

PROPOSAL FOR ENGAGEMENT

Proposal to Capacify

Establishing and operating a compute derivatives brokerage. A fixed-fee engagement to deliver Capacify a complete operational blueprint for entry into the institutional compute derivatives market.

ENGAGEMENT SUMMARY

PREPARED FOR

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PREPARED BY

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Capacity Derivatives

ENGAGEMENT FEE

£125,000 fixed

ENGAGEMENT DURATION

8 weeks, mobilising within two weeks of signed engagement letter

The deliverable is a full-scope operational blueprint: market and counterparty universe, product architecture, quantitative methodology, technology and clearing, regulatory pathway, organisation design, financial model, risk framework, and implementation roadmap. The output is calibrated to Capacify's specific situation and is sufficient to support a board-level go / no-go decision on entry.

1. Executive summary

THE PROPOSITION

Capacify is, in our assessment, the single best-positioned operator in North America to enter the institutional compute derivatives market. You already sit on both sides of the price-discovery problem: routing demand across heterogeneous supply, with line-of-sight to forward workload curves on the buy side and forward capacity commitments on the sell side. What you do not yet have is the financial-markets architecture to monetise that information asymmetry: a forward curve methodology, a benchmark approach, contract specifications, a regulatory pathway, a settlement and clearing design, and an operating model.

Capacity Derivatives has developed comprehensive intellectual IP across exactly this architecture: contract design, distributed ledger settlement (Canton), benchmark methodology, regulatory analysis, operating model, and financial framework. The work is documented at capacityderivatives.com and is currently advancing toward operational launch with support sought from the Canton accelerator programme. At this stage the value of the work is intellectual: a coherent, internally consistent body of design across all the domains Capacify would otherwise have to develop from scratch.

OUTLINE PROPOSAL

This proposal is for an **8-week engagement, fixed-fee at £125,000**, in which Capacity Derivatives delivers to Capacify a **complete operational blueprint for a full-scope compute derivatives brokerage**, contextualised to Capacify's specific strategic situation, to equip Capacify's board to make a go / no-go decision on entering the market.

A full-scope blueprint, in this context, means everything needed to stand up the business: market structure and counterparty universe; product architecture and contract specifications; benchmark, reference data, and pricing methodology (curve construction, volatility model, calibration); the technology, settlement, and clearing stack; the regulatory pathway and legal framework (ISDA architecture, jurisdictional agreements, client documentation, KYC/AML); organisation design (roles, headcount, skills, governance); the brokerage's own pricing model (take rates, market-making spreads, fee structure); a driver-based financial model with scenarios; the full risk framework; and a sequenced implementation roadmap to first cleared trade.

EXCLUSIONS

The blueprint is built on **pre-existing intellectual IP of the Capacity Derivatives team**, developed in advance of and independent of this engagement, currently advancing toward operational launch with support sought from the Canton accelerator programme. The IP being shared is not the bespoke output of a research commission but mature work that Capacity Derivatives has already done for its own venture.

Capacify does not acquire ownership of the IP, exclusive access to it, proprietary rights over it, or preferential treatment in any subsequent commercial relationship with Capacity Derivatives. Capacity Derivatives is and will remain free to share the same IP, methodology, and architecture with other counterparties in the compute ecosystem, including direct and indirect competitors of Capacify, and to operate its own venture in parallel.

FUTURE CONSIDERATIONS

If Capacify, having received the blueprint, wishes to negotiate any of the following: exclusivity, operational partnership or integration with Capacity Derivatives' venture, a licence to operationalise the blueprint in a market-facing offering, white-label or branded versions, deeper advisory support through a build phase, or a joint venture, these are explicitly available and would be negotiated under a **separate, subsequent commission** with separately determined commercial terms. None of these are pre-committed by this engagement.

RELATIVE VALUE OF THIS PROPOSITION

The deliverable will be the equivalent of a report commissioned by McKinsey, Bain or BCG (MBB). Because the Capacity Derivatives founders have been building this business, not researching it from the outside, the work will have superior grounding in the reality of setting up and running a derivatives brokerage.

An MBB (or specialist financial-services firm such as Oliver Wyman or EY-Parthenon) engagement of this scope would typically run £400,000 to £1.2m over 12 to 16 weeks, delivered by three to five consultants who had likely never traded a derivative before mobilisation. The output would be comprehensive at the level of *what to consider* but predictably thinner at the level of *what to build*: contract specifications, ISDA architecture, settlement design, benchmark methodology, and pricing model would be deferred to "specialist counsel in implementation". That specialist counsel would be the Capacity Derivatives team.

