

# MiCA White Paper

## Arbitrum (ARB)

Version 1.1  
April 2025

White Paper in accordance with Markets in Crypto Assets Regulation (MiCAR)  
for the European Economic Area (EEA).

Purpose: seeking admission to trading in EEA.

Prepared and Filed by LCX.com

NOTE: THIS CRYPTO-ASSET WHITE PAPER HAS NOT BEEN APPROVED BY ANY COMPETENT AUTHORITY IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THE PERSON SEEKING ADMISSION TO TRADING IS SOLELY RESPONSIBLE FOR THE CONTENT OF THIS CRYPTO-ASSET WHITE PAPER ACCORDING TO THE EUROPEAN ECONOMIC AREA'S MARKETS IN CRYPTO-ASSET REGULATION (MiCA).

LCX is voluntarily submitting this **MiCA-compliant whitepaper for the Arbitrum (ARB) token**, which is classified as an "Other Crypto-Asset" under Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCA).

Unlike Asset-Referenced Tokens (ARTs), Electronic Money Tokens (EMTs), or Utility Tokens, ARB is not subject to a mandatory whitepaper requirement. However, pursuant to Article 6(1), second subparagraph of MiCA, service providers may voluntarily publish a whitepaper to enhance transparency, regulatory certainty, and investor protection. ARB functions as the native governance token of the Arbitrum ecosystem, an Ethereum Layer 2 scaling protocol that utilizes rollup technology to improve network throughput and reduce transaction costs while preserving decentralization and security. ARB enables token holders to participate in the governance of the Arbitrum One and Arbitrum Nova chains, including decisions related to protocol upgrades, treasury allocation, and ecosystem development. This whitepaper provides market participants with detailed regulatory disclosures concerning the ARB token's technical characteristics, governance features, risk considerations, and the framework under which LCX facilitates ARB-related services in alignment with MiCA standards.

This document provides essential information about Arbitrum's characteristics, risks, and the framework under which LCX facilitates ARB-related services in compliance with MiCA's regulatory standards.

This white paper has been prepared in accordance with the requirements set forth in Commission Implementing Regulation (EU) 2024/2984, ensuring that all relevant reporting formats, content specifications, and machine-readable structures outlined in Annex I of this regulation have been fully mapped and implemented, particularly reflected through the Recitals, to enable proper notification under the Markets in Crypto-Assets Regulation (MiCAR).

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**01 DATE OF NOTIFICATION**

2025-04-07

**COMPLIANCE STATEMENTS**

02 This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Economic Area. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

Where relevant in accordance with Article 6(3), second subparagraph of Regulation (EU) 2023/1114, reference shall be made to 'person seeking admission to trading' or to 'operator of the trading platform' instead of 'offeror'.

03 This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

04 The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.

05 Not applicable

06 The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

## SUMMARY

### 07 Warning

This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

### 08 Characteristics of the crypto-asset

The ARB token is a fungible, transferable ERC-20 crypto-asset deployed on the Ethereum blockchain, with a fixed total supply of 10 billion tokens. It functions exclusively as a governance token within the Arbitrum ecosystem, enabling holders to propose, vote on, and delegate decisions related to protocol upgrades, treasury allocations, and other DAO governance matters. The token does not provide access to specific goods or services, nor does it confer profit rights, redemption claims, or asset backing. ARB is freely tradable on secondary markets and is classified under MiCA as an “Other Crypto-Asset”, not an asset-referenced token (ART), electronic money token (EMT), or utility token. All governance actions and token operations are executed transparently via smart contracts on Ethereum and Arbitrum networks.

09 Not applicable

### 10 Key information about the offer to the public or admission to trading

The ARB token was not offered through a public sale but distributed via a one-time airdrop on March 23, 2023, with 1.162 billion tokens (11.62% of total supply) allocated to eligible users. No purchase or subscription process was involved. ARB is admitted to trading on multiple centralized and decentralized exchanges, with no formal issuer-led placement. Further distributions are governed by the Arbitrum DAO. This whitepaper is published voluntarily under MiCA to ensure transparency.

<i>Total offer amount</i>	1,162,000,000 Approx.
<i>Total number of tokens to be offered to the public</i>	Not Applicable
<i>Subscription period</i>	Not Applicable
<i>Minimum and maximum subscription amount</i>	Not Applicable
<i>Issue price</i>	Not Applicable
<i>Subscription fees (if any)</i>	Not Applicable
<i>Target holders of tokens</i>	ARB was initially distributed to active users and developers on Arbitrum One and Nova, DAO participants, and select ecosystem contributors. It is intended for individuals and institutions interested in decentralized governance of the Arbitrum protocol.

