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**DATE:** 25.02.2025

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**RE: INFORMATIONAL MEMORANDUM ON THE CROSSFI PROJECT**

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**INFORMATIONAL MEMORANDUM**

**1. PURPOSE OF THIS DOCUMENT**

**1.1.** We have been engaged by **CrossFi Cain S.R.O.** (“**CrossFi**” or the “**Company**”) to prepare this project description and main strategy paper (the “**Paper**”) to provide an overview of its operations. This document includes, but is not limited to, a discussion of the Company’s token issuance model and the suite of related products and services offered through the CrossFi platform.

**2. SCOPE AND LIMITATIONS**

**2.1.** This Paper reflects the Company’s strategic understanding of, and approach to, the existing regulatory environment applicable to crypto asset service providers as of the date of this document. Because regulatory frameworks are subject to change, the information provided herein may become outdated as the industry and related regulations evolve.



2.2. The scope of this Paper is strictly informational, offering insight into CrossFi’s overall strategy and compliance considerations in the jurisdictions covered. Nothing contained in this document should be interpreted as binding legal advice or a formal legal opinion.

### 3. LEGAL ISSUE

3.1. The primary consideration pertains to whether CrossFi can conduct its activities in a lawful manner in the relevant jurisdictions, particularly with respect to issuing tokens and other related products and services. This memorandum summarizes applicable laws and regulations to provide an overview of the legal landscape. It further acknowledges that CrossFi is a validly formed entity, and that its founders and team members are not subject to sanctions or ongoing criminal investigations that would restrict their ability to operate legally.

3.2. This memorandum outlines how CrossFi’s existing corporate and operational framework may facilitate the provision of cryptocurrency-related services, including token issuance, in compliance with relevant legal and regulatory requirements. It is intended solely as an informational overview and does not constitute a binding legal opinion.

