



FASSET®

VIRTUAL ASSETS STANDARDS



INTRODUCTION

In the evolving Virtual Asset ecosystem, robust governance and regulatory discipline are essential to ensure market integrity, investor protection, and institutional credibility. This framework establishes the compliance standards applied when assessing whether a Virtual Asset is suitable for onboarding, custody, trading support, or other Virtual Asset Activities.

The framework is designed to ensure alignment with applicable laws, regulations, guidance issued by the Virtual Assets Regulatory Authority, Dubai, and internationally recognized compliance best practices. The objective is to mitigate legal, regulatory, operational, financial crime, and reputational risks associated with supporting Virtual Assets.

MARKET METRICS AND LIQUIDITY ASSESSMENT

Market Capitalisation: The VA must have a transparent and accurate calculation of its market capitalisation and regularly assess and disclose any significant changes in market capitalisation.

Fully Diluted Value: Clearly define and calculate the fully diluted value of the and disclose any factors that may impact the fully diluted value

Liquidity: Adequate liquidity across relevant trading venues must be evidenced to ensure orderly market functioning.

DESIGN, FEATURES AND USE CASE ASSESSMENT

Technical Architecture: Assessment of governance design, token standards, consensus mechanisms, and smart contract functionality.

Use Cases: Identify and communicate the intended use cases of the VA and evaluate potential risks arising from unintended or misuse of the VA.

LEGAL COMPLIANCE AND REGULATORY CONSIDERATIONS

Assessment of compliance with AML/CFT, sanctions regimes, securities laws, intellectual property rights, market conduct obligations, and consumer protection requirements.

Review of regulatory classification and approvals from VARA and other competent authorities.

Confirmation that the Virtual Asset is not prohibited in jurisdictions where activities are conducted. Establish processes to promptly address any changes in regulatory requirements.

SECURITY AND TECHNOLOGY RISK

Assessment of Distributed Ledger Technology integrity, network resilience, governance risks, and smart contract vulnerabilities.



FUTURE DEVELOPMENT AND SUSTAINABILITY

Evaluation of development roadmap credibility, ecosystem adoption indicators, and governance transparency.

MARKET INTEGRITY RISK ASSESSMENT

Evaluation of exposure to price manipulation, wash trading risks, concentration of token holdings, and artificial volume indicators.

Price Manipulation: Evaluate susceptibility to price manipulation and implement relevant mitigations and periodically review and update measures to address potential price manipulation.

CONFLICTS OF INTEREST

Identification, documentation, and mitigation of potential or actual conflicts of interest in relation to VA activities. Implement mitigations to address conflicts and ensure fair practices.

ISSUER DUE DILIGENCE

Assessment of issuer credibility, governance standards, regulatory history, operational capability, and prior investigations or enforcement actions.

Issuer Background: Conduct due diligence on the background of the VA's Issuer and 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.

ASSET RIGHTS AND SUFFICIENCY

Assessment of enforceability of rights linked to the Virtual Asset and communicate any rights the VA represents to other assets.

MARKET CORRELATION AND TERMS ALIGNMENT

Assessment of alignment with Virtual Asset terms and conditions, ensuring they align with existing underlying physical markets and avoid adverse impacts, if applicable.

ONGOING MONITORING AND PERIODIC REVIEW

Periodic reassessment considering regulatory developments, market structure evolution, liquidity changes, technological updates, and emerging risks to ensure correlation with physical markets and adherence to industry standards and practices, if applicable.