<i>Description of offer phases</i>	<p>Private and Seed Rounds: Early fundraising phases included private and seed rounds, attracting strategic investors to support the project's development. ICO Analytics</p> <p>Community Sale: In August 2020, a community-first token sale was conducted, allowing broader participation from the community.</p>
<i>CASP responsible for placing the token (if any)</i>	Not Applicable
<i>Form of placement</i>	ARB was placed via airdrop using smart contracts deployed on the Ethereum mainnet. Additional allocations are managed via on-chain governance proposals through the Arbitrum DAO.
<i>Admission to trading</i>	LCX AG, Herrengasse 6, 9490 Vaduz, Liechtenstein

## **A. PART A - INFORMATION ABOUT THE OFFEROR OR THE PERSON SEEKING ADMISSION TO TRADING**

### **A.1 Name**

LCX

### **A.2 Legal Form**

AG

### **A.3 Registered Address**

Herrengasse 6, 9490 Vaduz, Liechtenstein

### **A.4 Head Office**

Herrengasse 6, 9490 Vaduz, Liechtenstein

### **A.5 Registration Date**

24.04.2018

### **A.6 Legal Entity Identifier**

529900SN07Z6RTX8R418

### **A.7 Another Identifier Required Pursuant to Applicable National Law**

FL-0002.580.678-2

### **A.8 Contact Telephone Number**

+423 235 40 15

### **A.9 E-mail Address**

legal@lcx.com

### **A.10 Response Time (Days)**

020

### **A.11 Parent Company**

Not applicable

### **A.12 Members of the Management Body**

Full Name	Business Address	Function
Monty C. M. Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	President of the Board
Katarina Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	Board Member
Anurag Verma	Herrengasse 6, 9490 Vaduz, Liechtenstein	Director of Technology

### **A.13 Business Activity**

LCX provides various crypto-asset services under Liechtenstein's Token and Trusted Technology Service Provider Act ("Token- und Vertrauenswürdige Technologie-Dienstleister-Gesetz" in short "TVTG") also known as the Blockchain Act. These include custody and administration of crypto-assets, offering secure storage for clients' assets and private keys. LCX operates a trading platform, facilitating the matching of buy and sell orders for crypto-assets. It enables both crypto-to-fiat and crypto-to-crypto exchanges, ensuring compliance with AML and KYC regulations. LCX also supports token placements, marketing crypto-assets on behalf of offerors.

Under MiCA, LCX is classified as a Crypto-Asset Service Provider (CASP). LCX is not yet formally supervised under MiCA until the license is granted by the competent authority. LCX AG has applied

for MiCA licensing on February 1, 2025, the first day of MiCA's implementation in Liechtenstein.

Under the TVTG framework, LCX provides:

- TT Depository – Custody and safekeeping of crypto-assets.
- TT Trading Platform Operator – Operation of a regulated crypto-asset exchange.
- TT Exchange Service Provider – Crypto-to-fiat and crypto-to-crypto exchange.
- Token Issuer – Marketing and distribution of tokens.
- TT Transfer Service Provider – Crypto-asset transfers between ledger addresses.
- Token Generator & Tokenization Service Provider – Creation and issuance of tokens.
- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

#### **A.14 Parent Company Business Activity**

Not applicable

#### **A.15 Newly Established**

false

#### **A.16 Financial Condition for the past three Years**

LCX AG has a strong capital base, with CHF 1 million (approx. 1,126,000 USD) in share capital (Stammkapital) and a solid equity position (Eigenkapital) in 2023. The company has experienced fluctuations in financial performance over the past three years, reflecting the dynamic nature of the crypto market. While LCX AG recorded a loss in 2022, primarily due to a market downturn and a security breach, it successfully covered the impact through reserves. The company has remained financially stable, achieving revenues and profits in 2021, 2023 and 2024 while maintaining break-even operations.

In 2023 and 2024, LCX AG strengthened its operational efficiency, expanded its business activities, and upheld a stable financial position. Looking ahead to 2025, the company anticipates positive financial development, supported by market uptrends, an inflow of customer funds, and strong business performance. Increased adoption of digital assets and service expansion are expected to drive higher revenues and profitability, further reinforcing LCX AG's financial position.

#### **A.17 Financial Condition Since Registration**

LCX AG has been financially stable since its registration, supported by CHF 1 million in share capital (Stammkapital) and continuous business growth. Since its inception, the company has expanded its operations, secured multiple regulatory registrations, and established itself as a key player in the crypto and blockchain industry.

While market conditions have fluctuated, LCX AG has maintained strong revenues and break-even operations. The company has consistently reinvested in its platform, technology, and regulatory compliance, ensuring long-term sustainability. The LCX Token has been a fundamental part of the ecosystem, with a market capitalization of approximately \$200 million USD and an all-time high exceeding \$500 million USD in 2022. Looking ahead, LCX AG anticipates continued financial growth, driven by market uptrends, increased adoption of digital assets, and expanding business activities.

## **B. PART B - INFORMATION ABOUT THE ISSUER, IF DIFFERENT FROM THE OFFEROR OR PERSON SEEKING ADMISSION TO TRADING<sup>1</sup>**

### **B.1 Issuer different from offeror or person seeking admission to trading**

True

### **B.2 Name**

The Arbitrum Foundation

For the purposes of MiCA disclosure, the Arbitrum Foundation is listed as the issuer. However, the ARB token operates without a centralized issuer or party responsible for its maintenance, with governance and supply governed entirely by the Arbitrum DAO.

### **B.3 Legal Form**

Foundation Company Limited by Guarantee Without Share Capital, incorporated under the Foundation Companies Act, 2017 of the Cayman Islands.