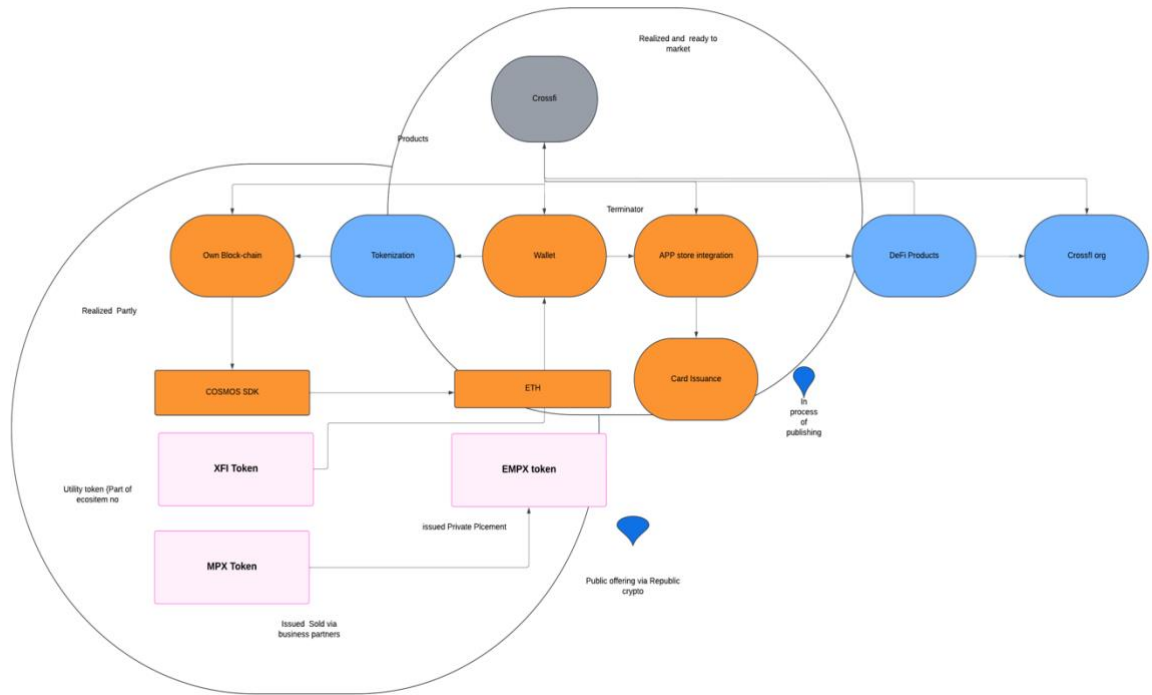
### 4. BACKGROUND

#### 4.1. Introduction to CrossFi:

**The CrossFi Chain and a Web3-compatible wallet solution:** The CrossFi Chain<sup>1</sup> leverages a dual-layer architecture, integrating Cosmos (for consensus, block production, and transaction validation) and Ethereum Virtual Machine (EVM) technologies (for smart contracts and decentralized applications). CrossFi aims to streamline interactions between fiat and cryptocurrency systems through its CrossFi application (the “**Application**”), introducing a direct gateway for card-based transactions utilizing its native token, **XFI**.

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<sup>1</sup> GitHub: <https://github.com/crossfichain>



4.2. As illustrated in the diagram, the CrossFi project has been partially initiated and comprises the following components:

4.2.1. **CrossFi Blockchain (Under Development and Not Fully Launched):** As illustrated, the CrossFi blockchain<sup>2</sup>, built on Cosmos technology, is partially developed and not yet fully launched. Governance, consensus, and decentralized applications are still evolving, with ongoing testing and refinements.

It features a dual-layer architecture combining Cosmos and Ethereum Virtual Machine (EVM) functionalities. The Cosmos Layer, powered by Tendermint and the Cosmos SDK, handles consensus, block production, transaction verification, and coin emissions, ensuring security and efficiency. The EVM Layer enables Ethereum smart contract compatibility, supporting DApps, DeFi services, anonymous payments, account abstraction, and instant payment channels through Ethermint and EVMos.

Tendermint Core provides fast finality and Byzantine Fault Tolerant (BFT) consensus, with the Cosmos SDK simplifying blockchain development. Key benefits include Delegated Proof of Stake (DPoS) governance, five-second block times, up to 64 validators, 10,000 transactions per second, and low transaction fees (~\$0.02).

<sup>2</sup> Documentation: <https://docs.crossfi.org/crossfi-chain>



Ethermint and EVMos enhance EVM compatibility, enabling Ethereum-equivalent smart contracts, MetaMask integration, and cross-chain digital asset issuance. By merging Cosmos's scalability with Ethereum's ecosystem, CrossFi aims to support DeFi and decentralized services with high-speed transactions and robust interoperability.

#### 4.2.2. **Native Tokens: MPX, XFI, and eMPX**

- (a) **MPX** is designated as the governance and staking token for the CrossFi network. It is intended to support network consensus processes once the blockchain is fully operational.
- (b) **XFI** is the primary utility token of the CrossFi ecosystem, used for transaction fees (gas) and interaction with future DeFi services. It ensures seamless operations within the network and has a capped supply to maintain value through scarcity. XFI supports decentralized applications (DApps), anonymous payments, and cross-chain interactions. It also enables account abstraction features like biometrics and two-factor authentication (2FA) for enhanced security. Additionally, XFI facilitates cross-chain bridges, allowing seamless asset transfers between blockchain networks.
- (c) **eMPX** is an Ethereum-compatible version of MPX, designed for broader market access and interoperability. As an EVM-based token, it integrates with Ethereum-compatible wallets, platforms, and exchanges, supporting smart contracts and decentralized applications (DApps) in DeFi, anonymous payments, and cross-chain transactions. eMPX can be bridged back to the Cosmos network for staking rewards, and users can earn rewards by providing eMPX liquidity within the CrossFi xAPP.

