



TRANSPARENCY REPORT

April, 2021 – September, 2021
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1. Introduction

First came Web 1.0 which was static in nature and hardly had any user interaction services. It was all about everyone going online. Businesses and individuals were all set up their websites to go global. This is the time when Amazon and Google were born.

Then came web 2.0 when the social era came. Every business we could think about added a social layer on top of it. This is when Facebook and Twitter. This made the world more connected.

Now, web 3.0 is being built on blockchain which is an era of transparency and decentralization.

Blockchain is a game-changing technology that is propelling new levels of innovation across industries. It has many applications like supply chain monitoring for food and pharmaceutical manufacturing, payment processing, digital IDs, intellectual property protection, and property and land titles.

As per a recent Nasscom report, the CryptoTech Industry which includes crypto applications in trading, P2P payments, remittances, and retail among others has grown by 39% in the last five years in India.

The report also states that the cryptoTech industry will reach USD 241 Million by 2030 in India, and USD 2.3 billion by 2026 globally. More than USD 6.6 billion investments have been made in crypto assets by retail Investors in India. The industry provides employment for 50,000 individuals in India, with 230+ startups and 150+ proof of concepts and projects.

WazirX is one of the pioneers in building the steps of web 3.0 which is a truly decentralized internet. The idea of the company was born when centralised social networks started cutting off API access to other platforms.

The founders realised that you cannot depend on global & privatized centralised social media companies because they can change the rules of the game anytime they want and at their own wish. Determined to contribute towards the growth of a global decentralised ecosystem Sameer Mhatre, Siddharth Menon and Nischal Shetty founded WazirX exchange platform on 8th March 2018.

Shortly after our launch, the Indian central bank put a banking restriction on crypto in India. With no fiat on-ramp, many exchanges started shutting down or moving out of India. That's when we innovated and launched WazirX P2P to help users buy/sell crypto with INR, and it was a game-changer.

Around the same time, to scale the idea of crypto to more users and policymakers, Nischal Shetty, CEO WazirX initiated a Twitter campaign called #IndiaWantsCrypto for over 1000 days and counting to build a case of why we need to allow crypto to foster innovation in our Country and streamline the limitations faced by Web 1.0 and Web 2.0 with blockchain technology.

Why

Simply to create awareness and spread the right message about the crypto industry. The end result: After 2 years, the honourable Supreme Court of India quashed the banking ban. During these 2 years, the company innovated grew to become one of the premier largest cryptocurrency exchanges in India. Today, WazirX has over 8.5 Million users and has seen trading volumes around \$30 billion since Jan 2021.

In the past 12 months, we have launched several initiatives to raise crypto awareness in India - WazirX education partner program, WazirX Campus Outreach Program, WazirX Warriors Program, among other things.

2. Why do we think Transparency matters?

At WazirX, we are stringent in complying with users and stakeholders personal information, transactional data and financial information. We are also transparent with regards to the handling of government and law enforcement agencies information requests.

Legal Composition:

- We have a well-composed legal team to review, coordinate and comply with concerned authorities
- Legal procedures are carefully reviewed and placed based on previous requests received from various agencies.
- User consent is taken to scrutinize transactional data.

In accordance with WazirX's commitment to building a transparent & thriving crypto ecosystem, a coordinated approach is necessitated to provide required visibility to regulators in order to safeguard crypto investors' interest.

Going forward, WazirX would be publishing semi-annual transparency reports showcasing our commitment to helping various agencies with the requests received. With this transparency report, we would be documenting requests to identify any transactional wrongdoings.

3. Scope for investor protection with blockchain / Myth busting

3.1 Transparency: The core philosophy of blockchains

Our exchange is able to trace all users on its platform with official identity information. We already have a robust KYC & AML enabled policy that we follow to self-regulate in absence of regulatory guidelines. All the necessary information to track malicious activities that are “facilitated” by blockchains are publicly available.

Additionally, WazirX has collaborated with TRM Labs, a cryptocurrency compliance platform helping out in transaction monitoring and investigation, wallet screening and risk management. It has helped bolster security of the platform and scale compliance initiatives.

Myth Busting

- **Not a Fiat replacement.** The underlying principle remains the same: crypto is not meant to replace fiat/sovereign currency. Crypto is an asset class and a utility on decentralized networks e.g., to use any Ethereum application, a user needs Ether. And, we always have the option to buy crypto with fiat currency; WazirX facilitates such trades.

