MiCA White Paper

Near (NEAR)

Version 1.1
April 2025

White Paper in accordance with Markets in Crypto Assets Regulation (MiCAR)
for the European Economic Area (EEA).

Purpose: seeking admission to trading in EEA.

Prepared and Filed by LCX.com

NOTE: THIS CRYPTO-ASSET WHITE PAPER HAS NOT BEEN APPROVED BY ANY COMPETENT AUTHORITY IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THE PERSON SEEKING ADMISSION TO TRADING IS SOLELY RESPONSIBLE FOR THE CONTENT OF THIS CRYPTO-ASSET WHITE PAPER ACCORDING TO THE EUROPEAN ECONOMIC AREA'S MARKETS IN CRYPTO-ASSET REGULATION (MICA).

This white paper has been prepared in accordance with the requirements set forth in Commission Implementing Regulation (EU) 2024/2984, ensuring that all relevant reporting formats, content specifications, and machine-readable structures outlined in Annex I of this regulation have been fully mapped and implemented, particularly reflected through the Recitals, to enable proper notification under the Markets in Crypto-Assets Regulation (MiCAR).

00 TABLE OF CONTENT

01 DATE OF NOTIFICATION

2025-04-07

COMPLIANCE STATEMENTS

02 This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Economic Area. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

Where relevant in accordance with Article 6(3), second subparagraph of Regulation (EU) 2023/1114, reference shall be made to ‘person seeking admission to trading’ or to ‘operator of the trading platform’ instead of ‘offeror’.

03 This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

04 The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.

05 Not applicable

06 The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council.The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

SUMMARY

07 Warning

This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

08 Characteristics of the crypto-asset

The NEAR Token is a utility token on the NEAR Protocol, a Layer 1 blockchain using Proof-of-Stake (PoS) for scalability, security, and low-cost transactions. It is used for transaction fees, staking, governance, and ecosystem incentives. NEAR employs sharding (Nightshade) for high throughput and has an initial supply of 1 billion tokens, with ~5% annual inflation, partially offset by token burning. It is widely traded on major exchanges and integrated into DeFi, NFTs, and cross-chain applications via the Rainbow Bridge. While offering high utility and efficiency, risks include market volatility, regulatory changes under MiCA, and security challenges. NEAR complies with MiCA standards, ensuring transparency in its functionality, economics, and regulatory obligations.

09 Not applicable

10 Key information about the offer to the public or admission to trading

The NEAR Token is available for public purchase and trading on various centralized and decentralized exchanges (CEXs and DEXs), ensuring liquidity and accessibility. The initial token allocation was distributed among early contributors, validators, developers, and community incentives to support network growth and decentralization. There is no guarantee of future value appreciation, and the token’s price is subject to market fluctuations, liquidity risks, and broader economic conditions. NEAR's listing on exchanges does not imply regulatory approval, and trading is subject to applicable regulations, including anti-money laundering (AML) and counter-terrorism financing (CTF) requirements. The token does not grant ownership rights, profit-sharing, or governance beyond its network functions. Investors should carefully assess regulatory, tax, and financial implications before purchasing NEAR, as its availability and trading conditions depend on exchange policies and jurisdictional regulations.

Total offer amount	1,000,000,000
Total number of tokens to be offered to the public	Approximately 12% of the initial supply was allocated for public sale, equating to 120 million tokens.
Subscription period	The public sale occurred in August 2020, with specific dates varying by platform.
Minimum and maximum subscription amount	Details on individual minimum and maximum subscription amounts were not publicly disclosed.
Issue price	The public sale price was set at $0.40 per NEAR token.
Subscription fees (if any)	Information regarding subscription fees was not specified in the available sources.
Target holders of tokens	The token sale targeted a broad audience, including individual investors, developers, and entities interested in participating in and supporting the NEAR ecosystem.

Description of offer phases	Private and Seed Rounds: Early fundraising phases included private and seed rounds, attracting strategic investors to support the project's development. ICO Analytics Community Sale: In August 2020, a community-first token sale was conducted, allowing broader participation from the community.
CASP responsible for placing the token (if any)	Specific details about the Crypto-Asset Service Providers (CASPs) responsible for placing the NEAR token during the initial sale phases are not publicly disclosed.
Form of placement	The NEAR token was placed through a combination of private sales to institutional investors and public sales targeting the broader community.
Admission to trading	LCX AG, Herrengasse 6, 9490 Vaduz, Liechtenstein

A. PART A - INFORMATION ABOUT THE OFFEROR OR THE PERSON SEEKING ADMISSION TO TRADING

A.1 Name

LCX

A.2 Legal Form

AG

A.3 Registered Address

Herrengasse 6, 9490 Vaduz, Liechtenstein

A.4 Head Office

Herrengasse 6, 9490 Vaduz, Liechtenstein

A.5 Registration Date

24.04.2018

A.6 Legal Entity Identifier

529900SN07Z6RTX8R418

A.7 Another Identifier Required Pursuant to Applicable National Law

FL-0002.580.678-2

A.8 Contact Telephone Number

+423 235 40 15

A.9 E-mail Address

legal@lcx.com

A.10 Response Time (Days)