**4.2.3. DeFi Applications (In Development):** DeFi applications under the **CrossFi** banner, including, but not limited to, lending and borrowing platforms, yield farming protocols, and additional decentralized services. Although these products are envisioned to operate using both MPX and XFI, they remain in various stages of completion.

**4.2.4. CrossFi Org (Planned Governance Structure):** This organizational framework is not yet fully established; it is intended to assume an authoritative role in coordinating protocol upgrades and initiatives related to CrossFi's on-chain governance.

**4.2.5. CrossFi Wallet (Released and Launching on App Stores):** The CrossFi Wallet is release-ready and available on major app stores, providing a secure platform for managing XFI, MPX, and eMPX tokens. While some network components are still in development, the wallet is



fully functional for storage, transactions, and future on-chain interactions. It offers three key features: non-custodial crypto-to-crypto transactions, allowing users to connect wallets like MetaMask for seamless payments; smart contract security, enabling XFI transfers while maintaining full ownership; and integrated token acquisition, supporting purchases from both decentralized (DEX) and centralized (CEX) exchanges.

**4.3. For the purposes of this analysis, we were provided with the following documentation (the “Documents”):**

- 4.3.1. Commercial Register Extract for CrossFi Cain S.R.O.:** Incorporated and registered on October 25, 2023, with the Municipal Court in Prague, Company Identification Number: 198 60 340, Registered Office: Vlkova 532/8, Žižkov, Prague 3, postcode 130 00, Scope of Business: Includes a wide range of unqualified trades such as intermediation of trade and services, wholesale and retail trade, software provision, IT consulting, and being a virtual assets service provider.
- 4.3.2. Trade License Extract for CrossFi Cain S.R.O.:** Trade License Issue Date: October 30, 2023, Scope of Business: The same as in the Commercial Register, highlighting the company's engagement in trade and IT-related services along with virtual asset services, License Duration: Issued for an indefinite period.
- 4.3.3. Founding Documents:** Includes notarial deeds establishing the company, Document Reference: Ref. No. C 392893/SL1/MSPH.
- 4.3.4. CERTIFICATE OF PCI DSS COMPLIANCE for CrossFi Cain S.R.O.:** issued by Compliance Control Ltd. on August 16, 2024, Certificate Number: J9M3-ISPQ-GD29, PCI DSS Version 4.0, Valid until: August 15, 2025.
- 4.3.5. Record of a trade license:** issued by the Government of Dubai's Department of Economy and Tourism for DFMX PLATFORM LLC, Legal Type: Limited Liability Company (LLC) License Number: 11014703, DCCI Number: 455473, Issue Date: December 22, 2021, Expiry Date: December 21, 2024, Licensed Activities: Computer Systems & Communication Equipment, Software Design, Web-Design, Internet Content Provider, Education & Training Computer Software, IT Infrastructure.
- 4.3.6. VAT Registration Certificate:** certification from the Federal Tax Authority of the United Arab Emirates. It certifies that DFMX PLATFORM LLC is a registered entity for Value Added Tax (VAT) in the UAE. The key details from the certificate: Date of Issue: 13/02/2024,



Number: 2024/VAT/0000266546/001, Tax Registration Number: 104207657800003, Legal Name of Entity (English): DFMX PLATFORM LLC, Effective Registration Date: 01/03/2024, First VAT Return Period: 01/03/2024 - 31/05/2024, VAT Return Due Date: 28/06/2024.

**4.3.7. Certificate of Incorporation of CrossFi Limited:** Incorporated and registered on August 15, 2024, filed with the Hong Kong Companies Registry, Certificate Number: 76946804-000-08-24-1, Registered Office: RM 1406, 14/F SOLO BLDG 41-43 CARNARVON RD TSIM SHA TSUI HONG KONG.

