



VALANTIS GLOBAL LLC

# TREASURY MANAGEMENT PROTOCOLS FOR PROPRIETARY INVESTMENT VEHICLES

WHITEPAPER

Corporate Risk Audit Function

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## ABSTRACT

A strategic framework for internal liquidity management and capital preservation. It outlines the governance structures for discretionary execution, treasury diversification, and the mitigation of systemic risk within a private holding environment.

## 1. INTRODUCTION

The management of treasury operations within proprietary investment vehicles is restricted exclusively to the deployment of the holding's own capital. Third-party funds, external client mandates, or any form of commingled assets are strictly prohibited. In this Boutique Private Holding LLC environment, where decision rights reside solely with the Managing Member, the objective is the uninterrupted preservation of principal and the maintenance of operational liquidity. These protocols establish mandatory procedures for the identification, monitoring, and control of treasury exposures arising from discretionary trading in foreign exchange and indices. All activities shall be executed through pre-approved internal channels only. The framework relies on qualitative oversight, documented processes, segregation of duties, and periodic verification by the Internal Compliance Function. Implementation is mandatory and subject to review by the Risk Validation Unit.

## 2. LIQUIDITY THRESHOLDS & CAPITAL ALLOCATION

Treasury assets shall be allocated according to a two-tier structure. Tier 1 comprises fiat reserves maintained in USD and EUR operating accounts. These reserves shall at all times equal or exceed 180 days of projected operating outflows, calculated conservatively and updated daily by Authorized Execution Personnel. Tier 1 balances may not be deployed for trading purposes and shall be held exclusively in demand-deposit accounts with systemically recognized institutions.

Tier 2 consists of Active Deployment Capital, defined as any amount exceeding the Tier 1 threshold. This capital is available solely for discretionary execution in foreign exchange and index instruments. The Managing Member shall issue a written quarterly mandate specifying the maximum percentage of Tier 2 capital that may be placed at risk on any given day. Transfers between Tier 1 and Tier 2 shall require contemporaneous approval by the Managing Member and documentation in the Internal Treasury Register. Any breach of the Tier 1 minimum shall trigger immediate suspension of all new positions until the deficit is restored.

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### **3. DISCRETIONARY EXECUTION GOVERNANCE**

Discretionary execution authority is granted exclusively to Authorized Execution Personnel under mandates issued by the Managing Member. Every position opened shall be subject to three non-waivable controls: Hard Stop-Loss Mandates, Daily and Monthly Drawdown Limits, and Exposure Caps.

#### **3.1. HARD STOP-LOSS MANDATES**

Require that each trade carry a predefined exit level expressed in absolute price or percentage terms. Once triggered, the position shall be closed automatically by the execution platform with no manual override permitted.

#### **3.2. DRAWDOWN LIMITS**

Daily Drawdown Limits are fixed at 3 percent of Tier 2 capital; Monthly Drawdown Limits are fixed at 8 percent of Tier 2 capital. Upon breach of either limit, all open positions shall be flattened within one hour and new trading shall be suspended for the remainder of the period.

#### **3.3. EXPOSURE CAPS**

Restrict any single trade to a maximum notional equivalent of 1.5 percent of Tier 2 capital at inception.

The Risk Validation Unit shall perform real-time independent verification of compliance with these parameters. Any deviation shall be classified as a Level-3 incident and reported immediately to the Managing Member. All executions and associated risk parameters shall be logged with cryptographic timestamps in the centralized Execution Log, retained for seven years.

## 4. CURRENCY EXPOSURE NEUTRALIZATION

Currency risk arising from European operational nodes denominated in EUR shall be neutralized through mandatory FX trading overlays. The net EUR exposure of the consolidated proprietary capital shall not exceed 5 percent of total treasury assets at the close of any business day. Authorized Execution Personnel shall maintain offsetting FX positions in liquid currency pairs to keep the net exposure within the prescribed band.

Rebalancing shall occur daily at the London close. The Risk Validation Unit shall verify the effectiveness of the hedge by comparing the actual net exposure against the 5 percent threshold and shall document any required adjustments. In the event of material appreciation or depreciation of the EUR beyond predefined volatility bands, an immediate review by the Managing Member shall be conducted to determine whether temporary adjustments to the hedge ratio are required. All neutralization trades shall be executed under the same Hard Stop-Loss Mandates and Drawdown Limits applicable to core discretionary activity.

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## 5. PERFORMANCE BENCHMARKING AND AUDIT

Evaluation of treasury operations shall focus exclusively on adherence to risk protocols rather than on absolute returns. The Internal Compliance Function shall conduct a monthly review of the Execution Log, confirming that all trades respected Hard Stop-Loss Mandates, Drawdown Limits, and Exposure Caps. Compliance rates shall be expressed as a percentage of total trades executed without breach.

The Risk Validation Unit shall prepare a quarterly qualitative scorecard assessing five dimensions: maintenance of Tier 1 liquidity thresholds, timeliness of drawdown responses, accuracy of currency neutralization, completeness of execution logging, and incident resolution. Each dimension shall be rated on a descriptive scale supported by narrative evidence. Annual verification shall be performed by the Internal Compliance Function engaged solely for protocol adherence testing. Findings shall be limited to confirmation of compliance or identification of procedural gaps, with no commentary on profitability. All audit documentation shall be retained and made available to the Managing Member upon request.

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