KEY FEATURES DOCUMENT FOR ETHER

INFORMATION ABOUT THE ISSUER AND DESIGNERS

Ethereum is a decentralised open-source blockchain platform that enables developers to build and deploy decentralised applications (DApps) and smart contracts. It was proposed in 2013 by Vitalik Buterin, a programmer and writer who was involved in the development of Bitcoin.

Ethereum was officially launched in 2015 after a successful initial coin offering (ICO). The Ethereum Foundation, a Swiss nonprofit organisation, is responsible for the management and development of the Ethereum platform. The foundation is dedicated to supporting the Ethereum ecosystem and promoting the use of blockchain technology for the greater good.

The Ethereum network uses a cryptocurrency called Ether (ETH) as its native currency. ETH is used to pay for transaction fees and computational services provided by the Ethereum network. It is also used as a store of value and a medium of exchange.

ESSENTIAL CHARACTERISTICS OF THE CRYPTO TOKEN

ETH is the native cryptocurrency of the Ethereum blockchain, and it possesses several essential characteristics, including:

1. Decentralisation: ETH is a decentralised currency that operates on the Ethereum network without the need for intermediaries like banks or other financial institutions
2. Limited supply: The total supply of ETH is limited to 18 million new coins per year and there is currently a fixed supply of around 118 million ETH in circulation
3. Security: The Ethereum blockchain uses a proof-of-work consensus mechanism to secure the network, making it resistant to attacks and fraud
4. Programmability: ETH is programmable, which means that it can be used to execute smart contracts on the Ethereum network, facilitating the automation of complex transactions and agreements
5. Liquidity: ETH is widely traded on various cryptocurrency exchanges, making it a highly liquid asset that can be easily bought and sold
6. Transaction speed: ETH transactions are typically processed quickly, with the average block time on the Ethereum blockchain being around 13 seconds. This makes it faster than other cryptocurrencies like Bitcoin, which has a block time of around ten minutes
7. Interoperability: ETH can be used to interact with other tokens and decentralised applications built on the Ethereum network, making it a versatile currency for various use cases

REGULATORY STATUS IN OTHER JURISDICTIONS

The regulatory status of ETH varies in different countries and jurisdictions around the world. In general, most countries do not consider ETH or other cryptocurrencies as legal tender and their regulatory status remains largely undefined or in a state of flux.

In the United States, for example, ETH is not considered a security by the Securities and Exchange Commission (SEC) but may be subject to regulation under other laws, such as those governing money transmission or anti-money laundering (AML) measures. The Commodity Futures Trading Commission (CFTC) considers ETH and other cryptocurrencies as commodities, subject to its jurisdiction.

In the European Union, the regulatory status of ETH and other cryptocurrencies is determined by individual member states. The European Securities and Markets Authority (ESMA) has issued guidelines for regulating cryptocurrencies, but the legal status of ETH varies among member states.

In Asia, some countries like Japan and South Korea have developed specific regulations for cryptocurrencies, while others like China have imposed restrictions on their use.

Overall, the regulatory status of ETH and other cryptocurrencies outside of the UAE remains a complex and evolving topic, with different countries taking different approaches and regulatory bodies still grappling with how to effectively regulate this rapidly evolving industry.

DETAILS OF PERSONS RESPONSIBLE FOR PERFORMING OBLIGATIONS AND WHERE RIGHTS MAY BE EXERCISED

As a decentralised cryptocurrency, there is no central authority responsible for performing obligations associated with ETH. However, users can transact with each other directly on the Ethereum network and exercise their rights to send and receive payments.

INFORMATION ON THE UNDERLYING DLT OR SIMILAR TECHNOLOGY USED

The underlying DLT used in ETH is the Ethereum blockchain, which uses a consensus mechanism called proof-of-work (PoW) to validate transactions and secure the network. The blockchain also includes a virtual machine called the Ethereum Virtual Machine (EVM) for executing smart contracts written in the Solidity programming language. The Ethereum 2.0 upgrade is transitioning the network to a new consensus mechanism called proof-of-stake (PoS), which is expected to make the network more scalable and energy-efficient.

