

VIRTUAL ASSET STANDARDS / LISTING POLICY

LEXIM TRADING DMCC

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1. INTRODUCTION

- 1.1 This Virtual Asset Standards / Listing Policy (the "**Policy**") outlines the standards by Lexim Trading DMCC ("**Lexim**"), as a Virtual Asset Service Provider ("**VASP**"), adheres to when providing Virtual Asset ("**VA**") activities in alignment with the Virtual Asset Standards ("**VAS**"). This Policy aims to ensure the listing, trading, and handling of VAs comply with the highest legal, ethical, and professional standards.

2. REQUIREMENT FOR VAS

- 2.1 Lexim has adopted the following VAS in accordance with regulatory requirements:
- (a) VAS Establishment: Lexim has established a comprehensive framework of standards for all the VAs for which It provides VA Activities.
 - (b) Due Diligence: Before and during the delivery of any VA activities, Lexim takes all necessary measures to ensure that all VAs adhere to these standards. This includes performing the required due diligence.
 - (c) Public Disclosure Sheets: Lexim's disclosures and reviews of the VAs will be made available on Lexim's website.

3. SCOPE OF THE POLICY

- 3.1 This Policy applies to all VAs, including cryptocurrencies, tokens, and any digital representations of value listed on Lexim's platform. This Policy does not extend to non-digital assets or securities.

4. CRITERIA FOR LISTING

- 4.1 Lexim evaluates each VA using a thorough set of criteria, which encompasses, but is not limited to, the following:
- (a) Market Metrics
Assessment of the VA's market capitalisation, fully diluted value, and liquidity. Consideration of whether these metrics have trended downwards over time.
 - (b) Design and Use Cases
Examination of the VA's design, features, and use cases, whether or not intended by the issuer or relevant developers.
 - (c) Compliance with Laws and Regulations
Features which may materially affect compliance with applicable laws, regulations, rules or directives, including but not limited to AML/CFT, sanctions, securities, and intellectual property.
 - (d) Regulatory Treatment
Consideration of the regulatory treatment by the Virtual Assets Regulatory Authority ("**VARA**") and other Regulatory Authorities, including those outside of the Emirate of Dubai, UAE and whether the issuance of the VA has received any regulatory approvals.
 - (e) Prohibitions
Investigation of whether VARA or other appropriate authorities prohibit a VA in jurisdictions where the VASP will provide VA activities.
 - (f) Security of Distributed Ledger Technology ("**DLT**") Protocol
Assessment of the security and immutability of the underlying DLT protocol.

- (g) Future Development
Evaluation of the VA's future development (e.g., "roadmap") as communicated by the issuer and/or relevant developers.
- (h) Price Manipulation
Assessment of susceptibility to price manipulation and the mitigations to be implemented by the VASP.
- (i) Conflict of Interest
Assessment of potential or actual conflicts of interest that may arise from a VASP providing any VA activities in relation to the VA and the relevant mitigations.
- (j) Issuer Background
Evaluation of the background of the issuer, including relevant experience in the VA sector and whether it has been subject to any investigations or claims in relation to fraud or deceit.
- (k) Asset Rights
If the VA represents rights to any other assets, the enforceability of such rights is evaluated.
- (l) Asset Availability
Confirmation that sufficient assets are available to satisfy any obligations with respect to any VA activities.
- (m) Terms and Conditions Alignment
Ensuring that VA terms and conditions reflect the operation of any existing underlying physical market, avoiding adverse impacts to such a market, where applicable.
- (n) Risk Analysis
A comprehensive evaluation of the risks associated with the VA, including market volatility, cybersecurity threats, investor protection and technological vulnerabilities.
- (o) Governance
Assessment of the governance framework and mechanisms in place to ensure transparency, accountability, and compliance with legal and regulatory requirements within the VA ecosystem.

5. RATINGS FRAMEWORK

5.1 As part of this Policy, Lexim has established a detailed Ratings Framework to evaluate and rank VAs considered for listing and other activities. This Ratings Framework aims to ensure a consistent, transparent, and objective assessment of each VA while offering clear and comprehensive information to Lexim's stakeholders. The following elements are taken into account in the VA assessment:

- (a) Empowerment
This aspect looks at whether a certain entity or initiative focuses on poverty alleviation, healthcare, education, or other areas that empower individuals or communities.
- (b) Equitability
This criterion examines whether equitable outcomes, fair resource distribution, or equal access to opportunities are promoted within a particular context.
- (c) Sustainability
This factor assesses whether there is a focus on practices or initiatives that promote sustainability, environmental responsibility, or alignment with the Sustainable Development Goals.
- (d) Eco-Friendliness

This aspect evaluates the environmental impact of a certain entity or initiative and looks at whether it minimises harm to the environment, reduces carbon footprint, or promotes eco-friendly practices. For example, Lexim only deals in Swiss gold of 9999 fineness sourced from refiners within the LBMA ecosystem to ensure that it meets the highest standards for responsible and sustainable sourcing.

(e) Linked to the Real-Economy

This criterion examines the connection between a certain entity or initiative and the real economy, which refers to the production, consumption, and distribution of goods and services in the physical world.