#### 4.4. Overview of Legal Entities

**4.4.1. Czech Republic legal entity – CrossFi Cain S.R.O.**, a limited liability company incorporated under the laws of the Czech Republic and having its principal place of business at Vivoka 532/8, Žižkov, 130 00, Prague 3, the license holder as Virtual asset provider operates as the entity holding the trade name and may serve as a crypto exchange wallet provider and virtual asset service provider (VASP) within the CrossFi ecosystem. It is responsible for ensuring compliance with relevant cryptocurrency exchange and digital asset regulations.

**4.4.2. United Arab Emirates legal entity - DFMX PLATFORM LLC**, incorporated in United Arab Emirates, having its registered office at Burj Khalifa, Al Saaha, w301 PO BOX 9793, DUBAI, UAE, with Commercial License No: 1014703 (hereinafter the “**DFMX**”), provides IT software services and infrastructure support for the CrossFi ecosystem. Its obligations include ensuring the technical integration, reliability, and security of the CrossFi App’s systems. DFMX Platform LLC’s functions may also involve implementing data protection measures, incorporating AML/CTF compliance functionalities, and maintaining adherence to other applicable data security and privacy laws.

**4.4.3. Hong Kong legal entity - CrossFi Limited**, a limited company incorporated under the laws of Hong Kong and having its principal place of business at RM 1406, 14/F SOLO BLDG 41-43 CARNARVON RD TSIM SHA TSUI HONG KONG (hereinafter “**CrossFi Limited**”) facilitated the provision of payment card-issuing services under the CrossFi brand through the use of Reap’s APIs. It is important to note, that CrossFi Limited is in the process of applying to obtain an Money Service Business (MSB) license with the Hong Kong Monetary Authority (HKMA).

#### 4.5. Team and founders



The officers of CrossFi Cain S.R.O. and CrossFi Limited are key executives responsible for driving the company group's strategic vision and operational success. Each officer brings specialized expertise in areas such as crypto, fintech, digital marketing, and blockchain technology.

## 5. CONCLUSIONS

**5.1. Corporate Status in the Czech Republic.** Pursuant to the provisions cited and the Trade License Extract referenced in Section 4.3.2 of the submitted documentation, CrossFi Cain S.R.O. is duly registered and validly exists as a legal entity in the Czech Republic. It possesses the requisite licenses to engage in a variety of commercial activities, including those pertinent to virtual assets. The official incorporation documents, coupled with the current Czech legislation, authorize CrossFi to conduct operations within the Czech Republic's regulatory framework, specifically in the sphere of digital and financial services. This authorization is valid until December 2024 (safe to Article 63 of the EU's Markets in Crypto-Assets ("MiCA") regulation the services might continue until 2026<sup>3</sup>) or until the Czech Republic enacts legislation aligning with the MiCA regulation, whichever occurs first.

**5.2. Conclusion Regarding the CrossFi Blockchain.** From the details presented, it is evident that CrossFi has developed its own blockchain infrastructure utilizing Cosmos and Ethereum Virtual Machine (EVM) components. While certain features—such as additional layers of functionality, decentralized finance (DeFi) applications, and comprehensive governance mechanisms—may still be in development, the foundational elements of the CrossFi Chain already exist and function.

**5.3. EU-Wide Services and MiCA Requirements.** CrossFi is not yet positioned to offer its services across the entire European Union without appropriate authorization and passporting rights. To comply with MiCA regulations—particularly Articles 63 and 67, as well as Annex IV—CrossFi must establish sufficient prudential safeguards (covering at least one quarter of its prior year's fixed overheads or the relevant minimum capital requirement) and implement effective governance and AML procedures. These measures would enable CrossFi to extend its operations beyond the Czech Republic in a legally compliant manner. Nevertheless, CrossFi is actively preparing to apply for a MiCA license in order to ensure full compliance with the requirements of the MiCA.