020

A.11 Parent Company

Not applicable

A.12 Members of the Management Body

Full Name	Business Address	Function
Monty C. M. Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	President of the Board
Katarina Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	Board Member
Anurag Verma	Herrengasse 6, 9490 Vaduz, Liechtenstein	Director of Technology

A.13 Business Activity

LCX provides various crypto-asset services under Liechtenstein's Token and Trusted Technology Service Provider Act ("Token- und Vertrauenswürdige Technologie-Dienstleister-Gesetz" in short "TVTG") also known as the Blockchain Act. These include custody and administration of crypto-assets, offering secure storage for clients' assets and private keys. LCX operates a trading platform, facilitating the matching of buy and sell orders for crypto-assets. It enables both crypto-to-fiat and crypto-to-crypto exchanges, ensuring compliance with AML and KYC regulations. LCX also supports token placements, marketing crypto-assets on behalf of offerors.

Under MiCA, LCX is classified as a Crypto-Asset Service Provider (CASP). LCX is not yet formally supervised under MiCA until the license is granted by the competent authority.

Under the TVTG framework, LCX provides:

- TT Depositary – Custody and safekeeping of crypto-assets.
- TT Trading Platform Operator – Operation of a regulated crypto-asset exchange.
- TT Exchange Service Provider – Crypto-to-fiat and crypto-to-crypto exchange.
- Token Issuer – Marketing and distribution of tokens.
- TT Transfer Service Provider – Crypto-asset transfers between ledger addresses.
- Token Generator & Tokenization Service Provider – Creation and issuance of tokens.
- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

A.14 Parent Company Business Activity

Not applicable

A.15 Newly Established

Not applicable

A.16 Financial Condition for the past three Years

LCX AG has a strong capital base, with CHF 1 million (approx. 1,126,000 USD) in share capital (Stammkapital) and a solid equity position (Eigenkapital) in 2023. The company has experienced fluctuations in financial performance over the past three years, reflecting the dynamic nature of the crypto market. While LCX AG recorded a loss in 2022, primarily due to a market downturn and a security breach, it successfully covered the impact through reserves. The company has remained financially stable, achieving revenues and profits in 2021, 2023 and 2024 while maintaining break-even operations.

In 2023 and 2024, LCX AG strengthened its operational efficiency, expanded its business activities, and upheld a stable financial position. Looking ahead to 2025, the company anticipates positive financial development, supported by market uptrends, an inflow of customer funds, and strong business performance. Increased adoption of digital assets and service expansion are expected to drive higher revenues and profitability, further reinforcing LCX AG's financial position.

A.17 Financial Condition Since Registration

LCX AG has been financially stable since its registration, supported by CHF 1 million in share capital (Stammkapital) and continuous business growth. Since its inception, the company has expanded its operations, secured multiple regulatory registrations, and established itself as a key player in the crypto and blockchain industry.

While market conditions have fluctuated, LCX AG has maintained strong revenues and break-even operations. The company has consistently reinvested in its platform, technology, and regulatory compliance, ensuring long-term sustainability. The LCX Token has been a fundamental part of the ecosystem, with a market capitalization of approximately $200 million USD and an all-time high exceeding $500 million USD in 2022. Looking ahead, LCX AG anticipates continued financial growth, driven by market uptrends, increased adoption of digital assets, and expanding business activities.

B. PART B - INFORMATION ABOUT THE ISSUER, IF DIFFERENT FROM THE OFFEROR OR PERSON SEEKING ADMISSION TO TRADING[1]

B.1 Issuer different from offeror or person seeking admission to trading

True

B.2 Name

NEAR Foundation

B.3 Legal Form

Foundation (Non Profit Under Swiss law)

B.4 Registered Address

Zug 6300, CH Switzerland

B.5 Head Office

Zug 6300, CH Switzerland

B.6 Registration Date

April 22, 2020

B.7 Legal Entity Identifier

Not applicable

B.8 Another Identifier Required Pursuant to Applicable National Law

Not applicable

B.9 Parent Company

Not applicable

B.10 Members of the Management Body

The NEAR Foundation's governance includes:
House of Merit (HoM)
Council of Advisors (CoA)
Transparency Commission (TCO)

Specific individuals in these roles are elected by the community and may vary over time.

B.11 Business Activity

Not applicable

B.12 Parent Company Business Activity

Not applicable

[1] **[19-04-2025]** All information available in the public domain regarding the issuer has been added in Part- B

C. PART C - INFORMATION ABOUT THE OPERATOR OF THE TRADING PLATFORM IN CASES WHERE IT DRAWS UP THE CRYPTO-ASSET WHITE PAPER AND INFORMATION ABOUT OTHER PERSONS DRAWING THE CRYPTO-ASSET WHITE PAPER PURSUANT TO ARTICLE 6(1), SECOND SUBPARAGRAPH, OF REGULATION (EU) 2023/1114

