, monitoring and reporting, applied to all relevant risks and recorded in the risk inventory maintained by Risk Management, with the risk, cause, process, owner, controls, indicators and action plan.

6.1 Assessment scale and criteria

Risks are assessed by probability and impact, on a four-level scale (Low, Medium, High and Critical), the same scale adopted in Trace Finance's other regulations, except for the Internal Risk Assessment, which adopts its own three-level scale. Impact is assessed in the financial, legal and regulatory, reputational and socio-environmental dimensions, and the final classification corresponds to the highest among the dimensions, so that a risk that is relevant in one of them is not diluted.

The Critical level is assigned when the materialization of the risk may compromise the operating authorization, solvency, liquidity or client assets and funds.

Residual risk results from applying the proven effectiveness of controls to the inherent risk, observing the rules below, which are aligned with the Internal Risk Assessment:

- a.** the maximum reduction permitted is one level;
- b.** controls under development or implementation do not reduce residual risk;
- c.** effectiveness is reviewed upon a failure, incident, audit or supervisory finding, or relevant change in the control.

The assessment of ML/TF-P risk follows the Internal Risk Assessment's own methodology, on three levels, whose Low, Medium and High levels correspond to the same levels of this Policy for consolidation purposes.

6.2 Risk treatment and acceptance

Treatment follows the level of residual risk:

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- a. Low:** accepted by the risk owner, with no need for a formal treatment plan;
- b. Medium:** treatment plan with a responsible person and deadline, monitored by the risk owner and by Risk Management;
- c. High:** priority treatment plan, reported to the Chief Risk Officer; acceptance, where appropriate, is resolved by the Board of Executive Officers on a reasoned and temporary basis, with a responsible person and review deadline recorded in minutes;
- d. Critical:** immediate communication to the Board of Executive Officers and the Compliance Committee, which decides on the continuation of the activity, operational restrictions or additional measures.

A source of ML/TF-P risk with High residual risk is not accepted outright and follows the treatment set out in the Internal Risk Assessment. Information security and cyber risks follow the appetite, scale and acceptance rules of this Policy, with the treatment detailed in the Information Security Risk Management Policy.

6.3 Consolidated risk profile

Risk Management consolidates, in Trace Finance's risk profile, the results of this Policy, of the Internal Risk Assessment, of the fraud risk assessment, of information security risk management and of the risk and control self-assessment of the internal control system. The profile is reported quarterly to the Board of Executive Officers and the Compliance Committee.

The sources of High residual risk and the action plans approved in the Internal Risk Assessment form part of the consolidated profile and are monitored until the review provided for in that document.

7. Risk Appetite Statement

Risk appetite levels are documented in the RAS, proposed by the Chief Risk Officer, with input from Compliance, approved by the Board of Executive Officers and reviewed at least annually. The RAS takes into account the capacity to take risks, strategic objectives, market conditions and the regulatory environment.

The RAS contains, at a minimum:

- a.** qualitative statements about the risks Trace Finance accepts, those it avoids and the conditions under which it takes them, including the prohibition on granting credit and loans and on staking;
- b.** metrics and limits for capital, liquidity, proprietary position, concentration in counterparties and relevant providers, and operational losses, including at a minimum (i)

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the leverage limit provided for in article 11, II, of BCB Resolution No. 520/2025 and (ii) the limit on proprietary virtual assets held in client wallets provided for in article 30, paragraphs 2 and 3, of BCB Resolution No. 520/2025;

- c. alert levels, limits and the actions associated with breaches;
- d. persons responsible for monitoring and escalation bodies.

A limit breach is recorded, analyzed and reported. Remaining outside the appetite results in a reduction of exposure, strengthening of controls, capital contribution or revision of strategy, and not in adjusting the limit to accommodate the exposure. Temporary exceptions require justification, a deadline, a compensating control and approval by the Board of Executive Officers.

8. Relevant Risks

Trace Finance manages the risks below, identified on the basis of its business model:

Risk	Source at Trace Finance	Reference regulation
Market	Proprietary position in virtual assets and fiat currency, arising from its activity as counterparty and liquidity provider, including exchange rate variation of dollar-referenced virtual assets and loss of peg.	This Policy
Liquidity	Settlement obligations with clients, liquidity providers and financial institutions, in different currencies, virtual assets and networks.	This Policy and liquidity contingency plan
Credit and counterparty	Balances and prepayments with liquidity providers and financial institutions, and timing mismatches in settlement with clients.	This Policy
Operational	Failures in processes, people and systems and external events, including legal risk, service providers, custody and reconciliation.	This Policy
Social, environmental and climate	Indirect exposure through clients, counterparties and service providers.	This Policy
Reputational, strategic and regulatory	Perception of clients, partners and authorities, business concentration and regulatory changes.	This Policy

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Risk	Source at Trace Finance	Reference regulation
ML/TF-P	Use of products and services for money laundering and the financing of terrorism and proliferation.	AML Policy and Internal Risk Assessment
Fraud	External fraud, internal fraud and scams against clients.	Fraud Prevention Policy
Information security and cyber	Attacks, vulnerabilities, incidents and technological dependencies, including in virtual asset control instruments.	Information Security Risk Management Policy

Interest rate risk in the banking book and country and transfer risk are assessed in the risk inventory and managed to the extent that they prove relevant.