**5.4. Token Offering.** CrossFi previously offered eMPX Tokens under a U.S. exemption (Regulation D, Rule 506(c)) permitting general solicitation but restricting sales to accredited investors, thereby

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<sup>3</sup> MiCA Transitional Provisions for CrossFi: (1) Grace Period Under MiCA: The transitional provisions set forth in MiCA afford existing crypto-asset service providers, such as CrossFi, an adjustment period to align with the new regulatory landscape. This grace period is crucial for ensuring compliance without disrupting ongoing operations. (2) Continuation of Services: Under the transitional provisions, CrossFi is permitted to continue its operations in accordance with existing national regulations until either 1 July 2026 or the issuance of a formal authorization decision under MiCA Article 63, whichever is earlier. This allows CrossFi to sustain its current service offerings while making necessary adjustments to meet the forthcoming MiCA standards.



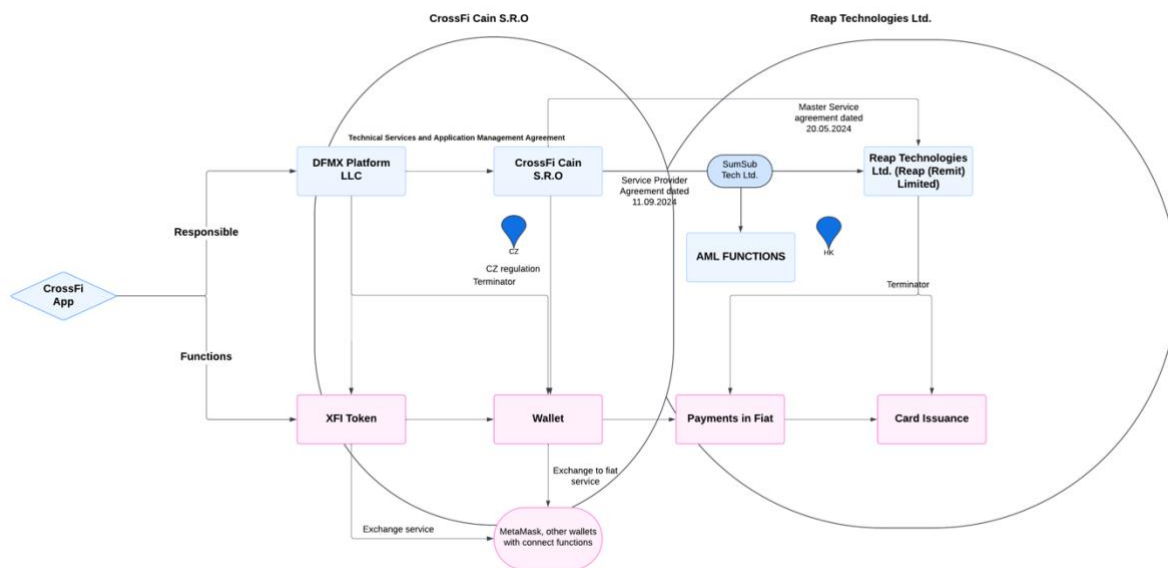
classifying these tokens as restricted securities under Rule 144 with a one-year holding period before secondary trading. In the EU, CrossFi relied on MiCA exemptions for small public offerings (below €1 million or fewer than 150 investors per member state) to reduce administrative overhead.

The XFI and MPX tokens are currently being offered by CrossFi without conducting a formal public or private placement in any jurisdiction; instead, these tokens are sold via direct sales without significant advertising.

Furthermore, the issuance of MPX, XFI, and eMPX tokens complies with the applicable provisions governing virtual assets in the Czech Republic. CrossFi may continue its token-related activities without regulatory restrictions until legislative changes under MiCA take effect.

**5.5. Intercompany agreements and regulatory piggybacking.** CrossFi maintains agreements with DFMX Limited, CrossFi Limited and Reap Technologies Ltd to ensure compliance with both local and international regulations, including those under the Hong Kong regime, which enables the Company to offer services and launch an application on the AppStore.

