SBP MiCA OTH Explanatory Note

Prepared with assistance from the MiCA Crypto Alliance

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EXPLANATION FOR THE PURPOSES OF ARTICLE 8(4) REGULATION (EU) 2023/1114

Information about explanation	**Date on which this explanation is issued**	2026-02-27
	Name of the person(s) (legal or natural) issuing this explanation	**Name:** Sustainable Digital Solutions Limited **Address:** Floor 16, Al Khatem Tower, WeWork Hub71, Abu Dhabi Global Market Square, Al Maryah Island, AE-AZ, AE **Email address:** info@sustainablebtc.org **Telephone number:** +971 50 883 8579
	Point of contact of the person(s) (legal or natural) issuing this explanation (if different to above)	N/A
	Confirmation that this explanation is issued for the purposes of Article 8(4) of MiCAR	TRUE
Information about offeror(s), person(s) seeking admission to trading, and/or operators of trading	**Name of the offeror(s), person(s) seeking admission to trading, or operator(s) of trading platforms, on whose behalf this explanation is issued**	Sustainable Digital Solutions Limited
	White paper to which this explanation refers (this should be the 'final version' of the white paper submitted for the purpose of Article 8(1) of MiCAR)	The white paper referred to in this explanation was notified on 27 February 2026, for the purposes of Article 8(1) of MiCAR and has been assessed for the purposes of this explanation. A copy of the white paper is attached to

		this explanation.
	Member State(s) in which the offer to the public or admission to trading will take place	**Home state:** Ireland **Host member states:** Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden
Crypto-asset	**Applicable law**	Ireland
	Executive summary of the regulatory classification of the crypto-asset	Crypto-assets other than ART/EMT classified as non utility token
	Detailed explanation that the digital representation to which the white paper relates is a crypto-asset within the meaning of Article 3(1), point (5), of MiCAR	SBP is an environmental commodity issued alongside Bitcoin to represent verified clean energy use or renewable energy financing. It does not modify Bitcoin's Proof of Work and is minted only upon verified environmental impact, with no pre-minting or pre-allocation. Each SBP is divisible into 100 million "Kyotos" and has a capped supply of 21 million (currently the circulating supply is 5250 tokens). Holding SBPs confers no ownership, profit, voting, or legal rights. This is a new submission classified as "OTHR" under Regulation (EU) 2023/1114.

	Detailed explanation that the crypto-asset to which the white paper relates is not an electronic money token within the meaning of Article 3(1), point (7), of MiCAR	SBP does not aim to maintain a stable value relative to any fiat currency. Its price is driven solely by market supply and demand and is not backed, pegged, or redeemable for EUR, USD, or any other currency. It is not a substitute for legal tender and is not issued by a credit or electronic money institution. Its primary function is representing verified environmental impact from clean-energy mining and renewable energy financing. Accordingly, SBP does not qualify as an electronic money token under MiCA.
	Detailed explanation that the crypto-asset to which the white paper relates is not an asset-referenced token within the meaning of Article 3(1), point (6), of MiCAR	SBP is not designed to maintain a stable value by referencing any asset or basket of assets. It is not backed by commodities, fiat currencies, or other crypto-assets. Its utility is strictly linked to representing verified environmental impact associated with clean-energy Bitcoin mining or renewable energy financing. Its price fluctuates solely based on market supply and demand, without any stabilisation mechanism. Accordingly, SBP does not qualify as an

		asset-referenced token within the meaning of Article 3(1)(6) of MiCA.
	Detailed explanation that the crypto-asset is not any of the following:	
	Financial instrument, as referred to in Article 2(4), point (a), of MiCAR.	SBP does not confer rights equivalent to securities or other financial instruments under MiFID II. It does not represent a share, bond, derivative, or any entitlement to dividends, interest, or voting rights. To date, there is no ESMA guidance, case law, or EU regulatory precedent that classifies tokens like SBP as financial instruments. While this opinion is not binding under EU law, it provides supplementary evidence consistent with the MiFID II definitions.
	Deposits, including structured deposits, as referred to in Article 2(4), point (b), of MiCAR	SBP is not a deposit under EU law. It is not issued by a credit institution and does not represent funds held with any financial institution. Holders have no claim to principal or interest. SBP is issued independently on Base Mainnet, without involvement of banks or deposit-taking entities. Consequently, it does not qualify as a deposit under MiCAR, CRD, or CRR, and no laws, regulatory guidance, or case law treat it as such.

