



## Laser Digital Middle East (LDME) VA Management and Investment Services Disclosure

July 2023

- **Potential Conflicts of Interests:** At the date of this disclosure, LDME intends to act as investment manager in respect of one or more funds having as founder shareholder entities within LDME group which may also invest into such funds as investors – specific rights and conditions may be applied to such investments. Furthermore, individuals covering management roles in LDME and/or Laser Digital Group may also hold executive roles within the aforementioned funds and/or be involved in its operations and distribution. Funds managed/to be managed by LDME may appoint as service providers one or more entity forming part Laser Digital Group (including Nomura Group) and avail of such services performed by these counterparties (including for the purposes of trade execution) – the terms of such arrangements will be either negotiated at arm's length or otherwise entered into at conditions which are deemed to be more favorable for clients than those otherwise available in the open market. A detailed disclosure of such potential conflict of interests is detailed within the offering documentation of the aforementioned funds as well as in the contractual documentation entered into with the aforementioned funds. Control functions within the funds and within LDME are independent from the business units involved in the provision of regulated activities. While asset valuation is performed by a separate entity from LDME and from individuals other than those involved in the performance of portfolio management activities, the external valuer is an entity forming part of Laser Digital Group. Such risks are mitigate by the establishment of a valuation framework, disclosed in the offering documentation of the fund, the appointment of an independent auditor as well as the appointment of an independent fund administrator entrusted with the calculation of the fund(s) NAV. Moreover, LDME has in place a conflict of interest policy detailing, amongst others, how it intends to handle potential or actual conflict of interests. Further information on the conflict of interest management approach adopted by LDME are available upon written demand.
- **Policies:**
  - Privacy policy: Our data privacy policy can be found on our website: [Laser Digital - Privacy Policy](#).
  - Complaints: Our complaints handling policy can be found on our website: [Complaints Handling Policy](#)
  - Internal whistleblowing policy: you can write to [ldme.inquiries@laserdigital.com](mailto:ldme.inquiries@laserdigital.com) for a copy of our whistleblowing policy.
- **Withdrawal of assets:** LDME intends to face as clients, when performing VA management services, funds and similar collective investment vehicles. VA invested into by LDME on behalf of such funds are held in custody by 3rd party Regulated custodian (Komainu or similar) for the handling of digital assets in a fully segregated fashion and, for fiat, regulated credit institutions. No co-mingling of LDME own assets and fund's assets will take place. In this respect, underlying investors in each fund may place redemptions in accordance with the redemption policies of the aforementioned funds which are duly disclosed in the offering documentation of such funds. Redemption gates, lock-ups and similar arrangements are put in place according to market standards in order to avoid prejudice to the funds and/or disorderly liquidation of assets which may be ultimately prejudicial to investors in instances of extreme volatility and these may vary from fund to fund depending on the type of the strategy. Redemptions may range ranging daily, weekly to monthly redemptions.
- **Use of virtual assets:** LDME intends to manage virtual assets in accordance with the provisions set out in the offering documentation of each fund under management in view of each specific investment strategies and objective featuring such funds. Activities may include the purchase, sale, borrowing,



lending or otherwise disposal, including by means of pledging/rehypothecating such assets. Disclosure to this end are included in the relevant agreement with the fund(s) as well as in the offering documentation made available to investors. Virtual assets forming part of the fund's portfolio will not be used for LDME own purposes nor co-mingled with LDME own assets.

- Protection of counterparty risks and protection of clients assets: LDME shall adopt its best efforts to manage counterparty risks in adherence to industry standards. Among the key arrangements envisaged to this end, LDME shall select, in agreement with the fund, providers only after having performed a solid due diligence entailing analysis on the regulatory status of the parties involved, well-defined and structured internal approvals processes as well as adopting strong risk management practices, including when trading on crypto exchanges/ routing to regulated execution desks. LDME intends to appoint only entities ensuring asset segregation or equivalent safeguards for long-term custody purposes. LDME itself does not and shall not keep custody of virtual assets. However, counterparty risks may be faced and these risks are extensively described in the offering documentation of each fund.
- Risks: Virtual Assets purchased by LDME on behalf of its fund(s) under management may be at risk. These risks range from market, operational (including legal, regulatory and reputational), financial, liquidity, (cyber)security, ICT, and currency risks. The likelihood of such risks may be higher for funds investing in virtual assets than for traditional assets due to the current development of the market as well as due to the inner features of such asset class. Investors in the fund may lose part or all of the capital invested. An extensive description of the key risks which the fund and/or its end investors may be exposed to is provided in full transparency within the offering documentation of each product. .
- Order Execution: LDME adopts an order execution policy which may be made available to clients on demand. As a general disclosure, orders may be executed with one or more counterparties, including, where applicable, through DeFI arrangements. Such counterparties may also involve other entities forming part of Laser Digital Group, to the extent that such transactions are entered into at arm's length or otherwise entered into at conditions which are deemed to be more favorable for clients than those otherwise available in the open market. Execution may occur involving LDME trading/execution desks and/or automated algorithms developed for such purposes and operated by LDME and/or group entities. Specific provision concerning the discretion of executing orders and related risks are provided in the offering documentation of each fund under management.
- Liquidity Risks: LDME and/or the funds managed may be subject to different liquidity risks depending on the strategy pursued and the relevant features of such funds (e.g. redemption policies and dealing frequency). Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a fund from selling out of these illiquid investments at an advantageous price, or at all. Thin markets can also amplify volatility. Any markets for these investments can be expected to involve wider price spreads and more sensitivity to buying and selling pressures than is found in more active markets. Virtual Assets may be illiquid investments that are not easily and readily convertible into fiat currencies, and some Virtual Asset markets may be thinner than others. Accordingly, any purchase of Virtual Assets by a fund is likely to increase the proportion of the fund's portfolio that is comprised of illiquid investments. Though the fund will manage liquidity risks across all investments on an ongoing basis, greater exposure to Digital Assets increases the possibility that, as at any redemption day, the fund might lack sufficient liquid assets to fund the payment of redemption proceeds to any redeeming shareholders. Additionally, the fund may be forced to dispose of other more liquid assets in order to fund redemptions, meaning that remaining shareholders have increased exposure to the digital asset investments and the risks associated therewith.



- Other disclosure: No senior management has been involved in any conviction/prosecution to be disclosed in accordance with VARA rules. LDME has in place, at group level, multiple arrangements to deal with potential risks of market offences, ranging from personal account dealing framework, trade surveillance arrangements, communication monitoring and recording, as well as similar measures entailing internal and external audit.