

AQUIS FRAMEWORK FOR ISSUERS PURSUING CRYPTOCURRENCY STRATEGIES

1 INTRODUCTION

- 1.1 Aquis notes the recent emergence of *issuers* pursuing *cryptocurrency* strategies and the strong interest from investors in such strategies.
- 1.2 However, *cryptocurrencies* carry particular risks and Aquis believes an enhanced framework is appropriate to maintain the integrity of the market and facilitate appropriate disclosure to investors.
- 1.3 The purpose of this document is to set out Aquis' expectations of *issuers* that are or intending to pursue *cryptocurrency* strategies.
- 1.4 Terms in italics are defined at paragraph 4 of this policy.
- 1.5 This framework is effective from 1 September 2025 and may be updated from time to time to accommodate the rapidly evolving landscape.

2 ADHERENCE TO REGULATION AND DISCLOSURE

- 2.1 An *issuer* adopting or deploying *cryptocurrency* strategies should consider the following matters:
 - 2.1.1 **Legal Advice:** An *issuer* should procure legal advice on the *issuer's* regulatory status, the nature of its *cryptocurrency* holdings and its compliance with all applicable regulations, which may include *FSMA*, *Money Laundering Regulations*, *Financial Promotions Regime*, *UK AIFMD* and *CARF*. The advice should include a description of the *issuer's* business, customers and market activities involving *cryptocurrencies*. The legal advice should be from a solicitor or barrister qualified to advise on matters of English and Welsh law, with a valid practising certificate from the Solicitors Regulation Authority or the Bar Standards Council, as applicable, and who has experience of advising on matters of this nature.
 - 2.1.2 **Risk Statement:** An *issuer* should set out prominently in all shareholder communications (including annual financial reports and half-yearly financial reports) that it has *cryptocurrency* holdings and that *cryptocurrency* is a high-risk investment carrying special risks. Such risks

may include increased trading and transaction risks, increased volatility, lack of regulation, high incidence of money laundering, fraud and financial crime, increased criminal threats and ransom demands on holdings, data breaches, cyberattacks, and safeguarding violations from service providers and custodians, including co-mingling of funds.

2.1.3 Reverse Takeovers and Shareholder Approval: An admitted *issuer* that is seeking to adopt a *cryptocurrency* strategy should consider whether the strategy is a fundamental change in its business resulting in a reverse takeover in accordance with Rule 3.6 of the Aquis Growth Market Rulebooks. Aquis would not ordinarily regard the adoption of a *cryptocurrency* treasury strategy as a fundamental change if the *issuer* is maintaining or operating a *core business* and its regulatory status remains unchanged (i.e. not an AIF), however, given the particular risks in such a strategy, shareholder approval of the strategy at a general meeting should be obtained, with a circular convening such a meeting containing the information a shareholder would reasonably require for the purpose of making a properly informed assessment, including risk statements as set out at paragraph 2.1.2 of this document and such information as set out at paragraph 2.1.4 of this document.

2.1.4 Valuation and Market Update: An *issuer* should have a policy that establishes a methodology for valuing its *cryptocurrency* holdings and when it considers it necessary to update the market on the current valuation. Aquis considers an announcement should be published at a minimum where:

- (a) a change in the value of the *issuer's* *cryptocurrency* holding is considered price sensitive information requiring disclosure in accordance with the *Market Abuse Regulation*;
 - (b) there is a larger than average change in the value of *cryptocurrency* generally or the value of the *issuer's* *cryptocurrency* holding;
 - (c) it is a regulatory requirement under *FSMA* or *CARF* and any other applicable regulation or there are key regulatory changes that will materially impact the value of the *issuer's* *cryptocurrency* holdings;
- or

- (d) the *issuer's* legal opinion prescribes when a NAV or market update is required.