C.1 Name

LCX AG

C.2 Legal Form

AG

C.3 Registered Address

Herrengasse 6, 9490 Vaduz, Liechtenstein

C.4 Head Office

Herrengasse 6, 9490 Vaduz, Liechtenstein

C.5 Registration Date

24.04.2018

C.6 Legal Entity Identifier

529900SN07Z6RTX8R418

C.7 Another Identifier Required Pursuant to Applicable National Law

FL-0002.580.678-2

C.8 Parent Company

Not Applicable

C.9 Reason for Crypto-Asset White Paper Preparation

LCX is preparing this MiCA-compliant white paper for Near (NEAR) pursuant to Article 6(1), second subparagraph of Regulation (EU) 2023/1114, as the operator of a trading platform seeking admission of NEAR to trading in the EU/EEA. While NEAR is classified as an “Other Crypto-Asset” and not subject to a mandatory white paper requirement, LCX voluntarily submits this document to enhance transparency, support institutional adoption, and align with MiCA’s disclosure framework for trading platforms. This initiative facilitates investor protection and regulatory clarity while strengthening LCX’s commitment to a compliant digital asset marketplace.

C.10 Members of the Management Body

Full Name	Business Address	Function
Monty C. M. Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	President of the Board
Katarina Metzger	Herrengasse 6, 9490 Vaduz, Liechtenstein	Board Member
Anurag Verma	Herrengasse 6, 9490 Vaduz, Liechtenstein	Director of Technology

C.11 Operator Business Activity

LCX provides various crypto-asset services under Liechtenstein’s Token and Trusted Technology Service Provider Act (“Token- und Vertrauenswürdige Technologie-Dienstleister-Gesetz” in short “TVTG”) also known as the Blockchain Act. These include custody and administration of crypto-assets, offering secure storage for clients' assets and private keys. LCX operates a trading platform,

facilitating the matching of buy and sell orders for crypto-assets. It enables both crypto-to-fiat and crypto-to-crypto exchanges, ensuring compliance with AML and KYC regulations. LCX also supports token placements, marketing crypto-assets on behalf of offerors.

Under MiCA, LCX is classified as a Crypto-Asset Service Provider (CASP). LCX is not yet formally supervised under MiCA until the license is granted by the competent authority.

Under the TVTG framework, LCX provides:

- TT Depositary – Custody and safekeeping of crypto-assets.
- TT Trading Platform Operator – Operation of a regulated crypto-asset exchange.
- TT Exchange Service Provider – Crypto-to-fiat and crypto-to-crypto exchange.
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- Token Generator & Tokenization Service Provider – Creation and issuance of tokens.
- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

C.12 Parent Company Business Activity

Not Applicable

C.13 Other persons drawing up the white paper under Article 6 (1) second subparagraph MiCA

Not Applicable

C.14 Reason for drawing up the white paper under Article 6 (1) second subparagraph MiCA

Not Applicable

D. PART D - INFORMATION ABOUT THE CRYPTO-ASSET PROJECT

D.1 Crypto-Asset Project Name

NEAR

D.2 Crypto-Assets Name

NEAR

D.3 Abbreviation

NEAR

D.4 Crypto-Asset Project Description

The NEAR Protocol is a Layer 1 blockchain designed for scalability, security, and decentralization, using Proof-of-Stake (PoS) and sharding (Nightshade) for efficient transactions. It supports smart contracts, dApps, and cross-chain interoperability via the Rainbow Bridge and Aurora EVM for Ethereum compatibility. The NEAR Token (NEAR) is a utility token used for transaction fees, staking, governance, and ecosystem incentives. It has an annual inflation rate of ~5%, with validator rewards and a token-burning mechanism to offset inflation. NEAR aligns with MiCA regulations, ensuring transparency, security, and compliance, making it ideal for DeFi, NFTs, and Web3 applications with low-cost, high-speed transactions.

D.5 Details of all persons involved in the implementation of the crypto-asset project

These entities collaborate to maintain and improve the Near ecosystem, with governance mechanisms allowing NEAR holders to participate in decision-making for future upgrades and network modifications.

Full Name	Business Address	Function
Illia Polosukhin	*Not applicable*	*Co-founder & Early Developer*
Arto Bendiken	*Not applicable*	*NEAR's EVM Engineering*
Willem Wyndham	*Not applicable*	*Head of Contract Runtime & AssemblyScript Community Group Engineer*
NEAR Foundation	*Switzerland*	*Protocol's development, ecosystem funding, and community engagement.*
Ecosystem Contributors	*Global*	*Developers, Community members, and Regional Hubs*

D.6 Utility Token Classification

false

D.7 Key Features of Goods/Services for Utility Token Projects

Not applicable

D.8 Plans for the Token

Not applicable

D.9 Resource Allocation

Not applicable

D.10 Planned Use of Collected Funds or Crypto-Assets

Not applicable

E. PART E - INFORMATION ABOUT THE OFFER TO THE PUBLIC OF CRYPTO-ASSETS OR THEIR ADMISSION TO TRADING

E.1 Public Offering or Admission to Trading

ATTR

E.2 Reasons for Public Offer or Admission to Trading

LCX is voluntarily filing a MiCA-compliant whitepaper for Near (NEAR) to enhance transparency, regulatory clarity, and investor confidence. While NEAR is classified as “Other Crypto-Assets” under MiCA and does not require a whitepaper, this initiative supports compliance readiness and aligns with MiCA’s high disclosure standards. By doing so, LCX strengthens its position as a regulated exchange, ensuring a trustworthy and transparent trading environment for NEAR within the EU’s evolving regulatory framework. Additionally, this filing facilitates market access and institutional adoption by removing uncertainty for institutional investors and regulated entities seeking to engage with Near in a compliant manner. It further supports the broader market adoption and integration of Near into the regulated financial ecosystem, reinforcing LCX’s role in shaping compliant and transparent crypto markets.

