# EXPLANATION FOR THE PURPOSES OF ARTICLE 8(4) REGULATION (EU) 2023/1114

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| **Information about explanation** | **Date on which this explanation is issued** | 29.08.2025 |
| | **Name of the person(s) (legal or natural) issuing this explanation** | Althea Limited, Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands. |
| | **Point of contact of the person(s) (legal or natural) issuing this explanation (if different to above)** | Not applicable. |
| | **Confirmation that this explanation is issued for the purposes of Article 8(4) of MiCAR** | It is confirmed that this explanation is issued for the purposes of Article 8(4) of MiCAR. |
| **Information about offeror(s), person(s) seeking admission to trading, and/or operators of trading platforms** | **Name of the offeror(s), person(s) seeking admission to trading, or operator(s) of trading platforms, on whose behalf this explanation is issued** | No public offer or admission to trading is sought. |
| | **White paper to which this explanation refers** *(this should be the 'final version' of the white paper submitted for the purpose of Article 8(1) of MiCAR))* | The explanation refers to the final version of the white paper titled "ALTHEA Token White Paper". The white paper is submitted to ensure transparency. The person issuing this explanation does not conduct any of the activities mentioned in Article 8(1) of Regulation (EU) 2023/1114 (MiCAR). Date of notification: 29.08.2025 A copy of the final white paper is attached to this explanation. |
| | **Member State(s) in which the offer to the public or admission to trading will take place** | No public offer or admission to trading is sought. |
| **Crypto-asset** | **Applicable law** | Laws of British Virgin Islands and relevant EU-law. |

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| | **Executive summary of the regulatory classification of the crypto-asset** | The ALTHEA Token is classified as a crypto-asset other than an asset-referenced token or an electronic money token within the meaning of Regulation (EU) 2023/1114 (MiCAR).<br><br>This classification is based on the token's key features: it is a digital representation of value that is transferable and storable electronically using distributed ledger technology, as defined in Article 3(1)(5) MiCAR. The token is not designed to maintain a stable value by referencing an official currency (Article 3(1)(7) MiCAR) or by referencing another value, right, or combination thereof (Article 3(1)(6) MiCAR). It is also not part of a deposit, fund, insurance product, pension scheme, or other financial instrument excluded from MiCAR's scope.<br><br>Accordingly, the ALTHEA Token falls under the general regime applicable to crypto-assets under MiCAR, including the obligations related to the issuance of a white paper, fair and non-misleading communication, and transparency towards holders. |
| | **Detailed explanation that the digital representation to which the white paper relates is a crypto-asset within the meaning of Article 3(1), point (5), of MiCAR** | The ALTHEA Token qualifies as a crypto-asset within the meaning of Article 3(1)(5) MiCAR, as it meets all definitional elements, including the representation of a value, electronic transfer and storage, and use of distributed ledger technology supported by a consensus mechanism.<br><br>Article 3(1)(5) MiCAR defines a 'crypto-asset' as "a digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology."<br><br>This definition relies on several additional terms defined in MiCAR:<br><br>Article 3(1)(1) MiCAR: 'distributed ledger technology' or 'DLT' means a technology that enables the operation and use of distributed ledgers.<br><br>Article 3(1)(2) MiCAR: "'distributed ledger' means an information repository that keeps |

records of transactions and that is shared across, and synchronised between, a set of DLT network nodes using a consensus mechanism."

Article 3(1)(3) MiCAR: "'consensus mechanism' means the rules and procedures by which an agreement is reached, among DLT network nodes, that a transaction is validated."

Article 3(1)(4) MiCAR: "'DLT network node' means a device or process that is part of a network and that holds a complete or partial replica of records of all transactions on a distributed ledger."

In addition, interpretive guidance [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 61] instructs to assess whether the asset represents a value or right, whether it can be stored and transferred electronically using DLT, and whether the right is linked to the issuer or a designated party.

The ALTHEA Token is a digital representation of a value. It is issued to participants in the Althea ecosystem for use within the Althea Protocol and serves several purposes: enabling micropayments for bandwidth routing, securing the network through staking with validators, participating in governance decisions, and incentivizing contributors. These functions establish the ALTHEA Token's role as a unit of value within the protocol, thereby satisfying the first element of the definition.

The ALTHEA Token is able to be transferred and stored electronically. It is implemented natively on the Althea L1 blockchain, which is built on the Cosmos SDK and incorporates hybrid EVM functionality. The token can be received, held, and transmitted through digital wallets compatible with the Cosmos and EVM ecosystems. Token transfers are executed and recorded on-chain, ensuring that all balances and transactions are electronically transferable and storable. This fulfills the second and third prongs of the definition.

|  |  | The ALTHEA Token relies on distributed ledger technology. The Althea L1 blockchain is specifically designed as a micropayment-focused, high-availability network and operates on a proof-of-stake consensus mechanism based on CometBFT principles. It qualifies as distributed ledger technology within the meaning of MiCAR, as it enables the operation and use of a ledger that records token balances and transfers. |
|  |  | The distributed ledger is shared across validator nodes, which hold a complete or partial copy of the ledger and synchronize records of transactions. Validators reach consensus on the validity of transactions using the Althea L1 proof-of-stake consensus mechanism, which ensures finality and a consistent state across the blockchain. |
|  |  | Finally, in line with ESMA interpretive guidance, the ALTHEA Token confers rights linked to the protocol ecosystem, including settlement of protocol fees, staking participation, and involvement in governance, all of which are embedded in the protocol logic and accessible only to token holders. |
|  |  | The ALTHEA Token therefore satisfies every element of the definition in Article 3(1)(5) MiCAR: it is a digital representation of a value, it is able to be transferred and stored electronically, and it uses distributed ledger technology supported by DLT network nodes and a consensus mechanism. Accordingly, the ALTHEA Token qualifies as a crypto-asset under MiCAR. |
| | **Detailed explanation that the crypto-asset to which the white paper relates is not an electronic money token within the meaning of Article 3(1), point (7), of MiCAR** | The ALTHEA Token does not qualify as an electronic money token within the meaning of Article 3(1)(7) of MiCAR. |
| | | Article 3(1)(7) of MiCAR defines an 'electronic money token' or 'e-money token' as "a type of crypto-asset that purports to maintain a stable value by referencing the value of one official currency." Article 3(1)(8) MiCAR further defines |

'official currency' as "an official currency of a country that is issued by a central bank or other monetary authority."