3.2 Our Process:

In addition to following our robust KYC and AML policies, we recently collaborated with TRM Labs and would be detailing our findings regarding compliances, in the upcoming transparency report. Furthermore, the partnership helps us continuously monitor transactions and also investigate any suspicious activities.

- **Continuous Transaction Monitoring:** The transaction hash is passed to TRM's API and aspects of the transaction, including the sender and recipient addresses, are screened for indicators of risk. If the risk is detected, an alert is triggered and logged in the alerts portal, where it is reviewed and assigned to an investigator if necessary.
- **Investigations into Suspicious Activities:** If screening and monitoring systems trigger a manual review, compliance investigators use the Forensics tool to investigate the alert in more detail, finding the source and destination of funds in a transaction, the address's transaction history and any off-chain affiliations of note.

4. Investor Protection:

- To ensure broader investor protection on our platform, access is allocated only to verified users who are identifiable with KYC documents. Processes are in place to allow the transfer of money from the user's own whitelisted linked bank account. The bank whitelisting works as a secondary KYC verification as well.
- We have a robust transaction mechanism in place to identify any irregular and abnormal transactions.
- We also routinely weed out bad actors based on transaction data intelligence.
- Product upgrades are regularly floated throughout the year.
- We Check for Frauds in KYCs. Fraud cases are flagged and the users are blocked from submitting a new KYC from the same account.

5. Authentication:

Some steps we take include:

5.1 KYC Verification* :

- Aadhaar/Passport/Driving Licence
- PAN Card (Mandatory)

5.2 Bank Verification:

- Penny Drop - deposition of 1 re. in the account to verify the account.
- The response we get helps us verify whether an account exists or not. Also we find out the account holder name which is then matched with PAN and Aadhaar name

5.3 2 Factor Authentication (2FA) Login:

- 2FA via SMS OTP
- 2FA via Authenticator app - Google Authenticator, Authy (More Secure)

Certain Accounts are flagged by support team on the trading activity, or deposits and withdrawals, and based on dubious trading activities users are blocked from withdrawal or blocked from the system.

*Only 1 account for 1 set of documents. Auto Verification of PAN from National Securities Depository Limited server and Aadhaar from UIDAI server

6. Customer Support:

To enhance user experience and to have an option to reach our exchange, we have created multiple channels to reach us out with their queries, including dedicated phone no., AI support chatbots and we have also improved our existing support infrastructure by building in-house customer support and call-centre teams.

Crypto exchanges are a new phenomenon and a high percentage of our customers (roughly 80%) have less than one year of experience and thus need support at different stages from account setup to individual trades and beyond. To this end, we have dedicated support teams across Voice, Chat, Email and Social media which engage with over 1 mn interactions every quarter with ~70% positive Customer Satisfaction scores.

While still at an early stage, the team has enabled the best-in-industry support experience for our customers building further on the trust and transparency at WazirX.

7. Our KYC process & User journey

7.1 KYC Journey

Signing up for a WazirX account is a super simple process. The first thing a user should do is head over to the Sign Up page. One can do this by clicking on the Sign-Up button at the top right of your screen.

Next, you'll be taken through a quick 4 step process so you can create a login and submit your details for verification.

Step 1 - Email ID & Password

The first step in the sign-up process is to choose a login email address and set a password.

- Email - Enter your complete email address. This is the email address you will use to login and also receive any communication from us. Users can reach out to our 24X 7 Voice Support page or place their queries on our support AI-chat bots to raise their concerns or face any issue that cannot change your login email address later.
- Password - Entering a strong password that you will remember. Passwords must be at least 6 characters long and a maximum of 64 characters. We recommend using passwords longer than 10 characters. Do not use passwords that you've already used on another website. Try and mix special characters like @#\$%^&-* along with capitals and numerics in your password.

Step 2 - Email Verification

Once a user enters their email, password and clicks on sign up, the user will receive a verification email at their email address.

- Click on the Verify Email button in the email. Users will be taken back to the WazirX website where their verification will be confirmed! Note that the verification email is only valid for 15 minutes. If not verified in 15 minutes, login to WazirX account again and click on the Resend verification email button.

Step 3 - 2FA Setup

After verifying the email, the next step is to set up 2FA for enhanced security.