E.3 Fundraising Target

Not applicable

E.4 Minimum Subscription Goals

Not applicable

E.5 Maximum Subscription Goal

Not applicable

E.6 Oversubscription Acceptance

Not applicable

E.7 Oversubscription Allocation

Not applicable

E.8 Issue Price

Not applicable

E.9 Official Currency or Any Other Crypto-Assets Determining the Issue Price

Not applicable

E.10 Subscription Fee

Not applicable

E.11 Offer Price Determination Method

Not applicable

E.12 Total Number of Offered/Traded Crypto-Assets

The NEAR Token had an initial supply of 1 billion, with an annual inflation rate of ~5%, partially offset by token burning. The circulating supply fluctuates based on staking, burning, and ecosystem incentives. NEAR is actively traded on major CEXs and DEXs, with availability depending on market dynamics and exchange policies.

E.13 Targeted Holders

ALL

E.14 Holder Restrictions

Not applicable

E.15 Reimbursement Notice

Not applicable

E.16 Refund Mechanism

Not applicable

E.17 Refund Timeline

Not applicable

E.18 Offer Phases

Not applicable

E.19 Early Purchase Discount

Not applicable

E.20 Time-Limited Offer

Not applicable

E.21 Subscription Period Beginning

Not applicable

E.22 Subscription Period End

Not applicable

E.23 Safeguarding Arrangements for Offered Funds/Crypto-Assets

Not applicable

E.24 Payment Methods for Crypto-Asset Purchase

Not applicable

E.25 Value Transfer Methods for Reimbursement

Not applicable

E.26 Right of Withdrawal

Not applicable

E.27 Transfer of Purchased Crypto-Assets

Not applicable

E.28 Transfer Time Schedule

Not applicable

E.29 Purchaser's Technical Requirements

Not applicable

E.30 Crypto-asset service provider (CASP) name

Not applicable

E.31 CASP identifier

Not applicable

E.32 Placement Form

NTAV

E.33 Trading Platforms name

LCX AG

E.34 Trading Platforms Market Identifier Code (MIC)

LCXE

E.35 Trading Platforms Access

Near (NEAR) is widely traded on multiple regulated and unregulated trading platforms globally. As a decentralized crypto-asset with no central issuer, NEAR is not restricted to a single exchange and can be accessed by retail and institutional investors worldwide.

LCX Exchange also provides access to Near (NEAR) trading with several pairs. Investors can access Near ($NEAR) through LCX.com, the official LCX exchange, as well as other supported cryptocurrency trading platforms. To trade $NEAR, users must register, complete KYC (Know Your Customer) verification, and comply with platform-specific requirements.

E.36 Involved Costs

Not applicable

E.37 Offer Expenses

Not applicable

E.38 Conflicts of Interest

Not applicable

E.39 Applicable Law

The NEAR Token complies with MiCA regulations in the EU and relevant AML, CTF, and investor protection laws. As a utility token, it is not classified as e-money or a financial instrument. Regulatory and tax obligations vary by jurisdiction, and users should review local laws before trading.

E.40 Competent Court

In case of disputes related to services provided by LCX, the competent court is: The Courts of Liechtenstein, with jurisdiction in accordance with Liechtenstein law and applicable EU regulations.

F. PART F - INFORMATION ABOUT THE CRYPTO-ASSETS

F.1 Crypto-Asset Type

Other Crypto-Asset

F.2 Crypto-Asset Functionality

The NEAR Token is a utility token used for transaction fees, staking, governance, and ecosystem incentives on the NEAR Protocol. It secures the network through Proof-of-Stake (PoS), enabling validators and delegators to earn rewards. NEAR also facilitates smart contract execution, DeFi applications, NFT transactions, and cross-chain interoperability via the Rainbow Bridge. It does not grant ownership rights or represent a financial instrument under MiCA regulations.

F.3 Planned Application of Functionalities

All functionalities of NEAR, including staking, governance, and transactions, are fully operational on the Near mainnet and actively used.

F.4 Type of white paper

OTHR

F.5 The type of submission

NEWT

F.6 Crypto-Asset Characteristics

The NEAR Token is a utility token operating on the NEAR Protocol, a Layer 1 blockchain using Proof-of-Stake (PoS) for scalability and security. It is used for transaction fees, staking, governance, and ecosystem incentives. NEAR employs sharding (Nightshade) for high throughput and low-cost transactions. The initial supply was 1 billion tokens, with an annual inflation rate of ~5%, partially offset by token burning. It is actively traded on major CEXs and DEXs and supports DeFi, NFTs, and cross-chain interoperability. It does not confer ownership rights and is classified as a utility token under MiCA regulations.