E-money tokens, like traditional electronic money, are intended to serve as digital surrogates for coins and banknotes, offering a stable-value instrument suitable for making payments.

A crypto-asset qualifies as an e-money token if it is structured, issued, or marketed in a way that seeks to maintain a stable value by direct reference to the value of a fiat currency, such as the euro, U.S. dollar, or any other official currency as defined above. This may include issuance against fiat-denominated reserves, algorithmic stabilization mechanisms, or other parity-maintenance arrangements, with the objective of enabling users to rely on the token as a stable store of value and medium of exchange.

The ALTHEA Token does not meet these criteria. It is not designed to maintain a stable value, nor does it reference the value of any official currency [cf. ALTHEA Token White Paper – F.6, G.1, 08, H.2]. The ALTHEA Token is not backed by fiat-denominated reserves, nor does it rely on algorithmic or economic stabilization mechanisms to track or mirror the value of a central bank-issued currency [cf. ALTHEA Token White Paper – F.6, G.1, 08, H.2]. Its value is determined by market dynamics, including supply, demand, and developments within the Althea project and protocol [cf. ALTHEA Token White Paper – F.2, G.1, 08, H.2].

Moreover, the ALTHEA Token is not intended to serve as a general-purpose means of payment [cf. ALTHEA Token White Paper – F.2, G.1]. Its functions are specific to the Althea ecosystem, such as staking, governance participation, and protocol-level transactions, but it is not issued or promoted as a payment instrument for acquiring goods or services in the wider economy [cf.

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| | | ALTHEA Token White Paper – F.6, G.2, 08]. The ALTHEA Token is not accepted by third-party merchants or positioned as a digital substitute for cash or electronic money [cf. ALTHEA Token White Paper – F.6, G.1]. There is no redemption mechanism at par value, no undertaking of value preservation, and no indication that the token is intended to function within regulated payment systems [cf. ALTHEA Token White Paper – F.6, G.1, 08].<br><br>Accordingly, the ALTHEA Token does not purport to maintain a stable value by referencing an official currency, nor is it structured as a digital surrogate for coins or banknotes used to make payments. It therefore does not qualify as an electronic money token under Article 3(1)(7) MiCAR. |
| | **Detailed explanation that the crypto-asset to which the white paper relates is not an asset-referenced token within the meaning of Article 3(1), point (6), of MiCAR** | The ALTHEA Token does not qualify as an asset-referenced token within the meaning of Article 3(1)(6) of MiCAR.<br><br>Article 3(1)(6) of MiCAR defines an 'asset-referenced token' as "a type of crypto-asset that is not an electronic money token and that purports to maintain a stable value by referencing another value or right or a combination thereof, including one or more official currencies." In addition, Article 3(1)(8) MiCAR defines 'official currency' as "an official currency of a country that is issued by a central bank or other monetary authority."<br><br>The concept of asset-referenced tokens under MiCAR is intended to capture crypto-assets that are designed to function as stable-value instruments by linking their value to a reference basket or underlying composed of official currencies, commodities, crypto-assets, or rights – alone or in combination.<br><br>As established in the previous section, the ALTHEA Token is not an electronic money token. It therefore falls within the group of crypto-assets that must be separately assessed under the criteria for asset-referenced tokens. |

|  |  | The ALTHEA Token does not meet the defining criterion of an asset-referenced token: it does not purport to maintain a stable value. There is no mechanism, either explicit or implicit, that aims to preserve the ALTHEA Token's price against volatility through reference to fiat currencies, commodities, other crypto-assets, or rights [cf. ALTHEA Token White Paper – F.6, G.1, 08]. The ALTHEA Token is not backed by any reserve of assets and does not rely on algorithmic or economic stabilisation mechanisms. It does not derive its price from any external benchmark, basket, or underlying [cf. ALTHEA Token White Paper – F.6, G.1, F.2]. Its value is determined exclusively by market dynamics, including supply and demand, and by its use within the Althea protocol [cf. ALTHEA Token White Paper – F.2, G.1, 08]. |
|  |  | Furthermore, the ALTHEA Token is not linked to the value of any official currency within the meaning of Article 3(1)(8) MiCAR. It is not denominated in, pegged to, or redeemable against any currency issued by a central bank or monetary authority [cf. ALTHEA Token White Paper – F.6, G.1]. There is no representation or mechanism that would cause its value to track the euro, the U.S. dollar, or any other sovereign currency, individually or in combination [cf. ALTHEA Token White Paper – F.6, G.1, 08]. |
|  |  | The ALTHEA Token also does not maintain parity with any other right, unit of account, or index. It does not function as a surrogate for any specific asset or group of assets, nor is it marketed as a low-volatility or stable-value instrument [cf. ALTHEA Token White Paper – F.6, G.1]. Rather, the ALTHEA Token is designed to function within the Althea protocol ecosystem as a utility token, with fluctuating value derived from protocol-related use cases such as transaction settlement, staking, and governance participation. |

|  |  | Accordingly, the ALTHEA Token is not designed to maintain a stable value by reference to another value, right, or combination thereof, and is not linked to any official currency. It does not meet the conditions of Article 3(1)(6) MiCAR and therefore does not qualify as an asset-referenced token. |
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|  | **Detailed explanation that the crypto-asset is not any of the following:** |  |

| | | **Source of definition(s) (EU and/or national law as applicable):**<br><br>**Regulation (EU) 2023/1114 (MiCAR)**<br><br>Article 2(4)(a) – Exclusion of financial instruments from MiCAR scope<br><br>Article 3(1)(49) – Reference to MiFID II definition of financial instrument<br><br>**Directive 2014/65/EU (MiFID II)**<br><br>Article 4(1)(15) – Definition of financial instrument<br><br>Annex I, Section C – List of financial instruments<br><br>Article 4(1)(44) – Definition of transferable securities<br><br>Article 4(1)(17) – Definition of money-market instruments<br><br>Article 4(1)(43) – Definition of structured deposits<br><br>**Directive (EU) 2015/2366 (PSD2)**<br><br>Article 4(14) – Definition of payment instrument<br><br>Article 4(5) – Definition of payment transaction<br><br>Article 4(25) – Definition of funds<br><br>**Directive 2009/110/EC (E-Money Directive)**<br><br>Article 2(2) – Definition of electronic money<br><br>**Directive 2009/65/EC (UCITS Directive)**<br><br>Article 2(1)(o) – Clarification of money-market instruments |
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| | - **Financial instrument, as referred to in Article 2(4), point (a), of MiCAR.** | |