### **B.4 Registered Address**

Leeward Management Limited, 3119 9 Forum Lane, Camana Bay, P.O. Box 144  
Grand Cayman, George Town, KY1-9006, Cayman Islands

### **B.5 Head Office**

Not applicable

### **B.6 Registration Date**

November 3, 2022

### **B.7 Legal Entity Identifier**

254900W5GLCIRJAH7V83

### **B.8 Another Identifier Required Pursuant to Applicable National Law**

Not applicable

### **B.9 Parent Company**

Not applicable

### **B.10 Members of the Management Body**

As of the initial setup, the Board of Directors includes:

Campbell Law  
Edward Noyons  
Ani Banerjee

### **B.11 Business Activity**

The Arbitrum Foundation supports the Arbitrum ecosystem by:

- Facilitating the development and adoption of Arbitrum's Layer 2 scaling solutions.
- Managing the distribution and governance of the \$ARB token.
- Overseeing grant programs to fund projects within the Arbitrum ecosystem.
- Ensuring the security and integrity of the network through the Arbitrum Security Council

### **B.12 Parent Company Business Activity**

Not applicable

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<sup>1</sup> [19-04-2025] All information available in the public domain regarding the issuer has been added in Part- B

**C. PART C - INFORMATION ABOUT THE OPERATOR OF THE TRADING PLATFORM IN CASES WHERE IT DRAWS UP THE CRYPTO-ASSET WHITE PAPER AND INFORMATION ABOUT OTHER PERSONS DRAWING THE CRYPTO-ASSET WHITE PAPER PURSUANT TO ARTICLE 6(1), SECOND SUBPARAGRAPH, OF REGULATION (EU) 2023/1114**

**C.1 Name**

LCX AG

**C.2 Legal Form**

AG

**C.3 Registered Address**

Herrengasse 6, 9490 Vaduz, Liechtenstein

**C.4 Head Office**

Herrengasse 6, 9490 Vaduz, Liechtenstein

**C.5 Registration Date**

24.04.2018

**C.6 Legal Entity Identifier**

529900SN07Z6RTX8R418

**C.7 Another Identifier Required Pursuant to Applicable National Law**

FL-0002.580.678-2

**C.8 Parent Company**

Not Applicable

**C.9 Reason for Crypto-Asset White Paper Preparation**

LCX is voluntarily preparing this MiCA-compliant whitepaper for Arbitrum(ARB) to enhance transparency, regulatory clarity, and investor confidence. While Arbitrum does not require a MiCA whitepaper due to its classification as "Other Crypto-Assets," LCX is providing this document to support its role as a Crypto-Asset Service Provider (CASP) and ensure compliance with MiCA regulations in facilitating Arbitrum trading on its platform.

**C.10 Members of the Management Body**

Full Name	Business Address	Function
Monty C. M. Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	President of the Board
Katarina Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	Board Member
Anurag Verma	Herrengasse 6, 9490 Vaduz, Liechtenstein	Director of Technology

**C.11 Operator Business Activity**

LCX provides various crypto-asset services under Liechtenstein's Token and Trusted Technology Service Provider Act ("Token- und Vertrauenswürdige Technologie-Dienstleister-Gesetz" in short "TVTg") also known as the Blockchain Act. These include custody and administration of crypto-assets, offering secure storage for clients' assets and private keys. LCX operates a trading platform, facilitating the matching of buy and sell orders for crypto-assets. It enables both crypto-to-fiat and

crypto-to-crypto exchanges, ensuring compliance with AML and KYC regulations. LCX also supports token placements, marketing crypto-assets on behalf of offerors.

Under MiCA, LCX is classified as a Crypto-Asset Service Provider (CASP). LCX is not yet formally supervised under MiCA until the license is granted by the competent authority. LCX AG has applied for MiCA licensing on February 1, 2025, the first day of MiCA's implementation in Liechtenstein.

Under the TVTG framework, LCX provides:

- TT Depository – Custody and safekeeping of crypto-assets.
- TT Trading Platform Operator – Operation of a regulated crypto-asset exchange.
- TT Exchange Service Provider – Crypto-to-fiat and crypto-to-crypto exchange.
- Token Issuer – Marketing and distribution of tokens.
- TT Transfer Service Provider – Crypto-asset transfers between ledger addresses.
- Token Generator & Tokenization Service Provider – Creation and issuance of tokens.
- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

**C.12 Parent Company Business Activity**

Not Applicable

**C.13 Other persons drawing up the white paper under Article 6 (1) second subparagraph MiCA**

Not Applicable

**C.14 Reason for drawing up the white paper under Article 6 (1) second subparagraph MiCA**

Not Applicable

## D. PART D - INFORMATION ABOUT THE CRYPTO-ASSET PROJECT

### D.1 Crypto-Asset Project Name

Arbitrum

### D.2 Crypto-Assets Name

ARB

### D.3 Abbreviation

ARB

### D.4 Crypto-Asset Project Description

The ARB token is the native governance token of the Arbitrum ecosystem, a Layer 2 scaling solution for Ethereum that leverages optimistic rollup technology to improve scalability, reduce transaction costs, and maintain Ethereum-level security. ARB enables decentralized governance through the Arbitrum DAO, allowing token holders to propose, vote, and delegate decisions on protocol upgrades, treasury allocations, and ecosystem development. It carries no financial rights or utility functions beyond governance. Deployed as an ERC-20 token on Ethereum, ARB operates within a secure, audited smart contract infrastructure and supports the governance of both Arbitrum One and Arbitrum Nova chains. The project is fully operational, with broad adoption across the DeFi ecosystem and ongoing development directed by the DAO.

