

Virtual Asset Standards

Introduction

In the dynamic landscape of Virtual Assets (VAs), responsible management and adherence to regulatory standards are paramount. CoinMENA FZE has developed its Virtual Asset Standards based on the regulations of VARA – a comprehensive blueprint meticulously designed to guide the evaluation and management of VAs in alignment with regulatory requirements and industry best practices.

Market Capitalization, Fully Diluted Value, and Liquidity

Market Capitalization:

- The VA must have a transparent and accurate calculation of its market capitalization.
- Regularly assess and disclose any significant changes in market capitalization.

Fully Diluted Value:

- Clearly define and calculate the fully diluted value of the VA.
- Disclose any factors that may impact the fully diluted value.

Liquidity:

- Evaluate and disclose the liquidity of the VA in relevant markets.
- Implement mechanisms to address liquidity concerns and provide timely updates.

Design, Features, and Use Cases

Design and Features:

- Understand and communicate the technical design and features of the VA.
- Assess the practical implications and risks associated with the design.

Use Cases:

- Identify and communicate the intended use cases of the VA.
- Evaluate potential risks arising from unintended or misuse of the VA.

Compliance with Applicable Laws and Regulations

Legal Compliance:

- Regularly review and ensure compliance with applicable laws, regulations, rules, and directives.

- Establish processes to promptly address any changes in regulatory requirements.

AML/CFT, Sanctions, Securities, Intellectual Property:

- Implement robust AML/CFT controls.
- Ensure compliance with sanctions, securities, and intellectual property laws.
- Periodically assess and update compliance measures.

Regulatory Treatment and Approvals

Regulatory Treatment:

- Understand and document the regulatory treatment of the VA by VARA and other relevant authorities.
- Monitor and promptly address any changes in regulatory status.

Regulatory Approvals:

- Obtain and maintain regulatory approvals as required.
- Communicate any regulatory approvals received for the issuance of the VA.

Prohibition and Compliance

Prohibition Status:

- Regularly assess and document whether the VA is prohibited by VARA or other authorities.
- Implement mechanisms to prevent the listing or trading of prohibited VAs.

Jurisdictional Compliance:

- Ensure compliance with VA prohibitions in all jurisdictions where VA activities are conducted.

Security, Immutability, and Development

Security and Immutability:

- Assess and ensure the security and immutability of the underlying Distributed Ledger Technology (DLT) protocol.
- Implement measures to address vulnerabilities and ensure the integrity of the DLT.

Future Development and Roadmap:

- Communicate a clear roadmap for the future development of the VA.

- Provide updates on the roadmap as communicated by the Issuer or developers.

Price Manipulation and Conflict of Interest

Price Manipulation:

- Evaluate susceptibility to price manipulation and implement relevant mitigations.
- Periodically review and update measures to address potential price manipulation.

Conflict of Interest:

- Identify and disclose potential or actual conflicts of interest related to VA activities.
- Implement mitigations to address conflicts and ensure fair practices.

Issuer Background and Asset Rights

Issuer Background:

- Conduct due diligence on the background of the VA's Issuer.
- Disclose relevant information about the Issuer's experience and any history of investigations or claims.

Asset Rights:

- Assess and ensure the enforceability of rights associated with the VA.
- Communicate any rights the VA represents to other assets.

Asset Sufficiency and Terms Review

Asset Sufficiency:

- Regularly verify and ensure that sufficient assets are available to meet obligations related to VA activities.
- Implement mechanisms to address potential insufficiencies.

Terms and Conditions:

- Ensure that VA terms and conditions reflect the operation of underlying physical markets.
- Regularly review and update terms to conform to standards and practices in physical markets.

Periodic Review:

- Conduct periodic reviews of VA terms and conditions for correlation with physical markets.
- Promptly update terms to align with evolving standards and practices.

These standards aim to provide a comprehensive framework for evaluating and managing Virtual Assets in accordance with regulatory requirements and industry best practices. CoinMENA has developed its own Asset Listing Policy based on the above standards which is followed meticulously prior to Asset Listing.