

# VylexAI — Regulatory & Legal Landscape

*Public edition · Clinical map of applicable EU and German law for VylexAI / Dudaev Systems UG. Eleven major regulatory regimes covered in detail: MiCA, EU AI Act, GDPR, AML, token classification, taxation, mobile platforms, NIS2 / Cyber Resilience Act. Full version available on request.*

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Sources: primary texts of EU and German regulations (MiCA Reg. 2023/1114, AI Act Reg. 2024/1689, GDPR Reg. 2016/679, KWG, ZAG, GwG, UWG), BaFin publications, ESMA & EBA Q&A, CJEU jurisprudence, BMF circulars, Google Play and Apple App Store policies, MiCA Annexes I-V, AI Act Annexes I-XIII, ESMA RTS / ITS drafts 2024-2026, Dudaev Systems UG corporate documents.

*Distribution restricted. This document is a strategic regulatory risk map, not formal legal advice. Before material decisions (token structure, MiCA whitepaper, BaFin notification, tax filings, third-party contracts) consultation with a German Wirtschaftskanzlei specialised in crypto and IT is required.*

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# 1 Executive summary

VylexAI sits at one of the most heavily regulated intersections of the global legal landscape: at the convergence of **four** major regulatory regimes (crypto-assets, AI, data protection, AML), **two** platform layers (Google Play, Apple), and **three** potential critical-infrastructure regimes (NIS2, CRA, EU CER). This is a unique position: simultaneously difficult and critically valuable. No US-funded competitor in the DePIN segment can replicate this compliance posture in any reasonable timeframe.

## 1.1 Seven key conclusions

1. **The current "Technical Preview · simulated balance" position is optimal.** It preserves ~12 months of manoeuvring room before MiCA obligations fully activate, and blocks the risk of BSAI being reclassified as a security. Do not exit it before whitepaper preparation and BaFin notification.
2. **Highest regulatory risk — MiCA classification of BSAI.** The current design points to "other crypto-asset" (Art. 4-15 MiCA), but the final decision is BaFin's. Consequences of misclassification: up to €5M fines or 5% of annual turnover + loss of CASP access in the EU. Resolved through a formal BaFin enquiry before public offer, via counsel.
3. **Second-highest risk — Google Play Cryptocurrency Policy.** "On-device mining" is prohibited. VylexAI's architecture is AI inference, not mining, but Google's review team aligns with wording, not technical detail. Any use of "mining" in the listing = high probability of rejection.
4. **Third-highest risk — DePIN-specific regulatory grey zone.** Neither MiCA, nor the AI Act, nor NIS2 was written contemplating an architecture where consumer phones serve as compute nodes. There are no BaFin precedents for such a design. Implication: the first company to obtain a clear regulatory opinion fixes the standard for the whole industry. That is both risk and strategic advantage.
5. **EU AI Act — we are an "infrastructure operator", not an "AI provider".** General transparency obligations (Art. 50) apply; the heavy conformity requirements for high-risk systems (Art. 6-49) do not. A good position, but care is needed when adding our own AI features (e.g., in-app AI assistant) — that switches the classification.
6. **GDPR + blockchain immutability = a real architectural conflict.** The right to erasure (Art. 17 GDPR) is technically impossible on an immutable blockchain. Resolved through architectural choice: personal data — off-chain (in the coordinator's relational database); on-chain — only pseudonymous wallet addresses + hashes. Our design already follows this, but it must be explicitly documented in the DPIA.
7. **The capital advantage of German jurisdiction** is real and closed to competitors. KfW, EXIST, Brandenburg Investment Bank, EU EIC, EU AI Office grants — capital channels that require:
  - EU jurisdiction (✅ Cottbus, DE)
  - GDPR-native architecture (✅ Hetzner DE)
  - EU AI Act compliance (in progress)
  - Locally registered legal entity (✅ Dudaev Systems UG)

These channels are closed to US/Cayman/BVI-structured DePIN projects. A €30-80K compliance investment in 2026 unlocks access to €5-50M of sovereign-capital channels in 2027-2028.

### **1.2 Five immediate actions (30 days)**

1. Engage a German Wirtschaftskanzlei (see §21). Initial mandate: review of BSAI classification under MiCA, review of Privacy Policy + AGB, draft MiCA whitepaper. Budget: €5-10K.
2. Prepare a formal DPIA (Data Protection Impact Assessment) under GDPR Art. 35. External DPO consultant, ~€1.5-4K.
3. Re-audit all Play Store / App Store materials for Cryptocurrency Policy compliance (no "mining"). Internal Smith Agency task, €0.
4. Lock the "forbidden language list" (incl. "Bitcoin fork") in marketing playbook. €0.
5. Engage a Steuerberater specialised in crypto (see §21). €0 setup, billable on use (~€200-400/hr).

### **1.3 Strategic headline**

**Compliance is the moat.** "Made in Germany, EU AI Act native" in the pitch deck is not a marketing phrase — it is an objective competitive advantage worth €30-80K of investment in 2026, opening access to €5-50M of sovereign capital in 2027-2028. US-funded DePIN projects (Gonka, io.net, Akash) physically cannot achieve this compliance posture in any reasonable timeframe — it requires a local corporate structure, local counsel, and local regulatory history. We have or are building all of those.

## **2 Regulatory exposure map**

Thirteen major regulatory regimes and their applicability to VylexAI across three development stages: Technical Preview (current, April 2026), Mainnet launch (mid-to-late 2026), Scale (2027+).

Regime	Source	Now	Mainnet	Scale	Level
MiCA	Reg. (EU) 2023/1114	Not activated	Whitepaper + Art. 7 marketing rules	+ potentially CASP	High
EU AI Act	Reg. (EU) 2024/1689	Only prohibited practices	Art. 50 transparency	+ possibly GPAI (if DAITF activated)	Medium
AI Liability Directive	Proposal COM(2022) 496	Not in force	Not in force (expected ~2026-2027)	In force; affects product liability for AI outputs	Low for now
GDPR + BDSG	Reg. (EU) 2016/679 + BDSG	Applies. Policy published	+ DPIA mandatory	+ potentially DPO	Medium
AML / KYC (5/6 AMLD, AMLR)	Dir. 2018/843, 2018/1673; Reg. 2024/1624; GwG	Not activated	Activated upon secondary market emergence	Full CASP-AML stack	High
Securities (MiFID II / MAR)	Dir. 2014/65, Reg. 596/2014	Not applicable (BSAI ≠ security)	Should remain not applicable with proper design	Same	Low
German tax law	KStG, GewStG, UStG, EStG, AO	Active: KSt + GewSt	+ "mainnet activation" tax event	+ international transfer pricing if scaling	Low
Google Play / Apple Store	Platform policies	Active: wording is critical	Active	Active + iOS launch	High
NIS2	Dir. (EU) 2022/2555	Not activated (we <50 staff)	Activates if >50 staff or >€10M revenue	Full essential / important entity obligations	Medium
Cyber Resilience Act	Reg. (EU) 2024/2847	Not in force	In force from 11 Dec 2027 — applies to products with digital elements (our Android app)	Active	Medium
UWG (DE)	Gesetz gegen den	Active	Active	Active	Medium