| | | Article 1(3)(b) – Interpretation of units in collective investment undertakings |
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| | | **Directive 2011/61/EU (AIFMD)** |
| | | General reference to collective investment undertakings |
| | | **Directive 2003/87/EC (EU ETS Directive)** |
| | | Article 3(a) – Definition of emission allowance |
| | | **Case law (including paragraph references, as appropriate) to which reference is made in the explanation:** |
| | | **Regulatory measures or guidance to which reference is made in the explanation (including the Guidelines adopted pursuant to Article 2(5) of MiCAR):** |
| | | EBA Guidelines, 24 Feb 2022, EBA/GL/2022/02 |
| | | ESMA Survey Report, Jan 2019, ESMA50-157-1384 |
| | | European Commission Q&A, 25 Jan 2017, MiFID Directive 2004/39/EC |
| | | ESMA Guidelines, 13 Aug 2013, ESMA/2013/611 |
| | | ESMA Q&A, 23 Sep 2022, ESMA70-872942901-36 |
| | | ESMA Guidelines, 5 Jun 2019, ESMA70-156-869 |
| | | **Explanation:** |

| | | The ALTHEA Token does not qualify as a financial instrument as referred to in Article 2(4), point (a), of MiCAR. It does not meet the conditions required to be classified as a financial instrument, and in particular, it cannot be qualified as a transferable security. |
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| | | Pursuant to Article 3(1), point (49), of MiCAR, the term "financial instrument" refers to the definition laid down in Article 4(1), point (15), of Directive 2014/65/EU (MiFID II). According to that provision, 'financial instrument' means those instruments specified in Section C of Annex I to MiFID II, including such instruments issued by means of distributed ledger technology. |
| | | Section C of Annex I to MiFID II enumerates the following categories of financial instruments: |
| | | (1) Transferable securities; |
| | | (2) Money-market instruments; |
| | | (3) Units in collective investment undertakings; |
| | | (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices or financial measures which may be settled physically or in cash; |
| | | (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in |

cash at the option of one of the parties other than by reason of default or other termination event;

(6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;

(7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;

(8) Derivative instruments for the transfer of credit risk;

(9) Financial contracts for differences;

(10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to

whether, inter alia, they are traded on a regulated market, OTF, or an MTF;

(11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

**Transferable securities**

The ALTHEA Token does not qualify as a transferable security under Article 4(1) point (44) of Directive 2014/65/EU.

Article 4(1) point (44) of Directive 2014/65/EU states that 'transferable securities' means those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:

(a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;

(b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;

(c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

**Exclusion of instruments of payments**

|  |  | The ALTHEA Token does not qualify as an instrument of payment within the meaning of EU financial regulation. |
|  |  | MiFID II excludes instruments of payment from the scope of certain categories of financial instruments but does not itself define the term [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 17]. However, Article 4(14) of Directive (EU) 2015/2366 (PSD2) defines a payment instrument as "a personalised device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used in order to initiate a payment order." |
|  |  | This definition implies that an instrument of payment must be: (i) personalised to the user or linked to a contractual arrangement with a payment service provider; (ii) intended to be used specifically for initiating payment orders; and (iii) functionally integrated into the infrastructure of a regulated payment service. |
|  |  | The ALTHEA Token does not meet these criteria. First, it is not a personalised device nor part of a contractual procedure with a payment service provider for the purpose of initiating payment transactions. The use of the ALTHEA Token is not conditioned on any agreement with a licensed payment service provider under PSD2. Second, the ALTHEA Token does not have the primary purpose of initiating payment orders between parties. Its primary functions are protocol-specific, such as enabling staking, |

governance participation, and protocol-level transactions within the Althea ecosystem. It is not equivalent to a credit card, direct debit mandate, or online banking tool. Third, the ALTHEA Token is not embedded in a regulated payment system, nor does it function as a generally accepted medium of exchange for goods or services. It is not issued or accepted as a means of payment outside of its defined network utility within the Althea protocol.

As a result, the ALTHEA Token does not qualify as an instrument of payment within the meaning of Article 4(14) of Directive (EU) 2015/2366. It lacks the characteristics of a personalised, regulated device used for initiating payment orders and is therefore not excluded on this basis from the scope of financial instrument classification.

**Negotiability on the capital market**

The ALTHEA Token, despite being technically transferable, is not negotiable on the capital market within the meaning of Article 4(1), point (44), of MiFID II.

The concept of negotiability on the capital market must be interpreted broadly. According to regulatory guidance, a crypto-asset is considered negotiable where it is capable of being freely transferred or traded, even in the absence of an active market or during a lock-up period [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 29]. Distributed ledger technology (DLT) typically

satisfies the technical requirement of transferability. As such, the possibility of transferring a token may be sufficient for negotiability in a formal sense.

However, negotiability alone is not sufficient to qualify a crypto-asset as a transferable security. It must also be negotiable on the capital market. The term "capital market," while not formally defined in MiFID II, is understood to encompass all environments where buying and selling interests in securities meet – including regulated markets, multilateral trading facilities (MTFs), organised trading facilities (OTFs), and over-the-counter (OTC) venues. It requires the presence of economic functions aligned with investment activity [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 31].

The ALTHEA Token is not designed for investment-oriented exchange on capital markets, nor is it intended to attract capital in exchange for exposure to risk or return. Its primary function is that of a utility token within the Althea protocol, enabling protocol-level transactions, staking with validators, governance participation, and incentivising contributors. These use cases are operational rather than financial in nature. While the ALTHEA Token may be technically transferable, there is no indication that it is marketed, structured, or intended to be used as an instrument for capital raising, investment, or resale in a capital market context. The ALTHEA Token does not serve as

a vehicle for transferring wealth between issuers and investors with the aim of generating financial gain based on market performance.

Accordingly, while the technical element of transferability may be fulfilled through distributed ledger technology, the economic and functional context necessary for capital market negotiability is absent.

Therefore, the ALTHEA Token does not meet the requirement of being negotiable on the capital market within the meaning of Article 4(1), point (44), of MiFID II. It is not designed to serve an investment function in a capital allocation environment, and its structure does not correspond to that of an asset typically traded in capital markets.