This £125k engagement covers the same scope at greater depth, in less time, because the work an MBB team would have to do from scratch has already been done by Capacity Derivatives for its own venture.

2. Our understanding of Capacify

STRATEGIC POSITIONING

Capacify is building a full-stack, accelerator-native AI cloud anchored on Canadian land and power, with three commercial surfaces in market today:

- **Compute sourcing and optimisation:** multi-supplier execution for customers who want to avoid lock-in and capacity guesswork.
- **Workload-aware routing:** matching workloads to infrastructure on cost, latency, reliability, and performance.
- **Data centre evaluation and readiness:** site-level assessment for buyers and suppliers.

The strategic direction is upward integration from bare-metal infrastructure into orchestration, managed services, and consumption-based products. The customer base spans AI natives, top-tier startups, and the Global 1000. The supplier and partner network spans hyperscalers, NeoClouds, data centre operators, OEMs, system integrators, and colocation brokers.

FOUR OBSERVATIONS FRAME THIS PROPOSAL

01 **Capacify is already a market-maker but without a market.** Every routing decision Capacify makes is an implicit price signal. Externalising those signals as a benchmark, and offering forward and option contracts that reference them, is a step-change in business model, not an extension.

02 **Your counterparty universe is the universe.** Every customer Capacify serves has an implicit forward compute liability. Every supplier has an implicit forward inventory. Both sides need hedging instruments, even though they themselves have not yet concretely realised or articulated this.

03 **Your jurisdiction is an asset.** Canadian land, Canadian power, Canadian-incorporated operator, with the cross-border options to clear under CFTC, register under CSA/OSC, or operate OTC under prevailing rules. The regulatory geometry of compute derivatives is friendlier from Toronto than from anywhere in the US or EU.

04 **Your Nvidia relationship is an information edge.** Nvidia's allocation decisions, by accelerator class, by partner, by region, by quarter, are the single largest exogenous shock to forward compute supply. Any operator running a derivatives book against compute forwards must model those shocks. Capacify's NCP-tier engagement gives line-of-sight that is structurally unavailable to a pure financial entrant.

What Capacify does not yet have, and what would otherwise take 18 to 24 months to build internally, is the capital-markets architecture: contract specifications, reference-rate methodology, clearing and settlement design, regulatory perimeter, capital requirements, ISDA framework, and market-making operating model.

3. The opportunity: compute derivatives

STRUCTURAL ANALOGUE: OIL

The compute market today has the structural characteristics of every commodity market on the eve of financialisation. The closest and most instructive analogue is **oil**.

Oil derivatives are the deepest commodity derivatives market in the world, with a derivatives-to-physical ratio of approximately 30x. The structural mapping onto compute is near line-by-line:

OIL	COMPUTE
Crude grades (WTI, Brent, Dubai)	Accelerator classes (H100, H200, B200, RTX 5090)
Regional benchmarks (Cushing, Brent, Dubai)	Regional compute pricing (US-East, EU-West, Canada, APAC)
Capex-heavy supply (rigs, refineries)	Capex-heavy supply (data centres, GPUs, power)
Volatile spot prices driving CFO hedging demand	Volatile spot prices driving CFO hedging demand
Forward curves underwriting project finance	Forward curves needed to underwrite DC project finance
Settlement on a published benchmark	Settlement on a published GPU benchmark index

The broader commodity-financialisation arc, coal, iron, cotton in the late 1800s; oil and gas through the 20th century; electricity, freight (Baltic indices), iron ore, LNG, and carbon in the modern era, shows the same pattern in each case. The operator that owned the reference price and the counterparty network captured a disproportionate share of the financial layer that grew on top of the physical one.

The compute opportunity is structurally larger and arriving faster than any of these. The current market is **$200 billion+ with triple-digit growth**. H100 one-year rental prices rose **40% in five months** (from $1.70/hr to $2.35/hr) without an institutional venue to hedge. On-demand capacity is sold out across all major types, with Blackwell-generation capacity fully booked through late 2026. Even a 5% derivatives-to-physical ratio (electricity is over 10x, oil over 30x) implies a multi-tens-of-billions notional market by the late 2020s.

