RARE EARTH TOKEN

(RET)

Classification Memorandum

Regulatory classification of the RET crypto-asset under MiCA and MiFID II

WORKING CLASSIFICATION

Crypto-asset other than an asset-referenced token or an e-money token, falling within Title II of MiCA (Title II / OTHR).

Document status	Internal analytical memorandum - not a legal opinion or regulatory decision
Prepared for	Rare Earth Token (RET) project / Szymon Turski
Contract	0x9728da076538ff9781566b6040D8819fC5da3f37
Network	Ethereum Mainnet
Assessment date	15 August 2026

Important status note. This memorandum is a project-level analytical document. It is not an explanation issued for the purposes of Article 8(4) MiCA, is not a legal opinion prepared by a qualified legal adviser, and is not a decision or endorsement by any competent authority.

Executive Summary

Conclusion. On the current facts, RET is best analysed as a crypto-asset falling within Title II of Regulation (EU) 2023/1114 (MiCA), rather than as an e-money token (EMT), asset-referenced token (ART), utility token, or financial instrument under MiFID II. The conclusion is a working classification and is conditional on the current token rights, economic design, smart-contract mechanics and official project communications remaining materially unchanged.

Why. RET is a transferable ERC-20 token stored on Ethereum and therefore meets the basic MiCA crypto-asset test. It is fungible, does not fall within the unique/non-fungible exclusion, and no currently identified Article 2 exclusion applies. Although RET is interchangeable and transferable, it does not confer rights equivalent to shares, bonds, securitised debt or other transferable securities; it does not represent short-term debt, a collective investment undertaking, a derivative exposure or an emission allowance. RET also does not purport to maintain a stable value by reference to a single official currency or to another value or right. Under the standardised ESA classification flow, that leads to Title II.

Critical distinction. This classification answers what RET is as a token. It does not decide whether a particular DEX launch, liquidity-pool creation, public communication, public offer or admission-to-trading route triggers Articles 4 or 5 MiCA, whether a legal person is required for a specific activity, whether a formal MiCA crypto-asset white paper must be notified, or whether any person is acting as a crypto-asset service provider (CASP). Those are separate activity-based tests.

Classification question	RET result	Working assessment
Crypto-asset under MiCA	Yes	Strong
Article 2(2) person/entity exclusion	No	Strong
Unique and non-fungible	No	Strong
Financial instrument under MiFID II	Likely no	Strong working conclusion
EMT	No	Strong
ART	No	Strong
Utility token	No	Strong
Title II / OTHR	Yes	Working classification

1. Purpose, Scope and Method

This memorandum records the current project-level reasoning supporting the regulatory classification of Rare Earth Token (RET). It is intended to create a stable analytical baseline for later legal review, the planned DEX legal-route analysis and, if required, preparation of a formal MiCA crypto-asset white paper.

The analysis follows the sequence required by the joint European Supervisory Authorities (ESAs) standardised classification test: identify a crypto-asset, test the exclusions in Article 2(2)-(4) MiCA, assess financial-instrument status using ESMA guidance, and then determine whether the token is an EMT, ART or another crypto-asset under MiCA. The ESA Guidelines require a case-by-case assessment taking into account all attributes of the token. [2]

Source hierarchy used. The analysis relies primarily on EU legislation and official Level 3 supervisory guidance, then applies those sources to RET Whitepaper v2.2 and the verified RET smart-contract source. Project descriptions are treated as factual evidence, not as self-executing legal conclusions.

2. RET - Factual Basis for Classification

Feature	Current RET fact
Technology	ERC-20 token deployed on Ethereum Mainnet; balances are stored and transferred electronically using DLT.
Supply	30,000,000 RET were created at deployment. No post-deployment minting mechanism exists; total supply may decrease through burn or burnFrom.
Initial allocation	1,000,000 RET were transferred by the constructor to the initial founder-allocation address; 29,000,000 RET remained at the contract address as the initial treasury balance.
Rare-earth relationship	Rare earth elements are a conceptual and strategic theme. RET does not represent, track, redeem for, or provide ownership of rare earth materials; no RET quantity corresponds to a unit or basket of metals.
Economic rights	No equity rights, dividends, profit sharing, debt claims, contractual yield, interest, liquidation rights or holder governance rights.
Stable-value mechanics	No peg, reserve of assets, redemption mechanism, price oracle or value-stabilisation mechanism.
Administrative controls	The current owner address controls distribute, pause/unpause, rescueTokens, sweepETH, transferOwnership and renounceOwnership. Owner status does not create holder rights in the project.
Upgradeability	No owner-controlled proxy or in-place upgrade mechanism in the deployed RET contract.

