

CONSUMER PROTECTION IN CRYPTO

A CALL FOR GLOBAL STANDARDS

A LETTER FROM LEDGER ENTERPRISE

The events of the last few weeks have questioned trust in the crypto industry, putting a spotlight on issues securing assets through centralized exchanges.

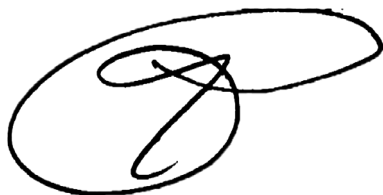
It is our responsibility as leaders onboarding millions into crypto and digital assets to ensure consumers understand blockchain technology and have the right to secure their assets and mitigate against risk.

Proven solutions exist today which will allow retail crypto providers to:

- Increase adoption of secure self-custody, distribute risk, and deliver on the original promise of crypto
- Manage remaining potential risk appropriately with scalable security and responsible governance controls
- Operate transparently with proof of reserves and clear audit structures

Building trust will be an investment of time, effort, and resources. We need an industry-wide approach. We're calling on our friends and colleagues to join us in holding each other accountable to keep the crypto and critical digital asset ecosystem strong and thriving.

Sincerely,



PASCAL GAUTHIER,
CEO OF LEDGER



ALEX ZINDER, HEAD OF
LEDGER ENTERPRISE

WHO WE ARE :

Founded in Paris in 2014, Ledger is the world leader in Critical Digital Asset security and utility. With more than 5M devices sold to consumers in 200 countries, Ledger secures 20% of the global crypto market.

Ledger Enterprise works with industry leaders to help deliver self-custody and security to their retail audiences at scale. Since 2018, Ledger Enterprise has secured hundreds of billions of corporate and institutional transactions with zero assets compromised.

OVERVIEW :

Interest in digital assets has exploded in the last few years. The latest bull market saw an unprecedented amount of new actors in the space achieving a scale not seen before. Moments like this increase complexity for security and operations. Without proper infrastructure, rapid growth creates enormous risks for everyone involved.

Recent events must be a reckoning for everyone in the crypto ecosystem. The unraveling of major industry players and repeated stories of mismanagement and hacks across the field show that the industry needs to hold itself to a higher standard to protect consumers.

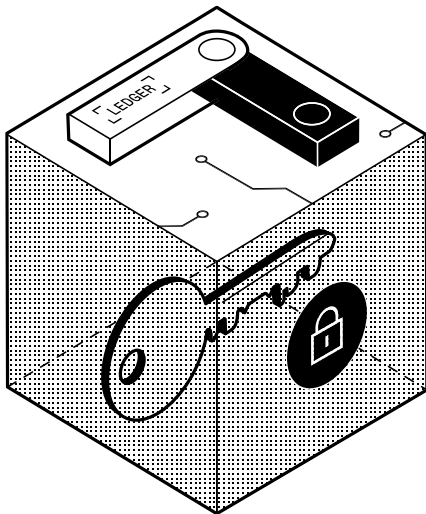
To rebuild trust and provide assurance to their clients, exchanges and other retail providers need a shared set of standards.

The following standards are a set of guiding principles to ensure proper security and governance for Web3 companies to protect their customers and flourish at scale.

RECOMMENDED INDUSTRY STANDARDS

1] USE ENTERPRISE- GRADE SECURITY

Wallets designed for personal use, such as software wallets and Ledger Nanos, are not designed to meet enterprise challenges like governance, reporting, and scalability. Consumers should expect their service providers to use technology built for businesses, not personal use.