INSTRUMENTS AND UNIT OF TRADE

The unit of trade is GPU-time (GPU-hours) by accelerator class and region, not physical chip delivery. This is structurally identical to oil (barrels of a defined grade at a defined delivery point), electricity (MWh at a defined node), and freight (tonne-miles on a defined route). The physical hardware sits underneath the financial layer; the derivatives reference the service it produces.

The contract suite, in the order conventional commodity-derivatives markets adopt them (OTC to exchange-listed):

- **Fixed-for-floating swaps.** Buyer pays a fixed GPU-hour rate; seller pays the floating index rate. The standard entry point in commodity OTC markets and the typical first liquid instrument.
- **Cash-settled forwards.** Agreement to buy or sell GPU capacity at a fixed price on a future date, cash-settled against the published benchmark at expiry.
- **Asian-style monthly settlement.** Settlement on the arithmetic average of daily index values over the contract period, matching how compute is consumed as a continuous flow.
- **Exchange-listed futures.** Standardised contracts once OTC convention is set; the second phase of every commodity market.
- **Options and structured products.** Capacity swaps, range accruals, price floors, and products linking compute price to power, PPAs, or model-specific FLOP requirements.

The technical and regulatory architecture is now buildable on commercially available infrastructure: Canton-based DLT settlement with Daml smart contracts modelling the full ISDA lifecycle, voice brokerage at launch following the model that seeded every major commodity OTC market, and clearing via an existing CCP or a purpose-built mutualisation structure. The constraint is no longer technical; it is commercial and regulatory.

4. Why now

THE CONVENTION-SETTING WINDOW

Four forces converge in the next 12 months:

01 **Spot volatility is reaching political salience.** H100/H200 spot pricing has swung by factors of 3 to 5x within single quarters. The 40% five-month move from $1.70 to $2.35 is the cleanest recent data point. Enterprise CFOs are being asked to commit multi-year compute budgets against a forward curve that does not exist. The demand for hedging instruments is no longer theoretical.

02 **Supplier balance sheets need forward revenue.** NeoClouds and DC operators are funding multi-year capacity builds against short-term customer commitments. The first credible forward contract gives them bankable revenue against which to raise project debt, which is precisely the customer demand that converts a financial instrument from being speculative to essential.

03 **Regulatory windows are open and asymmetric.** The CFTC's April 2026 statement on broker-dealer registration narrowed but did not close the path for novel commodity derivatives operators. The Canadian regulatory environment, in particular, is currently more accommodating than its US or EU counterparts. Windows of this kind do not stay open indefinitely.

04 **First movers are setting convention now.** Ornn (Ornn AI, Inc.) has listed its OCPI indices on Bloomberg, attracted Economist and WSJ coverage, and is publicly claiming to have "created the first market for compute derivatives". Other entrants are positioning along the same arc. Convention-setting on benchmark methodology, contract specification, settlement, and regulatory venue is happening in real time. Within 12 to 18 months the market structure will harden around whoever moved fastest with the most credible offering.

The structural opportunity remains large enough to support multiple operators, as oil, electricity, and freight all do. But it is no longer vacant, and the operator that lands the second-credible offering against entrenched first-mover convention faces a materially harder commercial path than the operator that lands an offering during the convention-setting window.

Capacify's structural advantages, bilateral routing data, supplier and buyer network, Canadian jurisdiction, NCP-tier Nvidia relationship, are precisely the advantages that current first movers do not have. The window to convert those advantages into a defensible derivatives operation is immediate.

5. Why Capacify, why Capacity Derivatives

FIT ON BOTH SIDES

WHY CAPACIFY

- Sits on both sides of the routing decision and therefore generates a defensible reference price.
- Existing relationships across the supplier and buyer universe required to seed a market.
- Canadian jurisdiction and infrastructure footprint give a clean regulatory entry path.
- Founding team's GTM credibility (Google Cloud AI Infra, Groq) creates the customer trust required for the first forward print.
- Strategic narrative, from compute brokerage to full-stack accelerator-native cloud, is enhanced, not diluted, by the addition of a derivatives layer.

