



Initial Exchange Offering of BTSE Tokens

For use on BTSE Trading Platforms

2020.02.15

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Abstract

BTSE operates virtual currency trading platforms. This white paper introduces the BTSE utility token, for use on the BTSE trading platforms. The BTSE utility token provides a unique opportunity for existing BTSE users and those who wish to use BTSE's platforms and services.

This document seeks to explain the details of the BTSE utility token offering.

Introduction

BTSE is a multi-currency spot and futures trading platform custom-built and is designed to bring efficiency and stability to the cryptocurrency trading landscape today.

Through a number of technical key innovations, BTSE tackles some of the areas traders value the most: BTSE's next-generation matching engine runs purely in memory without the need for a database, enabling sub-millisecond transactions and significantly reducing the risk for system overloads. Horizontal scaling allows BTSE to upgrade with near-zero downtime. And the entire exchange is self-hosted – an impactful security and performance advantage.

BTSE's team is filled with elite institutional experience in finance, technology, ventures building, and the development of high-volume trading systems. BTSE's founding members come from backgrounds including Goldman Sachs, Cisco and IBM.

Why BTSE?

Our Vision

BTSE has developed what we call Futures 2.0, an upgrade from crypto futures trading as we know it today.

Cryptocurrency futures trading is becoming increasingly popular, with the largest trading platforms reporting 30% quarterly user growth - yet compared to the global futures market, it's still tiny with lots of room to grow. But there is a gap between the needs of retail users and what current exchange platforms offer:

- Inefficient UI
- Forcing users to trade in crypto only
- Platforms are often unreliable (downtime & overload)

As a trader, you can post margin and settle in any combination of fiat and cryptocurrencies; this aggregates the liquidity of several assets and markets; it also builds a bridge between the crypto and non-crypto futures market - you can trade cryptocurrency futures without having to hold any cryptocurrencies.

There is a lot of institutional money out there that's not flowing into the crypto industry right now due to inefficiencies and lack of on-boarding convenience. By helping institutional investors and traders get involved, we wish to contribute to the growth of the Bitcoin and crypto space.

Founding Team

Jonathan Leong, *Chief Executive Officer*, has more than 20 years of experience developing high performance, mission-critical systems. Over the past 6 years, he has built many successful ventures fusing his deep knowledge of technology with business opportunities. Jonathan believes cryptocurrency will transform the way we do business, live, work and play. He also runs a venture fund that invests in Fintech and compelling innovation drivers.

Brian Wong, *Co-Founder*, has more than 10 years experience in trading and financial technology. Prior to joining BTSE, he worked at Goldman Sachs and has built a successful high-speed trading venture that captures inefficiencies in the Asia financial markets.

Joshua Soh, *Chief Operating Officer*, brings a wealth of organizational and operational dexterity gleaned from 24 years in the Infocomm-Media industry. He was previously General Manager for IBM Global Technology Services before taking the helm as Managing Director for Singapore & Brunei at Cisco Systems. Before joining BTSE, Joshua was CEO of a medtech company where he transformed their business into a managed service model culminating in a private sale.

Yew Chong Quak, *Chief Technology Officer*, has spent over 10 years in multiple engineering roles, acquiring a wide breadth of technology experience from building robust systems infrastructure and networks to agile software development. His fervour for new technologies and its early adoption brings the best of breed into BTSE. YC previously held various engineering positions at SingTel and Macquarie Securities and successfully launched several trading applications.

Platform

BTSE operates a multi-currency fiat-to-cryptocurrency exchange, with cryptocurrency spot and derivatives markets.

Support for Multiple Collateral as Margin

A defining characteristic of the new BTSE Futures platform is its support of fiat and cryptocurrency as margin collateral. Traders can post margin using a combination of both fiat and crypto when they trade USD-settled Bitcoin or Tether futures, without the need to make currency conversions. BTSE supports 8 major fiat currencies, including USD, EUR, JPY, and GBP, and 6 major cryptocurrencies, including BTC, ETH, LTC, and USDT.

Linear US Dollar Settled Futures

Although commonplace in the cryptocurrency space, inverse futures contracts, non-linear in nature, result in a complex mechanism of deriving profit and loss. Conversely, traditional futures contracts embrace a linear design. Every price movement of a contract translates directly into profit-and-loss proportionally. BTSE Futures platform embraces a simple linear design, where profit and loss are settled in US Dollars. Users can convert profits into native currencies of choice with one click through platform's multi-currency spot wallet or purchase USDT using the all in one order book.