**Classes of securities**

The ALTHEA Token does not pertain to a class of securities within the meaning of Article 4(1), point (44), of MiFID II.

The classification as a class of securities requires that the token (i) belongs to a group of crypto-assets issued by the same issuer and (ii) is interchangeable, i.e. each token grants access to the same rights and obligations [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 18]. Where these conditions are met, further analysis is required to determine whether the token belongs to a class of securities as exemplified by points (a) to (c) of Article 4(1), point (44), MiFID II [cf. ESMA Final Report, 17

Dec 2024, ESMA75453128700-1323, Annex III, para. 20]. This includes shares or equivalent securities, bonds or securitised debt, and securities conferring rights to acquire or settle in respect of such instruments [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 21].

In addition to being interchangeable, a token must confer rights equivalent to those typically associated with securities, particularly shares. This includes ownership rights, dividend rights, voting rights in corporate governance matters, rights over company assets, or rights to liquidation proceeds [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 22, 23]. Merely providing governance features on operational matters or potential value appreciation is insufficient. Governance rights that relate exclusively to technical upgrades or network settings do not equate to shareholder rights [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 24, 25].

The ALTHEA Token, being fungible and issued under a uniform structure, does not confer rights equivalent to those associated with equity securities or debt instruments. Token holders are not granted any ownership stake in a corporate entity, nor are they entitled to dividends, interest, or other financial returns derived from the performance of the issuer or an underlying enterprise. The ALTHEA Token does not provide

voting rights in corporate governance decisions, such as electing board members, approving mergers, or determining the strategic direction of the issuer. Any governance features associated with the ALTHEA Token are limited to protocol-level decisions and concern technical parameters within the Althea ecosystem. These are operational in nature and do not rise to the level of shareholder or creditor control.

Furthermore, the ALTHEA Token does not represent a claim over assets or entitle holders to liquidation proceeds. It is not linked to the capital structure of any legal entity, and its functional design does not mirror that of instruments typically used to raise capital from the public. Even if individual users acquire the ALTHEA Token with an expectation of potential price appreciation, such expectation does not convert the token into a security if it lacks the underlying legal and financial rights characteristic of securities.

Accordingly, although the ALTHEA Token may form part of a class in a technical sense – by being uniformly issued and interchangeable – it does not meet the substantive requirements of a class of securities under EU financial law. It does not provide financial entitlements, governance rights, or legal claims that would bring it within the scope of points (a) to (c) of Article 4(1), point (44), of MiFID II.

The ALTHEA Token therefore does not qualify as pertaining to a class of securities, and this

reinforces the conclusion that it does not fall within the definition of a transferable security.

**Money-market instruments**

The ALTHEA Token does not qualify as a money-market instrument under Article 4(1), point (17), of Directive 2014/65/EU.

Article 4(1), point (17), of MiFID II defines money-market instruments as "those classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment." Complementary guidance from Article 2(1)(o) of the UCITS Directive further clarifies that money-market instruments are those normally dealt in on the money market, which are liquid and have a value that can be accurately determined at any time. Regulatory interpretations specify that such instruments typically represent short-term negotiable debt obligations, issued by governments, credit institutions, or corporations to raise funds. They include features such as a predefined maturity or redemption date, and a legal structure that reflects credit balances or repayment obligations [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 34, 35].

The ALTHEA Token does not possess the defining features of traditional money-market instruments. It does not constitute a debt obligation issued by any public or private entity. Holders of the ALTHEA Token are not creditors

of the issuer and have no claim to repayment of a principal amount, interest, or other financial return that would be characteristic of a treasury bill, certificate of deposit, or commercial paper. There is no indication that the ALTHEA Token is used to raise short-term liquidity or structured as part of a credit-based financial arrangement.

Moreover, money-market instruments are defined by their short-term nature, often with fixed maturities and clearly established redemption conditions. The ALTHEA Token does not exhibit a predefined maturity or redemption date, nor is it structured as a time-bound investment vehicle designed to return capital plus yield at maturity.

Money-market instruments are also known for their high liquidity and pricing transparency, allowing them to function as stable-value short-term financial instruments. While the ALTHEA Token is transferable and its market price may be observable, it does not exhibit the value stability or pricing certainty expected of instruments used for short-term savings or cash management. The ALTHEA Token is not anchored to a nominal or par value and is not designed to maintain a stable return.

Accordingly, the ALTHEA Token fails to meet the structural and functional criteria of a money-market instrument. It does not serve a funding or credit function, does not provide a fixed maturity or redemption framework, and is not structured as a short-term debt instrument.

It therefore does not fall within the meaning of a money-market instrument as set out in Article 4(1), point (17), of Directive 2014/65/EU.

**Units in collective investment undertakings**

The ALTHEA Token does not qualify as a unit in a collective investment undertaking (CIU).

While MiFID II does not explicitly define the concept of a collective investment undertaking, consistent interpretation across the regulatory framework – particularly with reference to the UCITS Directive and AIFMD – requires the assessment of whether a crypto-asset project meets three cumulative criteria: (i) the pooling of capital from a number of investors; (ii) the purpose of investing this capital in accordance with a defined investment policy; and (iii) the aim of generating a pooled return for the benefit of those investors [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 37]. The notion of "units" in this context refers to participation rights issued by the undertaking, which grant investors a proportionate share in the fund and its returns.

In addition, it has to be examined whether the token holders, acting as a collective, retain day-to-day discretion or control over the management of the pooled assets [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 39]. Where token holders exercise operational control, and there is no external management based on a predefined investment

policy, the crypto-asset should not be considered a CIU [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 39, 42].

The ALTHEA Token does not meet these requirements.

First, there is no indication of capital pooling for investment purposes. While ALTHEA Tokens may be acquired and used within the Althea protocol, the token does not operate as a vehicle for raising capital from a number of investors to be managed collectively. The proceeds from token allocations are not organised into a fund structure, nor are they placed under the control of a fund manager or deployed into investment instruments on behalf of token holders.

Second, the ALTHEA Token does not serve the purpose of implementing a defined investment policy. There is no predefined strategy by which pooled capital is allocated across assets with the aim of generating return. The Althea protocol is designed as an infrastructure and utility framework rather than as an investment vehicle. The absence of a structured investment mandate precludes classification as a collective investment undertaking under UCITS or AIFMD criteria.