### D.5 Details of all persons involved in the implementation of the crypto-asset project

These entities collaborate to maintain and improve the Arbitrum ecosystem, with governance mechanisms allowing decision-making for future upgrades and network modifications.

Full Name	Business Address	Function
<i>Ed Felten</i>	<i>Not Applicable</i>	<i>Co-founder &amp; Chief Scientist</i>
<i>Offchain Labs, Inc.</i>	<i>USA</i>	<i>Initial Development &amp; scalability solution</i>
<i>Arbitrum DAO</i>	<i>Not Applicable</i>	<i>Governance and further development</i>

### D.6 Utility Token Classification

false

### D.7 Key Features of Goods/Services for Utility Token Projects

Not applicable

### D.8 Plans for the Token

Not applicable

### D.9 Resource Allocation

Not applicable

**D.10 Planned Use of Collected Funds or Crypto-Assets**

Not applicable

## **E. PART E - INFORMATION ABOUT THE OFFER TO THE PUBLIC OF CRYPTO-ASSETS OR THEIR ADMISSION TO TRADING**

### **E.1 Public Offering or Admission to Trading**

ATTR

### **E.2 Reasons for Public Offer or Admission to Trading**

LCX is voluntarily filing a MiCA-compliant whitepaper for Arbitrum (ARB) to enhance transparency, regulatory clarity, and investor confidence. While ARB is classified as “Other Crypto-Assets” under MiCA and does not require a whitepaper, this initiative supports compliance readiness and aligns with MiCA’s high disclosure standards. By doing so, LCX strengthens its position as a regulated exchange, ensuring a trustworthy and transparent trading environment for ARB within the EU’s evolving regulatory framework. Additionally, this filing facilitates market access and institutional adoption by removing uncertainty for institutional investors and regulated entities seeking to engage with Arbitrum in a compliant manner. It further supports the broader market adoption and integration of Arbitrum into the regulated financial ecosystem, reinforcing LCX’s role in shaping compliant and transparent crypto markets.

### **E.3 Fundraising Target**

Not applicable

### **E.4 Minimum Subscription Goals**

Not applicable

### **E.5 Maximum Subscription Goal**

Not applicable

### **E.6 Oversubscription Acceptance**

Not applicable

### **E.7 Oversubscription Allocation**

Not applicable

### **E.8 Issue Price**

Not applicable

### **E.9 Official Currency or Any Other Crypto-Assets Determining the Issue Price**

Not applicable

### **E.10 Subscription Fee**

Not applicable

### **E.11 Offer Price Determination Method**

Not applicable

### **E.12 Total Number of Offered/Traded Crypto-Assets**

The ARB token has a hard-capped supply of 10 billion tokens. No new tokens can be minted beyond this cap, and all further distributions must be proposed and approved by the Arbitrum DAO through transparent, on-chain governance procedures. As of the date of this whitepaper, approximately 1.275 billion ARB tokens are in circulation, including distributions via an airdrop (~1.162 billion ARB), initial ecosystem incentives, and DAO-controlled releases. Of the total supply, 42.78% (4.278 billion ARB) is allocated to the Arbitrum DAO Treasury, while additional portions are reserved for team members, advisors, and investors under vesting schedules. ARB tokens are freely transferable and actively traded on centralized and decentralized exchanges, with future distributions and emissions governed by the Arbitrum DAO through on-chain proposals and community voting.

- E.13 Targeted Holders**  
ALL
- E.14 Holder Restrictions**  
Not applicable
- E.15 Reimbursement Notice**  
Not applicable
- E.16 Refund Mechanism**  
Not applicable
- E.17 Refund Timeline**  
Not applicable
- E.18 Offer Phases**  
Not applicable
- E.19 Early Purchase Discount**  
Not applicable
- E.20 Time-Limited Offer**  
Not applicable
- E.21 Subscription Period Beginning**  
Not applicable
- E.22 Subscription Period End**  
Not applicable
- E.23 Safeguarding Arrangements for Offered Funds/Crypto-Assets**  
Not applicable
- E.24 Payment Methods for Crypto-Asset Purchase**  
Not applicable
- E.25 Value Transfer Methods for Reimbursement**  
Not applicable
- E.26 Right of Withdrawal**  
Not applicable
- E.27 Transfer of Purchased Crypto-Assets**  
Not applicable
- E.28 Transfer Time Schedule**  
Not applicable
- E.29 Purchaser's Technical Requirements**  
Not applicable
- E.30 Crypto-asset service provider (CASP) name**  
Not applicable
- E.31 CASP identifier**  
Not applicable

**E.32 Placement Form**

NTAV

**E.33 Trading Platforms name**

LCX AG

**E.34 Trading Platforms Market Identifier Code (MIC)**

LCXE

**E.35 Trading Platforms Access**

Arbitrum (ARB) is widely traded on multiple regulated and unregulated trading platforms globally. As a decentralized crypto-asset with no central issuer, ARB is not restricted to a single exchange and can be accessed by retail and institutional investors worldwide.

LCX Exchange also provides access to Arbitrum (\$ARB) trading with ARB/EUR. Investors can access Arbitrum (\$ARB) through [LCX.com](https://www.lcx.com), the official LCX exchange, as well as other supported cryptocurrency trading platforms. To trade \$ARB, users must register, complete KYC (Know Your Customer) verification, and comply with platform-specific requirements.