Multiple Currency Futures Settlement

In addition to posting multiple currencies as margin collateral, traders have the option to settle their trades in the currency of their choice. BTSE currently supports settlement in BTC, USD, and USDT, regardless of the currency used as collateral.

The Future of Cryptocurrency Derivatives

Cryptocurrency investors can benefit from BTSE's derivative products for hedging and speculation. BTSE multi-collateral futures platform bridges the gap between traditional fiat-based traders and coin holders. Additionally, the multi-currency order book enables global users to trade in an aggregated order book with thick liquidity.

State of The Art Cyber Security

BTSE regularly engages with penetration and cyber security testers as part of an ongoing system-wide security audit. Unlike other exchanges that operate on cloud services, BTSE uses single tenant servers collocated in our own cage with 24/7 DDoS protection and a state of the art firewall.

Since BTSE is fully self-hosted, we have the flexibility to customize our hardware and define our internal network architecture for better cyber security and performance. Data is distributed across multiple data centers, adding redundancy, additional protection and site reliability.

BTSE uses a combination of cold storage and hot wallet techniques to ensure funds are held securely, while also providing fast withdrawals to users. Transactions are made with coin selection algorithms that favor UTXO consolidation and privacy when possible.

Liquid Network Partnership

BTSE is proud to be a member of Blockstream's Liquid Network, an inter-exchange settlement network, and will be one of the first exchanges to integrate Liquid USDT for deposits and withdrawals.

Liquid allows traders on BTSE to move their funds between different exchanges without requiring the crypto assets to use their corresponding “base-layer” blockchain, which allows for quicker confirmation times when moving funds.

High-frequency and algorithmic traders have been limited by long block confirmation times when attempting cross-exchange trading strategies, but the increased exchange interoperability offered by Liquid will create deeper liquidity and more efficient price discovery by allowing traders to exploit arbitrage strategies across different marketplaces quickly, thereby stabilizing price inefficiencies. Additionally, faster confirmation times mean that users can store their funds outside of the exchange in a personal wallet that they control, thereby reducing custodial risk, while still being able to move funds onto an exchange quickly if and when a trading opportunity arises.

Additional Blockstream Liquid Network members include Altonomy, Bitbank, Bitfinex, Bitmax, BitMEX, Bitso, Blue Fire Capital, BTCBOX, Cobo, Coinone, Coinut, Crypto Garage, DGroup, DMM Japan, FRNT Financial, Gate.io, GOPAX (operated by Streami), Huobi, L2B Global, OKCoin, OpenNode, Poolin, Prycto, Sideshift AI, The Rock Trading, SIX Digital Exchange, TaoTao, Tilde, Unocoin, Xapo, XBTO, and Zaif.

For Retail Crypto Traders

As a trader, you want to know that you’re trading on a platform that’s reliable and fast and provides sufficient liquidity. You don’t want system overloads, downtime, or cyber security breaches - which is exactly what major platforms have had to deal with in recent years, compromising the confidence of traders.

BitMEX customers are familiar with the “Order Submission Error”, which prevents them from entering or exiting a trade when their systems are overloaded. However, BTSE’s high-speed matching engine processes up to two million orders per second, making system overloads a thing of the past.

Bitfinex and Ethfinex require 8+ hours of downtime when maintenance or system upgrades are being completed, but through horizontal scaling technologies, BTSE.com runs 24/7 and can do hot upgrades with no performance impact - that means no more downtimes.

Our multiple data center capacity prevents cyber-attacks effectively. BTSE is fully self-hosted which gives us the flexibility to customize our hardware and define our internal network architecture for better cyber security and performance. Multiple data center redundancy adds additional data protection and site reliability, and close ties with network partners give us the ability to efficiently manage network routing, improving the user experience.

On BTSE, you can trade cryptocurrency spot and futures with up to 100x leverage and freely pick and combine your favorite trading pairs from a variety of fiat and top cryptocurrencies. You can start trading without limits as soon as you sign up; your ID verification will give you additional access to BTSE’s multiple fiat on- and off-ramps.

For Institutional Traders

BTSE is the result of two years of development work on a multi-currency cryptocurrency spot and derivatives exchange that brings stability and efficiency to the crypto trading landscape.

Most exchanges are built by utilizing out-of-the-box or open source community software that is built for general purposes, but exchanges have their own specific requirements to ensure data consistency, performance, scaling, risk management and continuous uptime.

BTSE built everything from the ground up, including:

- Cluster management
- Message queuing
- Network communication protocol
- Replication mechanism
- Scalable matching engine
 - Highly customizable with support for user bot scripting
 - High throughput
 - Real-time risk management calculation

Our pursuit at BTSE has always been to introduce the standards of institutional trading platforms to the cryptocurrency space. Built from scratch by a team with extensive experience in developing high volume trading systems, BTSE adds some crucial yet currently missing cyber security and scalability features to the young and steadily growing cryptocurrency industry.