WHY CAPACITY DERIVATIVES

- **Four-founder team purpose-built for this venture:** institutional derivatives trading, structuring, broking and risk analytics (Joel Smalley); commercial and DLT platform-building (Mark Abbott); senior dealer-community relationships and brokerage operations (David Gibbs); regulatory and compliance leadership (Nick Andrews). Credentials in §10.
- **Comprehensive intellectual IP** in compute derivatives, developed in advance of this engagement and independent of it: contract architecture, Canton/Daml settlement design, benchmark methodology, regulatory perimeter analysis under CFTC and adjacent regimes, operating model, and financial framework. Documented at capacityderivatives.com.
- **Canton accelerator engagement.** Capacity Derivatives is advancing through the Canton accelerator programme, itself a signal that the Canton Network institutional consortium (Goldman Sachs, BNP Paribas, Deloitte, Microsoft, and others) has assessed the architecture and seen merit in it.
- **Quantitative depth.** Extensive calibration work on cross-asset volatility models, directly transferable to compute volatility indices and option pricing.
- **Lean delivery posture.** Founders-led, no junior overhead, decisions made by the people who will operate the venture.

WHY COMBINED

The combination is the shortest path Capacify has to a defensible decision. The commercial structure of the engagement, comprehensive blueprint, retained IP, internal-use licence, is set out in §1, §11, and §13.

6. Engagement objectives

WHAT THE BOARD CAN DECIDE

At the end of the engagement, Capacify's board will be equipped to make decisions on the following:

01 **Go / no-go** on launching a compute derivatives business, supported by quantified market sizing, competitive analysis, and risk assessment.

02 **Operating model** (exchange, broker-dealer, OTC desk, index provider, clearing participant, or hybrid) with explicit trade-offs and a recommended primary configuration.

03 **Regulatory pathway:** jurisdiction of incorporation, licensing roadmap, capital requirements, and registration timeline.

04 **Product roadmap:** which contracts to launch in which sequence, with contract specifications drafted to a level of detail sufficient for legal review.

05 **Technology and clearing architecture:** build, partner, or acquire across DLT, matching, clearing, custody, and reporting.

06 **Investment case:** capital required, funding structure, P&L projections under three scenarios, and the returns and payback profile.

7. Scope

TEN DOMAINS

The blueprint comprises ten domains. The depth in each is calibrated to operational quality, not to a slim feasibility-report standard. A Capacify board could in principle vote to execute against the package; Capacify operators could in principle build the business from it.

#	DOMAIN	HEADLINE CONTENT
7.1	**Market, demand, counterparty universe**	Sizing, segmentation, buyer / seller maps, convention strategy.
7.2	**Product architecture**	Contract suite, specifications, settlement design, lifecycle.
7.3	**Quantitative methodology and pricing**	Benchmark, curve construction, volatility model, calibration.
7.4	**Brokerage commercial model**	Take rates, market-making spreads, fee structure, P&L drivers.
7.5	**Technology, data, clearing**	Reference architecture, Canton/Daml stack, data flows.
7.6	**Regulatory and legal framework**	Jurisdictional pathway, ISDA, client documentation, KYC/AML.
7.7	**Organisation and people**	Org design, roles, headcount, skills, governance, hiring plan.
7.8	**Financial model**	Driver-based 5-year P&L, balance sheet, capital, cash, scenarios.
7.9	**Risk framework**	Market, credit, operational, conduct, model, reputational.
7.10	**Implementation roadmap**	Sequenced plan to first cleared trade, with decision gates.

The work in each domain comprises two streams. **Pre-existing blueprint:** Capacity Derivatives' intellectual IP across the domain. This is the bulk of the substance and the basis for the £125k fee. The IP remains the property of Rubytech LLC; Capacify receives a perpetual licence for internal decision-making use (see §11). **Contextualisation:** targeted work specific to Capacify's situation, their routing data, their existing team, their Canadian operating venue, their customer and supplier network, their strategic ambition.

7. Scope, in detail

DOMAINS 7.1 TO 7.5

7.1 Market, demand, counterparty universe

- Compute price volatility decomposition by accelerator class, region, and time horizon.
- Hedging demand: bottom-up segmentation of buyers (AI labs, enterprise, sovereign, financial) and sellers (hyperscalers, NeoClouds, DC operators, sovereign-aligned capacity).
- Willingness-to-pay and notional capacity by segment.
- Adjacent market analogues (oil, electricity, freight, iron ore, LNG, carbon).
- TAM, SAM, and SOM with explicit assumptions.
- Market-maker requirements and likely initial liquidity providers.
- Convention-setting strategy for the first 18 months.
- Onboarding, KYC, and credit-risk framework.