INFORMATION ON THE UNDERLYING TECHNOLOGY USED BY THE AUTHORISED FIRM (IG LIMITED)

Authorised firms that offer ETH services typically use secure and reliable technologies to store and manage customer assets. These technologies include cold storage, multi-signature wallets and advanced encryption algorithms. Firms may also adhere to industry standards such as the Payment Card Industry Data Security Standard (PCI DSS) and the ISO 27001 information security management standard. IG allows its clients to buy or sell ETH CFDs and as a result its clients do not take ownership of the underlying asset. IG does not store or manage ETH on behalf of its clients.

DETAILS ABOUT HOW OWNERSHIP OF THE CRYPTO TOKEN IS ESTABLISHED, CERTIFIED OR OTHERWISE EVIDENCED

Ownership of ETH is established through ownership of the private keys associated with the ETH address where the ETH is held. These private keys are used to sign transactions and authorise the transfer of ETH from one address to another. The ownership of ETH is not certified or evidenced by any centralised authority or institution, but is instead recorded immutably on the Ethereum blockchain. This makes it possible to independently verify the ownership and transaction history of any given ETH address on the blockchain without the need for a trusted intermediary

HOW THE CRYPTO TOKEN IS VALUED AND WHAT BENCHMARKS, INDICES OR THIRD PARTIES ARE RELIED ON

The value of ETH is determined by supply and demand on various exchanges and trading platforms. There is no central authority or benchmark that sets the price of ETH. Instead, the market determines the value based on the number of buyers and sellers and the perceived utility of ETH. IG's CFD is priced from a weighted average of multiple liquidity providers.

DETAILS OF ANY REGULATED EXCHANGE, MTF OR OTHER FACILITY ON WHICH THE CRYPTO TOKEN IS TRADED

ETH is traded on various exchanges and trading platforms around the world, including as derived futures contracts on regulated exchanges such as the Chicago Mercantile Exchange (CME) and the Intercontinental Exchange (ICE). Some countries have also established regulatory frameworks for cryptocurrency exchanges and trading platforms.

RISK OF VOLATILITY AND UNPREDICTABILITY

The value of crypto tokens like ETH can be extremely volatile and subject to significant fluctuations in price, which can be caused by a variety of factors including market demand and supply, geopolitical events and changes in government regulations. The value of ETH can fluctuate rapidly and unpredictably, and there is no guarantee that the value of the crypto token will remain stable or increase.

FIAT CRYPTO TOKEN RESERVES, STABILISATION AND REDEMPTION

ETH does not have any fiat or cryptocurrency token reserves for stabilisation and redemption. Unlike stablecoins, which are typically backed by fiat currency or other assets, ETH is a volatile cryptocurrency that is not pegged to any specific asset or currency.

The value of ETH is determined by supply and demand on cryptocurrency exchanges, and its price can fluctuate rapidly in response to market conditions and other factors. While there are some stablecoins that are pegged to the value of ETH, ETH itself does not have any inherent stabilisation mechanism.

CYBERSECURITY RISKS

Crypto tokens, like ETH, are vulnerable to cyber attacks that can result in the loss or theft of the tokens. Cybersecurity risks associated with the underlying technology used for the crypto token, such as blockchain, should be carefully considered. There may be risks associated with the storage, transfer and use of Crypto tokens, and measures should be taken to mitigate these risks. Since IG offers a CFD, the client is not exposed to these risks.

RISKS OF FRAUD, HACKING AND FINANCIAL CRIME

There are significant risks of fraud, hacking, and financial crime associated with crypto tokens, such as ETH. Fraudulent schemes and scams that involve crypto tokens have become increasingly common, and it is important to be aware of these risks when investing in or using crypto tokens. It is also important to consider the risks associated with the use of crypto tokens in illicit activities, such as money laundering and terrorist financing. Since IG offers a CFD, the client is not exposed to these risks.

OTHER RELEVANT INFORMATION

There may be other factors that are relevant to understanding and assessing the risks associated with a particular crypto token. For example, it may be important to understand the governance structure of the crypto token, the legal and regulatory framework in which the token operates, and the nature of the project or venture that is being funded using the crypto token. It is important to conduct thorough research and due diligence before investing in or using a crypto token, and to seek professional advice if necessary.

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