BTSE offers cryptocurrency spot and futures trading with up to 100x leverage, multi-asset collateralization, and allows you to trade cryptocurrency futures with both crypto and fiat settlement options. Our multi-asset orderbook system provides deeper liquidity and more efficient price discovery, allowing traders from all parts of the world, holding different fiat and crypto assets to speculate within a common orderbook and receive payouts in the asset of their choice.

BTSE has powerful banking relations; as a result, BTSE is able to offer multiple fiat on- and off-ramps and support for numerous fiat currencies.

For Non-Crypto / Beginner Traders

At BTSE, our ultimate goal is to make the entrance into the crypto trading space easier and more enjoyable for everyone. We spent two years observing the market and building a platform that not only fixes the issues of current exchanges, but offers additional features to set you up for a successful trading experience.

BTSE currently supports the trading of 6 cryptocurrencies in 8 different fiat currencies, which you can freely combine in your trades. If you want to start trading without having to hold cryptocurrencies yourself, you can trade Bitcoin and the other assets available on BTSE with your local currency. Our spot markets provide a “normal” exchange environment where traders can buy and sell cryptocurrency assets on BTSE, realizing profits in their local fiat currency and participating in trades without the full exposure to the asset’s volatility, such as is the experience in derivative markets.

BTSE also offers you a number of ways to deposit and withdraw funds via unlimited SWIFT bank transfers and a global P2P marketplace with verified merchants in your country. This is possible through BTSE’s strong banking relations.

And if you’d rather get started without using real money, you can get acquainted with the interface and mechanisms on BTSE’s free testnet.

The BTSE Initial Exchange Offering

The summary below describes the terms, benefits, and utility of BTSE tokens.

Token Specifications

The following text highlights details of the BTSE token, use cases, benefits, and issuance terms.

Issuance Terms

BTSE tokens will be issued on Blockstream's Liquid Network using the ticker symbol "BTSE". Prospective purchasers should review the issuance terms, as well as the benefits and use cases.

ISSUER	BTSE Holdings Limited
TOKEN	BTSE, a utility token with the ticker symbol "BTSE"
PURCHASER ELIGIBILITY	Subject to completion of relevant KYC, whitelisting and/or restrictions imposed by BTSE.

PURCHASE PRICE	BTSE tokens will be sold at a rate of \$1 or equivalent, per token. The Issuer accepts USD and USDT, and other payment methods at its discretion.
LISTING	BTSE will open a BTSE/USD spot market for peer-to-peer, open market trading following the conclusion of the sale of tokens.
USE OF PROCEEDS	Proceeds may be used for working capital and general business purposes, including capital expenditures, operating expenses and other capitalization activities.
SALES DOCUMENTATION	The purchase and sale of BTSE Tokens shall be on the Terms and Conditions set forth in a separate Token Purchase Agreement, provided by the Issuer.
PRIVATE SALE	The initial private sale is for 50 million BTSE Tokens will be offered as part of a private placement only. Any unsold tokens from this allocation will be burned.

TOKEN DISTRIBUTION

The Issuer will issue up to one hundred million BTSE tokens. The remaining tokens after the initial private placement will be vested over 5.5 years (gradual unlocking begins after 18 months)..

COMMERCIAL USES

Reductions of fees on the BTSE trading platform, described more fully herein, as well as similar fee reductions and benefits for future BTSE trading platforms, products, and services.

TAX CONSEQUENCES

Prospective purchasers should consult with their tax advisors as to the tax consequences of participating in the distribution and owning, using, and transacting in BTSE tokens. We make no claims to the tax implications of participating in this private token offering.

Future projects

The services and features mentioned below are preliminary, prospective, subject to consideration for implementation or revision, and not available as of the date of this document. Inevitably, unanticipated events and circumstances may affect the ultimate services and features provided by BTSE in the future. BTSE's future projects are therefore subject to substantial and numerous uncertainties. BTSE is also aware that a number of these projects will likely be subject to regulation under securities, banking and payment legislation and will obtain the necessary legal clearance and if required, licensing/approvals prior to commencing the provision of such products and services in the relevant jurisdiction.

Traditional Securities and Derivatives

BTSE will add support for traditional securities products and derivatives. Currently, traders who hold digital assets are limited in their ability to speculate on traditional financial products using their digital assets. Adding support for traditional securities products and derivatives will allow traders holding digital assets more flexibility in where they position their capital.