9. Market Risk

Market risk is the possibility of losses arising from fluctuations in the market values of positions held by Trace Finance. The exposure arises from the proprietary position in virtual assets and fiat currency maintained for its activity as counterparty and liquidity provider.

Market risk management observes, at a minimum:

- a.** position limits per virtual asset and total position limits, defined in the RAS;
- b.** replenishment or squaring of the position with liquidity providers within the timeframe defined in the RAS;
- c.** pricing of positions based on independent and reliable reference sources, with a predefined alternative source;
- d.** daily monitoring of positions and, in periods of significant volatility, intraday monitoring;
- e.** specific treatment of the loss of peg of a virtual asset referenced to fiat currency, with exposure reduction triggers;
- f.** holding proprietary positions only in virtual assets admitted in accordance with the Virtual Asset Eligibility Policy.

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10. Liquidity Risk

Liquidity risk is the possibility that Trace Finance will not be able to efficiently meet its expected and unexpected, current and future obligations without affecting its daily operations and without incurring significant losses, as well as the possibility of not being able to trade a position at market price because of its size or market discontinuity.

Liquidity risk management observes, at a minimum:

- a.** daily, including intraday, management of inflows and outflows in fiat currency and virtual assets;
- b.** maintenance of a stock of liquid own resources consistent with expected obligations and with the results of stress tests;
- c.** assessment by currency, virtual asset, network and jurisdiction, considering restrictions on the transfer of funds;
- d.** diversification and monitoring of concentration in liquidity providers and financial institutions;
- e.** a liquidity contingency plan, approved by the Board of Executive Officers and reviewed at least annually.

The holding of proprietary virtual assets in client wallets to cover an immediate liquidity need observes the limit and conditions of article 30 of BCB Resolution No. 520/2025 and the asset segregation regulations.

11. Credit and Counterparty Risk

Credit and counterparty risk is the possibility of losses associated with the counterparty's failure to meet its obligations, including in the settlement of transactions. As Trace Finance does not grant credit, the exposure arises from balances and prepayments held with liquidity providers and financial institutions, and from timing mismatches in the settlement of transactions with clients.

Credit and counterparty risk management observes, at a minimum:

- a.** prior due diligence and periodic assessment of counterparties, including foreign ones, taking country risk into account;
- b.** exposure limits per counterparty and concentration limits, defined in the RAS, subject to regulatory exposure limits;
- c.** settlement of transactions upon prior receipt of the client's funds or virtual assets, except for exceptions approved in accordance with the RAS;

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- d. daily monitoring of counterparty balances and settlement timeframes.

12. Operational Risk

Operational risk is the possibility of losses arising from failures, deficiencies or inadequacy of internal processes, people and systems, or from external events, including legal risk. At Trace Finance, it includes, among others:

- a. failures in the execution, settlement, recording and reconciliation of transactions and positions;
- b. failures in custody and key governance, including at the contracted technology service provider;
- c. failures or discontinuity of relevant service providers and of companies of the economic group;
- d. legal risk, including inadequate contracts, non-compliance with rules and sanctions;
- e. failures in regulatory reporting and prudential information;
- f. errors in spreadsheets, models and tools used to measure risk and capital.

Operational risks are identified and assessed by process, together with the risk and control self-assessment of the internal control system. Relevant operational risk events are recorded, with their cause, impact and measures adopted, and considered in the review of assessments.

Fraud, information security and cyber incidents and service interruptions are addressed in the respective policies, and their results and losses form part of the operational risk assessment.

13. Social, Environmental and Climate Risks

Social, environmental and climate risks correspond to the possibility of losses arising from events associated with the violation of fundamental rights and guarantees, environmental degradation or climate change, including as a result of the transition to a low-carbon economy.

Given Trace Finance's business model, the exposure to these risks is indirect, through clients, counterparties and service providers. These risks are assessed in client onboarding and in the contracting of relevant providers, based on the criteria of the Internal Risk Assessment and of the client and provider due diligence procedures, and considered in stress tests where relevant.

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14. Other Relevant Risks

- a. Reputational:** negative perception by clients, partners, authorities and the market, also assessed as an impact dimension of the other risks;
- b. Strategic:** business decisions, product launches and concentration in clients, counterparties or providers, assessed in strategic planning and in the capital plan;
- c. Regulatory and compliance:** regulatory changes and compliance with regulatory obligations, including in the authorization process, managed jointly with Compliance;
- d. ML/TF-P:** assessed in the Internal Risk Assessment, whose results form part of the consolidated risk profile;
- e. Information security and cyber:** described in the Information Security Risk Management Policy, under the responsibility of Information Security, whose results form part of the consolidated risk profile.