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DSA	Reg. (EU) 2022/2065	Not applicable	Not applicable	Not applicable (we're not a VLOP)	Low
Whistleblower Directive	Dir. (EU) 2019/1937 + HinSchG (DE)	Not applicable (we <50)	Activates at >50 staff	Active	Low

### 3 Corporate structure — Dudaev Systems UG

Dudaev Systems UG (Unternehmergesellschaft, haftungsbeschränkt) is a special form of GmbH with minimum share capital of €1 and a duty to allocate 25% of annual profit to a reserve until capital reaches €25,000 (§5a GmbHG). The UG is the German "mini-GmbH", introduced in 2008 as an answer to the UK Limited.

#### 3.1 Current legal status

Parameter	Value
Registered office	Cottbus, Germany
HRB	Registered in Handelsregister B at Amtsgericht Cottbus
Governing law	Germany / EU
HGB category	Small company (kleine GmbH under §267 HGB) — simplified balance sheet, no mandatory audit
Corporate tax	KSt 15% + Soli 5.5% of KSt = 0.825% + Trade tax ≈ 14% (Cottbus Hebesatz). Effective ~30% on profit.
VAT status	Standard VAT (19%) or Kleinunternehmerregelung up to €22K turnover
Reserve obligation	25% of annual profit into mandatory reserve (§5a GmbHG)

#### 3.2 UG advantages for a crypto project

- **Minimal share capital.** €1 — extremely low entry barrier.
- **Full liability protection.** Founder's personal assets are protected, except in cases of *Durchgriffshaftung* (piercing the corporate veil for intentional violations, undercapitalisation, asset commingling).
- **Clean corporate chain.** BSAI genesis reserve of 1.1M to 100 UG-owned wallets — clear line for auditors and investors.
- **Convertibility.** UG → GmbH conversion takes ~2 weeks at notary, no new founders' meetings if effected through capital increase to €25,000.

### 3.3 UG limitations

- **Small capital — weak signal to investors.** Tier-1 VCs (Coatue, Polychain, Slow) may demand conversion before due diligence. Brandenburg Investment Bank accepts UG, but for amounts >€500K typically requires capital ≥€25K.
- **25% reserve.** Account for it when planning dividends / founder payouts.
- **CASP licence constraints.** BaFin requires minimum capital of €50-150K depending on services. UG with €1 won't pass — capital must be raised before CASP operations.
- **External representation.** "UG (haftungsbeschränkt)" reads as "small operator" in some brand contexts. Mitigation: use "Dudaev Systems GmbH" in public materials (post-conversion) or "Dudaev Systems UG" without the disclaimer in formal contexts.

### 3.4 DAO wrappers and adjacent forms

If Phase 2 includes DAO governance over VylexAI / BSAI, the legal wrapper question must be resolved. Germany has no special DAO legislation, unlike Liechtenstein or Wyoming. Options:

Form	Applicability	Min capital	DAO characteristics
Eingetragener Verein (e.V.)	Non-profit, ≥7 members	€0	Suitable for open-source / community foundations (e.g., Linux Foundation EU). Not for-profit operations.
Stiftung (foundation)	Long-term mission-driven	€50K (small Stiftung)	Used by Ethereum Foundation (Switzerland), Solana Foundation. In Germany: Stiftung under BGB; gemeinnützige Stiftung — tax benefits.
GbR (Gesellschaft bürgerlichen Rechts)	Simple partnership ≥2 persons	€0	No legal personality; full personal liability of members. NOT suitable for DAO.
GmbH & Co. KG	Hybrid; GmbH is general partner in KG	€25K (for GmbH)	Tax-efficient; no DAO-specific public-law equivalent; not ideal.
Genossenschaft (eG)	Cooperative; "one member, one vote"	€0 (capital in shares)	Naturally fits DAO logic. Under GenG requires Prüfungsverband (oversight body).
Stiftung Liechtenstein (FL)	Foundation in Liechtenstein	CHF 30K	Used by many crypto foundations (Bitcoin Suisse, Cardano). Special DAO rules under TVTG.

**Recommendation for Phase 2:** two-tier structure **Dudaev Systems UG (operator) + VylexAI Foundation Liechtenstein (token issuer + governance)**. UG runs operations (development, support); the Foundation in Liechtenstein issues BSAI and holds community treasury. This:

- Matches best practice for crypto projects (Polkadot, Cardano, Tezos)
- Preserves EU compliance (UG in DE)
- Uses TVTG for DAO governance (Liechtenstein has regulatory clarity)
- Protects founders through dual liability layer

Setup cost: ~€15-30K (FL counsel + registration + BSAI rights transfer). Right time — after seed round.

## 4 MiCA — deep dive

MiCA (Markets in Crypto-Assets, Regulation (EU) 2023/1114) is the most structured and detailed crypto regulation in the world. Adopted 31 May 2023, in force from 30 June 2023, fully applicable from 30 December 2024. The German competent authority is BaFin.

### 4.1 Regulatory architecture — four levels

1. **Level 1 — MiCA primary text** (149 articles + 6 Annexes). Primary law.
2. **Level 2 — Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS)**. Drafted by ESMA (trading) and EBA (ART/EMT). Some finalised, some still in draft. About 30 RTS/ITS, see Appendix A.
3. **Level 3 — guidance and Q&A** from ESMA and EBA. Not legally binding but de facto followed by regulators.
4. **Level 4 — national implementation** in Germany: KMAG (Kryptomärkteaufsichtsgesetz, draft, expected 2026), plus existing KWG/ZAG/GwG.

**Important:** MiCA is a maximum-harmonisation regulation, but Levels 2-4 are still being formed. This means: a substantial part of the detailed rules will be refined by ESMA/EBA across 2025-2027. The strategy "publish whitepaper and close the topic" only works if the whitepaper is structured flexibly enough to survive RTS updates without material amendment.