7.2 Product architecture

- Contract specifications for forwards, futures, options, and swaps, to specification-grade detail.
- Underlying definitions by accelerator class, region, contract month.
- Settlement design (cash-settled against benchmark, Asian-style monthly).
- Contract lifecycle: creation, novation, exercise, settlement, margining.
- ISDA-aligned documentation architecture.

7.3 Quantitative methodology and pricing

- Benchmark and reference-rate construction (transaction-based, manipulation-resistant).
- Forward curve construction across tenor and accelerator class.
- Volatility model design, drawing on Joel Smalley's Volman / ITO33 calibration background.
- Option pricing methodology for the structured-products phase.
- Backtesting against available historical compute price data.
- Index governance and oversight design.

7.4 Brokerage commercial model

- Take rate and fee structure across product types and counterparty tiers.
- Market-making spread design and inventory model.
- Voice-brokerage commercial economics.
- Volume and revenue ramp by phase.
- Unit economics per trade, per counterparty, per product.
- Pricing posture against competitors (Ornn and emerging entrants).

7.5 Technology, data, clearing

- Reference architecture for matching, clearing, settlement, custody, reporting, and data distribution.
- Canton DLT design with Daml smart contracts modelling the full ISDA contract lifecycle (creation, novation, exercise, settlement, margining), advanced through the Canton accelerator application, adapted for the Capacify operating context.
- Leverage of the existing Canton institutional consortium (Goldman Sachs, BNP Paribas, Deloitte, Microsoft) where their prior technical, legal, and compliance assessment of the infrastructure shortens Capacify's approval path.
- Data architecture: transaction data, reference data, benchmark data, regulatory reporting data, client data.
- Build, partner, or acquire across each architectural layer.
- Integration with Capacify's existing routing, telemetry, and customer infrastructure.
- Operational resilience and cyber posture (DORA-adjacent, OSFI E-21).

7. Scope, in detail

DOMAINS 7.6 TO 7.10

7.6 Regulatory and legal framework

- Canadian (CSA, OSC, CIRO), US (CFTC, SEC), UK (FCA), and EU (MiCA, MiFIR-adjacent) analysis.
- Recommendation on jurisdiction of incorporation and primary registration.
- Capital and conduct requirements under the recommended structure.
- Cross-border passporting and recognition pathways.
- Timeline and cost of regulatory permissioning.
- ISDA framework: master agreements, schedules, credit support annexes, definitions.
- Client documentation: onboarding, terms of business, risk disclosure, KYC/AML, suitability.
- Trade documentation: confirmations, term sheets, novation deeds.
- Inter-affiliate, brokerage, and clearing agreements.

7.7 Organisation and people

- Functional design: front office (sales, market making, structuring), middle office (risk, surveillance), operations, technology, finance, compliance, legal.
- Org chart and reporting lines.
- Headcount and skills profile, year 1 through year 3, with role descriptions for the first ten hires.
- Build, hire, or partner across each function, including which Capacify roles can extend, which need fresh hires, and which can be partnered or outsourced.
- Compensation framework appropriate to financial-markets recruitment.
- Governance: board, risk committee, oversight bodies, committee mandates.

7.8 Financial model

- Driver-based 5-year P&L, balance sheet, capital, and cash flow model.
- Base, downside, and upside scenarios.
- Capital requirement: regulatory minimum plus working capital plus mutualisation buffer.
- Returns: NPV, IRR, payback, run-rate margin.
- Sensitivity analysis on volume, take rate, capital cost, and regulatory timeline.

7.9 Risk framework

- Risk taxonomy across strategic, financial, operational, regulatory, conduct, reputational, technology, and model dimensions.
- Risk register with likelihood, impact, mitigation, residual rating.
- Compute-specific risks: reference-rate manipulation, capacity gaming, supplier concentration, Nvidia allocation shocks.
- Risk appetite framework and limits structure.

7.10 Implementation roadmap

- 6 to 18-month plan to first cleared trade.
- Critical path with decision gates and exit ramps.
- Phasing of regulatory, technology, commercial, and hiring workstreams.
- Investment profile by phase.
- Quick wins and early proof points.

