ADVANCE PROGRAM

DESCRIPTION AND PURPOSE

The Advance Program ("Program") is designed to reduce the operational friction between the moment a participant initiates a deposit and the point at which those funds become available for trading. In retail financial markets, delays in funding can create a disproportionate barrier to participation. In practice, participants often decide to deposit funds at the same time they intend to place a trade. When access to those funds is delayed for multiple days due to ACH settlement cycles, the opportunity that motivated the deposit may no longer exist, and reducing access to markets.

The effect is particularly acute where a participant seeks to establish or reduce exposure in response to a time-sensitive risk event. A multi-day delay in accessing deposited funds may prevent a participant from obtaining a targeted market exposure or otherwise frustrate their ability to interact with prevailing market conditions. This in turn denies the market the natural supply or demand input, reducing both liquidity and price discovery.

By permitting participants to access up to $1,000 of new deposits immediately, subject to strict caps and full collateralization, the Program eliminates this unnecessary lag. The Program is to allow participants to carry out decisions they have already made without being impaired by external banking timelines, whose post-ACH settlement process is often times largely perfunctory.

Similar programs have been implemented by other designated contract markets and have been reviewed and accepted by the Commission. The Underdog Exchange DCM, Inc.("UDX") Program follows this established model, while reflecting its own parameters and controls, ensuring that participants on Underdog's markets have access to the same efficiencies and protections available in comparable markets.

In this way, the Program improves liquidity, efficiency, and access to the Exchange while maintaining full collateralization and preserving the integrity of the clearing process.

PROGRAM PARAMETERS

Advance Limit

- Advances are capped at $1,000 per participant, calculated on an aggregate basis.

Exchange Discretion

- The Exchange may reduce the $1,000 advance limit, suspend issuance of advances, or discontinue the Program at any time, including in response to market conditions, operational considerations, or internal risk assessments.

Advance Duration

- Advances expire if the corresponding deposit does not settle within five (5) business days, subject to limited discretionary extensions under Exchange procedures (not exceeding ten (10) business days in total).

Eligibility

- Participants must be in good standing, not in violation of Exchange rules, and free of account restrictions.
- Deposit-level eligibility is confirmed through objective, automated checks at the time of deposit.

Default and Suspension

- If an advance is not repaid through settlement, the Exchange will debit the participant's account to restore Exchange capital.
- If insufficient funds remain, the account may be suspended and/or limited in participation until repayment occurs.
- If unresolved within the cure period, the participant may be declared in default and positions liquidated, with proceeds first applied to restore Exchange capital and any remainder returned to the participant.

No Withdrawal While Advance Outstanding

- Participants may not withdraw funds while an advance remains outstanding.

Uniform Application

- Program terms apply equally to all participants that satisfy eligibility requirements. • No participant may obtain preferential treatment or higher limits.