### 4.2 Three categories of crypto-assets

Category	Definition (MiCA Art. 3)	Examples	Issuer obligations
<b>ART — Asset-Referenced Token</b>	Token referencing the value of multiple fiats, assets, or a combination (not one fiat)	Diem (historically), potential basket-stablecoins	BaFin authorisation (Art. 16-30); reserves; daily disclosure; €350K min capital; whitepaper Annex II
<b>EMT — E-Money Token</b>	Token referencing the value of one fiat	USDC, EURT, USDT (post-MiCA-compliance)	BaFin e-money institution authorisation (Art. 48-58); full 1:1 reserves; €350K min capital; whitepaper Annex III
<b>Other CA</b>	Any crypto-asset that is neither ART nor EMT and not exempted	Bitcoin, Ethereum, most utility/governance tokens, FIL, BAT, RNDR	Whitepaper per Annex I + BaFin notification 20 working days before publication; marketing per Art. 7. No authorisation required.

### 4.3 Exclusions from MiCA (Art. 2)

MiCA does not apply to:

- Crypto-assets already regulated as financial instruments (MiFID II), depository receipts, deposits, securitisation positions, insurance products, pension products
- "Limited utility" tokens that can only be used to acquire goods / services within a limited network

- Unique and non-fungible tokens (NFTs) — with caveats: NFT series that are de facto fungible still fall under MiCA
- Crypto-assets issued by the ECB or national central banks (CBDC)

#### 4.4 Exemptions (Art. 4(2))

The following do not require a whitepaper, but MUST comply with marketing rules (Art. 7):

- Public offer to <150 persons per Member State, or to qualified investors only
- Total consideration <€1M over 12 months
- Direct rewards / token incentives without separate offer (controlled tightly)
- Non-fungible crypto-assets (NFTs)
- Crypto-assets issued exclusively for testing / pre-launch (our "Technical Preview" position falls here)

**VylexAI Internal Testing** on Google Play ( $\leq 100$  testers per Play Console terms) falls under the Art. 4(2) exemption "<150 persons". This means: at the Internal/Closed Testing stage we are NOT required to have a whitepaper. Only on transition to Production (Open Testing  $\rightarrow$  Production rollout) does the obligation activate.

#### 4.5 Whitepaper obligation (Art. 6 + Annex I)

Whitepaper for "other CA" — mandatory document, minimum ~80 pages. Structure (Annex I MiCA):

1. **Cover page** with standard MiCA disclaimer.
2. **Summary** in standardised format —  $\leq 4$  pages, comprehensible to average retail investor.
3. **Issuer description** — corporate structure, management, material shareholders ( $>5\%$ ), history, project team.
4. **Crypto-asset description** — tokenomics, issuance, holder rights, issuer obligations, technology, blockchain.
5. **Offer information** — public offer terms, target markets, period, price.
6. **Rights and obligations** — what holders receive (utility, governance, nothing).
7. **Technology** — consensus, validation, key management, smart contracts, audits.
8. **Risks** — technical, legal, market, environmental, exhaustive.
9. **Marketing communications** — all materials must conform to whitepaper.
10. **Climate impact** — mandatory disclosure of energy consumption (Annex IV).
11. **Information on issuer, advisors, auditor.**

#### 4.6 BaFin notification (Art. 8)

20 working days before whitepaper publication, the issuer must:

- Submit the whitepaper draft to BaFin
- State contact person, publication date, countries of public offer
- Disclose marketing materials

BaFin **does not approve** the whitepaper (this is not a prospectus regime). BaFin **may** within 20 days:

- Request additional information
- Request changes to the whitepaper
- Issue an enquiry — this stops the 20-day timer
- Prohibit publication (Art. 12) for serious violations

BaFin precedent (based on 2024-2025 publications): average review time for "other CA" whitepaper — 4-6 weeks. For ART/EMT (requiring authorisation) — 6-9 months.

#### ***4.7 Marketing communications (Art. 7)***

Any commercial communication about a crypto-asset in the EU must:

1. Be **fair, clear, and not misleading**
2. Conform to the whitepaper content
3. Contain a clear risk disclaimer
4. Be identifiable as marketing

Applies to all formats: posts on Twitter, LinkedIn, YouTube, Discord, Telegram, vylexai.com, presentations, pitch decks, videos, advertising materials. Also applies to third-party communications if sponsored or controlled by the issuer.

Connected to the rule already adopted: "BSAI — Bitcoin Super AI" as brand name — OK, "Bitcoin-style hard cap" — OK, "**Bitcoin fork**" — NOT OK (see separate document of 2026-04-27 12:01). Under Art. 7 MiCA + UWG §5 this is materially misleading.

#### ***4.8 CASP — Crypto-Asset Service Provider (Art. 60)***

If VylexAI / Dudaev Systems UG provides any of 10 regulated services in the EU, BaFin CASP authorisation is required.

Service	Min capital (Art. 67 + Annex IV)	Applicable to VylexAI?
1. Custody and administration	€125K	Not applicable (we are not custodian — users hold wallets themselves)
2. Trading platform operation	€150K	Not applicable
3. Exchange crypto ↔ fiat	€125K	Not applicable
4. Exchange crypto ↔ crypto	€125K	Not applicable
5. Order execution	€125K	Not applicable
6. Placement of crypto-assets	€125K	Grey area: BSAI issuance to users via the app could be interpreted as placement, but typically not
7. Reception & transmission of orders	€50K	Not applicable
8. Crypto-asset advice	€50K	Not applicable
9. Portfolio management	€50K	Not applicable
10. Transfer services	€50K	Not applicable (we are not a transfer service)

Plus Art. 68 organisational requirements:

- Records retention >5 years
- Mandatory BaFin reporting
- Complex governance: ≥2 "fit and proper" directors, no convictions, ≥3 years of relevant experience
- Conflict of interest policies
- Cybersecurity controls (DORA — Digital Operational Resilience Act, Reg. (EU) 2022/2554)
- Outsourcing rules (cannot outsource core functions without BaFin notification)
- Capital adequacy: ≥25% of annual fixed overheads

#### 4.9 VylexAI's current MiCA position — detailed

Aspect	Current status	Action required	Deadline
Whitepaper (Art. 6)	Not prepared. Internal Testing covered by Art. 4(2) exemption	Prepare 2 months before Open Testing	Q3 2026
Marketing rules (Art. 7)	Compliant (no yield promises; Technical Preview disclaimer present)	Maintain; introduce checklists	Ongoing
BaFin notification (Art. 8)	Not currently required	20 working days before whitepaper publication	Q3 2026
CASP authorisation (Art. 60)	Not required	Do not activate without preparation (€125-150K capital, 6-9 months BaFin review)	Only if we choose in-house custody/exchange
Insider information (Art. 88)	Applicable to team with non-public information access	Internal compliance protocol — who has inside info, when they may trade BSAI	Q3 2026
Market manipulation (Art. 89)	Applicable	Prohibit team-member buying/selling of BSAI before/immediately after major announcements	Pre-mainnet

## 5 EU AI Act + AI Liability Directive

EU AI Act (Regulation (EU) 2024/1689) is the world's first comprehensive AI law. Adopted 13 March 2024, in force from 1 August 2024. Phased implementation:

Date	What enters
2 August 2024	General entry into force
2 February 2025	Prohibited practices (Art. 5); AI literacy obligations (Art. 4)
2 August 2025	GPAI provisions (Art. 51-56); governance + penalties (Art. 99-101)
2 August 2026	High-risk AI systems (Art. 6-49) — main obligations
2 August 2027	High-risk AI in Annex I products (medical devices, vehicles, etc.)