Communication is part of the factual assessment. The legal analysis does not rely solely on code. Official project language is relevant, particularly to the ART/EMT test. RET documentation therefore consistently uses an "inspired by rare earths" formulation and rejects tracking, backing, redemption and stable-value references.

3. Basic MiCA Crypto-Asset Test

Article 3(1)(5) MiCA defines a crypto-asset around a digital representation of value or a right that can be transferred and stored electronically using DLT or similar technology. The joint ESA Guidelines state that "value" and "right" should be interpreted broadly and that even assets with no intrinsic value can be digital representations of value where market participants attribute value to them. The Guidelines then require electronic transfer and storage using DLT or similar technology. [1][2]

Application to RET. RET exists as an ERC-20 balance on Ethereum, is stored by Ethereum addresses and can be transferred through standard ERC-20 functions. It therefore satisfies the core crypto-asset characteristics.

Working result: YES - RET is a crypto-asset for MiCA purposes.

4. Article 2 MiCA Exclusions

The ESA standardised test requires all exclusions in Article 2(2)-(4) MiCA to be assessed before the EMT/ART/Title II branch is reached. [2]

4.1 Article 2(2) - excluded persons and activities

The current RET project/founder does not fall within the listed categories such as the ECB, Member State central banks acting as monetary authorities, specified EU financial institutions, public international organisations, or the intra-group crypto-asset-service exclusion described by Article 2(2).

Result: no currently identified Article 2(2) exclusion applies.

4.2 Article 2(3) - unique and non-fungible crypto-assets

RET is a fungible ERC-20 token. Units are interchangeable, share the same technical properties and do not have individual token IDs or unique asset-specific characteristics.

Result: RET is not within the unique/non-fungible exclusion.

4.3 Article 2(4) - products regulated under other EU financial-services regimes

The main classification risk under Article 2(4) is whether RET is a financial instrument. That issue is assessed separately in Section 5. The remaining Article 2(4) categories do not presently correspond to RET: it is not a deposit or structured deposit, does not represent funds in the payment-services sense, is not a securitisation position, insurance/reinsurance product, pension product or social-security product, and does not confer the rights characteristic of those categories. [1][2]

5. Financial-Instrument Analysis under MiFID II

MiCA does not apply to crypto-assets that qualify as financial instruments. ESMA requires a technology-neutral, substance-over-form assessment. Tokenisation, ERC-20 form or use of DLT neither creates nor removes financial-instrument status. [3][4]

5.1 Transferable security

ESMA states that a crypto-asset is a transferable security where three criteria are cumulatively met: (i) it is not an instrument of payment; (ii) it is part of a class of securities; and (iii) it is negotiable on the capital market. [3]

Element	RET assessment	Result	Importance
Instrument of payment	RET is not currently designed or documented as a medium-of-exchange/payment instrument.	Likely no	Supportive
Part of a class	RET units are fungible and interchangeable.	Yes	Conceded
Class of securities	No rights equivalent to shares, bonds, securitised debt or other securities.	No	Decisive
Negotiability	ERC-20 transferability means abstract negotiability is likely present even before a specific market exists.	Likely yes	Conceded

The analysis deliberately does not rely on arguments that RET is non-transferable or does not form a class. ESMA indicates that interchangeability can satisfy the class concept and that the abstract possibility of transfer or trading can be sufficient for negotiability, even where no specific market yet exists. The decisive point is instead that RET does not confer rights equivalent to those typically granted by securities. [3]

RET does not confer an ownership position in a company, voting rights in corporate decision-making, dividend rights, rights to liquidation proceeds, bond-like repayment rights, interest, debt claims, or rights to acquire/sell another transferable security. Nor does it create a cash-settlement right determined by reference to securities, currencies, interest rates, yields, commodities, indices or other measures.

Working result: RET is unlikely to qualify as a transferable security because the cumulative "class of securities" element is not met, notwithstanding fungibility and likely negotiability.

5.2 Money-market instrument

ESMA emphasises short maturity and a predefined or residual maturity/redemption date as core indicators. RET has no maturity date, redemption date, principal repayment, short-term debt claim or interest entitlement.

Result: RET does not display the characteristics of a money-market instrument.

