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1 Introduction

The establishment and adherence to robust token listing processes are paramount for Virtual Digital Asset (VDA) platforms, serving as the bedrock of a secure, transparent, and thriving ecosystem. A well-defined listing process not only ensures a fair and competitive environment but also safeguards users by filtering out potentially fraudulent tokens. Additionally, it enhances market confidence, attracting reputable projects and investors who seek VDA platforms with clear and consistent evaluation criteria. By implementing comprehensive listing processes, VDA platforms contribute to the overall legitimacy of the Web3 ecosystem, fostering trust among users, developers, and the broader community. This commitment to a systematic approach not only elevates the credibility of VDA platforms but also plays a vital role in shaping the responsible growth and sustainability of the Web3 ecosystem.

These Guidelines serve as a crucial framework, providing a standardized and transparent process for the listing of tokens across member VDA platforms. These Guidelines ensure consistency, fairness, and integrity in the token listing procedures, fostering a trustworthy environment for both projects and users. As we navigate the dynamic landscape of digital assets, these guidelines play a pivotal role in promoting responsible and sustainable growth within our association, reinforcing our commitment to excellence and innovation.

2 Applicability

These Guidelines have been prepared collaboratively through discussions with the Bharat Web3 Association (BWA) Compliance Subcommittee and our member VDA platforms. These Guidelines are recommendatory in nature.

For the purpose of these Guidelines, we consider a VDA/Token as (a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically; (b) a non-fungible token or any other token of similar nature, by whatever name called; (c) any other digital asset, as the Central Government may, by notification in the Official Gazette specify: Provided that the Central Government may, by notification in the Official Gazette, exclude any digital asset from the definition of VDA subject to such conditions as may be specified therein.

These Guidelines do not apply to tokens that are subject to certain categories of tokens, particularly related to limited token releases (i.e. tokens via Airdrop, ICO, IDO, or IEO), or those created through software forks (i.e. Hard Forks), for which separate rules shall be introduced in due course.

Airdrop: a marketing strategy, to promote awareness and circulation of a new token or coin, that involves sending coins or tokens to wallet addresses; an unsolicited distribution of a crypto token or coin, usually for free, to numerous wallet addresses. For e.g., MATIC transition to POL, LUNAC to LUNA.

ICO or Initial Coin Offering: a company's way to raise funds by creating a new token app, or products and services usually linked to blockchain technology; a type of crowdfunding using a token.

IDO or Initial Dex Offering: an IDO is when a project launches a token through a decentralized VDA exchange platform.

IEO or Initial Exchange Offering: an event where the sale of tokens is conducted through an established mode of exchanging tokens. It is a way start-up organisations raise capital by selling utility tokens that confer preferred status with the start-up organisation via a VDA exchange platform.

Other Scenarios: Other scenarios that may require additional nuance when determining listing criteria include technological considerations, like tokens that arise out of Hard Forks (a protocol software upgrade that permanently splits a blockchain network into two separate chains) or extra balances rewarded through Soft Forks (where no new chain is created). In such cases, whether or not the original token passes the listing criteria, a tailored approach is suggested.

Common disclosures for the above tokens should be separate, outlining the risks involved.

3 Principles of VDA Listing on an Exchange/Platform

A principle-based approach to VDA listing is essential to accommodate the ever-changing landscape of VDAs, encourage innovation, manage risks effectively, and ensure that VDA platforms remain adaptable and responsive to market developments while prioritizing investor protection and long-term sustainability. Given this, the following principles should be adhered to during the token listing process:

- **Facilitating Investor Protection:** Investor protection is the foremost priority while creating a framework for token listing, ensuring the end customer's investment is adequately protected and they are adequately informed of associated risks.
- **Ensuring Credibility and Safeguards:** Securing safeguards and ensuring credibility serves as a vital mechanism to protect both the VDA platforms and its users. Establishing such requirements prevents users from engaging in scams, investing in projects with recognized vulnerabilities, and supporting malicious endeavours. This proactive approach significantly diminishes the likelihood of financial losses within the platform.
- **Enhancing Market Efficiency:** A well-functioning and efficient market ensures that listed tokens experience adequate liquidity, contributing to smoother trading experiences for users. Moreover, an efficient market reduces the risk of market manipulation and fosters a transparent and competitive environment.