### 5.1 AI system categorisation

- Prohibited AI** (Art. 5) — government social scoring, emotional manipulation of vulnerable persons, real-time biometric ID in public spaces by law enforcement, predictive policing (profiling-only), exploitation of vulnerabilities. Penalty: up to €35M or 7% global turnover.
- High-risk AI** (Art. 6 + Annex III) — biometrics, critical infrastructure, education/testing, employment and HR, access to essential public services, law enforcement, migration, justice,

democratic processes. Penalty: up to €15M or 3% turnover.

3. **GPAI models** (Art. 51-56) — models capable of performing a wide range of tasks (LLMs, diffusion models, foundation models). Additional obligations for models  $>10^{25}$  FLOPs (~GPT-4 scale) — "systemic risk" tier. Penalty: up to €15M or 3%.
4. **Limited-risk AI** (Art. 50) — chatbots, deepfakes, AI-generated content. Transparency obligations only.
5. **Minimal-risk AI** — voluntary codes of conduct.

## 5.2 VylexAI's position

VylexAI is not an AI model — it is an **infrastructure platform** running AI tasks (inference, federated learning) across distributed nodes. Under AI Act terminology we are:

- Not "provider" of an AI system (we don't develop models)
- Not "deployer" of an AI system for own purposes
- "Operator" of AI infrastructure — status analogous to AWS/GCP/Hetzner

If a third-party developer runs GPT-5 inference on VylexAI, AI Act obligations fall on the model provider (OpenAI), not on us. VylexAI is the transport layer.

### Classification-shift risk points:

- If VylexAI hosts "default models" (e.g., MobileNet, Qwen-1.5B) as part of its own product — we become "provider" of those models. But for unmodified open-source models the obligations are minimal (provider-of-distribution role).
- If VylexAI trains its own foundation model (DAITF analog?) — we become a GPAI provider with full Art. 51-56 obligations.
- If VylexAI adds an in-app AI assistant — Art. 50 transparency obligations (chatbot label, AI-generated content marking) activate.

## 5.3 Article 50 — transparency for consumer AI

Applicable when VylexAI adds an in-app AI assistant (Phase 2):

- User must be notified that they are interacting with AI
- AI-generated content (text, image, audio, video) must be machine-readably marked (watermark, metadata)
- Deepfakes — mandatory marking
- Emotion / biometric categorisation — mandatory user information

## 5.4 AI Liability Directive (Proposal COM(2022) 496)

AI Liability Directive — proposal, not yet adopted (status April 2026: in trilogue). When in force (~2027):

- Eases burden of proof for victims of AI harm
- Creates a presumption of causality between violation of AI obligations and harm
- Applies to provider/deployer of high-risk AI

- Does not apply to infrastructure operators (us) under current design

### 5.5 MiCA whitepaper connection to AI Act

MiCA Annex I item 7 requires disclosure of crypto-asset environmental impact. VylexAI has a unique advantage here: distributed consumer-device compute uses existing hardware instead of building new data centres. The CO2 footprint must be calculated correctly (no "marginal energy" subtraction — gross our share), but even gross is orders of magnitude below Bitcoin or Ethereum mainnet.

## 6 GDPR + Right-to-Erasure vs blockchain conflict

GDPR (Regulation (EU) 2016/679, in Germany — DSGVO with BDSG additions) applies to any processing of personal data of persons in the EU. For VylexAI: Android client users, vylexai.com visitors, Discord community, testers.

### 6.1 Current status — detailed audit

Aspect	Status	Verification source
Privacy Policy	✔ Published, 5 locales	vylexai.com/en/privacy etc.
Impressum (TMG §5)	✔ Published	vylexai.com/en/impressum
Cookie consent	✔ Not required (no tracking)	website source check
Data residency	✔ Hetzner Nuremberg (DE), within EU	Backend deployment
DPA with Hetzner	✔ Standard AVV in Hetzner terms	Hetzner ToS
Lead Supervisory Authority	LfDI Brandenburg (Cottbus location)	BDSG §38
DPIA (Art. 35)	⚠ Not prepared	Internal docs
Data Protection Officer (DPO)	Not required (we <20 staff, no large-scale processing)	BDSG §38
EU Representative	Not required (we are inside EU)	GDPR Art. 27
SCCs / IDTA	Not required (no third-country transfers)	GDPR Art. 46

### 6.2 DPIA — obligation and gap

GDPR Art. 35 requires a DPIA when processing "is likely to result in a high risk to the rights and freedoms of natural persons". Applicable to VylexAI because:

- **Systematic monitoring:** Play Integrity attestation, device ID, performance metrics
- **Innovative use of new technology:** distributed AI compute — new technology; EDPB recommends DPIA by default
- **Automated decision-making:** reward calculation is formally an automated decision about user payout amount (Art. 22 GDPR)

DPIA contains:

1. Description of processing (nature, scope, context, purposes)
2. Necessity and proportionality assessment
3. Identification of risks to rights and freedoms
4. Risk mitigation measures
5. (If risks high) consultation with LfDI Brandenburg before processing (Art. 36)

### **6.3 Right to erasure (Art. 17) and blockchain immutability**

**This is the most critical GDPR question for any crypto project.** Art. 17 GDPR grants the data subject a right to erasure of personal data. Blockchain (by design) is append-only, immutable. These two requirements are directly incompatible.

Industry-accepted solutions (CNIL guidance 2018, EDPB working paper 2021):

1. **Hashed/encrypted on-chain, plaintext off-chain.** Only hashes or encrypted data are written to chain. Plaintext lives off-chain in a regular database (which supports deletion). Deleting the decryption key = de facto erasure even if the encrypted blob remains on chain. CNIL and Bayerisches Landesamt accept this approach.
2. **Public keys / wallet addresses as pseudonyms.** Wallet address is a pseudonymous identifier. Without off-chain mapping to real identity it is not "personal data" under GDPR. Safe design.
3. **No PII on-chain.** Never write names, emails, passport IDs, biometrics, IP addresses on chain in plaintext.