5.3 Unit in a collective investment undertaking

ESMA identifies pooling capital from multiple investors, investing it under a defined investment policy and generating a pooled return for those investors as core elements. RET holders have no proportional claim on a managed investment pool, no right to pooled profits/losses and no NAV-style redemption. The RET treasury consists of RET units and is not a portfolio managed for holder returns.

Result: RET does not display the characteristics of a CIU/AIF unit.

5.4 Derivative financial instrument

RET does not create a future purchase/sale obligation, option, swap, forward or futures arrangement. Its economic result is not contractually tied to the future performance of rare earths, a metal basket, an index or another underlying. ESMA examples distinguish synthetic/trackable exposure to an underlying from an independent crypto-asset. [3]

Result: RET does not display the characteristics of a derivative financial instrument.

5.5 Emission allowance

RET does not represent a right to emit a quantity of greenhouse gases and is not a unit recognised for EU ETS compliance.

Result: RET is not an emission allowance.

Overall MiFID II working conclusion. On the present design, rights and documentation, no sufficient characteristics have been identified to classify RET as a financial instrument. This remains a case-by-case legal assessment and should be re-opened if holder rights, economic entitlements or synthetic exposure are introduced.

6. EMT and ART Tests

Once Article 2 exclusions do not apply, the ESA standardised flow asks first whether the crypto-asset purports to maintain a stable value by reference to a single official currency (EMT), then whether it purports to maintain a stable value by reference to another value/right or combination thereof (ART). If neither is true, the Guidelines direct classification to Title II. [2]

6.1 E-money token (EMT)

RET does not purport to maintain a stable value by reference to EUR, USD, PLN or any other official currency. There is no 1:1 or other currency peg, no nominal redemption right and no mechanism intended to restore RET to a currency reference value. Expressing a market price in a currency or creating a trading pair does not by itself create the stable-value reference required by the EMT definition.

Working result: NO - RET is not an EMT on the current facts.

6.2 Asset-referenced token (ART)

The relevant question is not whether RET is volatile. The key test is whether RET purports to maintain a stable value by reference to another value/right or combination thereof. RET does not do so. Rare earth elements are a thematic inspiration, not a reference value or redemption basis.

- RET does not represent or track rare earth elements or their prices.
- No quantity of RET corresponds to a kilogram, unit or basket of rare earth materials.
- There is no price oracle or algorithm connecting RET supply or price to a rare-earth benchmark.
- There is no reserve of rare-earth assets or other assets backing RET.
- The RET treasury is a balance of RET tokens, not a reserve of external assets supporting value.
- RET holders have no right to redeem RET for metals, cash, ETH, treasury assets or other property.
- The founder has no contractual obligation to maintain RET at or return RET to a referenced value.

- Current project documentation expressly rejects a peg, tracking relationship and value-stabilisation mechanism.

Working result: NO - RET is not an ART on the current facts.

7. Utility-Token Check

MiCA defines a utility token by reference to its sole purpose of providing access to a good or service supplied by its issuer. RET is not currently designed as an access voucher, licence, subscription token or exclusive means of obtaining a product or service from an issuer. Its present purpose is to exist as an independent blockchain-native digital asset.

Working result: RET does not currently meet the utility-token definition.

This does not create a separate classification branch outside Title II: under the ESA standardised flow, a token that is neither EMT nor ART and is not excluded by Article 2 is classified under Title II. Utility tokens may themselves be Title II crypto-assets. [2]

8. Classification Conclusion

Working classification. On the basis of the deployed RET smart contract, holder rights, current economic design and official project documentation reviewed as at 15 August 2026, RET should be analysed as a crypto-asset other than an asset-referenced token or an e-money token, falling within Title II of MiCA (Title II / OTHR).

1	Digital representation of value stored/transferred via DLT	YES
2	Article 2(2)-(4) exclusion applies	NO identified exclusion
3	Financial instrument under MiFID II	LIKELY NO
4	EMT - stable value by one official currency	NO
5	ART - stable value by other value/right	NO
6	Utility-token definition	NO
7	**Result**	**TITLE II / OTHR**

9. What This Memorandum Does Not Decide

The classification of the token and the regulation of activities involving that token are separate legal questions. This memorandum does not determine:

- whether a specific RET communication constitutes an offer to the public;
- whether a specific DEX or liquidity-pool launch constitutes an offer to the public or seeking admission to trading;
- who would be the offeror or person seeking admission to trading for a particular route;
- whether the legal-person requirements in Articles 4 or 5 MiCA are triggered;
- whether a formal MiCA crypto-asset white paper and Article 8 notification are required for a particular launch route;
- whether any activity by the founder, project or a third party constitutes a crypto-asset service requiring CASP authorisation;
- when Title VI market-abuse obligations become applicable to RET-related conduct;
- Polish procedural, tax, AML, consumer-law or other national-law consequences.