**E.36 Involved Costs**

Not applicable

**E.37 Offer Expenses**

Not applicable

**E.38 Conflicts of Interest**

Not applicable

**E.39 Applicable Law**

The ARB token is governed by the decentralized Arbitrum DAO and does not have a specific issuer subject to national law. This whitepaper is voluntarily published by LCX AG under the applicable legal framework of the Markets in Crypto-Assets Regulation (MiCA) of the European Economic Area. LCX operates under the laws of Liechtenstein, including the Blockchain Act (TVTG), where relevant. No additional national laws apply to the issuance or governance of the ARB token.

**E.40 Competent Court**

In case of disputes related to services provided by LCX, the competent court is: The Courts of Liechtenstein, with jurisdiction in accordance with Liechtenstein law and applicable EU regulations.

## **F. PART F - INFORMATION ABOUT THE CRYPTO-ASSETS**

### **F.1 Crypto-Asset Type**

Other Crypto-Asset

### **F.2 Crypto-Asset Functionality**

The ARB token functions exclusively as a governance token within the Arbitrum ecosystem. It enables holders to participate in the Arbitrum DAO, a decentralized autonomous organization responsible for managing protocol upgrades, treasury allocations, and strategic ecosystem decisions. ARB holders can propose, vote on, and delegate votes for governance proposals related to the Arbitrum One and Arbitrum Nova Layer 2 chains. The token does not confer any financial rights, claims to profits, access to services, or redemption rights. It is not used as a means of payment, nor does it represent any underlying asset or fiat currency. ARB's sole function is to facilitate decentralized governance, and all decisions involving its use and distribution are managed on-chain through smart contracts.

ARB does not qualify as a utility token under Article 3(5) of MiCA, as it does not provide access to a good or service from the issuer or third party. Instead, ARB is strictly a governance token without consumptive rights.

### **F.3 Planned Application of Functionalities**

All functionalities of ARB, including staking, governance, and transactions, are fully operational on the Arbitrum mainnet and actively used.

### **F.4 Type of white paper**

OTHR

### **F.5 The type of submission**

NEWT

### **F.6 Crypto-Asset Characteristics**

The ARB token is a fungible, transferable ERC-20 crypto-asset deployed on the Ethereum blockchain, with a fixed total supply of 10 billion tokens. It functions exclusively as a governance token within the Arbitrum ecosystem, enabling holders to propose, vote on, and delegate decisions related to protocol upgrades, treasury allocations, and other DAO governance matters. The token does not provide access to specific goods or services, nor does it confer profit rights, redemption claims, or asset backing. ARB is freely tradable on secondary markets and is classified under MiCA as an "Other Crypto-Asset", not an asset-referenced token (ART), electronic money token (EMT), or utility token. All governance actions and token operations are executed transparently via smart contracts on Ethereum and Arbitrum networks.

### **F.7 Commercial name or trading name**

ARB

### **F.8 Website of the issuer**

<https://arbitrum.foundation>

### **F.9 Starting date of offer to the public or admission to trading**

2025-05-08

### **F.10 Publication date**

2025-05-07

### **F.11 Any other services provided by the issuer**

Not applicable

**F.12 Language or languages of the white paper**

English

**F.13 Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available**

44TP35HF9

**F.14 Functionally Fungible Group Digital Token Identifier, where available**

Not applicable

**F.15 Voluntary data flag**

true

**F.16 Personal data flag**

false

**F.17 LEI eligibility**

false

**F.18 Home Member State**

Liechtenstein

**F.19 Host Member States**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

## **G. PART G - INFORMATION ON THE RIGHTS AND OBLIGATIONS ATTACHED TO THE CRYPTO-ASSETS**

### **G.1 Purchaser Rights and Obligations**

ARB token holders are granted governance rights within the Arbitrum DAO, including the ability to propose, vote on, and delegate decisions related to protocol upgrades, treasury allocations, and ecosystem development. However, holding ARB does not confer ownership, profit-sharing, redemption rights, or claims against any legal entity or asset. There are no contractual obligations imposed on purchasers, but by participating in governance, holders agree to follow the decentralized decision-making processes executed through on-chain smart contracts and community governance rules.

### **G.2 Exercise of Rights and Obligation**

The rights attached to the ARB token primarily governance participation are exercised exclusively through on-chain mechanisms governed by the Arbitrum DAO. Token holders can vote on proposals or delegate their voting power via smart contracts using compatible wallets and interfaces. All governance activities, including proposal submission, voting, and execution, are carried out programmatically on the Ethereum and Arbitrum networks without intermediaries. There are no additional formalities, and any obligations are limited to participation in governance according to the DAO's publicly defined procedures.

### **G.3 Conditions for Modifications of Rights and Obligations**

Modifications to the rights and obligations associated with the ARB token can only occur through the Arbitrum DAO's decentralized governance process. Any proposed changes—such as updates to governance structures, voting mechanisms, or treasury management—must be formally submitted as governance proposals and approved by a majority vote of ARB token holders or their delegates, following predefined quorum and voting rules embedded in smart contracts. No central authority or issuer can unilaterally alter the token's functionality or governance terms, ensuring that all modifications are transparently and collectively decided on-chain.