VylexAI's architecture already follows this:

- BSAI rewards bound to wallet address (pseudonym)
- Wallet → email mapping kept in coordinator's relational database
- Performance metrics, Play Integrity tokens — off-chain
- On-chain — only wallet addresses + transaction hashes

**To document explicitly in DPIA:**

- "No PII on-chain" architectural decision — record as design constraint
- Account deletion procedure: how data is erased in coordinator, what happens with on-chain wallet (nothing — but a wallet without off-chain identity = pseudonymous)
- Transaction lifecycle: retention period, anonymisation

## 6.4 Categories of data processed by VylexAI

Category	Purpose	Lawful basis (Art. 6)	Retention	Storage
Email	Identification, recovery	Art. 6(1)(b) — contract performance	Until account deletion	Off-chain (PostgreSQL)
Device ID + Play Integrity	Anti-fraud, computation attestation	Art. 6(1)(f) — legitimate interest	30 days (telemetry)	Off-chain
Performance metrics	Reward calculation, diagnostics	Art. 6(1)(b)	180 days	Off-chain
BSAI wallet address	Reward payout	Art. 6(1)(b)	Until account deletion	On-chain (pseudonym)
IP address	Routing, fraud detection	Art. 6(1)(f)	30 days	Off-chain
Transactions	Audit trail, regulatory	Art. 6(1)(c) — legal obligation	10 years (HGB §257)	On-chain hash + off-chain detail

## 6.5 Data subject rights — product implementation

Right	Android client implementation	Status
Art. 15 — access	Settings → "Download my data" (JSON export)	⚠ Phase 2
Art. 16 — rectification	Settings → Profile → Edit	⚠ Phase 2
Art. 17 — erasure	Settings → "Delete account"	⚠ Phase 2 (critical)
Art. 18 — restriction	Settings → Pause node operation	✅ Present in Provider Mode
Art. 20 — portability	JSON export (same as Art. 15)	⚠ Phase 2
Art. 21 — objection	Settings → Opt out optional analytics	⚠ Phase 2
Art. 22 — automated decisions	FAQ explains reward algorithm; right to human review	⚠ Phase 2

## 7 AML / KYC

EU AML regime: 5AMLD (Dir. 2018/843), 6AMLD (Dir. 2018/1673), and the unified AMLR (Reg. (EU) 2024/1624 — applicable from 10 July 2027). Implemented in Germany through GwG (Geldwäschegesetz, 2017 with amendments).

### 7.1 When AML obligations activate for VylexAI

At the current stage (Technical Preview, simulated balance, no fiat exchange, no secondary market) AML obligations are NOT activated for VylexAI / Dudaev Systems UG. We are not an "obliged entity" under GwG §2,

which lists financial institutions, insurance companies, auditors, notaries, real estate agents, and (since 2020) Crypto-Asset Service Providers.

Activation occurs upon any of:

1. VylexAI begins providing CASP services itself (custody, exchange, trading platform)
2. BSAI is listed on a CEX (Binance, Kraken, Coinbase) — the obligations fall on the CEX, but we must sign MoUs and respond to KYC enquiries about the issuer
3. Annual transaction volume >€1M — even peer-to-peer transfers may attract FIU (Financial Intelligence Unit) attention

### **7.2 Travel Rule (MiCA Art. 67 + FATF Recommendation 16)**

FATF Travel Rule was implemented in the EU through Reg. (EU) 2023/1113 (TFR — Transfer of Funds Regulation 2). Applicable from 30 December 2024.

Requirements:

- For transfers of crypto-assets between CASPs >€1,000, originator and beneficiary information (name, address/identifier, account number) must be transmitted
- Self-hosted wallet → CASP transfers require additional verification if >€1,000
- Travel Rule data must be retained 5 years

Not applicable to VylexAI at current stage. Activates in CASP mode.

### **7.3 Tornado Cash precedent**

August 2022: OFAC added Tornado Cash (privacy-mixing protocol) to SDN list. May 2024: Dutch court sentenced developer Alexey Pertsev (Russian citizen in the Netherlands) to 5 years 4 months for money laundering.

#### **Lessons for DePIN projects:**

- "Open-source code" is not a defence against criminal prosecution for money laundering when in fact mixing/anonymisation services are provided
- EU developer location does not protect against US OFAC sanctions when USD-related infrastructure is used
- "We just published code, didn't operate the service" — does not work

For VylexAI Tornado Cash precedent is not directly applicable (we are not a privacy mixer), but it shows that crypto infrastructure developers can bear personal criminal responsibility for platform misuse. Mitigation: clear ToS prohibiting use for money laundering, sanctions screening, suspicious activity reporting.

### **7.4 GwG — German implementation**

German GwG (with 2020 amendments adding Crypto-Asset Service Providers):

- §1(11) GwG defines crypto-assets
- §2(1)(16) GwG: Crypto-Asset Service Providers — obliged entities
- §9 GwG: KYC and due diligence mandatory for all customers
- §10 GwG: enhanced due diligence for politically exposed persons (PEPs)

- §43 GwG: obligation to file suspicious activity reports (SARs) to FIU (at Generalzolldirektion)

### 7.5 *What to prepare in advance*

- **AML Policy document** — describing KYC/CDD/EDD procedures, transaction monitoring, SAR. Templates available at any Wirtschaftskanzlei. ~€800-1,500.
- **Geldwäschebeauftragter (AML Officer)** — mandatory under GwG §7. Can be hired through external compliance firm at €300-800/month.
- **Sanctions screening** — OFAC SDN, EU Consolidated, UN. SaaS: Sumsub, ComplyAdvantage, Onfido. €1-3 per check.
- **Transaction monitoring** — for CASP. Platforms: Chainalysis KYT, Elliptic Navigator, TRM Labs. From €5K/month.
- **Travel Rule compliance system** — Notabene, Sumsub Travel Rule, Chainalysis. From €2K/month.

## 8 **BSAI classification: utility / ART / EMT / security?**

The exact legal classification of BSAI determines 80% of all obligations. This is the question requiring one confirmation from a German Wirtschaftskanzlei before public offer.

### 8.1 *Test 1: ART or EMT?*

Under MiCA Art. 4, BSAI is **not** ART/EMT, because:

- Not pegged to any fiat (not EMT)
- Not pegged to a basket of assets or single non-fiat asset (not ART)
- Issuance is not "pre-funded" — tokens are minted upon compute work, not issued "in exchange for" a fiat deposit

**Conclusion:** BSAI — "other crypto-asset", analogous to Bitcoin, Ethereum, Filecoin, Akash.

### 8.2 *Test 2: security?*

In the EU, the definition of "transferable security" in MiFID II (Dir. 2014/65/EU Art. 4(1)(44)) is relatively narrow: shares, bonds, depository receipts, derivatives. ESMA Q&A 2022 clarified: utility tokens are typically not securities under MiFID II.

