

## Segregation of Player Funds

At Natural Nine B.V. (Shuffle.com), we prioritise the protection and accessibility of customer funds by maintaining a robust wallet management structure. This procedure ensures the segregation of player funds from company assets, safeguarding customer interests and adhering to regulatory best practices. Below is a detailed breakdown of our policies and procedures:

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### 1. Segregated Wallet Structure

We maintain a **ring-fenced wallet structure** to separate player funds from the company's treasury assets. This structure is designed to protect customer funds from being intermingled with operational or corporate finances, ensuring security and regulatory compliance.

- **Customer Wallets:**
    - All customer funds are stored in dedicated wallets that are entirely segregated from company treasury wallets.
    - These wallets are **ring-fenced** and used exclusively for managing player transactions, including deposits and withdrawals.
  - **Company Treasury Wallets:**
    - Assets used for company operations, including revenue, expenses, and reinvestment, are stored in separate treasury wallets.
    - **Operational Funds:** A small portion of company operational funds is held within the customer wallet structure to pay gas/network fees for transactions. This is carefully monitored to avoid any overlap with customer reserves.
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### 2. Reserve Management

We maintain reserves equivalent to **3x of all customer assets** in a segregated wallet structure. This provides ample liquidity and a robust buffer to ensure timely customer withdrawals under all circumstances.

- **Reserve Ratios:**
    - **Cold Wallet:** 66.66% of the total reserves are stored in cold wallets for maximum security. Cold wallets are offline storage solutions that significantly reduce the risk of cyberattacks or theft.
    - **Hot Wallet:** 33.33% of the reserves are stored in hot wallets to provide immediate access for player withdrawals and day-to-day operations.
  - **1:1 Asset Matching:**
    - Customer assets are matched **1:1** with crypto assets in the hot wallet. This ensures that players can access their funds quickly and without delay, even during peak withdrawal periods.
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### 3. Rebalancing Procedures

To maintain the reserve ratios and ensure operational efficiency, we rebalance funds between hot and cold wallets regularly:

- **Frequency:** Funds are rebalanced every two days to align with the target ratios of 66.66% (cold) and 33.33% (hot).
- **Adjustment for Activity:** Rebalancing accounts for fluctuations in player activity, such as high withdrawal demand or large deposits.

Rebalancing also ensures that the company operational funds held within the customer wallet structure are replenished as needed for transaction fees without compromising the integrity of the customer funds.

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### 4. Risk Mitigation and Monitoring

- **Segregation Integrity:** Regular audits ensure that customer funds remain segregated and ring-fenced, adhering to regulatory requirements and internal policies.
  - **Multi-Signature Wallets:** All wallets are secured using **MPC-based multi-signature technology**, requiring approvals from multiple stakeholders for significant fund movements.
  - **Real-Time Monitoring:** Fund levels across hot and cold wallets are continuously monitored to detect discrepancies or unusual activity.
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### 5. Reporting, Updates and workspace Health checks

- **Reporting:** Regular reports on wallet balances, reserve ratios, and transaction activity are generated and reviewed by the compliance team.
  - **Updates & Healthchecks:** We work closely with Fireblocks engineers and account managers to ensure we are staying up to date with the latest security features offered by Fireblocks and receiving quarterly health checks on our workspace settings and security, as shown in the "Natural Nine B.V. (Shuffle.com) RISK POLICY FOR CRYPTO USAGE" Document
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### Key Benefits of Our Segregated Wallet Policy

1. **Customer Fund Security:**
  - Segregating customer funds from treasury assets ensures that player funds are protected against insolvency or operational risks.
2. **Liquidity Assurance:**
  - Maintaining reserves at **3x of customer assets** ensures timely withdrawals, even during high-demand periods.
3. **Risk Reduction:**

- The cold-hot wallet split (66.66% cold, 33.33% hot) minimises the risk of cyberattacks while maintaining operational efficiency.

4. **Regulatory Compliance:**

- Our wallet structure and rebalancing procedures demonstrate adherence to regulatory standards for crypto asset management.

5. **Operational Flexibility:**

- Retaining a small portion of company operational assets in the customer wallet structure ensures smooth transaction processing without affecting player funds.