DCO EXHIBIT G

Attach as Exhibit G, documents that demonstrate compliance with the default rules and procedures requirements set forth in § 39.16 of the Commission's regulations, including but not limited to:

a. Default Management Plan – Applicant must provide a copy of its written default management plan which must contain all of the information required by § 39.16(b), along with Applicant's most recently documented results of a test of its default management plan.

See attached Default Management Plan.

b. Definition of default – Applicant must describe or otherwise document:

(1) The events (activities, lapses, or situations) that will constitute a clearing member default;

LedgerX LLC, doing business as FTX US Derivatives ("FTX"), is a derivatives clearing organization (the "Clearinghouse"). The Clearinghouse defines default as the event when the participant account collateral is below the maintenance margin requirement, and liquidating an account on the Central Limit Order Book has not successfully resulted in the account being above its maintenance margin requirement.

(2) What action Applicant can take upon a default and how Applicant will otherwise enforce the rules applicable in the event of default, including the steps and the sequence of the steps that will be followed. Identify whether a Default Management Committee exists and, if so, its role in the default process; and

The clearing house initiates an entirely automated sequence of actions designed with the specific purpose of restoring the clearing house's balanced book.

Such sequence of events include the sequence described in c(1).

The Chief Risk Officer is responsible for the default management procedures for the clearing house. Significant changes to these procedures (as defined in the Default Management Plan) require approval from the Board of Directors and the Risk Management Committee.

The clearing house does not have a Default Management committee because the process is highly automated. The Chief Risk Officer will escalate to the Risk Management Committee as appropriate.

(3) An example of a hypothetical default scenario and the results of the default management process used in the scenario.

1. Alice wants to trade a BTC derivative contract with a small notional size. She decides to trade the micro contract with notional size of 0.0001 BTC. The micro futures contract is trading on the limit order book at $60,002/BTC, with best bid at $60,001/BTC for 20,000 contracts, and best ask at $60,003/BTC for 35,000 contracts.
    a. The micro contract's value is thus $6.0002 ($60,002/BTC *0.0001 BTC).
2. According to the clearing house's proprietary real time margin system, the initial margin per contract is currently $1.20004 (20% of the contract value) and maintenance margin is $0.90003 (15% of the contract value).
3. Participant Alice wishes to establish a long position of 20,000 micro contracts at a price of $60,000/BTC. Alice deposits in USD and has $30,000 worth of free collateral in her account.
    a. She places a limit order on the bid side at $60,000/BTC for 20,000 lots.
    b. At a market price of $60,000/BTC initial margin per contract would be $1.20 and maintenance margin per contract would be $0.90.
    c. As soon as this limit order is submitted, $24,000 ($1.20* 20,000 contracts) worth of collateral is locked. Alice has $6,000 worth of remaining free collateral. The limit order rests on the book because it was not immediately filled.
4. 5 minutes later, the prevailing market price moves down. Alice's limit order for 20,000 lots is filled in full.
    a. Once Alice's position is established, the collateral lock drops from the initial margin level to the maintenance margin level. Alice has $18,000 worth of collateral locked as maintenance margin, and $12,000 worth of free collateral.
5. The BTC futures contract price continues to fluctuate. 20 hours later, the price drops to $55,000/BTC.
    a. The collateral lock is now $16,500 for maintenance margin. However, Alice's free collateral has dropped from $12,000 to $3,500 due to the price decline of $5,000/BTC per each contract Alice holds in the long position along with the decrease in maintenance margin as the position notional decreases.
    b. As the futures contract price fluctuates, Alice continues to receive informational alerts automatically generated by the clearing house's margin system. It is Alice's responsibility to deposit additional collateral as the account moves towards the maintenance margin level and free collateral amount continues to decline.
6. Hypothetically, Alice fails to deposit additional collateral to her account. 2 hours later, BTC futures contract price declined further to drop below $52,940/BTC.
    a. Alice now has less collateral than that is required by the maintenance margin threshold, and the liquidation engine begins to reduce Alice's position size.
    b. Note that if Alice had funded her account with additional collateral just before the contract price moved below $52,942/BTC then the liquidation engine would not have been triggered because the newly deposited collateral would have increased Alice's total collateral to exceed the maintenance margin requirement.
    c. The liquidation engine will first cancel all pending orders, which Alice does not have in this scenario.

d. The liquidation engine will partially liquidate Alice's position using marketable limit orders, in a manner that does not cause meaningful price disruption, until the account's collateral is greater than the maintenance margin level.

e. Within 6 seconds, a sell order to liquidate 10% of Alice's position (2,000 micro contracts) is successfully filled at $52,940/BTC. Alice's long position is now 18,000 contracts with a corresponding maintenance margin level of $14,294. Alice's account now has free collateral of $1,586 and at a market price of $52,940/BTC the liquidation engine does not have to sell any more contracts. Alice's account lost $14,120 in the decrease in BTC price from $60,000 to $52,940.

7. No loss is sustained by the clearing house. Alice's risk position is successfully managed by the fully automated liquidation engine.

c. Remedial action – Applicant must describe or otherwise document:

(1) The authority and methods by which Applicant may take appropriate action in the event of the default of a clearing member which may include, among other things, liquidating positions, hedging, auctioning, allocating (including any obligations of clearing members to participate in auctions or to accept allocations), and transferring of customer accounts to another clearing member (including an explanation of the movement of positions and collateral on deposit); and

Pursuant to authority in the Participant Agreement and Rulebook, FTX's automated systems perform the following actions sequentially in near-real-time, at a frequency determined by the Chief Risk Officer.