In the US — the Howey test: SEC v. W.J. Howey Co. (1946) sets 4 elements:

1. Investment of money
2. In a common enterprise
3. With expectation of profits
4. Derived from efforts of others

BSAI's current design passes the test:

- (1) Investment of money — no, tokens are received for work, not purchased
- (2) Common enterprise — partially; the network is the "common enterprise"

- (3) Expectation of profits — no yield promises; "Technical Preview" explicitly negates current value
- (4) Derived from efforts of others — partially (network growth affects token value), but not "preponderantly" as Howey requires

**Reclassification risk:** if VylexAI in the future:

- Sells BSAI in pre-sale to investors
- Promises yields, dividends, or buybacks
- Creates a governance mechanism with explicit influence on "yield"
- Onboards US investors in pre-sale

then BaFin (in the US — SEC) could reclassify as a security. Until those steps — safe.

### 8.3 Comparison with other DePIN tokens

Token	Design	EU classification	SEC trajectory
Bitcoin (BTC)	PoW, 21M fixed cap	Other CA (MiCA)	SEC: not security (Hinman 2018, later confirmed)
Ethereum (ETH)	PoS, no cap, deflationary EIP-1559	Other CA (MiCA)	SEC: ambiguous post-Merge; not security in practice
Filecoin (FIL)	Storage compute, PoS, 2B cap	Other CA (MiCA expected)	SEC v. Filecoin: ambiguous; Coinbase listed FIL
Helium (HNT)	5G/IoT consumer DePIN	Other CA (MiCA expected)	SEC ATT-Helium 2021 settlement (early ICO classified as unregistered security; resolved with refunds)
Render (RNDR)	GPU rendering DePIN	Other CA	Listed Coinbase, no SEC enforcement
Akash (AKT)	Decentralized cloud / GPU	Other CA	No SEC enforcement
Bittensor (TAO)	AI compute, PoS	Other CA expected	Listed major exchanges 2024+, no enforcement
Gonka (GNK)	B2B AI inference, transformer-PoW	Pre-MiCA whitepaper	US-funded; SEC stance pending
VylexAI (BSAI)	Consumer-DePIN AI compute, 21M cap	<b>Other CA expected (Bitcoin analog)</b>	Maintain Reg S exemption (no US persons in pre-sale)

**Conclusion:** BSAI is closest to Filecoin / Akash classification — utility token for compute network. All classified as "other CA" under MiCA. Helium (HNT) — the only real enforcement precedent in DePIN; SEC settled, not fully litigated.

## 9 Taxation in Germany

### 9.1 Corporate level

Tax	Rate	Applicability to VylexAI
Körperschaftsteuer (KSt)	15%	On UG profit
Solidaritätszuschlag	5.5% of KSt → 0.825%	Automatically applied
Gewerbesteuer (Cottbus Hebesatz ≈ 360%)	~14%	On UG profit
Umsatzsteuer (USt / VAT)	19% / 7%	Crypto exchange exempted (§4 Nr. 8b UStG, ECJ Hedqvist)
Lohnsteuer + Sozialversicherung	~40%	On salaries

Effective overall burden on UG profit ≈ 30%.

### 9.2 Tax treatment of BSAI issuance

BMF circular of 10.05.2022 (Specific questions on income tax treatment of virtual currencies and other tokens):

- Issuance of tokens in exchange for work/services = revenue at fair market value at issuance time
- If no market price (pre-mainnet) = revenue = 0, recognised at first liquid trade
- Corporate reserve (1.1M genesis) — not taxed until sale/use

Transition from "Technical Preview" (no market price) to mainnet (market price exists) = critical tax event. All previously issued BSAI receive "Marktwert" simultaneously. For large volumes this can be a significant Steuerlast.

Mitigation: tax consultation with crypto-specialised Steuerberater **before** mainnet activation. Possible structures: time-distributed activation, separate wallet accounting, use of Liechtenstein Foundation as issuer (treuhänderisch).

### 9.3 User level

For an individual in Germany receiving BSAI rewards:

- **Income category:** Sonstige Einkünfte (§22 Nr. 3 EStG) or Gewerbe (§15 EStG) — depending on regularity and volume
- **Allowance:** <€256/year — exempt
- >€256: fully taxable at individual rate (14-45%)
- **Holding period** for capital gains not applicable (§23 EStG only for private Veräußerung)

To be explicitly disclosed in AGB / FAQ. Otherwise UWG complaint risk.

## 9.4 IFRS / HGB BSAI treatment

On Dudaev Systems UG balance sheet:

- BSAI as intangible asset (HGB §266(2)(I)(2))
- Initial recognition at cost (= 0 at mining, or fair value at exchange)
- Subsequent measurement: HGB at cost; IFRS — fair value through P&L (if active market)
- Impairment tests on market drops >20%

## 9.5 VAT and crypto exchange

ECJ C-264/14 Hedqvist (2015): exchange of crypto-assets for fiat — exempt from VAT (§4 Nr. 8b UStG). VylexAI does not pay VAT on BSAI ↔ EUR exchange. Crypto-asset administration services may be VAT-taxable (form-dependent).

# 10 Mobile platforms — Google Play and Apple App Store

## 10.1 Google Play Cryptocurrency Policy

Activity	Allowed	Conditions
Cryptocurrency wallets	✓	Transparently disclosed as wallet
On-device cryptocurrency mining	✗ Prohibited	Fully
Off-device / cloud mining management	✓	If actual mining occurs on remote server
Cryptocurrency exchanges	✓	From established businesses with licences only
NFT	✓	With certain restrictions
Token-rewards apps	Grey area	If no purchase required and transparent

## 10.2 VylexAI's position

**VylexAI Android client must be positioned as a "contribution-based wallet" or "distributed compute participation app" — NOT as a "mining client".**

Architecturally we run AI inference (not SHA-256 PoW mining), but Google's review team aligns with wording, not technical detail. Any mention of "mining", "mining your phone", "earn while mining" is high rejection risk.

Safe phrasings:

- "Contribute idle compute to a decentralized AI network"
- "Participate in distributed AI inference and earn BSAI rewards"
- "Your phone becomes a verifiable node of the VylexAI compute network"

Prohibited phrasings: "Mine BSAI on your phone", "Smartphone mining", "Mining client".

## 10.3 Appeal process if rejected

Google Play Internal Testing review can take 1-3 days. If rejected:

1. Read reason code in Play Console (typically a specific policy violation)
2. Submit appeal via Play Console — usually response in 2-7 days
3. If rejected again — update app description and formulation, resubmit
4. Escalation: Google Play Account Support, request via Developer Policy Center

#### ***10.4 Apple App Store Guideline 3.1.5(b)***

Apple App Store similarly prohibits on-device mining. Additionally:

- 30% commission on any in-app purchases (after first year: 15%)
- ICO / token sales banned
- "Get-rich-quick" apps rejected

Phase 2 strategy: iOS client requires carefully prepared review submission.