- Authenticator 2FA(Recommended): Two-Factor Authentication (2FA) - Setup, Change & Recovery
- Mobile SMS - Enter 10 digits Indian mobile number. Do not include country code or '0' at the start. This will also be the number at which a user will receive an OTP when logging into a WazirX account. User will receive an OTP via an SMS. Enter the OTP in the verification box and click verify

Step 4 - KYC details

This step gives users an option of completing their KYC. WazirX collects/verifies 3 types of documents:

- Pan Card of the user
- Aadhaar/Passport/Driving license to get address info of the user
- Live Selfie to do a face match with the documents uploaded

7.2 User Support

WazirX also verifies the name of the user by fetching it from the National Securities Depository Limited government database based on the PAN card number. We also check the authenticity of the ID uploaded as address proof using government databases.

Post KYC all users can deposit or withdraw their cryptos, trade & use our P2P and UPI services. We maintain a high standard in our verification process to ensure that the WazirX platform is used by verified investors and traders. There could be 1 or more of the following common reasons that KYC verification may not be approved and users can appeal it through our 24X7 Support page -

- Details mismatch - Users details like Name & Address, ID Card number do not match the KYC documents submitted. Cross Checking all details before submitting is recommended.
- Duplicate account- Already submitted identical details for another WazirX account. User can have multiple accounts, but not multiple KYCed accounts.
- Growth in WazirX support the last 6 months :
 1. Increased Ticket Handling Capacity
 - Hired New team members
 - Restructured the teams - based on expertise in a particular subject matter
 2. Increased Ticket Handling Capacity
 - INR Deposit Tickets are handled by bot (i.e., in an automated fashion), and hence made more efficient
 3. Voice Support (Calling)
 - 24*7
 4. Chat Support
 - 8 AM to 2 AM Mon-Fri for Account Management queries (2FA reset, Mobile no. change, Email Change etc.), INR deposit/withdrawals and Crypto Deposit/withdrawals

8. Our AML & LEA Engagements

8.1 Facilitation:

To facilitate speedy compliance on requests of Law Enforcement Agencies (LEAs), WazirX has created a dedicated channel legal@wazirx.com, where they can reach us for clarity on transactions on the WazirX platform. The support channel is with a dedicated email address wherein these queries are assigned Ticket No. for ease of tracking and ensuring timely response & closure. We also help law enforcement agencies to understand the Blockchain and Cryptocurrency ecosystem in broader terms and help them explain how crypto exchanges work.

8.2 Government Requests:

During the period from April 2021 to September 2021, WazirX has received 377 requests from law enforcement agencies out of which 38 requests are from Foreign Law enforcement agencies for transactional and user information. WazirX has successfully responded to and complied with all of these requests.

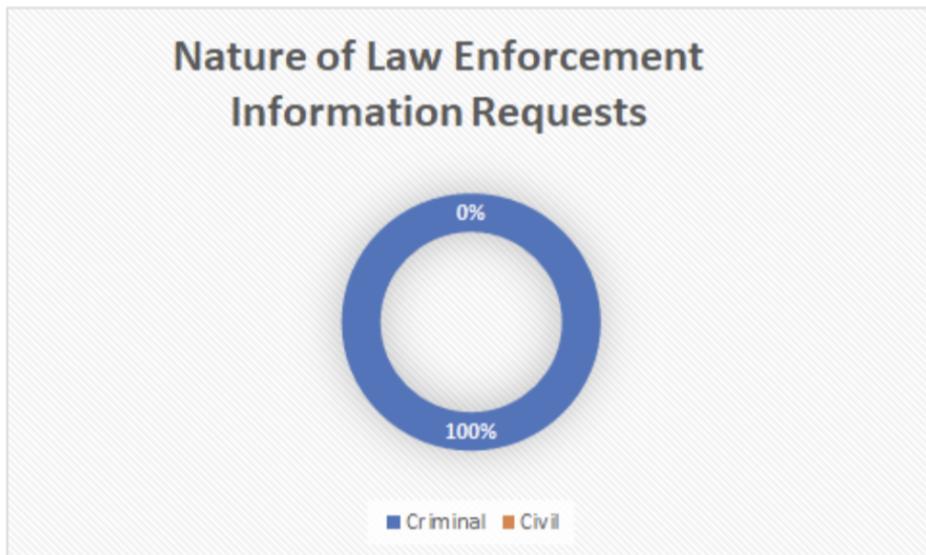
Insights:

Sr. No.	Request	No. of Requests
1	Indian Law Enforcement Agencies	339
1	Foreign Law Enforcement Agencies	38
TOTAL		377



8.3 Nature of Common Requests:

All law enforcement queries appear to be related to criminal proceedings, such as fraud, kidnapping and narcotics-related queries.