### **G.4 Future Public Offers**

Not applicable

### **G.5 Issuer Retained Crypto-Assets**

Not applicable

### **G.6 Utility Token Classification**

No

### **G.7 Key Features of Goods/Services of Utility Tokens**

Not applicable

### **G.8 Utility Tokens Redemption**

Not applicable

### **G.9 Non-Trading Request**

True

### **G.10 Crypto-Assets Purchase or Sale Modalities**

Not applicable

### **G.11 Crypto-Assets Transfer Restrictions**

Not applicable

## **G.12 Supply Adjustment Protocols<sup>2</sup>**

The ARB token operates on a fixed total supply model, with a maximum supply of 10 billion ARB tokens. There is no algorithmic or automatic supply rebasing mechanism embedded in the protocol. Any changes to supply—such as further distributions, burns, or treasury deployments—are determined and executed through ArbitrumDAO governance proposals, ensuring decentralized control and transparency.

## **G.13 Supply Adjustment Mechanisms<sup>3</sup>**

At launch, an initial allocation of ARB tokens was distributed to community members, DAOs, investors, and team members. The ArbitrumDAO treasury received a significant portion of tokens (over 40%) for future use, which may include grants, ecosystem incentives, or governance initiatives. The DAO has the authority to vote on token emissions or changes to vesting schedules, but no additional minting can exceed the total cap of 10 billion tokens. The protocol includes no default burn mechanism or inflation schedule.

## **G.14 Token Value Protection Schemes**

False

## **G.15 Token Value Protection Schemes Description**

Not Applicable

## **G.16 Compensation Schemes**

False

## **G.17 Compensation Schemes Description**

Not Applicable

## **G.18 Applicable Law**

The ARB token is governed by the decentralized Arbitrum DAO and does not have a specific issuer subject to national law. This whitepaper is voluntarily published by LCX AG under the legal framework of the Markets in Crypto-Assets Regulation (MiCA) of the European Economic Area. As a regulated crypto-asset service provider based in Liechtenstein, LCX complies with the Liechtenstein Blockchain Act (TVTG) where applicable. No additional national laws apply to the issuance or governance of the ARB token, and all governance and operational matters are determined through decentralized, on-chain mechanisms.

## **G.19 Competent Court**

As the ARB token is governed by the decentralized Arbitrum DAO and does not have a legal issuer, there is no specific competent court designated for disputes related to the token itself. However, for the purposes of this voluntarily published MiCA-compliant whitepaper, any legal matters arising in relation to its content or the activities of LCX AG shall fall under the jurisdiction of the competent courts of Liechtenstein, in accordance with the applicable laws of Liechtenstein and the Liechtenstein Blockchain Act (TVTG).

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<sup>2</sup> [19-04-2025] An explanation regarding the Supply Adjustment Protocol is provided in Sub-Part G.12.

<sup>3</sup> [19-04-2025] An explanation regarding the Supply Adjustment Protocol is provided in Sub-Part G.13.

## **H. PART H – INFORMATION ON THE UNDERLYING TECHNOLOGY**

### **H.1 Distributed ledger technology**

The Arbitrum network operates as a Layer 2 scaling solution built on top of the Ethereum blockchain, utilizing optimistic rollup technology as its underlying distributed ledger framework. This technology enables Arbitrum to batch and compress transactions off-chain while posting data and proofs to Ethereum for final settlement, thereby achieving greater scalability, lower transaction costs, and faster processing times without compromising security. The Arbitrum chains—Arbitrum One and Arbitrum Nova—are fully compatible with the Ethereum Virtual Machine (EVM) and maintain decentralization by inheriting Ethereum's security guarantees. All transactions, smart contracts, and governance actions executed on Arbitrum are recorded on its rollup protocol and anchored to Ethereum, ensuring transparency, immutability, and verifiability in line with MiCA's standards for distributed ledger technology.

### **H.2 Protocols and Technical Standards**

The Arbitrum network is built upon established Layer 2 scaling protocols and implements optimistic rollup technology as its core technical standard. This protocol allows for off-chain transaction execution while publishing transaction data and proofs to the Ethereum mainnet, thereby achieving high throughput and low fees without compromising decentralization or security. Arbitrum is fully compatible with the Ethereum Virtual Machine (EVM) and supports standard smart contract languages such as Solidity and Vyper. The network follows open-source best practices, with core components such as the Nitro tech stack and Arbitrum bridge contracts made publicly available and auditable. The protocol includes a fraud-proof mechanism, where validators can challenge invalid state transitions within a defined dispute window. These technical standards ensure compliance with MiCA's requirements for transparency, interoperability, and security in distributed ledger-based systems.

### **H.3 Technology Used**

The ARB token leverages the Ethereum blockchain and is implemented using the ERC-20 token standard, ensuring broad compatibility with decentralized applications and crypto-asset service providers across the Ethereum ecosystem. The Arbitrum network, where ARB is primarily used for governance, employs optimistic rollup technology as a Layer 2 scaling solution for Ethereum. This technology enables off-chain transaction processing with data availability and final settlement on Ethereum, thereby improving scalability and reducing transaction costs while inheriting Ethereum's security. Arbitrum is fully Ethereum Virtual Machine (EVM)-compatible, allowing seamless deployment of existing smart contracts. The network uses fraud proofs, secure bridging infrastructure, and decentralized validators to maintain data integrity and trustlessness. All governance functions tied to the ARB token are executed via on-chain smart contracts, adhering to open-source, auditable, and technically secure standards.

