

Fox ML Infrastructure — Indemnification Clause

This document outlines the indemnification obligations between Fox ML Infrastructure LLC and commercial licensees.

This standalone document provides clear protection for both parties and is essential for enterprise legal review.

1. Licensee Indemnification Obligations

1.1 Licensee Indemnifies Licensors

Licensee agrees to indemnify and hold harmless Fox ML Infrastructure LLC, its affiliates, officers, directors, employees, and agents from and against any and all claims, damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or related to:

- **Misuse of the Software** — Licensee's misuse, abuse, or unauthorized use of the Software
- **Violation of Agreement** — Licensee's violation of any term of the Commercial License Agreement or this Agreement
- **Violation of Laws** — Licensee's violation of applicable laws, regulations, or export controls
- **Trading Losses** — Any trading losses, financial losses, or investment decisions made using the Software
- **Model Performance** — Any consequences arising from model predictions, forecasts, or outputs
- **Regulatory Violations** — Licensee's violation of securities regulations, exchange rules, or financial regulations
- **Illegal Activity** — Licensee's use of the Software for illegal purposes or in violation of applicable law
- **Third-Party Claims** — Any third-party claims arising from Licensee's use of the Software

1.2 Scope of Indemnification

Indemnification covers:

- **Direct damages** — Direct financial losses or damages
 - **Consequential damages** — Indirect, incidental, or consequential damages
 - **Legal costs** — Reasonable attorneys' fees and legal expenses
 - **Settlement costs** — Costs of settlement or resolution
 - **Regulatory penalties** — Fines, penalties, or sanctions imposed by regulatory authorities
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2. Licensors Limitations

2.1 No Liability for Trading Outcomes

Fox ML Infrastructure LLC is not liable for:

- **Trading losses** — Any losses incurred from trading decisions made using the Software
- **Model performance** — Any consequences arising from model predictions or forecasts

- **Financial outcomes** — Any financial losses, missed opportunities, or investment decisions
- **Market conditions** — Any losses due to market volatility, economic conditions, or external factors
- **Strategy performance** — Any losses from trading strategies, algorithms, or automated systems

2.2 No Liability for Misuse

Fox ML Infrastructure LLC is not liable for:

- **Unauthorized use** — Use of the Software in violation of the license terms
 - **Illegal use** — Use of the Software for illegal purposes or in violation of applicable law
 - **Regulatory violations** — Violations of securities regulations, exchange rules, or financial regulations
 - **Client modifications** — Consequences arising from client modifications to the Software
 - **Third-party integrations** — Issues arising from third-party integrations or custom code
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3. Mutual Indemnification

3.1 Licensor Indemnification (Limited)

Fox ML Infrastructure LLC will indemnify Licensee against third-party claims that:

- **Infringement claims** — The Software infringes a third party's intellectual property rights (patent, copyright, trademark)
- **Licensor's breach** — Licensor's material breach of the Agreement
- **Licensor's negligence** — Licensor's gross negligence or willful misconduct (if applicable)

Limitations:

- **Liability cap** — Total liability is capped at fees paid in the preceding 12 months
 - **Exclusions** — Does not cover claims arising from Licensee's misuse, modifications, or violations
 - **Notice required** — Licensee must provide prompt written notice of any claim
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4. Indemnification Process

4.1 Notice Requirements

Licensee must:

- **Prompt notice** — Provide prompt written notice of any claim or potential claim
- **Cooperation** — Cooperate fully in the defense of any claim
- **No admission** — Not admit liability or settle any claim without Licensor's written consent (if Licensor is defending)

4.2 Defense Rights

Licensor has the right to:

- **Control defense** — Control the defense of any claim for which Licensor is providing indemnification
 - **Select counsel** — Select legal counsel (subject to Licensee’s reasonable approval)
 - **Settle claims** — Settle claims (subject to Licensee’s reasonable approval, not to be unreasonably withheld)
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5. Exclusions from Indemnification

5.1 Licensee Exclusions

Licensee is not required to indemnify Licensor for claims arising from:

- **Licensor’s breach** — Licensor’s material breach of the Agreement
- **Licensor’s negligence** — Licensor’s gross negligence or willful misconduct
- **Infringement** — Third-party claims that the Software infringes intellectual property rights (covered by Licensor indemnification)

5.2 Licensor Exclusions

Licensor is not required to indemnify Licensee for claims arising from:

- **Licensee’s misuse** — Licensee’s misuse, abuse, or unauthorized use of the Software
 - **Licensee’s modifications** — Consequences arising from Licensee’s modifications to the Software
 - **Licensee’s violations** — Licensee’s violation of the Agreement or applicable laws
 - **Trading losses** — Trading losses, financial losses, or investment decisions
 - **Third-party code** — Issues arising from third-party code, integrations, or dependencies
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6. Survival

6.1 Indemnification Survives Termination

Indemnification obligations survive termination of the Agreement:

- **Post-termination claims** — Claims arising from pre-termination use continue to be covered
 - **Ongoing obligations** — Indemnification obligations continue after termination
 - **No time limit** — No time limit on indemnification obligations (subject to applicable statute of limitations)
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7. Limitation of Liability

7.1 Liability Cap

Total liability is capped:

- **Maximum liability** — Licensor’s total aggregate liability (including indemnification) is capped at fees paid by Licensee in the preceding 12 months

- **No indirect damages** — No liability for indirect, incidental, consequential, or punitive damages
- **No lost profits** — No liability for lost profits, lost revenue, or opportunity costs

7.2 Exceptions

Liability cap does not apply to:

- **Willful misconduct** — Gross negligence or willful misconduct (if applicable)
 - **Infringement** — Intellectual property infringement claims (subject to liability cap)
 - **Indemnification** — Indemnification obligations (subject to liability cap)
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8. Insurance

8.1 Licensor Insurance

Fox ML Infrastructure LLC:

- **General Liability** — Will obtain General Liability insurance if required by client
- **E&O Insurance** — Will obtain Errors & Omissions (E&O) insurance if required by client
- **Per-engagement basis** — Insurance obtained on a per-engagement basis if required

See `LEGAL/consulting/NOTICE_IMPORTANT.md` for current insurance status.

8.2 Licensee Insurance

Licensee is responsible for:

- **Maintaining adequate insurance** — Maintaining adequate insurance coverage for its use of the Software
 - **Covering own risks** — Covering risks associated with trading, financial operations, and business activities
 - **Regulatory compliance** — Maintaining insurance required by regulatory authorities
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9. Summary

Key Indemnification Principles:

1. **Licensee indemnifies Licensor** — Licensee protects Licensor from misuse, violations, and trading losses
2. **Licensor indemnifies Licensee (limited)** — Licensor protects Licensee from IP infringement claims (subject to liability cap)
3. **No trading loss liability** — Licensor is not liable for trading losses or financial outcomes
4. **Liability cap** — Total liability is capped at fees paid in preceding 12 months
5. **Survival** — Indemnification obligations survive termination

This structure protects both parties while clearly defining risk allocation.

Contact

For questions about indemnification or liability:

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Fox ML Infrastructure LLC

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Subject: *Indemnification Inquiry — Fox ML Infrastructure*

Related Documents

- `COMMERCIAL_LICENSE.md` — Commercial license terms (Section 7: Indemnity)
- `LEGAL/CLA.md` — Commercial License Agreement (Section 9.2: Indemnity)
- `LEGAL/WARRANTY_LIABILITY_ADDENDUM.md` — Warranty and liability terms
- `LEGAL/consulting/NOTICE_IMPORTANT.md` — Insurance status and business formation