8. Approach and methodology

FOUR PARALLEL WORKSTREAMS

The engagement is structured as a compressed blueprint-delivery and contextualisation cycle, run as four parallel workstreams over eight weeks. Because the underlying IP is pre-existing and comprehensive, the emphasis is on *applying* and *adapting* the blueprint to Capacify's situation, not on building it from scratch.

WORKSTREAM	LEAD QUESTION	DOMAINS
A. Market and product	Which contracts, for whom, at what notional, calibrated to Capacify's network?	§7.1, §7.2, §7.4
B. Regulatory and operating model	Where does Capacify incorporate, register, and operate?	§7.3, §7.6
C. Technology and clearing	What does Capacify build, partner for, or licence?	§7.5
D. Financial and risk	What does the case look like under Capacify's specific cost base, network, and ambition?	§7.7, §7.8, §7.9

Methodology blends:

- **Blueprint delivery:** structured walk-throughs of Capacity Derivatives' pre-existing work product across each domain, with Capacify principals and nominated team members. Substance, not summary.
- **Contextualisation:** targeted application of the blueprint to Capacify's specific routing data (anonymised), customer and supplier network, Canadian operating venue, and strategic ambition.
- **Targeted primary research:** limited, high-leverage interviews (typically 5 to 10) where Capacify's network provides access that materially sharpens a specific decision.
- **Scenario modelling:** Capacify-specific financial scenarios applied to the existing financial framework.

Four steering committee gates (end of weeks 1, 3, 5, and 7) bring Capacify principals into the engagement at the points where their input most shapes the final recommendation.

9. Workplan and timeline

EIGHT WEEKS

WEEKS	PHASE	MILESTONES
1–2	**Mobilisation & blueprint delivery**	Kick-off, data exchange, hypothesis framing. Structured walk-throughs of the pre-existing blueprint across all four workstreams. **Steering #1** at end of week 1: orientation, initial Capacify context, strategic options framed (full-stack entry vs. differentiated entry vs. partnership track).
3–4	**Contextualisation**	Application of the blueprint to Capacify's specific situation: routing data, supplier and customer network, Canadian regulatory venue, organisation design adapted to Capacify's team. Targeted interviews where high-leverage. Financial scenarios calibrated. **Steering #2** at end of week 3: mid-engagement checkpoint, contextualisation directions, open questions surfaced.
5–6	**Synthesis**	Recommendation crystallised, board paper drafted, financial framework finalised, roadmap detailed. **Steering #3** at end of week 5: draft recommendation, scenarios, sensitivities, open questions.
7–8	**Closeout**	Board paper finalised against Steering #3 feedback. **Steering #4** at end of week 7: final review. Handover workshop. All deliverables packaged and licensed under §11 by end of week 8.

Steering committee attendance: the four Capacify principals plus any nominated advisors. Format and duration adjustable. Weekly written progress notes between steering committees.

10. Team and credentials

FOUR FOUNDERS, NO BENCH

The engagement is delivered by the four Capacity Derivatives founders, working directly. There is no consulting bench, no analyst layer, and no escalation chain.

Joel Smalley, Co-Founder, Product & Technology

Eleven years in institutional derivatives across Chemical Bank, Daiwa, JPMorgan, CIBC (Head of Global Convertible Arbitrage ex-US), and BGC Partners. Managing Partner at Merx Securities LLP, an FSA-regulated inter-dealer broker. Quantitative analytics and market data modelling at Tullett Prebon and ITO33. MBA in quantitative finance, Rotman School of Management (Dean's List). Founder of multiple AI-native infrastructure businesses (Real Agent, Maxy, Soverain and Kappa Markets).

Mark Abbott, Co-Founder, Commercial

25+ years of senior commercial and institutional relationships. Co-Founder and CCO of Supermoney for nine years, building a distributed-ledger platform with a multinational client base, in partnership with Oracle, including blue-chip commercial customers Volvo AB, BMW Finance and Poste Italiane. Founder of Cheam Insurance Brokers (sold 2018).

David Gibbs, Co-Founder, Business Development

Former Head of Equity Derivatives Trading at Barclays and Dresdner Kleinwort. Managing Partner of Sunrise Brokers (sold to BGC Cantor Fitzgerald, 2016). Chairman of Children With Cancer UK. Long-standing relationships across the dealer and brokerage community, the network needed to seed initial liquidity.