	Funds as referred to in Article 2(4), point ©, of MiCAR	SBP is not "funds" under PSD2 or MiCAR. It is not a claim to fiat currency or any bank or payment account balance, and holders cannot redeem it for cash or use it directly as payment outside the protocol. SBP is issued on Base Mainnet, independently of any payment service provider or account relationship. Accordingly, it does not qualify as funds under Directive 2015/2366, and no laws, guidance, or case law classify it as such.
	Brief explanation, unless more detailed assessment is relevant, that the cryptoasset is not any of the following:	
	- **Securitisation positions as referred to in Article 2(4), point (d), of MiCAR**	SBP does not confer rights to cash flows from a defined pool of assets such as loans or mortgages, and is not structured as a security backed by underlying assets. Therefore, it cannot be considered a securitisation position as referred to in Article 2(4), point (d), of MiCAR.
	- **Non-life or life insurance products or reinsurance or retrocession contracts as referred to in**	SBP is a crypto-asset that exists independently of any insurance arrangement. It does not provide coverage, risk transfer, or entitlements related to insurance policies,

	Article 2(4), point (e), of MiCAR	reinsurance agreements, or retrocession contracts.
	- **Pension product as referred to in Article 2(4), point (f), of MiCAR**	SBP is not a pension product and does not provide retirement benefits or entitlements. It is a digital token that does not create any contractual right to future payments or pension-like entitlements. Its value and utility are determined by the underlying platform or network, not by a retirement benefit scheme, and therefore it falls outside the scope of pension products.
	- **Officially recognised occupational pension schemes as referred to in Article 2(4), point (g), of MiCAR**	SBP is not issued or linked to any occupational pension scheme. It is a digital token whose issuance and value are independent of employer-sponsored or occupational retirement plans. It does not involve contributions by an employer or entitle holders to benefits upon retirement.
	- **Individual pension products as referred to in Article 2(4), point (h), of MiCAR**	SBP does not qualify as an individual pension product under MiCAR as it is a standard crypto-asset that is fungible, tradable on open markets, and not structured to provide retirement income or pension benefits. It lacks the features of an individual pension product,

		such as employer contributions, periodic payouts, or restrictions tied to retirement age.
	Pan-European Pension Products as referred to in Article 2(4), point (i), of MiCAR	SBP is not a PEPP and provides no cross-border pension entitlements. As a crypto asset, SBP does not confer any pension entitlements, guarantees, or obligations, and is not linked to retirement planning, making it outside the scope of PEPP regulation.
	Social security schemes as referred to in Article 2(4), point (j), of MiCAR	SBP is not part of any social security system and does not confer social benefits. It does not confer any rights to benefits, such as pensions, healthcare, or unemployment support, nor is it structured or regulated to operate as a social security instrument, so it falls entirely outside that regulatory framework.
Additional relevant information		SBP is intended to be admitted for trading on Kraken, an EU-regulated platform holding a CASP licence in Ireland.

INFORMATION ABOUT OFFERORS, PERSONS SEEKING ADMISSION TO TRADING, OPERATORS OF TRADING PLATFORMS

Name of the offeror(s), person(s) seeking admission to trading, or operator(s) of trading platforms, on whose behalf this explanation is issued	Regulated status (if any) of the offeror(s), person(s) seeking admission to trading, or operator(s) (authorisation or registration to carry out financial services activity/ies)	LEI (if applicable)	EEA/Member State of establishment, branch or registered office (as applicable)	Point of contact
Sustainable Digital Solutions Limited (SDS Ltd)	N/A	9845007BB086A966CC97	N/A	**Name:** Sustainable Digital Solutions Limited **Address:** Floor 16, Al Khatem Tower, WeWork Hub71, Abu Dhabi Global Market Square, Al Maryah Island, AE-AZ, AE **Email address:** info@sustainablebtc.org **Telephone number:** +971 50 883 8579