



GDF Code of Conduct – Part I – Introduction And Overarching Principles

**From the Perspective of
General Global Regulatory Standards**

Goal of the Code of Conduct

The GDF believes in the potential for blockchain applications to bring significant benefits to society, including the introduction of new business models and more efficient, scalable and lower cost ways to forge and verify contracts and transactions. This in turn, can unlock greater economic creativity, as well as new ways of conducting trade.

It can also allow access to markets by people who currently have little or no such access, thereby increasing their level of success and financial inclusion, not dissimilar to the way the global internet enabled people of different walks of life to set up new businesses and engage in new trades that were previously not possible.

At the same time, the GDF recognises that capturing these opportunities requires the nascent cryptoasset industry to adhere to the requisite level of self-discipline and maturity. Incidents of fraud, embezzlement, deception, and other forms of violation of standing laws and regulations or bad behaviors threaten the reputation and sustainability of this nascent industry.

Accordingly, through the principles contained in this Code of Conduct (the Code), the GDF introduces standards of good behavior that may become a basis for future self-regulatory efforts by GDF members and the broader community.

Structure of the Code

The Overarching Principles contained in the Code are designed to work across a broad range of cryptoasset related businesses and actors, including token issuers, comparison and rating websites, trading platforms, asset custody and digital wallets, intermediaries and funds. Additional Principles may be added in due course for specific businesses and actors.

This Code is intended to be a living document and as such principles may be amended and new principles may be added as new business models emerge.

Limitation of the Code of Conduct

While the Code is informed by global regulatory principles and practices, it is not law and does not carry or contend to carry any such value. Instead the Code constitutes a set of voluntary principles.

The Code recognises that certain activities conducted in the token economy may enter the remit of standing regulation. The Code seeks to complement such rules and regulations only where gaps may exist or where legal or regulatory clarity has not yet been achieved.

Adherence to the Code of Conduct

GDF members agree that the principles laid out in the Code are important for both businesses and individuals. To enhance transparency and assist in the evaluation of the services provided by cryptoasset businesses and actors, GDF members will endeavor to publicly describe their adherence to the principles based on reasonable and good faith efforts.

The GDF does not support business models that are created in direct contravention of standing laws and regulations, or that are specifically created to circumvent standing laws, regulations and law enforcement.

This Code should be read in conjunction with the GDF Taxonomy.

1. Below are the Overarching Principles of the GDF Code of Conduct that are designed to work across a broad range of cryptoasset-related businesses and actors. The GDF plans to continue its work beyond these Overarching Principles, by developing Additional Principles for specific actors or activities.
2. At the current time, the objective of the current version of the Overarching Principles is to reach out to the members and the community and achieve consensus on their content. Further work is planned, in conjunction with other national and regional initiatives, regarding how compliance with these Principles is to be monitored and achieved, as well as who would be involved.

1. Compliance with Standing Laws

- a. Where our activities are governed by standing rules and regulations, we will take all reasonable measures to comply with them.
- b. To the extent relevant to our business model, we will conduct know-your-customer due diligence and put in place systems and business processes to identify, detect or deter non-compliance with anti-money laundering, counter-terrorist financing, sanctions and anti-bribery laws.
- c. To the extent we hold customer data, we will comply with applicable data privacy regulations and put in place processes to ensure that such information is kept safe and secure and that it can still be accessed if we cease to operate.
- d. We understand that most jurisdictions have contract laws. Issuing a commitment to the public and accepting consideration on the basis thereof is legally relevant conduct and depending upon how the promise is expressed, a contract or partnership (or possibly a trust) relationship may arise.
- e. We understand that most jurisdictions have standing consumer protection laws that protect against unfair, misleading, deceptive or unconscionable acts or practices in trade or commerce.
- f. We understand that most jurisdictions have standing criminal laws that protect against fraud and embezzlement.
- g. We understand that many jurisdictions have standing securities laws that often dictate that trading in or advising on securities, advising on corporate finance, and managing collective investment schemes requires a license or authorises from a regulatory authority.
- h. We understand that most jurisdictions have standing tax laws and we will comply with such laws to the extent applicable to our businesses.

