Nasdaq Nordic

Guidance on the Requirements for Products Referencing Crypto Assets

Table of Contents

INTRODUCTION

This document has been drawn up by the Exchange to ensure a fair and orderly trading in financial instruments referencing crypto assets as underlying assets admitted to trading at their marketplaces. The document, as amended from time to time, gives practical guidance and clarifications on the requirements that must be met by an issuer of such financial instruments applicable to the issuer under the *Rules of Nasdaq Nordic for Warrants and Certificates*[1] or the relevant *Rulebook for Issuers of Exchange Traded Notes* (collectively the "Rulebooks" and individually the "Rulebook"). Any breach of the requirements on the issuer or the instrument may also be sanctioned in the manner as prescribed in the Rulebook.

The document is divided into two Chapters. The first Chapter includes guidance on the requirements on the issuer of the financial instrument. The second Chapter includes guidance on the requirements on the underlying crypto asset. Unless otherwise stated, the requirements apply at the time of the admission to trading as well as during the entire time of the admission to trading of the financial instrument.

It is the issuer's responsibility to ascertain that the requirements set out in the Rulebook are at all times met and, if requested, demonstrate this to the Exchange.

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[1] Not applicable for Nasdaq Helsinki

CHAPTER 1 | ISSUER REQUIREMENTS

Based on the admission requirements set out in the applicable Rulebook, the following requirements apply in relation to issuers of financial instruments with crypto assets as underlying assets.

1.1.1   The issuer must fully inform the investors of the general and specific risks associated with investing in the crypto related product (e.g. a high level of volatility), as well as the risks associated with the issuers collateralization of its outstanding positions (e.g. cyber theft). If this information is not included in the prospectus approved by the relevant financial supervisory authority, it must be provided on the issuer's website.

1.1.2   The outstanding amount of the financial instruments must be fully collateralized. Collateral posted should be correlated with the underlying crypto asset. Where the underlying asset is purchased on a 1:1 basis, full collateralization is considered to be achieved. However, other methods to achieve full collateralization on a correlated basis can be considered from case to case.

1.1.3   The issuer must continuously provide information on its website regarding the collateralization methodology. This must at least include information on what collateral is deposited with which custodian and the procedures used to manage the collateral, as well as information on how the collateral is safeguarded.

1.1.4   The custodians storing the underlying crypto assets of the issuer's financial instruments are listed in Appendix A. Furthermore, based on the Issuer's application, the Exchange may accept another custodian for the storing of the underlying crypto assets.

1.1.5   The maximum leverage of the financial instruments cannot exceed a multiple of 1.

1.1.6   The market maker appointed by the issuer must be a member of the Exchange and needs to be well-informed of the financial instruments and the associated risks of the underlying crypto asset. This should be confirmed to the Exchange by the issuer.

1.1.7   Certain jurisdictions and authorities, including the UK FCA, prohibits marketing, distributing and selling crypto products to retail clients, such as UK retail clients. The issuer shall confirm to the Exchange that this is understood and respected by the issuer in relation to the financial instruments that are to be admitted to trading.

CHAPTER 2 | UNDERLYING CRYPTO ASSET REQUIREMENTS

Based on the admission requirements set out in the applicable Rulebook, the following requirements apply in relation to the crypto assets as underlying assets at the time of admission to trading.

2.1.1   If the underlying asset is a crypto asset or a basket of individual crypto assets not composing an index, it/they must be one, or a combination, of the crypto assets that are constituents in the Nasdaq Crypto Index (NCI).

2.1.2   If the underlying asset is a crypto asset index, the index must be reliable and publicly available. This normally means that the index must be administered by a benchmark administrator in accordance with Regulation (EU) 2016/1011 or in accordance with the IOSCO Principles for Financial Benchmarks. If this is not the case, the Exchange may still accept the index following a more detailed review of the index.

APPENDIX A | LIST OF APPROVED CRYPTO CUSTODIANS

Any of the following custodians may be used to store the underlying crypto assets of the issuer's financial instruments, provided that it is has the right to provide custody and administration of crypto assets on behalf of clients as a crypto asset service provider under Regulation (EU) 2023/1114 ("MiCA"):

- BitGo
- Coinbase
- Fidelity
- Gemini
- Komainu
- Zodia