



Open Finance Network

Trading Real Assets on Blockchain

**LISTING
FRAMEWORK**

SECURITY TOKEN LISTING FRAMEWORK

OVERVIEW

Open Finance Network is the leading trading platform for alternative assets. This framework is designed to provide insight into how we evaluate security tokens for listing on the OFN platform. 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 OFN 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	The asset is classified as a security and the primary offering was conducted under one of the following exemptions: <ul style="list-style-type: none">• Regulation D (506b, 506c)• Regulation S• Regulation A+ (Tier 1 or Tier 2)• Regulation CF
Compliance Obligations	The primary offering of the asset met the necessary compliance obligations, including: <ul style="list-style-type: none">• Anti-Money Laundering (AML)• Know-Your-Customer (KYC)• Investor Suitability• Investor Accreditation (for Reg D)• Solicitation compliance (for Reg S)
Bad Actor Checks	The management team is run through a standard “Bad Actor” check and background check, and reviewed for integrity and reputational risk.

COMPANY MISSION & VALUES

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

Founders and Leadership	The management team is able to articulate the vision, strategy and use cases of the security token and how it creates value for network participants and the industry as a whole.
Open Network	The system is designed as an open financial network accessible to anyone with an internet connection. The core technology enables individuals to have more control over their own wealth and property, or provides freedom and flexibility to financial well-being. The overall network should also contribute to the broader mission of 'democratizing' finance.
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.

TOKEN STRUCTURE

Assessment of the smart contract structure and permissions layer of the token

Interface	<p>Standard ERC-20 Interface. Token must have:</p> <ol style="list-style-type: none">1. totalSupply2. balanceOf(address _owner) constant returns (uint256 balance)3. transfer(address _to, uint256 _value) returns (bool success)4. transferFrom(address _from, address _to, uint256 _value) returns (bool success)5. approve(address _spender, uint256 _value) returns (bool success)6. allowance(address *_owner*, address *_spender*) constant returns (uint256 remaining)
Permissions	<p>Token Must take care of the following permissions either with a off chain validator, or at the smart contract level.</p> <ol style="list-style-type: none">1. Anti-Money Laundering & Know your Customer. Token must only be able to transfer to validated or whitelisted permissioned addresses linked to an Entity.2. Investor Accreditation. While traders using OpenFinance are not required to be Accredited, the token must account for this if applicable.3. Residency. Since International customers are eligible for trading, the token must have permissions incorporated relevant to where the trader is domiciled.4. Cap Table. Token Must account for number of owners if relevant to the security being traded.
Error Messaging	<p>Because we want everyone to use a common interface to interoperability (ERC20), we cannot change the interface as seen by the exchanges. With the differences in accepted standards, and the way the smart contracts interact with each other, there will be different error messages in all. We require that transactions not only fail if compliance conditions are not met, but also report the specific reason for failing. We want to provide not only a great user experience on our trading platform, but a detailed compliance trail in the case of audits.</p>

Interoperability	There should be clear plan in place for ensuring that trades which happen outside of our trusted set of secondary markets are compliant. For example, issuers may choose to completely handle compliance for the tokens they issue.
Quality Assurance	A well documented and easy to follow Readme, and functional/integration test suite.
Approved Standards	<p>Current Approved Standards include the following. While token standards make the approval process much faster, they are not required.</p> <ol style="list-style-type: none"> 1. DS Protocol - https://securitize.io/ 2. R-Token - https://github.com/harborhq/r-token 3. ST-20 - https://github.com/PolymathNetwork/polymath-core 4. S3 - https://github.com/OpenFinanceIO/smart-securities-standard