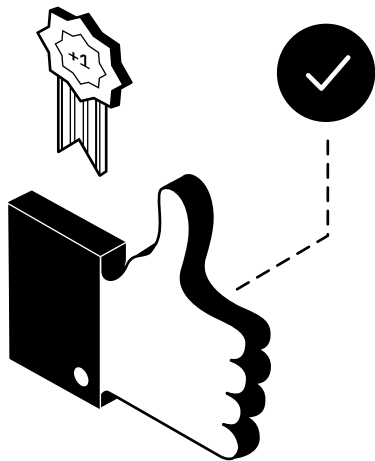
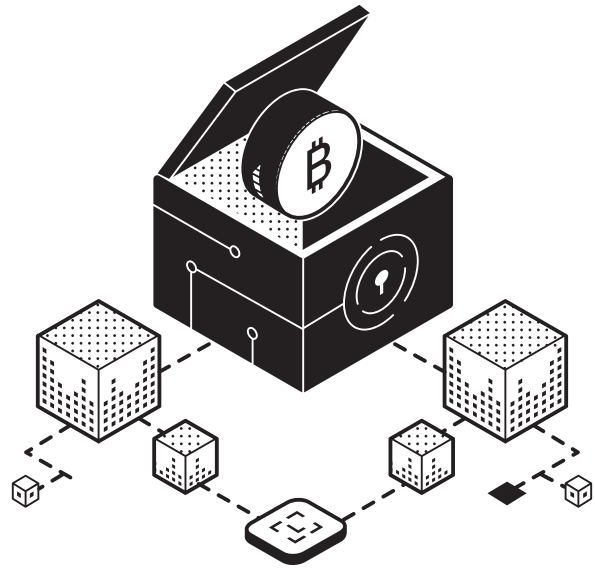


2] EMPOWER CUSTOMERS TO PRACTICE SELF-CUSTODY

Self-Custody is consumer protection, minimizing risk for retail users. Crypto actors must be proactive in educating customers about custody. Integrating wallets into services is easy and sends the right message to users while helping decentralize risk. It's important that all players have the right level of information and choice.

3] STRONG GOVERNANCE TO PROTECT AGAINST INTERNAL THREATS

Hardware security protects against external hacks, but governance is the set of internal rules and operating procedures which help protect against both intentional and accidental mismanagement of funds. Both are major risks that can result in massive losses. The technology exists to deter these threats and organizations must adopt them in mass.

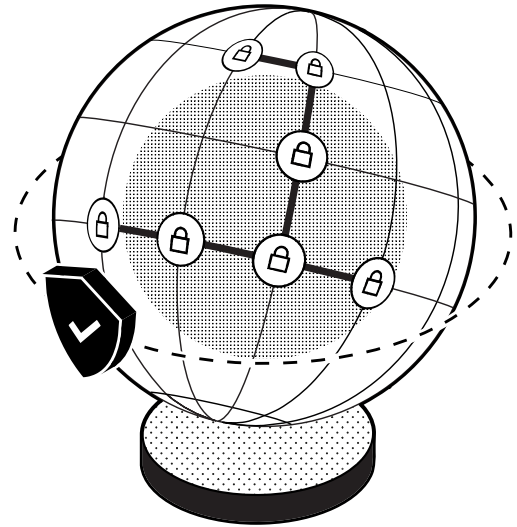


4] TRANSPARENT OPERATIONS

Exchanges and other Web3 players need to be able to prove they have the assets in custody they claim to have (Proof of Reserves). They must also be in full control of those assets (Control of Assets), have the tooling available to prove governance (Proof of Governance) and respond to audits with urgency.

5] SEGREGATION OF FUNDS

In most regions and industries, this is a regulatory requirement. However, our industry is young and regulations are still coming together. Institutions must provide a means for consumers to verify that funds are being used appropriately, and investments are not being used to fund company operations or risky investments.




A CALL TO ACTION

Stay Connected:

 @ledger

 @ledger_business

 Ledger

 Ledger Enterprise

We are building a community of industry leaders committed to build Web3 responsibly with customer interests at heart — and we can't do it without you.

If you believe the industry needs better standards:

Pledge your support for consumer education and awareness by sharing this report — don't forget to tag @Ledger Enterprise and #Ledger4Business

Join our growing list of industry partners who pledge to help keep Web3 strong. Contact us at enterprise@ledger.com



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VAYNER3

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TETRA



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uphold

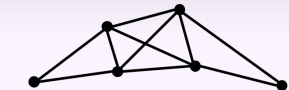


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21 ANALYTICS