**6. CROSSFI AS A SERVICE: FUNCTIONAL AND REGULATORY APPROACH**



**6.1.** This structure illustrates how multiple entities from the same group of companies are jointly developing and operating the **CrossFi App**. All entities are ultimately owned by the same beneficial owner, ensuring consistent oversight of the various components.





- 6.1.1. **CrossFi Cain S.R.O.** (see **Section 7**) holds the **CrossFi** trade name and furnishes the crypto exchange wallet feature. Through an intra-group agreement (see **Section 3.4.12**), it has authorized **DFMX Platform LLC** (see **Section 3.3.1**) to use the CrossFi brand and related materials. Additionally, CrossFi Limited collaborates with CrossFi Cain S.R.O. under a Joint Development Agreement (see **Section 3.4.11**), addressing technical and administrative aspects of the development of the CrossFi App.
- 6.1.2. **DFMX Platform LLC** functions as the primary IT provider, responsible for the development, deployment and maintenance of the CrossFi App. The company publishes the application under the CrossFi brand as permitted by the Intercompany Trademark License Agreement (see **Section 3.4.13**), ensuring that the user experience meets brand and operational standards.
- 6.1.3. Meanwhile, **Reap Technologies Limited** and **Reap (Remit) Ltd** (see **Section 3.3.8**) have an engagement with CrossFi Limited. Under the Master Service Agreement (see **Section 3.4.2**) Reap supplies card issuance and fiat transaction solutions, allowing CrossFi App users to manage virtual cards and conduct fiat-based payments.

## 6.2. **Regulatory Framework and Status of CrossFi in the Czech Republic**

CrossFi's operations, specifically in the management and exchange of cryptocurrencies through its platform, fall outside the traditional regulatory frameworks defined for financial services in the Czech Republic<sup>4</sup>:

- 6.2.1. **Non-Recognition under Financial Regulations:** Under the MiCA regulation, the cryptocurrencies managed by CrossFi are categorized as crypto assets, which are considered commodities, rather than electronic money or funds. This categorization places CrossFi outside the rigorous regulatory scopes that govern traditional financial instruments and payment services.
- 6.2.2. **Non-Applicability of Bureau-de-change Regulations (Money transmitter business):** CrossFi's activities related to cryptocurrency transactions do not meet the definition of bureau-de-change transactions. According to the Act on Bureau-de-change Activities, such transactions involve the physical exchange of money denominated in various currencies, which does not apply to CrossFi's digital token operations.

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<sup>4</sup> Letter of Central bank of Czech Republic. [https://www.cnb.cz/export/sites/cnb/en/faq/galleries/trading\\_with\\_exchange\\_tokens.pdf](https://www.cnb.cz/export/sites/cnb/en/faq/galleries/trading_with_exchange_tokens.pdf)



**6.2.3. Limited Network Payment Exemptions:** The operational model of CrossFi, particularly its role in facilitating token exchanges, might fall under the exemptions for limited network payments according to Article 3(3)(c)(4) of the Payment System Act<sup>5</sup>, which specifies that payments made using instruments intended solely for a very limited range of goods or services do not constitute traditional payment services.

### **6.3. Regulatory approach on terms of crypto exchange and crypto transactional services including wallet in the Czech Republic**

**6.3.1.** According to Section 2(1)(l) of Act No. 253/2008 Coll<sup>6</sup>, on Selected Measures against Legitimization of Proceeds of Crime and Financing of Terrorism (the "**AML Act**"), a Virtual Asset Service Provider is classified as an obliged entity. *VASPs are defined as persons whose business activities include the buying, selling, storing, managing, transferring, or mediating the purchase or sale of virtual assets, providing financial services related to the sale of virtual assets, or other analogous services concerning virtual assets.*

**6.3.2. Trade License Requirements:** Entities intending to provide services related to virtual assets must obtain a trade authorization, classified under notifiable unqualified trades, as outlined in the Trade Licensing Act 455/1991 Coll<sup>7</sup>. Failure to possess the requisite trade license can result in administrative penalties of up to CZK 500,000 or criminal penalties including imprisonment or prohibition of activities for unauthorized business operations per Section 251 of Act No. 40/2009 Coll., the Criminal Code.