Nick Andrews, Co-Founder, Regulatory & Compliance

Group Head of Compliance at an alternative derivatives exchange (since 2022). Co-Founder, Strata Global. Co-Founder, Supermoney (with Joel and Mark). Independent Non-Executive Director, Wells Fargo Securities International (2011 to 2020). Chief Compliance Officer and MLRO across regulated fintech and digital-asset platforms. Executive Director, Goldman Sachs International (2001 to 2003). Master of the Worshipful Company of Pattenmakers, 2015 to 2016.

SPECIALIST SUPPORT

Engaged as required, costs included in the fixed fee. Regulatory counsel: Canadian and US derivatives specialist, named on signature. Technology architecture, benchmark methodology, and quantitative work are in-house with the founding team.

POSTURE

Founders-led. No junior staffing model. Capacify pays for the judgement of the team that will operate the venture, not for analyst time or partner-leverage overhead. The MBB pricing of equivalent engagements reflects, in part, that bench leverage (one partner overseeing four to five analysts); ours does not.

11. Deliverables and licence terms

WHAT YOU RECEIVE, ON WHAT TERMS

11.1 DELIVERABLES

DELIVERABLE	FORMAT	TIMING
Weekly progress note	Email, c. 1 page	Every Friday
Steering committee packs	PDF, 25 to 40 pages	End of weeks 1, 3, 5, 7
Blueprint document (master deliverable)	PDF, 120 to 160 pages, board-grade	End of week 8
Financial model	Driver-based, fully formulated	End of week 8
Quantitative methodology pack	PDF, with reference Python notebooks where appropriate	End of week 8
Regulatory and legal framework pack	PDF, with documentation templates	End of week 8
Contract specifications	PDF, specification-grade	End of week 8
Technology reference architecture	PDF, with Canton/Daml design artefacts	End of week 8
Organisation and people pack	PDF, with role descriptions and hiring plan	End of week 8
Implementation roadmap	PDF, with critical-path detail	End of week 8
Executive summary	PDF, 3 pages, standalone	End of week 8
Handover session	Workshop, c. 3 hours	End of week 8

11.2 LICENCE TERMS

All deliverables, and the underlying IP they reflect, remain the **intellectual property of Capacity Derivatives**. On final payment, Capacify is granted a licence to the deliverables on the following terms:

- **Permitted use:** internal strategic decision-making by Capacify regarding entry into the compute derivatives market, including circulation to Capacify directors, officers, employees, and named professional advisors under standard confidentiality obligations.
- **Term:** perpetual. The licence does not lapse.
- **Exclusivity:** none. Capacity Derivatives is free to share, licence, or operationalise the same IP with any other counterparty, including direct and indirect competitors of Capacify.
- **Preference:** none. Capacify acquires no right of first refusal, no most-favoured-nation provision, no preferred-partner status, and no preferential commercial terms in any subsequent Capacity Derivatives engagement.
- **Operational use:** not permitted. The licence does not extend to operationalising the IP in a market-facing venture, white-labelling, public distribution, or any commercial application beyond Capacify's internal decision-making.
- **Onward transfer:** not permitted. The deliverables may not be transferred, sold, sub-licensed, or assigned to any third party without written consent.

11.3 SUBSEQUENT ENGAGEMENT OPTIONS

Each of the following, if Capacify wishes to negotiate it, would be the subject of a separate, subsequently commissioned engagement with separately determined commercial terms: exclusivity over a defined scope and duration; a licence to operationalise the IP in a Capacify-branded market-facing venture; a white-label or co-branded version of Capacity Derivatives' venture; operational partnership or integration between Capacify and Capacity Derivatives' venture; joint venture, equity participation, or co-investment structures; continuing advisory support through a Capacify build phase; bespoke development of additional IP specific to Capacify's situation. None of the above is pre-committed by this engagement, and none is foreclosed.

12. Commercial terms

FIXED FEE, MILESTONE PAYMENT

ITEM	TERMS
Fee	£125,000 fixed.
Payment schedule	50% on engagement letter; 50% on delivery of final board paper (end of week 8).
Expenses	Travel and accommodation billed at cost, subject to approval.
Currency	GBP. CAD or USD invoicing available at the GBP-equivalent on the date of each milestone.
Specialist costs	Included in the fixed fee. No additional charge for the named regulatory, technology, and benchmark specialists.
Out-of-scope work	Quoted separately as change orders. Implementation support is explicitly available post-engagement at separately agreed terms.

