

ABILITIES FINANCE

Internal Governance & Operational Control

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INCIDENT ESCALATION AND DISCLOSURE POLICY

Policy Objective: Mandates the immediate internal escalation and external disclosure procedures for significant losses, exchange failures, or operational breaches.

1. Definition of a Material Event

A realized loss exceeding 10% of the total pool in a single 24-hour period.

Any exchange outage lasting longer than 12 hours.

Any security breach, API compromise, or loss of access to funds.

2. Immediate Action Protocol

Halt all new position entries.

Assess open positions and execute emergency risk-reduction if necessary.

Secure all accounts and revoke active API keys if a breach is suspected.

3. Lender Disclosure Mandate

A Material Event Notice must be drafted and issued to all active lenders within 48 hours of the event's conclusion.

The notice must precede the standard monthly report.

The notice must detail the event, the financial impact, and the corrective actions taken.

4. Post-Mortem Requirement

A formal internal post-mortem must be conducted within 7 days, resulting in an update to the Risk Governance Manual.

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