### **6.4. Third Party Infrastructure**

As part of its regulatory strategy, **CrossFi** considers plans to operate, focusing on partnerships with third-party licensed service providers. To implement this strategy, CrossFi has concluded agreements with **Reap (Remit) Ltd.** Reap (Remit) Ltd (Address: Unit 25E, 23/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong), appears to function as a licensed financial intermediary facilitating card issuance and fiat-related transactions on behalf of the CrossFi ecosystem. In this capacity, **Reap (Remit) Ltd.** may be responsible for obtaining and maintaining the appropriate licenses or authorizations required by the applicable regulatory frameworks governing payment services, card issuance, and money transmission activities. Reap Technologies Limited is contractually linked to Reap

<sup>5</sup> Act No 370/2017 Sb. on Payments ([https://www.mfcr.cz/assets/cs/media/Zak\\_2017-370\\_Zakon-o-platebnim-styku-anglicky-preklad-k-1-4-2019.pdf](https://www.mfcr.cz/assets/cs/media/Zak_2017-370_Zakon-o-platebnim-styku-anglicky-preklad-k-1-4-2019.pdf))

<sup>6</sup> Act No 253/2008 Coll. <https://fau.gov.cz/files/zakon-c-2532008-sb-v-anglicke-verzi-zneni-ucinneho-od-1-cervence-2017.pdf>

<sup>7</sup> 455/1991 Coll., on trade business (Trades Act)

[http://www.vertic.org/media/National%20Legislation/Czech\\_Republic/CZ\\_Trades\\_Licensing\\_Act.pdf](http://www.vertic.org/media/National%20Legislation/Czech_Republic/CZ_Trades_Licensing_Act.pdf)



(Remit) Ltd, potentially under a Master Services Agreement (MSA). Through this contractual arrangement, Reap Technologies Limited provides technical and operational support, including technology integration, compliance tools, and infrastructure management. Its role may encompass ensuring that card issuance, payment processing, and other financial services comply with the relevant legal standards, card network rules, and applicable anti-money laundering (AML) and counter-terrorist financing (CTF) requirements.

## **7. TOKEN OFFERINGS AND SALES**

### **7.1. Offering of eMPX tokens**

**7.1.1.** CrossFi successfully listed its eMPX token on Republic<sup>8</sup>, a global investment platform, under Reg D, Rule 506(c) of the U.S. Securities Act of 1933. This allows general solicitation but limits sales to accredited investors, requiring strict verification and compliance. The offering, conducted by CrossFi Cain S.R.O. in the Czech Republic, aimed to raise \$1 million through a private placement, ensuring full KYC/AML compliance.

**7.1.2.** eMPX Tokens are classified as securities under U.S. law, restricting their transferability. As unregistered securities, they fall under Rule 144, requiring a one-year holding period before secondary sales to comply with federal and state regulations.

**7.1.3.** CrossFi is not registered as a Money Transmitter Business (MTB) or BitLicense holder in the U.S. and does not plan to do so. By using Regulation D, the company avoids public registration while maintaining compliance with U.S. securities laws.

### **7.2. Private Token Sales**

**7.2.1.** Private token sales target a limited group of investors, avoiding broad marketing and many public fundraising regulations. In the U.S., they can qualify for exemptions under Regulation D (Rules 506(b) or 506(c)), restricting sales to accredited investors and limiting resale under Rule 144. In the UK, the FCA permits similar private placements if tokens are considered securities, allowing issuers to bypass a full prospectus when offering to qualified investors. Across the EU, issuers rely on exemptions under the Prospectus Regulation, such as limiting offers to fewer than 150 persons per member state or staying below funding thresholds, with MiCA regulations set to introduce uniform rules. In the Czech Republic, these EU exemptions

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<sup>8</sup> <https://republic.com/crossfi>



apply alongside Czech National Bank (CNB) regulations and local AML requirements, enabling small-scale, invite-only sales without constituting a public offering.