13. Disclosures, assumptions, dependencies, exclusions

STATED PLAINLY

DISCLOSURES

Capacity Derivatives is a venture under development in the compute derivatives market. The team is advancing toward operational launch of an OTC voice-brokered compute derivatives offering, settling on Canton Network, partnering with existing benchmark providers, with support sought from the Canton accelerator programme. The venture is at the design and intellectual IP stage; it is not yet operational. This is disclosed transparently and is the principal credential for this engagement: the IP being shared is the same IP underpinning a serious venture being built by the four founders, not the speculation of pure advisors.

The IP being shared is pre-existing. All architecture, methodology, contract specifications, settlement design, regulatory analysis, organisation design, quantitative methodology, and financial modelling that forms the substance of this engagement was developed by Capacity Derivatives prior to Capacify's commission and would have been developed regardless of whether Capacify engaged. The engagement is a contextualised delivery of that pre-existing work to Capacify, not a commissioned research programme with bespoke IP transfer. Licence terms in §11.

Capacity Derivatives is and will remain engaged with multiple counterparties across the compute derivatives ecosystem, including potentially competing AI infrastructure operators, hyperscalers, NeoClouds, data centre operators, financial market infrastructure providers, exchanges, and clearing venues. Capacify acquires no right to constrain those engagements. Should Capacify wish to negotiate exclusivity covering a defined scope and duration, that is available as a subsequent commission (§11.3).

Good faith. For the duration of the engagement and a 12-month tail thereafter, Capacity Derivatives commits to operating in good faith on Capacify's interests in respect of the engagement's subject matter. Deliverables will reflect our best current understanding; we will flag material developments in the market or in our own venture that would change the recommendation; and we will not use Capacify's confidential information for any purpose other than this engagement.

13. Disclosures (continued)

ASSUMPTIONS, DEPENDENCIES, EXCLUSIONS

ASSUMPTIONS

- Capacify provides reasonable access to its routing telemetry (anonymised), customer pipeline (named at Capacify's discretion), and supplier relationships for contextualisation purposes.
- Steering committee members are available at the scheduled gates.
- A nominated Capacify project sponsor is available for weekly check-ins.

DEPENDENCIES

- Customer and supplier contextualisation interviews are valuable but not blocking. The substance of the engagement does not depend on a specific volume of fresh interviews; the pre-existing IP carries the analytical weight.
- Regulatory counsel introductions in Canada are valuable but not blocking; Capacity Derivatives has independent counsel relationships in this domain.

FURTHER EXCLUSIONS

- Legal drafting of definitive contracts, ISDA negotiation, or regulatory filings.
- Vendor selection, technology procurement, or build execution.
- Capital raising, investor pitching, or M&A advisory.
- Customer acquisition or supplier negotiation.
- Implementation phase support (available under a subsequent commission per §11.3).
- Any operational use, white-label, exclusivity, or partnership rights (available under a subsequent commission per §11.3).

14. Next steps

TO ENGAGEMENT LETTER

STEP	OWNER	TIMING
Capacify confirms intent to proceed	Capacify	By 22 May 2026
Engagement letter executed	Both parties	By 26 May 2026
Kick-off	Both parties	Week of 1 June 2026
Final board paper delivered	Capacity Derivatives	31 July 2026

Signatures

CAPACITY DERIVATIVES FOUNDERS

The undersigned founders of Capacity Derivatives propose the engagement set out in this document on the terms herein. Execution of the engagement letter by Capacify will confirm acceptance.

CO-FOUNDER, PRODUCT & TECHNOLOGY

Joel Smalley

SIGNED DATE

CO-FOUNDER, COMMERCIAL

Mark Abbott

SIGNED DATE

CO-FOUNDER, BUSINESS DEVELOPMENT

David Gibbs

SIGNED DATE

CO-FOUNDER, REGULATORY & COMPLIANCE

Nick Andrews

SIGNED DATE

ACCEPTANCE BY CAPACIFY INC.

Capacify Inc., by the signatures below of its named principals, accepts the proposal and the licence terms set out in §11.

Imtiaz Jaffer
CAPACIFY INC.

Anik Nagpal
CAPACIFY INC.

Saif Ajani
CAPACIFY INC.

Minaz Abdulla
CAPACIFY INC.