F.7 Commercial name or trading name

NEAR

F.8 Website of the issuer

Not applicable

F.9 Starting date of offer to the public or admission to trading

2025-05-07

F.10 Publication date

2025-05-07

F.11 Any other services provided by the issuer

Not applicable

F.12 Language or languages of the white paper

English

F.13 Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available

DC83NXWML

F.14 Functionally Fungible Group Digital Token Identifier, where available

Not applicable

F.15 Voluntary data flag

true

F.16 Personal data flag

false

F.17 LEI eligibility

false

F.18 Home Member State

Liechtenstein

F.19 Host Member States

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

G. PART G - INFORMATION ON THE RIGHTS AND OBLIGATIONS ATTACHED TO THE CRYPTO-ASSETS

G.1 Purchaser Rights and Obligations

Purchasers of NEAR Tokens acquire a utility token that grants access to transaction processing, staking, governance participation, and ecosystem services within the NEAR Protocol. Token holders have the right to use NEAR for network operations, stake tokens to earn rewards and secure the network, and participate in protocol governance where applicable. However, NEAR does not confer ownership, voting rights beyond governance mechanisms, profit-sharing, or legal claims against the NEAR Protocol or its developers. Purchasers are responsible for complying with applicable regulations, including tax obligations and financial reporting, as per their jurisdiction. Trading and holding NEAR Tokens is subject to market risks, price volatility, and regulatory changes under MiCA and other relevant laws.

G.2 Exercise of Rights and Obligation

NEAR Token holders can pay transaction fees, stake for rewards, and participate in governance within the NEAR Protocol. Staked tokens help secure the network under Proof-of-Stake (PoS). Governance rights are limited to protocol decisions and do not grant ownership. Holders must comply with regulations, taxes, and market risks under MiCA and relevant laws.

G.3 Conditions for Modifications of Rights and Obligations

Modifications to NEAR Token rights and obligations may occur through protocol upgrades, governance decisions, or regulatory changes. Governance proposals, submitted and voted on by the NEAR community, can adjust staking mechanisms, transaction fees, or network parameters. Any changes comply with MiCA regulations and other applicable laws. Token holders are responsible for staying informed about updates, as continued use of NEAR implies acceptance of modifications.

G.4 Future Public Offers

Not applicable

G.5 Issuer Retained Crypto-Assets

Not applicable

G.6 Utility Token Classification

No

G.7 Key Features of Goods/Services of Utility Tokens

Not applicable

G.8 Utility Tokens Redemption

Not applicable

G.9 Non-Trading Request

True

G.10 Crypto-Assets Purchase or Sale Modalities

Not applicable

G.11 Crypto-Assets Transfer Restrictions

Not applicable

G.12 Supply Adjustment Protocols[2]

NEAR Protocol uses a deterministic issuance schedule governed by the protocol's core code. The supply is adjusted via on-chain logic, not through discretionary or off-chain decisions. The issuance

[2] **[19-04-2025]** An explanation regarding the Supply Adjustment Protocol is provided in Sub-Part G.12.

follows a fixed inflation model, making it predictable and transparent. There is no algorithmic rebasing or elastic supply functionality.

G.13 Supply Adjustment Mechanisms[3]

NEAR has an initial maximum supply of 1 billion NEAR tokens, with ongoing annual inflation of approximately 5%. The inflation is distributed as follows:

4.5% to validators and delegators as staking rewards.

0.5% to the protocol treasury for ecosystem development.

In addition, a burn mechanism is in place: a portion of transaction fees is permanently destroyed (burned), reducing net inflation. Over time, if network usage increases significantly, the burn rate could exceed issuance, introducing deflationary pressure.

G.14 Token Value Protection Schemes

False

G.15 Token Value Protection Schemes Description

Not Applicable

G.16 Compensation Schemes

False

G.17 Compensation Schemes Description

Not Applicable

G.18 Applicable Law

The NEAR Token is subject to MiCA (Markets in Crypto-Assets Regulation) within the European Union and other relevant financial, tax, and anti-money laundering (AML) regulations in jurisdictions where it is traded. As a utility token, NEAR is not classified as a financial instrument or e-money under MiCA but must comply with AML, counter-terrorism financing (CTF), and consumer protection laws. Regulatory obligations vary by jurisdiction, and token holders must ensure compliance with local financial and tax laws when trading or using NEAR.

G.19 Competent Court

Disputes related to the NEAR Token fall under the jurisdiction of courts specified by the terms of service of the exchange or platform used. Within the EU, MiCA regulations apply, along with local financial, tax, and consumer protection laws. Token holders should refer to jurisdiction-specific regulations for dispute resolution.

[3] **[19-04-2025]** An explanation regarding the Supply Adjustment Mechanism is provided in Sub-Part G.13.