#### ***10.5 "Technical Preview · simulated balance" as protective wording***

The current phrasing is very useful:

- Signals no real financial exchange currently occurs
- Removes most "exchange" / "financial product" concerns
- Buys 12-month window

## **11 NIS2 + Cyber Resilience Act**

### ***11.1 NIS2 — Network and Information Security Directive***

Directive (EU) 2022/2555. In force from 16 January 2023; Member State implementation by 17 October 2024 (Germany — NIS2UmsuCG, draft).

NIS2 expands the first NIS Directive and applies to "essential entities" and "important entities" in 18 sectors:

- Energy, transport, banking, financial market infrastructure, healthcare
- Drinking water, wastewater, digital infrastructure
- **ICT service management (B2B)** — may include DePIN compute providers
- Public administration, space
- (Important) postal services, waste management, manufacturing, food production, digital providers, research

### ***11.2 Size thresholds***

- **Essential entity:**  $\geq 250$  employees or ( $\geq 50$  employees AND  $\geq \text{€}10\text{M}$  turnover AND  $\geq \text{€}10\text{M}$  balance sheet) in one of the included sectors
- **Important entity:**  $\geq 50$  employees or ( $\geq 10$  employees AND  $\geq \text{€}2\text{M}$  turnover AND  $\geq \text{€}2\text{M}$  balance sheet) in one of the included sectors

### ***11.3 VylexAI applicability***

At current stage (5 staff, no revenue):

- NIS2 NOT applicable

At Scale stage (post 50 staff or €10M turnover):

- If interpreted as "ICT service management" (DePIN compute = ICT infrastructure for AI), then "important entity"
- Obligations: cyber risk management measures, incident reporting to BSI (in Germany), training

#### ***11.4 NIS2 obligations (if applicable)***

1. Risk analysis & security policies for information systems
2. Incident handling
3. Business continuity, crisis management
4. Supply chain security (incl. outsourcing to Hetzner)
5. Security in network/system acquisition, development, maintenance
6. Policies for assessing effectiveness
7. Basic cyber hygiene + training
8. Cryptography policies
9. HR security, access control, asset management
10. Multi-factor authentication

Incident reporting: 24h early warning + 72h initial notification + 1 month final report.

#### ***11.5 Cyber Resilience Act (CRA)***

Regulation (EU) 2024/2847. In force from 11 December 2024; applicable from 11 December 2027.

CRA establishes cybersecurity requirements for "products with digital elements" (PDE) — software + hardware with digital functions. Including:

- Mobile apps
- IoT devices
- Operating systems
- Any commercial software placed on EU market

PDE provider obligations:

- Security-by-design
- Vulnerability handling processes (CVD — coordinated vulnerability disclosure)
- Free security updates for at least 5 years
- SBOM (Software Bill of Materials)
- CE marking for PDE
- Conformity assessment (for high-risk products)

#### ***11.6 CRA applicability to VylexAI***

VylexAI Android client — "product with digital elements". CRA applicable from 2027:

- Security-by-design — satisfied (Play Integrity, encrypted comms, signed AAB)
- Vulnerability handling — to formalise process (CVD program: security@vylexai.com)
- 5+ years updates — obligation
- SBOM — to generate (Gradle + CycloneDX plugin)
- CE marking — mandatory from 2027

## **Full version**

This document is a **public edition**. The full internal version additionally contains:

- **§12-19** — Smart Contracts under German BGB; DAO as a legal form (e.V., Stiftung, eG, Liechtenstein TVTG); token compensation for team and contributors; cross-border analysis (UK, US, CH, MENA, sanctions); insurance (D&O, cyber, custody); UWG, DSA, IP, Whistleblower, ESG; alternative jurisdictions; comparable cases Filecoin / Helium / Render / Akash / Bittensor.
- **§20** — detailed 30/60/90-day action plan with budget breakdown and priorities.
- **§21** — recommended German Wirtschaftskanzleien and Steuerberater with track record and hourly rates.

The full version is provided to potential investors, partners and legal advisors on request:

**hello@vylexai.com · ash@smithagency.de**

## Appendix A — MiCA: articles + Annexes

Article	Content	Applicability
Art. 3	Definitions (crypto-asset, ART, EMT, white paper)	All definitions for classification
Art. 4	Public offer / admission to trading "other CA"	Applicable on public offer
Art. 4(2)	Exemptions (limited utility, ≤150 persons, <€1M)	VylexAI Internal Testing falls here
Art. 5	Offerors' obligations	Applicable on public offer
Art. 6	Whitepaper content	Mandatory before public offer
Art. 7	Marketing communications	Applicable to all marketing
Art. 8	Notification to competent authority 20 working days	Mandatory
Art. 12	BaFin power to suspend / prohibit publication	Risk if whitepaper non-compliant
Art. 14	Right of withdrawal for retail (14 days)	Applicable for retail offer
Art. 16-30	ART issuer authorisation, reserves, governance	Not applicable (BSAI ≠ ART)
Art. 48-58	EMT issuer authorisation	Not applicable
Art. 60-67	CASP authorisation requirements	Applicable if custody/exchange
Art. 68	Organisational requirements CASP	If CASP active
Art. 67 + TFR	Travel Rule for CASP	If CASP
Art. 88	Insider information	Applicable to all issuers and CASP
Art. 89	Market manipulation	Applicable
Art. 99	Penalties — fines + criminal sanctions	Up to €5M or 5% global turnover
Annex I	Whitepaper content (other CA)	Mandatory structure
Annex II	Whitepaper content (ART)	Not applicable
Annex III	Whitepaper content (EMT)	Not applicable
Annex IV	Climate impact disclosure	Mandatory
Annex V	Authorisation programme	Not applicable if not CASP/ART/EMT

## Appendix B — AI Act + AI Liability + GDPR

### *AI Act key articles*

Article	Content	Applicability to VylexAI
Art. 3	Definitions (AI system, provider, deployer, GPAI)	Defines our position
Art. 4	AI literacy obligations	Applicable: team must have AI literacy
Art. 5	Prohibited AI practices	Not applicable
Art. 6 + Annex III	High-risk AI classification	Not applicable
Art. 50	Transparency obligations	Applicable for consumer-facing AI
Art. 51-56	GPAI provisions	If VylexAI trains foundation models
Art. 99	Penalties	Up to €35M or 7% global turnover (for prohibited)

### *GDPR key articles*

Article	Content
Art. 5	Processing principles
Art. 6	Lawful basis
Art. 12-22	Data subject rights
Art. 17	Right to erasure (blockchain conflict)
Art. 22	Automated decision-making
Art. 25	Privacy by design
Art. 27	Representative for non-EU controllers
Art. 33	Breach notification (72h)
Art. 35	DPIA
Art. 37-39	Data Protection Officer
Art. 44-50	International transfers
Art. 83	Penalties (up to €20M or 4%)

### *AI Liability Directive (proposal)*

COM(2022) 496. Status: trilogue ongoing. Expected ~2027.