- 7.2.2.** In Vietnam and other Asian markets, regulations vary but often prohibit recognizing cryptocurrencies as legal tender or conducting large-scale public sales without proper registration. Private sales with limited advertising and strong AML/KYC measures generally operate within an acceptable gray area, provided tokens are not marketed as payment instruments and investors understand the risks. Best practices for private token sales include restricting access to sophisticated or accredited investors, enforcing KYC/AML compliance, and providing clear documentation on the token's nature, risks, and transfer restrictions.

### **7.3. SAFT (Simple Agreements for Future Token)**

- 7.3.1.** The Simple Agreement for Future Tokens (**SAFT**) between CrossFi Cain S.R.O. and investors allows monetary contributions in exchange for MPX tokens at a discounted price. Tokens are subject to a one-month lock-up, followed by a four-month gradual release.
- 7.3.2.** Tokens are delivered only upon a Token Generation Event (**TGE**). The CrossFi project remains under the company's exclusive management, retaining full control over intellectual property and development. A separate legal entity will be formed to oversee the project, ensuring regulatory compliance.
- 7.3.3.** The agreement enforces AML/KYC requirements, restricting token sales in sanctioned jurisdictions and maintaining compliance with global financial regulations.
- 7.3.4.** CrossFi does not guarantee token value appreciation or grant ownership stakes. The company reserves the right to adjust token design, distribution, and project structure in response to regulatory or operational needs.

### **7.4. Status and Validity of XFI and MPX Tokens**

#### **7.4.1. Status of XFI tokens: Classification as a Utility Token**

The XFI token is a utility token designed for use within the XFI ecosystem, not as an investment vehicle. It serves as a payment token, enabling transactions and access to services like XFI.Auth (security), XFI.Money (payments and fiat conversion), XFI.Finance (multi-currency platform with a debit card), XFI.Payment (merchant system), XFI.Wallet (crypto wallet), and XFI.Collabor (staking for validators).



XFI is not a security, as it grants no ownership, dividends, or voting rights in CrossFi Cain S.R.O. or any entity. Token holders have no claim to company assets in liquidation and bear no shareholder obligations.

#### 7.4.2. Status of MPX tokens: Governance Coin

Voting power scales with the amount of MPX staked, granting holders influence over network decisions. Staked MPX mines XFI, yielding rewards in XFI. MPX also covers transaction fees within the Cosmos-based network. Its staking yield (APR) is calculated based on XFI price, block issuance rate, and total MPX staked. As both a governance and utility token, MPX supports staking-driven XFI generation, reinforcing its role in CrossFi's decentralized ecosystem.

**7.4.3. EU regulations.** EU member states often apply **MiFID II** principles or local securities laws. A crypto-token may be deemed a “financial instrument” if it confers rights analogous to shares or debt instruments—or qualifies as a derivative.

**Governance Aspect.** Conferring voting rights alone does not necessarily create a security if these rights do not resemble equity or ownership in a legal entity.

**Staking Rewards.** If staking is perceived merely as operational security/validation for the network, it could be argued the token is designed for **utility**. However, if the arrangement is marketed like an investment scheme, regulators might treat it as a security token.

**Under the MiCA Regulation.** **MiCA** introduces specific categories like “asset-referenced tokens,” “e-money tokens,” and “utility tokens.” A token used **primarily for governance, network participation, and fee payment** might be classed as a “**utility token.**” However, if it is **marketed or used** in a way that emphasizes profit, it could still attract more stringent oversight.

DocuSigned by:

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