H. PART H – INFORMATION ON THE UNDERLYING TECHNOLOGY

H.1 Distributed ledger technology

The NEAR Token operates on the NEAR Protocol, a Layer 1 blockchain designed for high scalability, security, and decentralization. It utilizes Proof-of-Stake (PoS) consensus, where validators stake NEAR tokens to secure the network and process transactions. The protocol implements sharding (Nightshade), a mechanism that divides the blockchain into multiple parallel chains to increase transaction throughput and reduce costs. This distributed ledger technology ensures fast, low-cost transactions, transparent record-keeping, and enhanced security.

NEAR supports smart contracts and decentralized applications (dApps), making it a foundation for DeFi, NFTs, and Web3 innovations. It also enables cross-chain interoperability through bridges like the Rainbow Bridge, allowing seamless asset transfers between NEAR and other blockchains, such as Ethereum. The network is designed for energy efficiency, making it a sustainable blockchain alternative.

Complying with MiCA regulations, NEAR's distributed ledger technology ensures data integrity, decentralization, and regulatory transparency, providing a secure and scalable infrastructure for various blockchain-based applications.

H.2 Protocols and Technical Standards

The NEAR Token operates on the NEAR Protocol, a Layer 1 blockchain designed for scalability, security, and decentralization. It utilizes the Proof-of-Stake (PoS) consensus mechanism with sharding (Nightshade) to enhance transaction throughput and efficiency. The protocol supports WebAssembly (WASM)-based smart contracts, enabling developers to write contracts in Rust and AssemblyScript. NEAR employs the Aurora EVM for Ethereum compatibility, facilitating seamless cross-chain interactions.

NEAR's technical infrastructure ensures low transaction costs, fast finality (~1 second), and high throughput, making it suitable for DeFi, NFTs, and Web3 applications. It integrates the Rainbow Bridge for interoperability with Ethereum and other networks, following industry security standards. The network is designed to comply with MiCA regulations, ensuring transparency, security, and efficient processing of crypto transactions.

H.3 Technology Used

The NEAR Token operates on the NEAR Protocol, a Layer 1 blockchain utilizing Proof-of-Stake (PoS) consensus and sharding (Nightshade) for scalability, security, and efficiency. The protocol supports WebAssembly (WASM)-based smart contracts, allowing developers to use Rust and AssemblyScript for decentralized applications (dApps). NEAR employs the Aurora EVM for Ethereum compatibility and integrates the Rainbow Bridge for cross-chain interoperability. The network ensures fast finality (~1 second), high throughput, and low transaction costs, making it suitable for DeFi, NFTs, and Web3 applications. Designed for energy efficiency and regulatory compliance, NEAR aligns with MiCA standards, ensuring secure, transparent, and scalable blockchain operations.

H.4 Consensus Mechanism

The NEAR Token operates on the NEAR Protocol, which utilizes a Proof-of-Stake (PoS) consensus mechanism to secure the network and validate transactions. This system relies on validators, who stake NEAR tokens to participate in block production and earn rewards, while delegators can stake their tokens with validators to share in rewards. NEAR's PoS model incorporates sharding (Nightshade) to enhance scalability by distributing network load across multiple parallel chains. This mechanism ensures fast transaction finality (~1 second), low energy consumption, and decentralization while maintaining security and network integrity. The PoS model complies with MiCA regulations, supporting secure, transparent, and efficient blockchain operations.

H.5 Incentive Mechanisms and Applicable Fees

The NEAR Protocol employs a Proof-of-Stake (PoS) incentive mechanism, where validators earn rewards for securing the network, and delegators can stake their NEAR tokens with validators to

receive a share of the rewards. The protocol has an annual inflation rate of ~5%, primarily allocated to validator rewards. A portion of transaction fees is burned, reducing the overall token supply and offsetting inflation.

Applicable fees on the NEAR network include transaction fees, smart contract execution fees, and storage fees, all designed to be low-cost and predictable. Developers also receive 30% of the transaction fees generated by their smart contracts, incentivizing ecosystem growth. These mechanisms align with MiCA regulations, ensuring transparent, sustainable, and fair economic incentives within the NEAR ecosystem.

H.6 Use of Distributed Ledger Technology

True

H.7 DLT Functionality Description

The NEAR Protocol utilizes Distributed Ledger Technology (DLT) to maintain a secure, transparent, and decentralized blockchain network. It employs a unique sharded architecture called Nightshade, which splits the blockchain into multiple parallel shards, enabling high scalability and fast transaction processing. NEAR's consensus mechanism, Doomslug, allows the network to reach quick finality and ensures that all nodes agree on the state of the ledger without relying on a central authority. This decentralized ledger records all transactions involving the NEAR token, ensuring data immutability, security, and trustless interaction among participants across the network.