8.4 Blacklisting of User:

Blacklisting is subject to our terms and conditions e.g., when there is a violation of policies, false KYC or if we notice our platform is being used for illegal activities, we blacklist the user. We also take into account their illegal transactional behaviour. Internal processes are in place to identify and reach out to relevant law enforcement agencies.

Our compliance rate for law enforcement requests has been 100% for over 377 requests. So far 14,469 accounts were locked by us from April 2021 to Sep 2021. 90% of these activities are user-driven (customer requested to close the account) and 10% are initiated by our legal team who had to lock the concerned accounts due to payment disputes or ongoing investigation for LEA cases.

9. Our Investor Education Efforts & Commitment to safety

Since there is no specific regulation for crypto as yet, we are tirelessly working with the banks to make sure that payment and redemption lines are open in this challenging environment. We are leveraging social media to explain our position to customers.

As we mentioned above, on November 1, 2018, WazirX CEO Nischal Shetty began a campaign on Twitter called #IndiaWantsCrypto. Under this campaign, he began posting one tweet every day, ranging from interesting facts to unique insights about cryptocurrencies. The idea is to create awareness about the industry upon policymakers to regulate the industry, which generates thousands of jobs, not to mention vast amounts of monetary value.

At the customer level, we have initiated an FAQ YouTube series / Investor Education series to help customers understand the exchange design so they can easily navigate while executing trades and not face any issues.

We recently launched our dedicated policy think tank, 'Blockchain Papers', which publishes research papers, whitepapers, solutions and engages leaders, entrepreneurs, academia, policymakers and others who are building solutions for modern economies like India. The platform also tries to clear misconceptions, challenges and issues related to public policy on the blockchain, cryptocurrencies and the entire decentralized economy.

In addition, we recently launched our secondary research report with Nasscom analyzing the emerging trends in the CryptoTech industry and its potential in the Indian context, and looking into the economic value addition, employment generation, and other benefits.

Tackling misinformation and busting misconceptions around crypto is just one of the ways we think will help our users make informed crypto investment decisions. As pioneers in this space, we are committed to spreading the right information to our users by fostering a conducive environment to help them make informed choices.

10. Industry Collaborations:

As part of creating safe and progressive operations for the development of Blockchain and Cryptocurrency ecosystem in India, contributing to the 5 Trillion \$ economy, and promoting Digital India and Skill Development efforts, we have partnered with other industry participants to create a robust Blockchain & Cryptocurrency Committee under the Internet and Mobile Association of India (IAMAI) umbrella. Additionally, WazirX is part of Blockchain and Crypto assets Council (BACC) along with other crypto exchanges of repute such as Zebpay, CoinDCX among others to implement self-regulation. It was set up under the aegis of IAMA also welcomed the RBI's advice to all the banks against citing 2018 circular that had called for the non-acceptance of crypto-related financial exchanges of its customers.

To expand stakeholder engagements we work with various Governmental stakeholders. We have also been a part of IndiaTech.org and engage with various media houses in creating a broader understanding of Blockchain and Cryptocurrency. We are also collaborating with educational institutions like IIT, IIM and Delhi University to propagate the cause of Blockchain and Cryptocurrency and spread awareness and education.

11. Listing some of our Educational Initiatives:

WazirX initiated Pan-IIT trading workshops, partnering with several ed-tech startups and conducted webinars, campus outreach programs at colleges like IIMs, XLRI, and more to spread blockchain and crypto awareness in India (IIM Ahmedabad, IIT Bombay, IIM Indore, XLRI, NMIMS, DY Patil University, and IEEE Women in Engineering among others).

Pan-IIT trading workshops: For the very first time, all the top six IITs (IIT Madras, IIT Delhi, IIT Bombay, IIT Kanpur, IIT Kharagpur, and IIT Roorkee) came together for a two-day cryptocurrency trading workshop organised by WazirX and conducted by Sumnesh Salodkar.

We are always looking to partner with credible institutional and industry thought-leaders to further our mission to educate people on crypto and are proud to associate with the CNBCTV18, Moneycontrol, BloombergQuint and Business Insider team to educate and meaningfully engage with our expanding crypto community. We hope that our users gain critical insights into the countless opportunities that the crypto world has to offer us through these sessions.



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