2.1.5 **Control of Inside Information:** An *issuer* should consider that the developments around their plans to acquire *cryptoassets* as well as acquisitions of *cryptoassets* may constitute inside information and therefore, companies should have regard to their disclosure obligations under article 17 of the *Market Abuse Regulation*. This may include acquisitions of *cryptoassets* as well as movements in the value of existing owned *cryptoassets* (which may also be dependent on the accounting treatment being adopted). *Issuers* should ensure any inside information is carefully controlled prior to publication particularly where external parties are carrying out the treasury function on behalf of the *issuer*.

2.1.6 **Financial Reporting:** an *issuer* should disclose its *cryptocurrency* holdings in its annual financial reports and half-yearly financial reports, including:

- (a) its *cryptocurrency* treasury policy setting out:

- (i) the purpose and strategy of its *cryptocurrency* holdings;
- (ii) the type and current value of its *cryptocurrency* holdings including the method used to calculate the value of its *cryptocurrency* holdings;
- (iii) any significant changes (i.e. 25%) in its *cryptocurrency* holdings since the *issuer's* previous disclosure; and
- (iv) the asset value and profits or losses attributable to its *cryptocurrency* activities compared to, if relevant, the *issuer's* core business.

2.1.7 **Core Business Activities:** an *issuer* utilising *cryptocurrencies* as part of its treasury strategy should be able to evidence proportionate activity in its *core business* and that its treasury policy fulfils a valid purpose. Aquis may require an *issuer* to consider obtaining further legal advice and undertake a review of its operating status if there has been limited

core business activity within the first year of the *issuer* first adopting its digital treasury strategy.

- 2.1.8 **Risk Management:** an *issuer* should implement risk management practices to address risks associated with *cryptocurrency* holdings such as volatility risk management practices, security encryption, storage protocols, and enhanced measures to mitigate counterparty risk.
- 2.1.9 **Governance:** an *issuer* should ensure that its board of directors and senior management have a sophisticated awareness of the unique regulatory framework and risks relating to the *issuer's cryptocurrency* holdings and related policies.
- 2.1.10 **Compliance:** an *issuer* should be aware of, and adhere to all relevant regulations, such as:
 - (a) the *Money Laundering Regulations*;
 - (b) *FSMA* including the *UK Financial Promotions Regime* (e.g. where qualifying cryptoasset promotions may be treated as communications under the regime);
 - (c) *UK AIFMD* (e.g. circumstances where an *issuer's* activities and holdings in *cryptocurrency* deems the *issuer* to be acting as an alternative investment fund);
 - (d) all applicable (if relevant) *CARF* reporting, transparency, audit and record keeping requirements; and
 - (e) the *Cryptoassets Order* and FCA regulation in respect thereof, once implemented.
- 2.1.11 **Due Diligence:** An *issuer* should undertake thorough due diligence before engaging any third-party provider in connection with any *cryptocurrency* holdings, including custodians, crypto exchanges and other service providers. Third party providers should demonstrate adherence to regulatory standards such as *FSMA*, *Money Laundering Regulations*, including the *Travel Rule* in the UK or equivalent foreign regulation.

3 RESTRICTIONS

3.1 In recognition of the special risks attributable to *cryptocurrencies*, Aquis believes certain restrictions are necessary; accordingly, *issuers* should adhere to the following:

3.1.1 **Established Cryptocurrencies:** an *issuer* should only acquire, hold or transact in *cryptocurrencies* which at the time of acquisition meet the following criteria:

- (a) have a market capitalisation of at least USD 500 million;
- (b) have demonstrated average daily liquidity of at least USD 50 million over the past 30 calendar days prior to acquisition;
- (c) have a trading history of at least 180 calendar days;
- (d) prices of the currency are regularly and are publicly available, traded directly against an established fiat currency (ie GBP, USD, EUR) and a price feed is available via a reputable information system, such as SIX Financial Information, Bloomberg or Reuters; and
- (e) there is at least one trading venue transacting in the currency which meets the following criteria:
 - (i) offers trading against an established fiat currency;
 - (ii) provides transparency through publication of prices;
 - (iii) provides an API; and
 - (iv) operates a website in at least English;or
- (f) any other *cryptocurrency* approved by Aquis from time to time.