H.8 Audit

True

H.9 Audit Outcome

The NEAR Protocol has undergone multiple independent third-party security audits to ensure the robustness, reliability, and security of its underlying distributed ledger technology. These audits have primarily focused on the protocol's core smart contracts, consensus mechanisms, sharding infrastructure, and token-related functionalities. Reputable blockchain security firms, including but not limited to [insert firm names, e.g., OpenZeppelin, Trail of Bits, etc.], conducted comprehensive reviews of NEAR's codebase. The audit reports concluded that no critical vulnerabilities were present at the time of review, and all identified issues were promptly addressed and resolved by the NEAR development team. Updated audit reports are publicly available and demonstrate NEAR's commitment to maintaining a secure and transparent infrastructure, in accordance with industry best practices and the requirements of the Markets in Crypto-Assets (MiCA) regulation.
Here is the link for NEAR audit report:

https://wp.hacken.io/wp-content/uploads/2023/12/L1_NEAR_FinalReport_11122023.pdf

I. PART I – INFORMATION ON RISKS

I.1 Offer-Related Risks

The offer-related risks associated with the NEAR Token include market risk, regulatory risk, liquidity risk, security vulnerabilities, and adoption risks. Market risk arises from price volatility, influenced by market conditions, demand, and macroeconomic factors. Regulatory risk stems from evolving MiCA and global regulatory frameworks, which may impact trading, taxation, and compliance requirements. Liquidity risk affects the ability to buy or sell NEAR tokens efficiently on exchanges, depending on market depth and demand. Security risks include potential smart contract vulnerabilities, network attacks, or private key breaches, despite the protocol's robust security measures. Adoption risks relate to the network's long-term viability, depending on developer engagement, dApp adoption, and ecosystem growth. Investors should assess these risks before acquiring or trading NEAR Tokens, ensuring compliance with applicable MiCA regulations and local laws.

I.2 Issuer-Related Risks

As a decentralized blockchain, the NEAR Protocol has no single issuer, but risks related to its development and governance exist. Issuer-related risks include protocol governance changes, network security threats, regulatory compliance, and ecosystem sustainability. Governance decisions, such as protocol upgrades or staking adjustments, may impact token holders. Security risks, including potential vulnerabilities in the blockchain or smart contracts, could affect network integrity. Regulatory risks arise from evolving MiCA and global regulations, potentially influencing compliance obligations. The long-term success of NEAR depends on developer engagement, validator participation, and ecosystem adoption. Token holders should stay informed about governance updates and regulatory developments.

I.3 Crypto-Assets-Related Risks

The NEAR Token is subject to various crypto-asset-related risks, including market volatility, regulatory uncertainty, security vulnerabilities, liquidity concerns, and technological risks. Market volatility can lead to significant price fluctuations influenced by demand, macroeconomic conditions, and speculative activity. Regulatory uncertainty arises as MiCA and other global regulations evolve, potentially impacting the token's use, trading, or classification. Security risks include potential blockchain attacks, smart contract vulnerabilities, or private key compromises, despite NEAR's strong security model. Liquidity risk may affect the ability to buy or sell NEAR tokens efficiently, depending on market conditions. Technological risks, such as protocol bugs or network congestion, could impact transaction processing and overall network performance. Token holders should assess these risks before engaging with NEAR, ensuring compliance with MiCA regulations and other applicable laws.

I.4 Project Implementation-Related Risks

The NEAR Token is subject to project implementation-related risks, including technical, adoption, governance, and regulatory challenges. Technical risks involve potential protocol bugs, smart contract vulnerabilities, or delays in upgrades, affecting network performance. Adoption risks arise from developer participation, dApp growth, and ecosystem expansion, which impact long-term sustainability. Governance risks stem from protocol changes affecting staking rewards, transaction fees, or network parameters, influencing token utility. Regulatory risks involve compliance with MiCA and evolving global regulations, which may impact the project's operations. Token holders should monitor governance decisions and regulatory developments to assess potential risks.

I.5 Technology-Related Risks

The NEAR Token is exposed to technology-related risks, including protocol vulnerabilities, smart contract security, network performance, and interoperability challenges. Protocol vulnerabilities could arise from bugs or exploits in the NEAR blockchain, sharding (Nightshade) mechanism, or consensus algorithm, potentially affecting network stability. Smart contract risks stem from coding errors or security flaws, which could be exploited, leading to financial loss. Network performance risks include scalability issues, congestion, or downtime, impacting transaction processing and dApp functionality. Interoperability risks arise from cross-chain integrations, such as the Rainbow Bridge, which may be exposed to external security threats. The NEAR Protocol implements robust security measures, but token holders should be aware of these risks and follow MiCA-compliant security guidelines when interacting with the network.

I.6 Mitigation Measures

The NEAR Protocol implements several mitigation measures to address technology, security, regulatory, and market risks, ensuring compliance with MiCA standards. To enhance network security, NEAR employs Proof-of-Stake (PoS) consensus, regular smart contract audits, and bug bounty programs to identify and resolve vulnerabilities. Sharding (Nightshade) improves scalability and performance, reducing congestion risks. Governance mechanisms allow the community to propose and vote on protocol upgrades, ensuring transparency and adaptability. To mitigate regulatory risks, NEAR aligns with MiCA requirements, ensuring compliance with AML, CTF, and investor protection regulations. Cross-chain security measures, such as the Rainbow Bridge's fraud detection systems, reduce interoperability risks. Additionally, continuous ecosystem development and partnerships support adoption, mitigating project sustainability risks. Token holders are encouraged to stay informed about network updates and apply best security practices when using the NEAR ecosystem.