### **H.4 Consensus Mechanism**

The Arbitrum network relies on Ethereum's Proof-of-Stake (PoS) consensus mechanism for final settlement and security, as Arbitrum is a Layer 2 rollup protocol built on top of Ethereum. Within the Arbitrum protocol itself, consensus on the Layer 2 state is achieved through an optimistic rollup model, where validators submit state roots to Ethereum, and transactions are assumed valid unless challenged via a fraud-proof mechanism. This challenge-based dispute resolution allows any participant to contest incorrect claims, ensuring trustless validation without requiring every transaction to be re-executed on-chain. As a result, Arbitrum benefits from Ethereum's decentralized validator set while maintaining high throughput and low fees through off-chain execution. This hybrid model aligns with MiCA's expectations for secure, transparent, and decentralized consensus in distributed ledger environments.

### **H.5 Incentive Mechanisms and Applicable Fees**

The Arbitrum network uses transaction fees to incentivize validators and sequencers for processing and securing off-chain transactions, with significantly lower fees than Ethereum Layer 1 due to its optimistic rollup design. These fees cover execution and data settlement costs on Ethereum. The ARB

token is not used to pay fees but serves a governance function, allowing holders to vote on proposals that may influence future incentives, funding, and ecosystem development. All fees and incentive mechanisms are transparent, on-chain, and subject to change through Arbitrum DAO governance in accordance to MiCA standards.

## **H.6 Use of Distributed Ledger Technology**

True

## **H.7 DLT Functionality Description<sup>4</sup>**

Arbitrum operates as a Layer 2 scaling solution for Ethereum, utilizing an Optimistic Rollup architecture to enhance throughput and reduce transaction costs while inheriting the security of Ethereum's base layer. Its distributed ledger functionality is enabled through smart contracts on Ethereum, where batches of transactions are submitted and verified. Arbitrum processes transactions off-chain and posts state roots on-chain, assuming validity unless challenged. Fraud proofs and a dispute resolution mechanism ensures correctness. The Arbitrum Nitro upgrade introduced improved compression, EVM compatibility, and cross-chain communication, solidifying its role as a high-performance, scalable DLT extension of Ethereum for decentralized applications.

## **H.8 Audit**

True

## **H.9 Audit Outcome<sup>5</sup>**

Arbitrum has undergone extensive security audits to ensure the robustness of its Layer 2 scaling solutions. Prominent firms like Trail of Bits, ConsenSys Diligence, and OpenZeppelin have conducted multiple audits covering various components, including the Nitro core contracts, token bridges, and governance mechanisms. For instance, Trail of Bits performed audits on the Sequencer Liveness and Security Council Key Rotation, while ConsenSys Diligence reviewed the core contracts and token bridge functionalities. Additionally, the Arbitrum DAO initiated the Security Subsidy Fund (SSF), allocating up to \$2.5 million to subsidize security services for 22 projects within the ecosystem, thereby enhancing overall network security. These comprehensive audits and community-driven initiatives underscore Arbitrum's commitment to maintaining a secure and reliable platform.

Here is the link Arbitrum audit report:

[https://docs.arbitrum.io/assets/files/2022\\_03\\_14\\_trail\\_of\\_bits\\_security\\_audit\\_nitro\\_1\\_of\\_2-d777111730bd60222978f7d98713d40.pdf](https://docs.arbitrum.io/assets/files/2022_03_14_trail_of_bits_security_audit_nitro_1_of_2-d777111730bd60222978f7d98713d40.pdf)

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<sup>4</sup> [19-04-2025] Information regarding the DLT Functionality provided in Sub-Part H.7

<sup>5</sup> [19-04-2025] Information regarding the Audit Outcome of Arbitrum is provided in Sub-Part H.9.

## **I. PART I – INFORMATION ON RISKS**

### **I.1 Offer-Related Risks**

The ARB token was not offered through a traditional public sale or subscription process, but rather distributed via a one-time airdrop and allocations governed by the Arbitrum DAO. As a result, there was no formal offering document subject to regulatory review at the time of distribution. This may limit transparency and investor protection typically associated with regulated offers. Additionally, recipients may not have performed adequate due diligence before acquiring the token, and secondary market trading may expose holders to high volatility. The absence of a regulated placement process could also increase the risk of unequal access, speculative behavior, and information asymmetry.

### **I.2 Issuer-Related Risks**

ARB does not have a centralized issuer or legal entity responsible for its issuance or management. Instead, it is governed by the decentralized Arbitrum DAO, composed of token holders who vote on proposals and protocol changes. The absence of a single accountable issuer means that no party is legally obliged to support, develop, or maintain the token or the underlying network. This decentralization increases the risk of governance inaction, misaligned incentives, or internal conflicts. Additionally, the DAO structure may complicate enforcement of regulatory compliance and legal claims, which can pose challenges for users, regulators, or service providers operating within a structured legal framework.

### **I.3 Crypto-Assets-Related Risks**

Like most crypto-assets, ARB is exposed to high market volatility, liquidity fluctuations, and speculative trading behavior. Its value may be significantly influenced by market sentiment, regulatory announcements, protocol changes, or broader crypto market trends. The ARB token does not represent a claim to financial returns or utility beyond governance, which may limit its intrinsic valuation. Regulatory developments in the EU or other jurisdictions may impact ARB's classification, legality, or tradability, creating uncertainty for holders. Additionally, lack of widespread adoption or declining community participation in governance may undermine the token's long-term viability and reduce its influence in protocol decision-making processes.