Third, the ALTHEA Token does not entitle holders to a proportionate return based on the performance of a pooled asset base. Token holders do not benefit from any underlying investment portfolio, and there is no mechanism

| | | for distributing profits or losses from asset management. While ALTHEA Tokens may be used for staking, governance, or protocol-level participation, these functions do not amount to a financial return derived from professional asset management. |
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

Furthermore, the ALTHEA Token is not embedded in a structure of delegated management. Token holders are active participants in a decentralised protocol, and the governance framework allows for collective input into protocol parameters. There is no external manager responsible for day-to-day management of pooled assets, nor is there a predefined investment policy that binds the management of user-contributed funds.

Finally, the ALTHEA Token does not resemble a unit or share issued by a collective investment undertaking, within the meaning of Article 1(3)(b) of the UCITS Directive. It does not provide an interest in a managed portfolio, nor is it marketed or structured as a financial product offering collective exposure to a pool of capital.

In conclusion, the ALTHEA Token does not meet the cumulative criteria for qualification as a unit in a collective investment undertaking. It lacks capital pooling, a defined investment policy, pooled return features, and delegated management, all of which are required to meet the legal and regulatory concept of a CIU.

**Various derivative contracts**

|  |  | The ALTHEA Token does not qualify as a derivative contract under the provisions of Annex I Section C, points (4) to (10), of MiFID II. |
|  |  | Derivative contracts under MiFID II include options, futures, swaps, and other agreements that derive their value from an underlying reference asset and establish a future-oriented contractual commitment between parties [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 47, 48]. Such contracts may relate to securities, currencies, interest rates, emission allowances, commodities, credit risk, or other financial indices or variables [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 49]. They typically feature a time-lag between agreement and performance, with settlement in cash or physical delivery, and are structured to reflect changes in the value of the referenced underlying asset [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 49]. |
|  |  | To assess whether a crypto-asset qualifies as a derivative contract, the following elements must be considered [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 48]: |
|  |  | (i) whether the crypto-asset reflects a future commitment (e.g. obligation to buy or sell an asset at a future date or to exchange value based on price movement); |

(ii) whether the value of the crypto-asset is derived from an external underlying reference, such as rates, indices, or other financial instruments; and

(iii) whether the asset follows the settlement mechanisms and risk structures typical of derivatives, including physical or cash settlement at a defined or optional date.

The ALTHEA Token does not meet these conditions. It is not structured as a contractual commitment between two parties to exchange value or assets in the future. There is no element of a pre-arranged obligation to deliver or settle at a future date, and no mechanism that creates exposure to a referenced variable or index. Holders of the ALTHEA Token do not enter into bilateral contracts with future performance requirements. Instead, the ALTHEA Token is issued and used directly within the Althea protocol to participate in staking, governance processes, and protocol-level transactions, where its value and function are realised immediately upon transfer rather than at a future settlement date.

The ALTHEA Token is also not a tokenised derivative instrument, such as a perpetual future or synthetic forward. It does not provide synthetic exposure to any index, commodity, rate, or financial measure. There are no embedded or explicit settlement terms – either physical or cash – that would qualify the token as having derivative characteristics. Instead, transfers of

ALTHEA Tokens settle directly on the Althea blockchain in real time, reflecting immediate entries on the distributed ledger that record ownership and enable participation in the protocol.

Furthermore, the ALTHEA Token does not derive its value from any of the categories listed in Annex I Section C, points (4) to (10), of MiFID II, such as transferable securities, commodities, credit risk, financial indices, or economic indicators. Its value arises solely from market dynamics of supply and demand and from its role within the Althea ecosystem. Specifically, the token's function is to allow holders to secure the network by staking, to engage in protocol governance, and to execute transactions within the network.

Accordingly, the ALTHEA Token cannot be considered a derivative contract under MiFID II. It lacks a future-oriented contractual mechanism, is not priced by reference to an underlying asset, and does not follow the settlement or risk-transfer logic typical of financial derivatives. Instead, it operates as a present-value digital asset within the Althea protocol, conferring immediate participation rights and on-chain functionality to its holders.

**Emission allowances**

The ALTHEA Token does not qualify as an emission allowance under the legal definition set out in Article 3 of Directive 2003/87/EC.

| | | Article 3(a) of Directive 2003/87/EC defines an allowance as "an allowance to emit one tonne of carbon dioxide equivalent during a specified period, which shall be valid only for the purposes of meeting the requirements of this Directive and shall be transferable in accordance with the provisions of this Directive." An emission allowance, therefore, must confer a specific and quantifiable right to emit greenhouse gases, must be recognized under the EU Emissions Trading System (EU ETS), and must be capable of being used by regulated entities to comply with legal obligations relating to emissions reductions.

To fall within the scope of this definition, a crypto-asset would need to satisfy three core conditions [cf. ESMA Final Report, 17 Dec 2024, ESMA75453128700-1323, Annex III, para. 59]:

(i) it must represent a right to emit a defined quantity of greenhouse gases (e.g. one tonne of $CO_2$ equivalent);

(ii) it must be valid under the regulatory framework established by Directive 2003/87/EC, including recognition by competent authorities for compliance purposes; and

(iii) it must be transferable, whether directly between private parties or on regulated platforms.

The ALTHEA Token does not meet any of these requirements. It does not confer a legal entitlement to emit greenhouse gases, nor does it operate as a certificate or unit of measurement |
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in relation to such emissions. The token is not linked to any cap-and-trade system, emissions quota, or compliance obligation under EU environmental law. It cannot be used to offset emissions or fulfil regulatory requirements under the EU ETS or comparable national regimes.

Further, the ALTHEA Token is not recognised as valid within the framework of the EU ETS. It is not issued pursuant to Directive 2003/87/EC, nor is it registered, verified, or accepted by competent authorities as an instrument for compliance with emissions reduction targets. Its value and function are instead derived from its role within the Althea protocol, rather than from environmental performance or greenhouse gas mitigation.

While the ALTHEA Token is transferable, this feature alone does not bring it within the scope of an emission allowance. Transferability under Directive 2003/87/EC pertains specifically to the trading of quantified legal rights to emit $CO_2$ equivalents. The ALTHEA Token does not represent such a right and therefore cannot be treated as falling within this category.

