

# Asset Segregation and Your Asset Protection under MiCAR Compliance

## Asset Segregation & Foundation Structure

At Vivid Money BV, we are committed to providing the highest standards of security, transparency, and regulatory compliance for our clients. In alignment with the Markets in Crypto-Assets Regulation (MiCAR), we have implemented a robust asset segregation framework, utilizing a foundation model to safeguard client assets. This approach ensures that all your assets you have entrusted to Vivid Money BV are securely managed, fully protected, and compliant with European regulatory requirements.

### Why Asset Segregation?

Asset segregation is a vital mechanism to protect our clients by ensuring that their crypto assets are kept separate from Vivid Money BV's operational funds. This safeguards client assets from potential financial risks, such as insolvency of or misuse by Vivid Money BV, and provides clarity in ownership, reinforcing our commitment to clients' rights and security.

### Foundation as a Legal Entity for Segregation

To meet the stringent regulatory standards under MiCAR, we have established an independent foundation, Stichting Vivid Money Crypto, that acts as the legal custodian for all client assets. This foundation is a non-profit, legally distinct entity, created solely for the purpose of holding and managing funds and assets on behalf of our clients. By operating using this foundation model, we ensure that client assets are never mixed with Vivid Money BV's operating capital or subjected to creditor claims.

### Key Features of Our Foundation-Based Asset Segregation Model

- 1. Legal Separation:** All client assets are legally segregated from Vivid Money BV's operational accounts and held by the independent foundation, Stichting Vivid Money Crypto, with the banks and executing brokers (that also act as sub-custodians) that are being used in our set-up. This structure ensures that clients remain the beneficial owners of their assets, even in the unlikely event of insolvency or other financial distress at Vivid Money BV.
- 2. Regulatory Compliance:** Our foundation model is fully compliant with the provisions of MiCAR, which requires clear separation and protection of client assets. The processes for compliance and risk management for the foundation are embedded in the whole setup, including Vivid Money BV. These are subject to regular audits, ensuring transparency and adherence to regulatory standards.
- 3. Enhanced Security:** The foundation operates under strict governance rules, with an independent board of directors responsible for overseeing the safekeeping and management of client assets. This multi-layered governance ensures that assets are always protected and managed in accordance with our clients' best interests.

**4. Insolvency Protection:** In the unlikely event of financial difficulties or insolvency for Vivid Money BV, client assets held by the foundation are protected by law. These assets are immune to any claims from creditors, ensuring that clients have full access to their holdings at all times.

#### **Depositing and withdrawing funds to and from your account**

The foundation has its own bank accounts at European credit institutions. When funding your Crypto Pocket, you will send money from your Money Pocket at Vivid Money SA to the bank account of the Foundation at this credit institution. During opening of the Crypto Pocket, we also request your explicit consent whereby you give us an ongoing permission to transmit an order to the executing broker to buy EBA approved stable-coins/e-money tokens like EURC for the same amount as your deposit. When you want to buy crypto-assets, we will transmit an order to the executing broker to sell the appropriate amount of the stable-coins/e-money tokens and purchase the instructed crypto-asset.

When selling crypto-assets, the above process will take place in reverse order.

When you want to withdraw money from your Crypto Pocket, we will send an instruction to sell the appropriate amount of stable-coins/e-money tokens, send the funds to the bank account of the foundation and onwards to your Money Pocket at Vivid Money SA. Your money will be available instantly.

#### **Your Assets Security is Our Priority**

By adopting this foundation-based model, Vivid Money BV provides an extra layer of trust, transparency, and security for our clients. We are dedicated to protecting your assets and ensuring compliance with all applicable regulations. This commitment allows you to focus on utilizing our services without worry, knowing that your assets are securely segregated and protected.