Waterfall Layer	**Sub-Paths through Layer**	**Methodology**
Liquidation Orders	N/A	The first step is to carefully close positions with rate-limited liquidation orders in the market. An account begins to be liquidated if the total account value divided by the total position notional, which is the position size multiplied by its market price ("Margin Fraction"), is less than its maintenance margin. During the liquidation process, users may not send orders using their account. To close positions in the market while minimizing impact, the liquidation engine will periodically send standard limit orders on behalf of the liquidated account. Approximately every Liquidation Delay Period seconds (currently 6 seconds), the liquidation engine sends the Liquidation Percentage (currently 10 percent) of the position size as an order on the market.

		The speed of the liquidation process depends on the size of the position. For small positions, the Clearinghouse will aim to fully close the position in about a minute. If partially liquidating the account causes its Margin Fraction to rise above the maintenance margin threshold, the liquidation process terminates. Otherwise, the process continues.
Match-Up of Defaulting Open Interest	N/A	Defaulting open interest is matched to counterparties using one or both of the following methods. Typically, a liquidation will proceed directly through the Primary BLP path, skip the secondary BLP path, and if necessary, proceed to the Guaranty fund. The backstop liquidity provider system is activated when an account's margin drops below the minimum Margin Fraction needed to avoid being closed against the backstop liquidity provider ("Auto-Close Margin Fraction" or "ACMF"), and therefore closer to bankruptcy. In this step, the account will have its defaulting positions closed down at the bankruptcy price (the market price that would set an account value at zero, or "Zero Price"), and the positions will be transferred to the backstop liquidity provider. If the account's value is at or above the Zero Price, the liquidation terminates here. If account's value is below the Zero Price, the waterfall will continue to the next step, in which the Guaranty fund steps in to bring the account's value back to the Zero Price.
	Primary Backstop Liquidity Providers (BLPs)	The Primary BLPs sign up to the Backstop Liquidity Provider Program voluntarily and should ordinarily be able to absorb all assignment of open interest from defaulting positions, without resorting to Secondary BLPs. Primary Backstop Liquidity Providers ("BLPs") have a maximum capacity per minute and per hour and the position is closed against BLPs in proportion to the remaining capacity.
	Secondary BLPs (sub-path, not sub-layer)	Secondary BLPs will only have their positions auto-closed if an account hits the Auto-Close Margin Fraction *and* the Primary BLPs are out of capacity. The Secondary BLP is an alternate route to the Guaranty Fund. As long as BLP capacity remains, the Secondary BLP path will be skipped entirely, and the waterfall will proceed downwards to

		the Guaranty Fund and beyond without hitting the Secondary BLPs. Any remaining open interest not assigned to a takeover counterparty is assigned to participants with large opposing positions (starting with the top 10 opposing positions, more if their total is insufficient), in proportion to their position sizes.
Guaranty Fund	N/A	If an account's value hits the Zero Price, the Guaranty fund will pay out to bring the account's balance back to 0. In other words, the Guaranty Fund pays out the difference between the current account value and the bankruptcy price.
Settlement Variation Margin Gain Haircutting		If the account is bankrupt and the Guaranty Fund is empty, the remaining losses are taken from positions with positive unrealized Profit and Loss (proportionally to Profit and Loss).
Full Tear-Up/ Bankruptcy		The Clearinghouse is bankrupt. Positions are torn up after consultations with the Risk Management Committee, the Board of Directors, and regulators as appropriate.

Actions taken by a clearing member or other events that would put a clearing member on Applicant's "watch list" or similar device.

FTX operates an entirely collateral-based margin system. However, the clearing house develops and maintains a sophisticated review and internal assessment and monitoring process for each participant.

Additionally, the clearing house maintains a watch list for existing participants that engage in suspicious market activity, repeated or excessive liquidation in excess of the risk monitoring program, where the clearing house has the discretion to increase margin requirements, impose risk reducing transactions, and suspense trading and clearing.

d. Process to address shortfalls – Applicant must describe or otherwise document:

(1) Procedures for the prompt application of Applicant and/or clearing member financial resources to address monetary shortfalls resulting from a default;

FTX's automated systems immediately apply guaranty fund resources via internal ledger transactions whenever there is a need to address monetary shortfalls resulting from a default.

(2) How Applicant will make publicly available its default rules including a description of the priority of application of financial resources in the event of default (i.e., the "waterfall"); and

FTX will make publicly available its default rules available via its Rulebook, which is posted on its website. FTX will make publicly available a description of the default waterfall on its website.

(3) How Applicant will take timely action to contain losses and liquidity pressures and to continue to meet each obligation of Applicant.

FTX's automated systems act upon underwater positions in real-time, without the need for human intervention. This approach significantly reduces the risk of runaway losses versus credit-based systems, where losses can accumulate for much longer periods of time, and where action to contain losses is manual and therefore not timely.

e. Use of cross-margin programs – Describe or otherwise document, as applicable, how cross-margining programs will provide for fair and efficient means of covering losses in the event of a default of any clearing member participating in the program.

While FTX would like to offer cross-margining programs in the future, FTX does not currently offer cross-margining programs.

f. Customer priority rule – Describe or otherwise document rules and procedures regarding priority of customer accounts over proprietary accounts of defaulting clearing members and, where applicable, specifically in the context of specialized margin reduction programs such as cross-margining or common banking arrangements with other derivatives clearing organizations, clearing agencies, financial market utilities or foreign entities that perform similar functions.

FTX does not currently deal with clearing members who carry customer accounts, only direct clearing members. FTX does not currently offer cross-margining or other banking arrangements with other derivatives clearing organizations, clearing agencies, financial market utilities or foreign entities that perform similar functions.

The Clearinghouse holds clearing member funds separate from the operating funds of the Clearinghouse.