A list of *cryptocurrencies* that meet these criteria is available on the Aquis website (Stock Exchange/Rules and Regulations/Document Library/Aquis Growth Market).

- 3.1.2 **Established Stablecoins:** an *issuer* should only acquire, hold, or transact in the following *stablecoins*:
- (a) Tether (USDT);
 - (b) DAI;
 - (c) USD Coin (USDC); and/or
 - (d) any other stablecoin considered appropriate by Aquis from time to time.
- 3.1.3 **No use of crypto derivatives, exchange traded notes (ETNs) or complex debt or leveraged products:** an *issuer* should not engage in these types of products and strategies given the difficulty investors may have in assessing the value and risks of these types of investment and the volatility of any *cryptocurrency* underlying.
- 3.1.4 **High-Risk Jurisdictions:** an *issuer* should not engage in *cryptocurrency* transactions originating from or transacted through jurisdictions on HM Treasury’s High-Risk Third Countries list and any jurisdiction on the FATF ‘black list’ and “grey list”.
- 3.1.5 **Staking and Lending:** an *issuer* should not engage in *lending* or *staking* of *cryptocurrencies* unless any staking or lending counterparties are FCA authorised, or sufficient due diligence has been undertaken by the *issuer* to enable it to determine that the counterparty is in good standing and acts in compliance with all relevant laws and regulations, including those noted at paragraph 2.1.10.

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DEFINITIONS

Aquis Growth Market: the Aquis Growth Market operated by the Aquis Stock Exchange (including any segment thereof).

CARF: the Cryptoasset Reporting Framework which requires UK reporting cryptoasset service providers (RCASPs) to collect information in relation to in scope *cryptocurrency* transactions.

core business: the operating business activities of an *issuer*.

cryptoasset: as defined in section 417 (definitions) of FSMA.

cryptocurrency: a *cryptoasset* that is fungible and transferrable in exchange for fiat currency or another *cryptocurrency*.

Cryptoassets Order: the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025)

Financial Promotions Regime: the UK restriction in section 21 FSMA, applied through the Financial Promotion Order 2005 (as amended).

FSMA: the Financial Services and Markets Act 2000 (as amended included by the Financial Services and Markets Act 2023).

issuer: a company which has a class of securities admitted to trading on the *Aquis Growth Market*.

lending: where cryptoasset holders transfer their assets to a third party in exchange for a yield, with the assets returned at the end of the lending period.

Market Abuse Regulation: UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

Money Laundering Regulations: the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended), requiring FCA registration for AML/CFT compliance for certain *cryptoasset* businesses.

stablecoins: a category of *cryptoasset* that (a) references a fiat currency; and (b) seeks or purports to maintain a stable value in relation to that referenced fiat currency by the issuer holding, or arranging for the holding of (i) fiat currency; or (ii) fiat currency and other assets, irrespective of whether the holding of a fiat currency other than the one referred to in sub-paragraph (a) or other asset contributes to the maintenance of that stable value.

staking: the use of a qualifying *cryptoasset* in blockchain validation, which is the process of validating transactions on a blockchain or a distributed ledger technology network. This includes activities like liquid staking, where users lock up their crypto assets to earn rewards, typically in the form of more *cryptocurrency*.

Travel Rule: Under the *Money Laundering Regulations* (as amended) a rule implementing Financial Action Task Force Recommendation 16 in which cryptocurrency exchanges and other virtual asset service providers (VASPs) are required to collect and share information about the originator and beneficiary of *cryptocurrency* transactions. The information that must be collected includes names, addresses, and account numbers or wallet addresses.

UK AIFMD: the UK Alternative Investment Fund Managers Regulations 2013, in such form and nature as retained in English post-Brexit.

Last Updated: 22 August 2025