### **I.4 Project Implementation-Related Risks**

The future success of the Arbitrum ecosystem relies heavily on the effective functioning of the Arbitrum DAO and its ability to make timely, strategic decisions regarding upgrades, funding, and network governance. If the DAO fails to reach consensus or is influenced by governance attacks (e.g., vote buying, low participation), it could delay or prevent necessary protocol improvements. Ineffective treasury management or misallocation of funds may hinder ecosystem growth and weaken community trust. Additionally, delays in executing approved proposals or failure to adapt to technological and market shifts could result in reduced competitiveness, fragmentation, or stagnation of the Arbitrum ecosystem over time.

## **I.5 Technology-Related Risks**

The Arbitrum network is a Layer 2 protocol dependent on Ethereum for security and settlement. While it improves scalability and cost-efficiency through optimistic rollups, it introduces technical risks such as smart contract bugs, bridge vulnerabilities, and potential flaws in the fraud-proof challenge system. If these systems are exploited or fail, users may suffer loss of funds or transaction reversion. Furthermore, reliance on Ethereum introduces dependency risk, meaning disruptions to Ethereum's core infrastructure could impact Arbitrum's stability. As with all open-source systems, ongoing maintenance and robust community contribution are required to identify and patch vulnerabilities, which are essential for secure protocol operation.

## **I.6 Mitigation Measures**

To mitigate the above risks, the Arbitrum ecosystem employs a combination of decentralized governance, audited smart contracts, and transparent protocol development. All major protocol components, including the rollup system and DAO governance contracts, are open-source and publicly verifiable. Independent security audits, formal verification, and a continuous bug bounty program are in place to identify and fix vulnerabilities. The DAO manages a large treasury to fund protocol improvements, grants, and security initiatives, ensuring ongoing development and ecosystem support. Governance processes are structured to encourage community participation, proposal transparency, and delegate accountability. These measures help align with MiCA's principles of transparency, security, and market integrity.

**J. PART J – INFORMATION ON THE SUSTAINABILITY INDICATORS IN RELATION TO ADVERSE IMPACT ON THE CLIMATE AND OTHER ENVIRONMENT-RELATED ADVERSE IMPACTS**

*Adverse impacts on climate and other environment-related adverse impacts.*

**J.1 Information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism**

The ARB token operates on Arbitrum, a Layer 2 scaling solution for Ethereum that utilizes optimistic rollup technology. Arbitrum executes most transactions off-chain and submits aggregated transaction data to Ethereum’s Layer 1, which has transitioned to a Proof-of-Stake (PoS) consensus mechanism. PoS is generally considered more energy-efficient than Proof-of-Work (PoW) alternatives. However, it is important to clarify that this does not imply an absolute reduction in energy consumption or environmental impact. Rather, Arbitrum’s approach represents a comparatively less burdensome energy model in relative terms.

In accordance with MiCA’s requirements for sustainability transparency, Arbitrum reports an estimated annual energy consumption of 1,798.35515 kWh. This figure reflects the resource efficiency of its off-chain execution model, which significantly reduces per-transaction energy demand by minimizing reliance on Ethereum’s base layer for every interaction.

<b>General information</b>	
<b>S.1 Name</b> <i>Name reported in field A.1</i>	LCX
<b>S.2 Relevant legal entity identifier</b> Identifier referred to in field A.2	529900SN07Z6RTX8R418
<b>S.3 Name of the crypto-asset</b> Name of the crypto-asset, as reported in field D.2	ARB
<b>S.4 Consensus Mechanism</b> The consensus mechanism, as reported in field H.4	Proof-of-Stake (PoS)
<b>S.5 Incentive Mechanisms and Applicable Fees</b> Incentive mechanisms to secure transactions and any fees applicable, as reported in field H.5	Arbitrum uses low transaction fees to incentivize sequencers for off-chain processing and Ethereum settlement. ARB is not used for fees but enables governance, allowing holders to vote on incentives and funding. All mechanisms are on-chain, transparent, and adjustable via Arbitrum DAO governance in line with MiCA standards.
<b>S.6 Beginning of the period to which the disclosure relates</b>	2024-03-10
<b>S.7 End of the period to which the disclosure relates</b>	2025-03-10
<b>Mandatory key indicator on energy consumption</b>	
<b>S.8 Energy consumption</b>	1798.35515 kWh kWh per year

<p>Total amount of energy used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, expressed per calendar year</p>	
<p><b>Sources and methodologies</b></p>	
<p><b>S.9 Energy consumption sources and Methodologies</b></p> <p>Sources and methodologies used in relation to the information reported in field S.8</p>	<p>For the calculation of energy consumptions, the so-called “bottom-up” approach is being used. The nodes are considered to be the central factor for the energy consumption of the network. These assumptions are made on the basis of empirical findings through the use of public information sites, open-source crawlers and crawlers developed in-house. The main determinants for estimating the hardware used within the network are the requirements for operating the client software. The energy consumption of the hardware devices was measured in certified test laboratories. When calculating the energy consumption, we used - if available - the Functionally Fungible Group Digital Token Identifier (FFG DTI) to determine all implementations of the asset of question in scope and we update the mappings regularly, based on data of the Digital Token Identifier Foundation.</p>

**J.2 Supplementary information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism**

Not Applicable.