2. Legal and Organisational Requirements

- a. We will put in place a transparently disclosed management team that will seek to comply with the Code as well as with applicable rules and regulations.
- b. We will put in place a transparently disclosed legal form, governance and ownership structure that protects our interests and that of our customers.
- c. We will apply staff background screening and due diligence to hire competent, professional and honest people and advisors.
- d. We will put in place appropriate systems, processes, controls, risk assessments and independent reviews to run our businesses safely and responsibly.
- e. We will ensure that our technology systems and business processes are sufficiently robust and secure, proportionate to the nature, scale and complexity of our businesses.
- f. We will put in place cyber security protections, denial of service protections, firewalls, resiliency and penetration testing, and security patches proportionate to the cyber risks inherent to our businesses.
- g. We will put in place technology change management processes, crisis management processes and business continuity plans.
- h. Our terms and conditions will be clearly written and will explain what our duties and responsibilities are and what fees and charges will apply.

3. Conflicts, Disclosure and Market Integrity

- a. We will ensure that we have adequate systems and controls to detect, manage and disclose material conflicts of interest within our own business or resulting from our services, activities, cross-holdings or investments.
- b. We will implement processes designed to identify, detect or deter trading of tokens based on material non-public information, or practices that are designed to improperly or artificially manipulate the price of tokens.
- c. We will not knowingly issue, accept any form of compensation to issue, or ask or compensate others to issue, unfair, misleading, false or deceptive information, data, advertisements, commentary or ratings.
- d. To the extent we are involved in the drafting or issuance of whitepapers, we will ensure that they contain adequate content and disclosures, including the legal and organisational structure, the identity of the core team, a description of the technology and its use, a balance of opportunities and risks, a description of the token distribution process and token holder rights, applicable law and disclosure of material conflicts.
- e. To the extent we are involved in the evaluation, comparison of whitepapers or the rating of tokens, we will take into account the content of the initial whitepaper by reference to the factors above, as well as the quality of ongoing disclosures by and independent reviews of the token issuer.
- f. To the extent we are a trading platform or other intermediary, we will put in place a clear legal and organisational structure, clear and transparently disclosed listing requirements, proper liquidity, credit and operational risk management practices and clear processes in relation to the settlement and safekeeping.
- g. To the extent we act as brokers, we will ensure that clients have a reasonable expectation that they will get the best possible price within the parameters of their order.

4. Treatment of Customers and Customer Assets

- a. We will treat our customers fairly and ensure that the risks and opportunities of cryptoassets are presented in a clear and balanced fashion.
- b. We will ensure transparency so that customers can access information regarding their money and assets, including where the money is kept and any relevant transactions.
- c. We will ensure that customer monies and assets are subjected to asset custody and safe keeping approaches that are suitable and provide the requisite level of security for cryptoassets, including cold storage and multi-signatory processes.
- d. We will put in place processes for the orderly winding down of our businesses if we cease to operate and ensure that customers retain access to and ownership of their monies, data and assets.
- e. We will put in place processes to enable customers who are unhappy about any aspect of our business or service to complain, and we will treat those complaints fairly and will properly record keep such complaints and the resolution thereof.

5. Compliance with the Code

- a. To enhance transparency and assist in the evaluation of the services provided by cryptoasset businesses and actors, as GDF members we will endeavor to publicly describe our adherence to the principles based on reasonable and good faith efforts.
- b. We agree to respond to periodic surveys by the GDF to enable the GDF to ensure that the Code remains a living document that may be amended and updated from time to time and to which new principles may be added on an as-needed basis.
- c. Where not limited by confidentiality obligations and commercial responsibilities to our business and customers, we will provide the GDF with notice of issues that could negatively affect the cryptoasset industry, so as to enable the GDF to react appropriately.