Next analytical document. The appropriate follow-on is a separate RET DEX Legal Route Memorandum focused on Articles 4 and 5 MiCA, the contemplated Uniswap V3 structure, the identity/legal status of the relevant offeror or person seeking admission, and associated notification/documentation consequences.

10. Reclassification Triggers

The working classification should be re-opened before implementation of any material change that affects token rights, economic substance or official representations. Particular triggers include:

Re-test area	Trigger examples
ART / EMT	peg; target stable value; official-currency reference; metal or basket tracking; reserve assets; redemption; contractual price-stabilisation obligation
Financial instrument	equity or liquidation rights; dividend/profit participation; debt/repayment claim; interest or contractual yield; pooled investment return; synthetic exposure; derivative settlement terms
Utility token	making access to a founder/issuer good or service the sole purpose of RET
Hybrid classification	combining multiple economic functions or rights that create a financial-instrument characteristic; ESMA requires financial-instrument status to take priority where present
Official communications	language that materially changes the project's representation of RET, particularly statements that RET tracks, reflects, is backed by, or is intended to maintain value against rare-earth assets or another benchmark

11. Final Analytical Statement

RET Classification - Working Conclusion

RET is a crypto-asset within the MiCA concept. No currently identified Article 2 exclusion applies. In particular, despite being fungible and transferable, RET does not presently confer rights sufficient to classify it as a financial instrument under MiFID II. RET does not purport to maintain a stable value by reference to a single official currency or to another value/right, and therefore does not presently meet the EMT or ART definitions. The resulting working classification is a Title II crypto-asset other than ART or EMT (OTHR).

This conclusion should be treated as a controlled analytical baseline, not as regulatory approval. It should be reviewed by qualified legal counsel before being used as the basis for a formal Article 8(4) explanation or a live market-launch decision.

Authorities and Source Materials

[1] Regulation (EU) 2023/1114 on markets in crypto-assets (MiCA). Articles 2 and 3; Titles II-IV; classification perimeter.

[2] Joint ESA Guidelines on templates for explanations and opinions, and the standardised test for crypto-assets under MiCA (JC 2024 28). Especially paragraphs 17-23 and Annex C; Article 8(4) template status.

[3] ESMA Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments (ESMA75453128700-1323). Transferable securities, money-market instruments, CIUs, derivatives, emission allowances and hybrid-token analysis.

[4] Directive 2014/65/EU (MiFID II). Article 4 and Annex I, Section C.

[5] Rare Earth Token (RET) - Whitepaper v2.2. Project and technical factual basis reviewed for this memorandum.

[6] RareEarthToken.sol - verified RET smart-contract source. Technical factual basis reviewed for supply, burn, treasury, pausing and ownership mechanics.

Legal currency note: This memorandum reflects the cited EU-level sources and the RET materials reviewed as at 15 August 2026. Legal and supervisory materials can change. Any reliance for a live offer, admission-to-trading route or regulatory filing should be refreshed immediately before the relevant action.

Appendix A - Compact Classification Matrix

Test	Result	Confidence	Key reason
MiCA crypto-asset	Yes	High	ERC-20 value stored/transferred on Ethereum.
Article 2(2) exclusion	No	High	No identified excluded public/intra-group category.
Unique / non-fungible	No	High	Fungible ERC-20 units.
Transferable security	Likely no	High working	Fungible and negotiable, but no class-of-securities rights.
Money-market instrument	No	High	No maturity, repayment or short-term debt claim.
CIU/AIF unit	No	High	No pooled investment policy/return for holders.
Derivative	No	High	No contractual underlying exposure or future settlement.
Emission allowance	No	High	No EU ETS emission right.
EMT	No	High	No stable-value reference to one official currency.
ART	No	High	No stable-value reference to another value/right.
Utility token	No	High	No sole-purpose access to issuer good/service.
Title II / OTHR	Yes	High working	Outcome of ESA flow after exclusions and EMT/ART tests.