



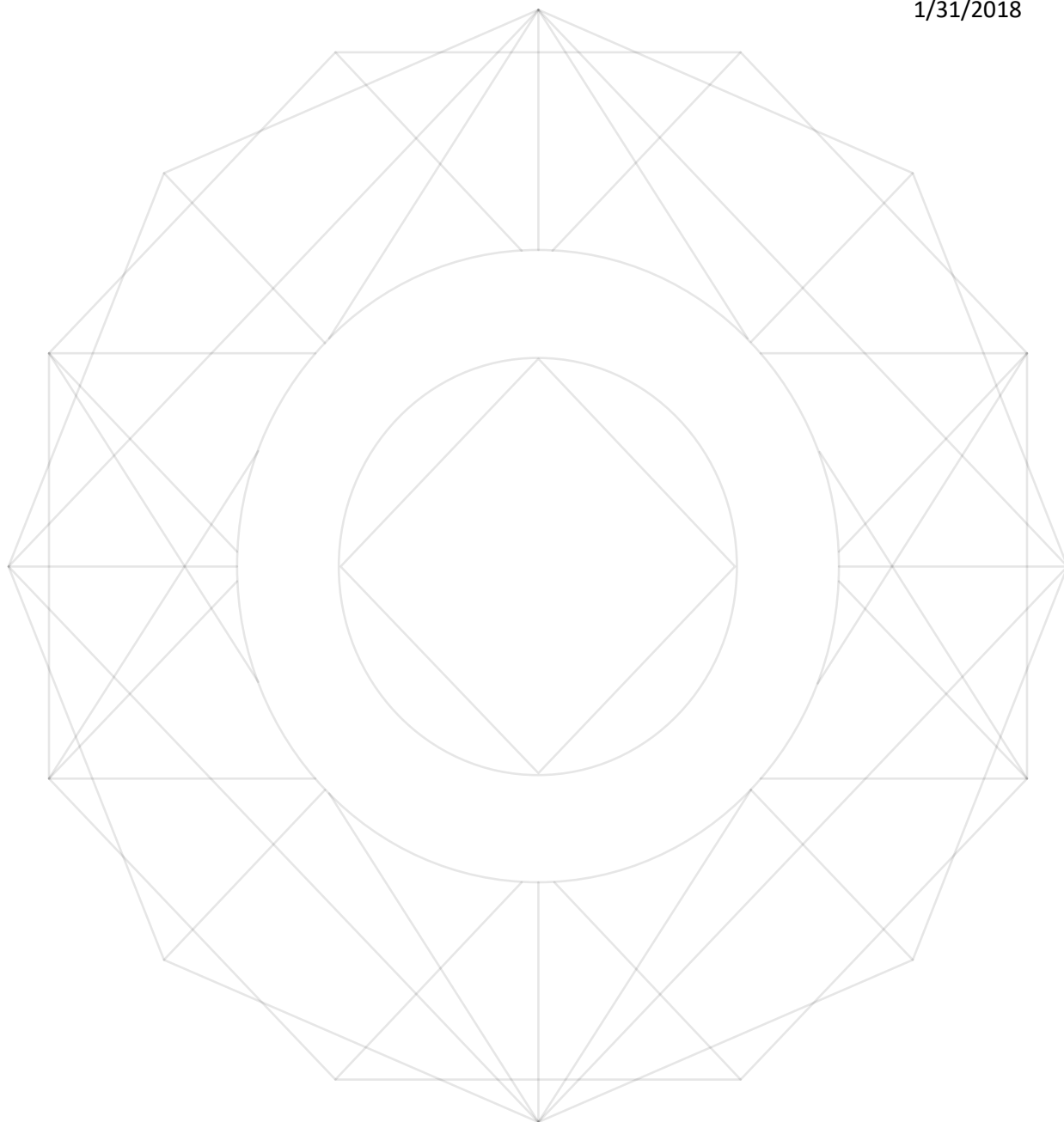
OpenFinance  
NETWORK

# OPEN FINANCE NETWORK

Trading Real Assets on Blockchain

**SECURITY TOKEN FRAMEWORK V1.1**

1/31/2018



## SECURITY TOKEN FRAMEWORK

### OVERVIEW

CFX Markets is the leading trading platform for alternative assets. This framework is designed to provide insight into how we evaluate security tokens for listing on CFX Markets. It is not an endorsement of any specific security or asset. We reserve full and absolute discretion to list, not list, or de-list any asset for trading on CFX Markets regardless of how the criteria in this framework may apply to the asset. We expect this framework and document to evolve over time.

### REGULATORY COMPLIANCE & LEGAL

Assessment of the application of laws, regulations and compliance best practices.

Securities Offering Exemptions	<p>The asset is classified as a security and the primary offering was conducted under one of the following exemptions:</p> <ul style="list-style-type: none"><li>• Regulation D (506b, 506c)</li><li>• Regulation A+</li><li>• Regulation CF</li></ul>
Compliance Obligations	<p>The primary offering of the asset met the necessary compliance obligations, including:</p> <ul style="list-style-type: none"><li>• Anti-Money Laundering (AML)</li><li>• Know-Your-Customer (KYC)</li><li>• Investor Suitability</li><li>• Investor Accreditation (for Reg D)</li></ul>
Bad Actor Checks	<p>The management team is run through a standard “Bad Actor” check and reviewed for integrity and reputational risk.</p>

## COMPANY MISSION & VALUES

Assessment of the issuer, the core function of the asset, and governance around the asset and issuer.

Founders and Leadership	Management team is able to articulate the vision, strategy and use cases of the security token and how it creates value for network participants.
Open Network	Open financial system accessible to use by anyone with access to the internet. The technology enables individuals to have more control over their own wealth and property, or the freedom to consume, produce, invest, or work as they choose. Overall network contributes to the broader mission of building on-ramps to Finance 2.0.
Governance	Assessment of long-term operating expectations and decision making. Defined roadmap for the decentralized network and outlined project goals from a business and technology perspective. Structured process to propose and implement major updates to the network, with a system or voting process for conflict resolution.

## OPERATIONS & TECHNOLOGY

Assessment of the operations and technology of the asset and issuer.

Business & Operations	Track record of management team or history of interacting with community. Demonstrated ability to set a reasonable budget and managing funds, and achieving project milestones. Cash management best practices in place.
Engineering & Security	Open source code, documented peer reviews, and overall assessment of the engineering team. Demonstrated focus on stringent security protocols and best practices to limit scams, hacks, and theft of funds.