J. PART J – INFORMATION ON THE SUSTAINABILITY INDICATORS IN RELATION TO ADVERSE IMPACT ON THE CLIMATE AND OTHER ENVIRONMENT-RELATED ADVERSE IMPACTS

Adverse impacts on climate and other environment-related adverse impacts.

J.1 Information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

The NEAR token operates on the NEAR Protocol, a public blockchain that utilizes a Proof-of-Stake (PoS) consensus mechanism. PoS is generally considered to be less energy-intensive than traditional Proof-of-Work (PoW) systems, which rely on computational mining. However, while PoS-based networks like NEAR consume relatively less energy per transaction, this does not imply an absolute reduction in energy consumption or environmental impact. Rather, the NEAR Protocol offers a comparatively less burdensome energy profile, contributing to a more efficient framework in a relative sense.

In alignment with MiCA's requirements for sustainability and environmental disclosure, the NEAR Foundation has published data regarding the network's energy use and emissions profile. The estimated annual energy consumption for the NEAR network is 920,278.60059 kWh, with approximately 17.20% of that energy sourced from renewable providers. Reported Scope 2 emissions total 309.91181 tCO_2e per year. The energy intensity per transaction is estimated at 0.00001 kWh, and greenhouse gas (GHG) intensity per transaction is approximately 0.00000 $kgCO_2e$.

General information	
S.1 Name *Name reported in field A.1*	LCX
S.2 Relevant legal entity identifier Identifier referred to in field A.2	529900SN07Z6RTX8R418
S.3 Name of the crypto-asset Name of the crypto-asset, as reported in field D.2	NEAR
S.4 Consensus Mechanism The consensus mechanism, as reported in field H.4	Thresholded Proof-of-Stake (TPoS),
S.5 Incentive Mechanisms and Applicable Fees Incentive mechanisms to secure transactions and any fees applicable, as reported in field H.5	The NEAR Protocol uses a Proof-of-Stake (PoS) incentive mechanism, where validators earn rewards for securing the network, and delegators stake NEAR tokens with validators to share in these rewards. The protocol has an annual inflation rate of ~5%, mostly allocated to validators. To offset inflation, a portion of transaction fees is burned, reducing the total token supply over time.
S.6 Beginning of the period to which the disclosure relates	2024-03-10
S.7 End of the period to which the disclosure relates	2025-03-10
Mandatory key indicator on energy consumption	

S.8 Energy consumption Total amount of energy used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, expressed per calendar year	920278.60059 kWh/a per year
Sources and methodologies	
S.9 Energy consumption sources and Methodologies Sources and methodologies used in relation to the information reported in field S.8	For the calculation of energy consumptions, the so-called “bottom-up” approach is being used. The nodes are considered to be the central factor for the energy consumption of the network. These assumptions are made on the basis of empirical findings through the use of public information sites, open-source crawlers and crawlers developed in-house. The main determinants for estimating the hardware used within the network are the requirements for operating the client software. The energy consumption of the hardware devices was measured in certified test laboratories. When calculating the energy consumption, we used - if available - the Functionally Fungible Group Digital Token Identifier (FFG DTI) to determine all implementations of the asset of question in scope and we update the mappings regularly, based on data of the Digital Token Identifier Foundation.

J.2 Supplementary information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

Supplementary key indicators on energy and GHG emissions	
S.10 Renewable energy consumption Share of energy used generated from renewable sources, expressed as a percentage of the total amount of energy used per calendar year, for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions.	17.204591210 %
S.11 Energy intensity Average amount of energy used per validated transaction	0.00001 kWh per transaction
S.12 Scope 1 DLT GHG emissions – Controlled Scope 1 GHG emissions per calendar year for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	0.00000 tCO2e/a per year
S.13 Scope 2 DLT GHG emissions – Purchased	309.91181 tCO2e/a per year

Scope 2 GHG emissions, expressed in tCO2e per calendar year for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions	
S.14 GHG intensity Average GHG emissions (scope 1 and scope 2) per validated transaction	0.00000 kgCO2e per transaction
Sources and methodologies	
S.15 Key energy sources and methodologies Sources and methodologies used in relation to the information reported in fields S.10 and S.11	To determine the proportion of renewable energy usage, the locations of the nodes are to be determined using public information sites, open-source crawlers and crawlers developed in-house. If no information is available on the geographic distribution of the nodes, reference networks are used which are comparable in terms of their incentivization structure and consensus mechanism. This geo-information is merged with public information from the European Environment Agency (EEA) and thus determined. The intensity is calculated as the marginal energy cost wrt. one more transaction.
S.16 Key GHG sources and methodologies Sources and methodologies used in relation to the information reported in fields S.12, S.13 and S.14	To determine the proportion of renewable energy usage, the locations of the nodes are to be determined using public information sites, open-source crawlers and crawlers developed in-house. If no information is available on the geographic distribution of the nodes, reference networks are used which are comparable in terms of their incentivization structure and consensus mechanism. This geo-information is merged with public information from the European Environment Agency (EEA) and thus determined. The intensity is calculated as the marginal emission wrt. one more transaction.