15. Stress Testing

Trace Finance maintains a stress testing program in the simplified form permitted for segment S4, approved by the Board of Executive Officers and carried out annually and upon relevant changes in the business model or in market conditions. Scenarios consider, at a minimum:

- a.** an abrupt price drop or loss of peg of a virtual asset held in the proprietary position;
- b.** a shock to the exchange rate between the Brazilian real and the US dollar;
- c.** unavailability of a liquidity provider, a financial institution or the contracted custody technology service provider;
- d.** concentration of client settlements and withdrawals;
- e.** an operational or cyber incident that compromises custody or settlement.

The program also includes sensitivity analyses, which measure the isolated effect of the variation of each relevant risk factor, such as the price of virtual assets held in the proprietary position, the exchange rate, the volume of client withdrawals and the availability of providers, on results, capital and liquidity, in the simplified form permitted for segment S4.

The results assess the effects on results, capital, liquidity and limits, are reported to the Board of Executive Officers and are taken into account in the RAS, the capital plan and the liquidity contingency plan.

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16. Capital Management

Capital management is the continuous process of monitoring and controlling the capital held, assessing the capital needed to cover risks and planning capital targets and needs, taking into account Trace Finance's strategic objectives. It comprises, at a minimum:

- a.** maintenance of the minimum capital and minimum equity required for the modality and, as from January 1, 2027, of the Reference Equity requirements applicable to Type 3 institutions in segment S4;
- b.** a management buffer above the regulatory minimum and action triggers, defined in the RAS;
- c.** a capital plan with a minimum horizon of three years, consistent with strategic planning, approved by the Board of Executive Officers and reviewed at least annually;
- d.** periodic assessment of the adequacy of capital to risks, taking into account the results of stress tests;
- e.** monthly monitoring of equity and, as from the entry into force of the prudential regime, of Reference Equity.

When a capital trigger is reached, the Chief Risk Officer informs the Board of Executive Officers, which decides on the applicable measures, including capital contributions, retention of earnings and reduction of exposure. The distribution of earnings and the adoption of new activities take into account their impact on capital.

17. Prior Assessment of New Products and Changes

New products, services, virtual assets, counterparties and relevant service providers, as well as relevant changes in processes or systems, are subject to a prior assessment of their risks by Risk Management, including as to their impact on limits, capital and liquidity, in accordance with the New Products and Services Policy and jointly with the ML/TF-P and information security risk assessments.

18. Disclosure of Information

The disclosure of information on risk and capital management is the responsibility of the Chief Risk Officer and observes the guidelines below:

- a.** publication of the Pillar 3 Report, with the information required for segment S4, on Trace Finance's website, at the frequency and within the deadlines set by regulation;

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- b.** disclosure, in a publicly accessible location, of the description of the risk and capital management structures;
- c.** consistency of the information with accounting, regulatory and management records, with review by Risk Management and Finance and approval by the Chief Risk Officer before publication;
- d.** recording of the relevance criteria and of proprietary or confidential information not disclosed, in accordance with regulation;
- e.** timely correction and republication when a material error is identified.

19. Review

This Policy is reviewed at least annually and, on an extraordinary basis, upon a change in regulation or in the prudential segment, a new relevant product or activity, an adverse stress test result, a recurring limit breach, a relevant incident or an audit or supervisory finding.

20. Reference Standards

Law No. 14,478/2022: guidelines for the provision of virtual asset services.

BCB Resolutions No. 519 and 520/2025: authorization and operation of virtual asset service providers.

CMN/BCB Joint Resolution No. 14/2025: minimum capital and minimum equity requirements applicable to institutions authorized to operate by the Central Bank of Brazil, including virtual asset service providers.

BCB Resolution No. 580/2026: classification of virtual asset service providers as Type 3 institutions and application of prudential rules.

BCB Resolution No. 265/2022, applicable by virtue of BCB Resolution No. 580/2026: risk and capital management structures and information disclosure policy.

BCB Resolutions No. 199 and 200/2022, applicable by virtue of BCB Resolution No. 580/2026: Reference Equity and minimum requirements.

BCB Resolution No. 54/2020, applicable by virtue of BCB Resolution No. 580/2026: Pillar 3 Report.

BCB Resolution No. 552/2026: application to virtual asset service providers of rules of the National Financial System, including BCB Resolutions No. 85/2021, No. 65/2021 and No. 260/2022.

BCB Resolution No. 93/2021, applicable by virtue of BCB Resolution No. 552/2026: internal audit.

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BCB Circular No. 3,978/2020: prevention of money laundering and terrorist financing.

21. Effectiveness

This Policy enters into force on the date of its publication, after approval by Trace Finance's Board of Executive Officers, formalized in minutes, following prior deliberation by the Compliance Committee, and remains in force until its review or express revocation. The provisions that depend on the prudential regime take effect as from January 1, 2027.

22. Version Control and History

Version	Date	Change/Addition History	Approved by
1.0	10/15/2026	Initial issue.	Board of Executive Officers, following deliberation by the Compliance Committee