Accordingly, the ALTHEA Token does not satisfy the legal or functional criteria of an emission allowance. It neither represents a quantifiable right to emit greenhouse gases, nor is it embedded in any compliance framework under environmental law. It therefore falls outside the scope of Article 3 of Directive 2003/87/EC.

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| | - **Deposits, including structured deposits, as referred to in Article 2(4), point (b), of MiCAR** | **Source of definition(s) (EU and/or national law as applicable):**<br><br>**Regulation (EU) 2023/1114 (MiCAR)**<br><br>Article 2(4)(b) – Exclusion of deposits and structured deposits; Article 3(1)(50) – Definition of 'deposit'; Article 3(1)(51) – Definition of 'structured deposit'<br><br>**Directive 2014/49/EU (Deposit Guarantee Schemes Directive)**<br><br>Article 2(1)(3) – Definition of 'deposit'<br><br>**Directive 2014/65/EU (MiFID II)**<br><br>Article 4(1)(43) – Definition of 'structured deposit'<br><br>**Directive 2004/39/EC (MiFID I)**:<br><br>Article 4(17) – Definition of 'financial instrument' (as referenced in the deposit exclusion)<br><br>**Case law (including paragraph references, as appropriate) to which reference is made in the explanation:**<br><br><br>**Regulatory measures or guidance to which reference is made in the explanation:**<br><br>EBA Report, 19 Jul 2024, EBA/REP/2024/17<br><br>EBA Opinion, 27 Nov 2014, EBA/Op/2014/12<br><br>EBA Opinion, 18 Sep 2020, EBA/Op/2020/15<br><br>**Explanation:** |

| | | The ALTHEA Token does not qualify as a deposit or a structured deposit within the meaning of the applicable EU regulatory framework.

MiCAR does not apply to deposits, including structured deposits, as stated in Article 2(4), point (b), of MiCAR. Article 3(1), point (50), MiCAR defines a 'deposit' as a deposit as defined in Article 2(1), point (3), of Directive 2014/49/EU. Article 3(1), point (51), MiCAR defines a 'structured deposit' as a structured deposit as defined in Article 4(1), point (43), of Directive 2014/65/EU.

According to Article 2(1)(3) of Directive 2014/49/EU, 'deposit' means a credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including a fixed-term deposit and a savings deposit, but excluding a credit balance where:

(a) its existence can only be proven by a financial instrument as defined in Article 4(17) of Directive 2004/39/EC of the European Parliament and of the Council, unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which exists in a Member State on 2 July 2014;

(b) its principal is not repayable at par;

(c) its principal is only repayable at par under a particular guarantee or agreement provided by |

the credit institution or a third party.Under this definition, the core features of a deposit are: (i) the presence of a credit balance, (ii) arising from a banking transaction, (iii) recorded and maintained by a credit institution, and (iv) subject to a legal or contractual obligation of repayment.

The ALTHEA Token fulfils none of these elements. It is not the result of funds left in an account and does not establish a credit balance. No banking transaction underpins the issuance or acquisition of the ALTHEA Token, nor is a credit institution involved. Crucially, no entity is legally or contractually obliged to repay holders an amount corresponding to the token's value. Instead, the ALTHEA Token is transferred and held on-chain and used within the protocol for staking, governance, and transaction settlement, rather than functioning as a cash deposit, fixed-term instrument, or savings product.

Equally, the ALTHEA Token does not qualify as a structured deposit under Article 4(1)(43) of MiFID II. That provision defines a structured deposit as a deposit as defined above which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk according to a formula involving factors such as an index, a financial instrument, a commodity, or a foreign exchange rate. Because the ALTHEA Token is not a deposit, it cannot be a structured deposit. Moreover, it is not structured to be fully repayable at maturity, nor does it feature a return profile dependent on a formula linked to external

| | | benchmarks. The ALTHEA Token has no maturity, no principal amount at risk, and no structured payout mechanism. Its function is realised through direct on-chain use and participation in the Althea protocol, not through a repayment obligation. |
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| | | Accordingly, the ALTHEA Token does not meet the requirements for qualification as a deposit or a structured deposit. It lacks the legal structure, financial characteristics, and regulatory context that define these categories under EU financial law and therefore cannot be excluded from MiCAR on the basis of being a deposit or structured deposit. |
| | - **Funds as referred to in Article 2(4), point (c), of MiCAR** | **Source of definition(s) (EU and/or national law as applicable):** |
| | | **Regulation (EU) 2023/1114 (MiCAR)** |
| | | Article 2(4)(c) – Exclusion of funds and e-money tokens; Article 3(1)(14) – Definition of 'funds'; Article 3(1)(7) – Definition of 'e-money token' |
| | | **Directive (EU) 2015/2366 (PSD2)** |
| | | Article 4(25) – Definition of 'funds'; Article 4(5) – Definition of 'payment transaction' |
| | | **Directive 2009/110/EC (E-Money Directive)** |
| | | Article 2(2) – Definition of 'electronic money' |
| | | **Directive 2007/64/EC (PSD1)** |
| | | Article 4(5) – Definition of 'payment transaction' (referenced via the E-Money Directive; repealed and replaced by PSD2) |

**Explanation:**

The ALTHEA Token does not qualify as funds or as an e-money token within the meaning of the relevant EU financial legislation. As a result, the exclusion under Article 2(4)(c) of MiCAR does not apply, and MiCAR is therefore applicable to the ALTHEA Token.

Article 3(1), point (14), of MiCAR defines 'funds' by reference to Article 4, point (25), of Directive (EU) 2015/2366 (PSD2), which states: "'funds' means banknotes and coins, scriptural money or electronic money as defined in point (2) of Article 2 of Directive 2009/110/EC." Article 2(2) of Directive 2009/110/EC further defines 'electronic money' as:

"electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions as defined in point 5 of Article 4 of Directive 2007/64/EC, and which is accepted by a natural or legal person other than the electronic money issuer."

Directive 2007/64/EC has been replaced by Directive (EU) 2015/2366, which defines 'payment transaction' in Article 4(5) as: "an act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee."

To qualify as funds, an instrument must therefore fall into one of the following categories:

(i) banknotes and coins, (ii) scriptural money (e.g. money held in bank accounts), or (iii) electronic money. Electronic money requires that a monetary value be: (i) stored electronically, (ii) represented by a claim on the issuer, (iii) issued on receipt of actual funds, (iv) intended for use in payment transactions, and (v) accepted by parties other than the issuer.