(f) Opportunity Creation

This aspect explores whether a certain entity or initiative facilitates the creation of economic opportunities and job growth or enables individuals to engage in productive activities.

(g) Use of Smart and Emerging Technologies

This factor assesses the extent to which a certain entity or initiative utilises advanced technologies, such as artificial intelligence, blockchain, or other emerging technologies, to innovate or improve its operations.

(h) Transparency and Disclosures

This criterion examines the level of openness, accountability, and provision of relevant information by a certain entity or initiative, including financial disclosures, operational practices, or decision-making processes.

(i) Governance

This aspect evaluates the systems, structures, and processes in place to ensure effective oversight, accountability, and responsible management of a certain entity or initiative.

(j) Charitability

This criterion explores whether a certain entity or initiative incorporates philanthropic or charitable elements, such as donating to charitable causes, supporting community initiatives, or engaging in social impact activities.

6. RELEVANT DEPARTMENTS

6.1 In addition to the management team, Lexim has the following departments involved in the analysis of VAs before their listing:

(a) Legal and Compliance; and

(b) Product Development.

7. LISTING PROCESS

7.1 Product Team Ideation

The product team will initially identify a potential VA for listing purposes. The product team will then gather all the necessary information and documents for screening.

7.2 Ethical Review

Our Ethics and Impact department will review the VAs from an ethical perspective, ensuring they are equitable, ethical, and in line with Lexim's values.

7.3 Legal and Compliance Review

The legal and compliance team will review the application against the listing criteria and regulatory and legal criteria. This review may include technical analysis, market analysis, legal review, and risk assessment.

7.4 Management Review

If the review is successful, the VA will be escalated to the management for review.

7.5 Approval

The VA will be listed with Regulatory Authorities if necessary for approval.

7.6 Final Review

After listing, the VA will be continuously monitored to ensure it continues to meet all regulatory, legal and internal requirements.

8. REVIEW AND UPDATE OF POLICY

- 8.1 This Policy will be reviewed and updated regularly to reflect the evolving VA landscape and regulatory standards. Any changes will be communicated promptly to all relevant stakeholders and members.

9. VIRTUAL ASSET ACTIVITY SUSPENSION PROTOCOLS

- 9.1 Lexim shall establish clear and concise conditions under which VA activities related to a particular VA may be suspended. These conditions include:

(a) Non-compliance with VAS

If a VA fails to maintain compliance with VAS, activities related to that VA may be suspended. These standards pertain to regulatory compliance, risk profile, operational stability, and market integrity, but they are not limited to them.

(b) Regulatory Changes

Should there be any changes in the regulatory environment that affect a particular VA's legal standing or its ability to comply with the updated regulations, Lexim may suspend all activities related to that asset.

(c) Operational Issues

If the Virtual Asset's underlying technology, blockchain or network experiences significant operational issues affecting its functionality, availability, or security, Lexim may suspend activities related to that asset.

(d) Market Manipulation or Unfair Practices

If there is evidence of market manipulation, misleading or deceptive conduct, insider trading, or any other unfair practices linked to a VA, Lexim may suspend all related activities to protect clients and the integrity of the market.

(e) Security Breach

In the event of a security breach or cyberattack associated with a particular VA, Lexim reserves the right to suspend all activities linked to that asset to safeguard the interests of its clients and maintain the platform's security.

(f) Asset Volatility

Extreme and abnormal price volatility of a VA may lead to temporary suspension to protect investors from excessive market risks.

Such conditions will be activated when a VA no longer aligns with this policy and VAS. In the event such conditions are met, Lexim is obligated to activate and adhere to all necessary operational procedures and controls to mitigate risks and ensure the integrity of the platform's operations.

10. NOTIFICATION AND MITIGATION PROCEDURES

- 10.1 Upon the recognition that a VA fails to meet VAS, Lexim shall promptly notify the VARA. Following such notification, Lexim will undertake all necessary steps as directed by VARA to minimise any adverse impact on clients resulting from the non-compliance of the VAs with the VAS.

11. RECORD KEEPING AND INSPECTION COMPLIANCE

- 11.1 Lexim is committed to maintaining all records pertinent to VA assessments for a duration of five (5) years. These records include but are not limited to, VA vetting processes, monitoring reports,

and activity suspension records. In compliance with VARA regulations, Lexim will readily provide such records for VARA inspection upon request. This adherence to strict record-keeping standards ensures accountability and transparency in all VA activities carried out on Lexim's Platform.

APPENDIX - A

Term	Definition
Ratings Framework	is a structured system that evaluates the compliance, security, and risk management practices of virtual assets against established regulatory and industry benchmarks.
Regulatory Authority	means official bodies or agencies designated by the government to oversee and enforce compliance with laws and regulations within specific sectors or industries such as the Virtual Assets Regulatory Authority and Securities and Commodities Authority.
Virtual Asset Standards or VAS	refer to the regulatory frameworks, guidelines, and best practices designed to govern the issuance, trading, and management of virtual assets.