



STF Contract Terms and Conditions

Sample Question: Will any portion of [Jurisdiction Name] become a US state, territory, or other federal jurisdiction by [date]?

Product Code: STF[Jurisdiction two letter code]

Instructions: The Sovereignty Transfer Forecast Contract resolves based on publicly reported legal changes in international sovereignty. The contract will resolve to "Yes" if, prior to the Resolution Time, any portion of land that is internationally recognized as part of [Jurisdiction Name] becomes a US state, territory, or other federal jurisdiction. This contract is subject to early Resolution.

Underlying: The underlying is an agreement between the United States and [Jurisdiction] Government to transfer sovereignty of any portion of the jurisdiction to the United States. Resolution occurs through consistent reporting by at least three of the following independent global news agencies: Associated Press (AP), Reuters, Agence France-Presse (AFP), The New York Times, and The Washington Post. Temporary military occupation, de facto control without legal recognition, political statements or claims, referendums declarations without formal legal ratification by both governments, or unratified treaties shall not result in the contract resolving to "Yes". For purposes of contract resolution, a "report by a source agency" shall mean a publicly accessible news article or formal webpage published on the source agency's official website, explicitly stating that a portion of [jurisdiction] has become a US state, territory, or other federal jurisdiction.

Source Agency: Associated Press, Reuters, Agence France-Presse, The New York Times, and The Washington Post

Minimum Tick: The Minimum Tick size for the referred Contract shall be \$0.01.

Listing Cycle: ForecastEx will list Contract expirations at its discretion.

Thresholds: For each Contract expiration, thresholds will be listed at ForecastEx's discretion.

Position Accountability: The position accountability level is 250,000 Contracts in any one Forecast Market.

Last Trading Time: Same as Resolution Time.

Payout Criteria: The Settlement Value of each Contract is \$1.00 or \$0.00 depending on the Outcome of the Contract. If the Outcome of the Contract is "Yes", then holders of the "Yes" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "No" Position will receive \$0.00. If the Outcome of the Contract is "No", then holders of the "No" Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the "Yes" Position will receive \$0.00.

Resolution Time: 8:00 AM CT on the date following the date in the event question.

Changes in Resolution Time: The Resolution Time of a Forecast Contract is dependent on the time that the Source Agency releases the Agreement between the United States and [Jurisdiction] Government to transfer

sovereignty of any portion of the nation data. There are circumstances in which ForecastEx will change the Resolution Time of a Contract as described below:

1. **Delay by Source Agency:** If the Source Agency delays the release of the Agreement between the United States and [Jurisdiction] Government to transfer sovereignty of any portion of the nation data required for Resolution, ForecastEx will delay the Resolution Time of the Contract until such data is released. In these circumstances, ForecastEx will release a public notice to its website informing Market Participants that the Resolution of the Contract has been delayed and release a second notice to its website informing Market Participants when the Contract is resolved.
2. **Change in Release Schedule:** ForecastEx sets the Resolution Time of each Contract based on either the published or anticipated release schedule of the Source Agency for the Agreement between the United States and [Jurisdiction] Government to transfer sovereignty of any portion of the nation data. If the Source Agency amends its release schedule or announces that it will publish the Agreement between the United States and [Jurisdiction] Government to transfer sovereignty of any portion of the nation data at a different time than anticipated, ForecastEx may, at its sole discretion, amend the Resolution Time of the Contract to match the updated release schedule when doing so is necessary to ensure the accurate and fair resolution of the contract. In these circumstances, ForecastEx will publish a public notice to its website informing Market Participants of the revised Resolution Time.
3. **Event Review Process:** In accordance with ForecastEx Rule 415, ForecastEx may, at its sole discretion, initiate the event review process prior to Settlement which may delay the Resolution of a Contract. In these cases, ForecastEx will publish a public notice to its website informing Market Participants that the Contract's Outcome is under review.
4. **Early Resolution:** If a Forecast Contract Resolves based on whether a specific event occurs before a defined point in time, it will be subject to early resolution. For these Contracts, if the Outcome of the contract becomes determinable prior to the scheduled Resolution Time – either because the event has occurred (resolving “Yes”) or because it can no longer occur (resolving “No”) – ForecastEx may, at its sole discretion, accelerate the Resolution Time of the Contract in accordance with ForecastEx Rule 413. Whether or not this Contract is subject to early resolution is specified in the Instructions section.

Expiration Time: Same as Resolution time.

Settlement Date: Unless the Outcome of the Contract is under review in accordance with ForecastEx Rule 415, Settlement of the Contract will occur no later than the day following Expiration Time.

Trading Restrictions: In Accordance with ForecastEx Rule 509(h), the following Persons are prohibited from entering Bids or executing Pairs in Sovereignty Transfer Forecast Contracts:

- The U.S. President.
- Any person currently serving in the White House, National Security Council, Department of State, Department of Defense, or other Cabinet-level agency.
- Any sitting member of the US Senate or House of Representatives, and any person employed as a staffer or advisor to such member.
- Employees of US Intelligence Agencies including but not limited to the CIA, NSA, and DIA.

- Persons in analogous positions to the governmental personnel listed in the points above, working for [jurisdiction]'s government.
- Any other official representative of the US or [jurisdiction] or any other foreign government engaged in direct negotiations regarding [jurisdiction]'s sovereignty.
- Any person working as a consultant, defense contractor, legal advisor, or lobbyist to the US government or [jurisdiction] government involved in sovereignty discussions.
- Any other person with material non-public information about a sovereignty transfer that is the subject of an STF contract.
- Immediate family members of the above.