The ALTHEA Token is not banknotes or coins, nor is it scriptural money, as it does not represent a balance held in a payment or bank account. It also does not qualify as electronic money. First, the ALTHEA Token is not issued on receipt of fiat funds. While tokens may be acquired through various mechanisms, there is no 1:1 issuance upon receipt of fiat currency that would support monetary equivalence. Second, the ALTHEA Token does not represent a claim on the issuer. Holders of the ALTHEA Token do not have any enforceable legal right to redemption or repayment from the issuer or any affiliated entity. Third, the ALTHEA Token is not designed or primarily intended for use in "payment transactions" as defined under PSD2. It does not serve the purpose of transferring or withdrawing funds between parties for the settlement of obligations. Instead, transfers of ALTHEA Tokens represent direct on-chain movements recorded on the Althea blockchain and are tied to network functions. Fourth, it is not widely

accepted by third parties as a means of payment in the broader economy. Its use is limited to the Althea protocol environment, where it is applied in areas such as staking, governance, and protocol-level transactions.

Therefore, the ALTHEA Token does not qualify as funds under Article 3(1), point (14), MiCAR and the corresponding provisions of PSD2 and Directive 2009/110/EC.

Article 3(1), point (7), of MiCAR defines an e-money token as "a type of crypto-asset that purports to maintain a stable value by referencing the value of one official currency." The ALTHEA Token does not purport to maintain a stable value, nor does it reference the value of any official currency. Its value fluctuates according to market dynamics, ecosystem development, and its use within the Althea protocol. It is not structured, marketed, or designed to track or peg its value to a fiat currency such as the euro or U.S. dollar. There is no indication that the ALTHEA Token is backed by reserves, supported by stabilisation mechanisms, or subject to redemption guarantees that would anchor its value to a monetary benchmark. Instead, its valuation arises from the functioning and adoption of the Althea ecosystem.

Since the ALTHEA Token does not meet the criteria of funds and does not qualify as an e-money token, it is not excluded from the application of MiCAR pursuant to Article 2(4)(c). Accordingly, MiCAR is applicable.

| Brief explanation, unless more detailed assessment is relevant, that the crypto-asset is not any of the following: | |
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| - **Securitisation positions as referred to in Article 2(4), point (d), of MiCAR** | The ALTHEA Token does not qualify as a securitisation position within the meaning of Article 2(1) of Regulation (EU) 2017/2402.<br><br>MiCAR does not apply to securitisation positions in the context of a securitisation as defined in Article 2(1) of Regulation (EU) 2017/2402. That provision defines 'securitisation' as: "a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranched, having all of the following characteristics:<br><br>(a) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures;<br><br>(b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;<br><br>(c) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013."<br><br>The ALTHEA Token is not part of a structured transaction in which credit risk is tranched, nor are ALTHEA Token holders assigned to tranches |

|  |  | that define their payment profile or risk exposure. The ALTHEA Token is not linked to any exposure or pool of exposures, nor is there a framework in which payment flows to token holders depend on the performance of such exposures. There is no mechanism of prioritisation or subordination among different classes of token holders that would allocate risk or losses during the lifetime of the project. Instead, the ALTHEA Token operates independently of any credit-linked structure, and its transfer or use reflects participation in the protocol rather than exposure to an underlying pool of financial assets.<br><br>Additionally, the ALTHEA Token does not create an exposure that corresponds to the specialised lending exposures described in Article 147(8) of Regulation (EU) No 575/2013. Those exposures relate to asset-based financings that depend on the income or cash flow generated by the assets, where lenders exercise substantial control. No such dependency or lender-control structure exists in the ALTHEA Token's design or operation, which is based on distributed ledger records of balances and protocol functionality rather than on repayment streams from financed assets.<br><br>Accordingly, the ALTHEA Token is not a securitisation position and does not fall within the exemption of Article 2(4)(d) of MiCAR. |
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| - **Non-life or life insurance products or reinsurance or retrocession contracts as referred to in Article 2(4), point (e), of MiCAR** | The ALTHEA Token does not qualify as a non-life or life insurance product, reinsurance, or retrocession contract within the meaning of Article 2(4)(e) of MiCAR.<br><br>MiCAR does not apply to non-life or life insurance products falling within the classes of insurance listed in Annexes I and II to Directive 2009/138/EC, or to reinsurance and retrocession contracts referred to in that Directive. Although EU law does not provide a uniform definition of "insurance," the annexes refer to risk-transfer arrangements involving the payment of premiums in exchange for cover against defined events, such as illness, accidents, property damage, or life risks.<br><br>The ALTHEA Token is not issued as part of a risk-pooling or indemnity mechanism, does not involve the payment of premiums, and does not offer compensation or protection in the event of predefined losses. It does not function as a contract for the transfer of risk between policyholder and provider, nor does it create a legal entitlement to indemnity or payout triggered by an insured event. Instead, the ALTHEA Token is acquired and used in the context of the Althea protocol, where it enables participation in governance, staking, and protocol-level transactions, none of which are connected to insurance cover or contractual protection against risk. |

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| | | It is therefore not an insurance, reinsurance, or retrocession product and does not fall under this exemption. |
| | - **Pension product as referred to in Article 2(4), point (f), of MiCAR** | The ALTHEA Token does not qualify as a pension product within the meaning of Article 2(4)(f) of MiCAR and is therefore not excluded from the scope of the Regulation on this basis.<br><br>Article 2(4)(f) of MiCAR provides that the Regulation does not apply to pension products that, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement and that entitle the investor to certain benefits. This exemption covers products governed by national frameworks and by EU legislation such as Directive (EU) 2016/2341 on the activities and supervision of institutions for occupational retirement provision (IORPs) and Directive 2009/138/EC (Solvency II) in the case of insurance-based pension schemes.<br><br>The ALTHEA Token is not structured or recognised under any national or EU legal regime as a pension product. It is not designed to provide income upon retirement, does not grant rights to guaranteed or conditional retirement benefits, and is not subject to the supervisory or prudential requirements that apply to occupational or personal pension schemes. |