- Art. 3 — disclosure of evidence

- Art. 4 — presumption of causality
- Applicable to provider/deployer of high-risk AI

## Appendix C — German laws

Law	Regulates	Applicability
KWG (Kreditwesengesetz)	Banking, financial services	Not applicable under current design
ZAG (Zahlungsdiensteaufsichtsgesetz)	Payment services	Not applicable
GwG (Geldwäschegesetz)	AML	Activates in CASP mode
UWG	Unfair competition	Permanently applicable
BDSG	GDPR additions	Applicable
TMG	Online services, Impressum	Applicable to vylexai.com
HGB	Corporate accounting	Applicable to UG
ESTG	Personal income tax	Applicable to nodes in DE
KStG	Corporate tax	Applicable to UG
UStG	VAT (§4 Nr. 8b — crypto exchange exempt)	Applicable
GmbHG	GmbH/UG corporate law	§5a — 25% mandatory reserve
BGB	Civil law (contracts, liability)	Applicable to AGB and smart contracts
NIS2UmsuCG (draft)	NIS2 implementation	Activates on growth
HinSchG	Whistleblower	Activates at ≥50 employees

## Appendix D — CJEU jurisprudence

Case	Topic	Applicability to VylexAI
C-264/14 Hedqvist (2015)	VAT exemption for crypto exchange	BSAI ↔ EUR exchange exempt from VAT
C-235/17 Tornado Cash (NL — pending)	Personal liability for crypto infrastructure code	Lessons on developer responsibility
C-101/01 Lindqvist (2003)	GDPR — publication of personal data online	Applicability to web data listing
C-49/17 Wirtschaftsakademie (2018)	Joint controllership Facebook page admin	Discord server: shared responsibility

## Appendix E — BaFin precedents

BaFin publishes quarterly reports on granted licences / refusals. Key trends 2023-2025:

- ~70% of Kryptowert-Verwahrgeschäft licences approved within 6-12 months
- Strict "fit and proper" management requirement — 1 in 3 cases rejected for governance issues
- Capital adequacy enforced: minimum 25% of annual operating expenses
- "Substance over form" approach to classification: BaFin looks at actual use, not label

Known authorisations:

- BitGo Deutschland AG (2023) — Kryptowert-Verwahrgeschäft
- Coinbase Germany GmbH (2021) — first crypto licence in DE
- Bitpanda Asset Management GmbH
- Multiple Sparkassen and Landesbanken added crypto services under MiCA

## Appendix F — Comparative token classifications

Token	EU MiCA	SEC stance	Tax (DE)	Notes
Bitcoin (BTC)	Other CA	Not security	§22 EStG, <1y holding = taxable	Reference asset
Ethereum (ETH)	Other CA	Ambiguous post-Merge	Same	Now PoS
Filecoin (FIL)	Other CA expected	No enforcement	Same	Storage DePIN
Helium (HNT)	Other CA	2023 SEC settlement	Same	Consumer DePIN — closest analog
Render (RNDR)	Other CA	No enforcement	Same	GPU compute DePIN
Akash (AKT)	Other CA	No enforcement	Same	Cosmos DePIN
Bittensor (TAO)	Other CA expected	No enforcement	Same	AI DePIN
Gonka (GNK)	Pre-MiCA	Pending	n/a	Data-center AI DePIN
<b>VylexAI (BSAI)</b>	Other CA expected	Reg S exemption	Same	Consumer AI DePIN

## Appendix G — Sources

- Regulation (EU) 2023/1114 (MiCA) — [eur-lex.europa.eu](https://eur-lex.europa.eu)
- Regulation (EU) 2024/1689 (EU AI Act)
- Regulation (EU) 2016/679 (GDPR)
- Regulation (EU) 2024/1624 (AMLR)
- Regulation (EU) 2022/2555 (NIS2)
- Regulation (EU) 2024/2847 (Cyber Resilience Act)
- Regulation (EU) 2022/2065 (DSA)
- Regulation (EU) 2023/1113 (TFR — Travel Rule)
- Regulation (EU) 910/2014 (eIDAS)
- Directive 2014/65/EU (MiFID II)
- Directive (EU) 2018/843 (5AMLD), Directive (EU) 2018/1673 (6AMLD)
- Directive (EU) 2019/1937 (Whistleblower)
- Proposal COM(2022) 496 (AI Liability Directive)
- Geldwäschegesetz (GwG)
- Kreditwesengesetz (KWG)
- UWG, BDSG, TMG, HGB, BGB, EStG, KStG, UStG, GmbHG
- BMF circular of 10.05.2022 (crypto taxation)
- BaFin guidance on crypto-assets — [bafin.de](https://www.bafin.de)
- ESMA RTS / ITS on MiCA
- EBA Q&A on MiCA
- Google Play Cryptocurrencies and Tokens Policy
- Apple App Store Review Guidelines 3.1.5(b)
- CJEU C-264/14 (Hedqvist), C-101/01 (Lindqvist), C-49/17 (Wirtschaftsakademie)
- Liechtenstein TVTG (2020)
- Swiss DLT Act (2021)
- Wyoming DAO LLC Act (2021)
- BMJV Mining-and-Smart-Contract Report (2018)
- FATF Recommendation 16 (Travel Rule)
- Tornado Cash precedent (Pertsev, NL 2024)
- SEC v. Helium (2023 settlement)
- SEC v. Ripple Labs (2023)
- VylexAI internal: [vylexai.com](https://vylexai.com) Privacy Policy / Terms / Impressum (5 locales), Compliance doc, BSAI tokenomics doc, Linear project SMI

Analysis based on regulations in force as of 27 April 2026. Regulatory landscape evolves rapidly — particularly EU AI Act secondary legislation, MiCA RTS/ITS, AMLR implementation.

Document should be updated every 6 months or upon material legislative change.

**Disclaimer.** Document prepared by Smith Agency for Dudaev Systems UG as a strategic regulatory risk and opportunity map. Not formal legal advice and does not replace it. Before material decisions (token structure, MiCA whitepaper, BaFin notification, tax filings, third-party

contracts, DAO jurisdiction selection) consultation with a German Wirtschaftskanzlei specialised in crypto and IT, plus a Steuerberater on German crypto taxation, is required.

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