4 Guidelines for Token Listing Criteria

The proposed Guidelines suggest the token listing criteria based on token specific offerings, licenses, finances, and infrastructure, while also considering universal criteria checks and technical compatibility. The Guidelines list out Essential Metrics (defined in Para 4.1) as a precursor to the Indexed Metrics (defined in Para 4.2) which must be periodically reviewed by each member platform before making the listing decision and/or marking the risk for the token as high, medium, or low. A detailed supplemental will follow for member platforms to come to a common ground while marking risks for any tokens. Member platforms may also customize the Indexed Metrics based on their unique business model and infrastructure.

4.1 Essential Metrics

The Essential Metrics outlined in these Guidelines serve as the initial criteria for VDA platforms and act as the primary screening process for tokens. The objective of Essential Metrics is to establish minimum standards before reviewing the Indexed Metrics. This is crucial for safeguarding users and platforms against any illegal activities. The result of this phase is binary, and this evaluation precedes the examination using the Indexed Metrics.

Below are details of the Essential Metrics that should be considered by member VDA platforms before listing a token on its platform:

- i. **Compliance considerations** with relevant provisions of Indian laws, regulations, rules, and directives applicable to VDA token listing.
- ii. **Prohibitions** by Standard Setting Bodies (SSBs). Under the Essential Metrics, platforms must consider any prohibitions provided by the [Financial Action Task Force \(FATF\)](#), the [Office of Foreign Assets Control \(OFAC\)](#) or otherwise notified by the relevant authority of the Government of India (GoI) including but not limited to the Financial Intelligence Unit of India (FIU-Ind) and any other recommendations by the GoI, Bank for International Settlements/ the Basel Committee on Banking Supervision for Stablecoins, etc.
- iii. **Technological capacity** of each platform to safely custody assets (whether through a third-party custodian or through self-custody with appropriate risk controls), and feasibly collect and analyse all information required to comply with relevant law, also utilizing the benefits offered by various blockchain analytics tools through third party experts/vendors.

4.2 Indexed Metrics

Adopting a principle-based approach, each platform will also be required to go beyond the 'Essential Metrics' provided above while creating its own token listing framework. Once the token has passed the initial gating requirement basis the Essential Metrics, the Indexed Metrics is applied as a second step.

Based on the below indexed Metrics, each exchange may determine and ascertain a risk metric for the tokens that are listed on their platform.

Following is an indicative list of factors that may be considered by a platform for its Indexed Metrics. However, it is also worth noting that some of the factors may not apply to all categories of tokens and hence, a combination of the following factors may be considered:

- i. Solid Project Foundation (i.e. white papers, roadmaps, technology etc.)
- ii. Adequate Liquidity (Measured by order book liquidity across major international platforms)
- iii. Technological Compatibility – i.e. available via API on multiple brokers / exchanges / liquidity providers, ability to custody (self or via 3rd party)

- iv. Secure and Reliable Blockchain Technology (network outage %, history of forks, smart-contract capability, other caveats)
- v. Transparent and Auditable Operations (Open-source code, allows community development)
- vi. Market Capitalization and Trading & Transaction Volume (on-chain and on exchanges)
- vii. Token Economics and Distribution (Pre-mine allocation, inflation schedule, fee system)
- viii. Team, Advisors & Reputation (previous entrepreneurial successes, background, etc.)
- ix. Project backing and investor funding
- x. Community Support (i.e. Telegram, Twitter, Discord, etc.)

An indicative template for the Indexed Metrics is detailed at **Appendix 1**.

5 Operational Guidelines for VDA Platforms

VDA Platforms should have operational frameworks and protocols as part of the token listing process once a token passes all checks. These may include the following:

- Announcement date prior to listing
- Comprehensive voluntary disclosures
- Safeguards against insider trading and other market abuses
- Technical assessments before onboarding
- Thorough staging and testing before public offering

Appendix 1: Indicative Template for the Indexed Metrics

Presented below is an indicative template outlining the structure for developing a risk score based on the aforementioned criteria:

SAMPLE CRITERIA FOR INDEXED METRICS	
PARTICULARS	CRITERIA
Backed by Exchange	YES/NO
Founders and Backers	YES/NO
Funded by reputable VCs	YES/NO
Any previous hack on the project	YES/NO
Smart Contract Auditor involved	YES/NO
Trading Volume split between CEXs vs DEXs	Ratio
Third-party audit reports on the particular blockchain / smart contract	YES/NO
Volume	INR Lakh
Listed on Exchanges	YES/NO and Count
Listed Pairs	Count
No. of Holders/Active Wallets	Count
Market Capitalization	INR Lakh
Fully Diluted Market Capitalization	INR Lakh
Staking	YES/NO
Is yield offered?	YES/NO* / %
Team token allocation	%
Team holders	%
Advisors token allocation	%



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