| | | The ALTHEA Token does not involve long-term savings contributions intended to accumulate retirement capital, nor is it issued or managed by a regulated pension institution or insurance-based pension provider. |
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| | | Accordingly, the ALTHEA Token does not meet the conditions for exclusion under Article 2(4)(f) MiCAR and remains subject to the Regulation. |
| | - **Officially recognised occupational pension schemes as referred to in Article 2(4), point (g), of MiCAR** | The ALTHEA Token does not qualify as part of an officially recognised occupational pension scheme and is therefore not excluded from the scope of MiCAR under Article 2(4)(g). |
| | | Article 2(4)(g) of MiCAR states that the Regulation does not apply to officially recognised occupational pension schemes falling within the scope of Directive (EU) 2016/2341 of the European Parliament and of the Council or Directive 2009/138/EC. These Directives govern institutions for occupational retirement provision (IORPs) and insurance undertakings providing occupational pension products, respectively. Such schemes are designed to accumulate and manage retirement benefits for employees and are subject to specific prudential and supervisory frameworks under EU law. |
| | | The ALTHEA Token is not structured or recognised under any national or EU legal regime as a pension product. It is not designed to provide income upon retirement, does not grant rights to guaranteed or conditional retirement benefits, and is not subject to the supervisory or prudential requirements that apply |

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| | | to occupational or personal pension schemes. The ALTHEA Token does not involve long-term savings contributions intended to accumulate retirement capital, nor is it issued or managed by a regulated pension institution or insurance-based pension provider. Instead, its use is confined to the Althea protocol, where it serves roles such as enabling governance participation, securing the network through staking, and supporting protocol-level operations.<br><br>Accordingly, the ALTHEA Token does not meet the conditions for exclusion under Article 2(4)(f) MiCAR and remains subject to the Regulation. |
| | - **Individual pension products as referred to in Article 2(4), point (h), of MiCAR** | The ALTHEA Token does not qualify as an individual pension product within the meaning of Article 2(4)(h) of MiCAR and is therefore not excluded from the scope of the Regulation.<br><br>According to Article 2(4)(h) of MiCAR, the Regulation does not apply to individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider. This provision is intended to exclude mandatory, standardised pension arrangements established by law, typically as part of a state-supported retirement system, where neither the employer nor the employee has discretion over the product or provider.<br><br>The ALTHEA Token is not part of such a legal or institutional framework. It is not associated with any pension product that receives compulsory |

| | | employer contributions under national legislation, nor is it subject to statutory restrictions on the choice of product or provider. The ALTHEA Token is not designed to serve retirement purposes, does not provide or accumulate pension benefits, and is not issued, distributed, or managed within a framework governing individual pension arrangements. Instead, it functions within the Althea protocol, where it supports activities such as staking, governance, and protocol-level transactions, none of which relate to retirement or pension entitlements.<br><br>Accordingly, the ALTHEA Token does not meet the conditions for exemption under Article 2(4)(h) of MiCAR and remains within the scope of the Regulation. |
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| | - **Pan-European Pension Products as referred to in Article 2(4), point (i), of MiCAR** | The ALTHEA Token does not qualify as a Pan-European Personal Pension Product (PEPP) within the meaning of Article 2(4)(i) of MiCAR and is therefore not excluded from the scope of the Regulation.<br><br>Article 2(4)(i) of MiCAR provides that the Regulation does not apply to a pan-European Personal Pension Product as defined in Article 2, point (2), of Regulation (EU) 2019/1238 of the European Parliament and of the Council. According to that provision, a 'pan-European Personal Pension Product' or 'PEPP' means a long-term savings personal pension product, which is provided by a financial undertaking eligible according to Article 6(1) under a PEPP contract, and subscribed to by a PEPP saver, or |

|  |  | by an independent PEPP savers association on behalf of its members, in view of retirement, and which has no or strictly limited possibility for early redemption and is registered in accordance with this Regulation. |
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|  |  | The ALTHEA Token is not offered under a PEPP contract, is not provided by a financial undertaking authorised under Article 6(1) of Regulation (EU) 2019/1238, and is not registered as a PEPP. It is not a long-term personal pension product intended for retirement savings and does not feature any of the regulatory or contractual characteristics required under the PEPP regime, including restrictions on early redemption or product registration under the applicable Regulation. Instead, the ALTHEA Token is issued and used within the Althea protocol, where it facilitates activities such as staking, governance, and protocol-level transactions, none of which have any connection to retirement saving or pension entitlements. |
|  |  | Accordingly, the ALTHEA Token does not qualify as a PEPP and is not excluded from the application of MiCAR under Article 2(4)(i). |
|  | - **Social security schemes as referred to in Article 2(4), point (j), of MiCAR** | The ALTHEA Token does not fall within the scope of a social security scheme and is therefore not excluded from the application of MiCAR under Article 2(4)(j). |
|  |  | Article 2(4)(j) of MiCAR provides that the Regulation does not apply to social security schemes covered by Regulations (EC) No 883/2004 and (EC) No 987/2009 of the European |

|  | Parliament and of the Council. These Regulations coordinate national social security systems to protect the rights of persons moving within the EU and apply to state-managed schemes that provide statutory benefits such as pensions, healthcare, unemployment, and family support.<br><br>The ALTHEA Token is not issued or managed under any statutory social security scheme. It is not linked to any entitlement or benefit arising from participation in a public system of social protection and is not coordinated or governed by the rules set out in the above Regulations. The ALTHEA Token does not provide social insurance, access to healthcare, or public welfare benefits. Instead, it exists entirely within the Althea protocol, where its role is limited to functions such as staking, governance, and protocol-level transactions, none of which relate to statutory social protection.<br><br>Accordingly, the ALTHEA Token does not qualify for the exemption under Article 2(4)(j) MiCAR and remains subject to the Regulation. |
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| **Additional relevant information** | *Note: Please set out such other information as you consider appropriate to explain the regulatory classification of the crypto-asset.* |

**INFORMATION ABOUT OFFERORS, PERSONS SEEKING ADMISSION TO TRADING, OPERATORS OF TRADING PLATFORMS**

| Name of the offeror(s), person(s) seeking admission to trading, or operator(s) of trading platforms, on whose behalf this explanation is issued | Regulated status (if any) of the offeror(s), person(s) seeking admission to trading, or operator(s) (authorisation or registration to carry out financial services activity/ies) | LEI (if applicable) | EEA/Member State of establishment, branch or registered office (as applicable) | Point of contact |
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