Currency Markets

BTSE will add support for a traditional currency marketplace, servicing fiat-to-fiat currency pairs. Traders will be able to speculate on these pairs with unrelated currencies and digital assets as collateral, with multi-currency settlement.

Indexed Altcoin Futures

BTSE will develop additional altcoin and digital asset indexes for traders. The largest traded financial products in the world by volume are index

futures and not the underlying products contained within the index. For instance, a trader interested in speculating on individual altcoins may find it difficult to manage due to low trading volumes for that altcoin. Additional altcoin and digital asset indexes will provide more liquid instruments for traders wishing to speculate on alternative cryptocurrencies or segmented areas.

Over-the-counter (OTC) Trading Desk

BTSE will develop an over-the-counter (OTC) trading desk, supporting the exchange of multiple digital and traditional securities assets. OTC markets give traders the ability to trade in large blocks without affecting the public limit order book. This allows for greater privacy while exchanging assets and a reduced possibility of causing large movements in the public marketplace.

Social Trading Platform

BTSE will develop social trading features that allow users the ability to share their trading ideas, follow and copy trades from other users, chat, discuss strategies with other users and earn passive income when their trade ideas are copied. Social platform users also have the ability to participate in trading competitions and other campaigns offered by BTSE.

BTSE Academy

BTSE will produce a learning platform aimed at introducing novice and intermediate traders to more complex trading terms, concepts and strategies. Courses will also be offered on blockchain technology, cryptography, economics, online security and personal finance.

Stablecoin

BTSE will research and develop stablecoins for multiple fiat currencies. The current stablecoins are all focused on western fiat currencies, namely the United States Dollar and the Euro. This leaves a large portion of the world unserved who may not have an interest in holding these currencies.

IEO Launchpad Platform

BTSE will develop a platform that allows new companies and projects to raise funds directly from existing BTSE users through an “initial exchange offering”.

These companies and projects can have their tokens listed on BTSE and will benefit from additional guidance and access to a network of potential investors.

Custodian Services

BTSE will develop a custodial service providing secure storage for a variety of digital assets. The custodial solutions that are currently available are insufficient for institutional-level clients and high-net-worth individuals. BTSE will aim to provide a sophisticated custodial service using a variety of cyber security methods and diversified hardware.

Asset Management Platform

BTSE will develop a platform for more generalized asset management products, including fixed deposit (term) accounts and interest bearing deposit accounts. Users will have the option to deposit different digital assets and earn a fixed rate of interest on that asset while held in the account or if held to term in the case of fixed deposit accounts.

Virtual Banking Services

BTSE will offer traditional retail banking services through the acquisition of a Virtual Banking License. BTSE will provide personal loans and collateralized lending, as well as traditional operating accounts with debit cards. These services will provide consistent streams of revenue, allowing us to capture and service a massively underbanked population.

BTSE and Blockstream Mining

Blockstream Mining provides premium miner collocation services that are secure and reliable. With 300+ megawatt capacity, Blockstream currently has the infrastructure in place to capture over 5% of the current Bitcoin mining market. Blockstream facilities are built from the ground up using state-of-the-art engineering and cyber security practices, designed specifically to service the needs of institutional-level clients.

Mining infrastructure is incredibly important to the security of the Bitcoin network. The greater the total hashpower of the miners on the network, the more secure the network becomes and the more difficult and costly it becomes to initiate an attack on the network.

Current hosting providers face a number of challenges:

Blockstream Mining

Reliable electrical infrastructure designed by top electrical engineers and built to meet or exceed electrical code and safety requirements.

Blockstream ensures every miner is individually metered to measure power consumption to ensure accurate monitoring and billing.

Blockstream facilities are located in areas of Canada and the United States that are crypto friendly minimizing geopolitical risk and ensuring long term reliability.

Blockstream provides customers with total control over their mining equipment ensuring complete transparency.

Other Mining Providers

Electrical infrastructure is often unreliable and unsafe due to electrical work that does not adhere to building codes or best practices.

Most providers do not provide metering for individual miners, which results in poor equipment monitoring capabilities and wildly overpriced bills.

Some facilities operate in geopolitically unstable locations and while this may result in lower power cost, it has resulted in mandated shutdowns and theft.

Often, little to no control is provided and this requires customers to fully trust that provider is operating efficiently and ethically.

Blockstream Mining solves these problems by securing low-cost electricity in politically stable environments, currently Canada and the United States of America. These facilities have extensive security processes in place to ensure against theft – whether that may be digital or physical.

Blockstream Mining also provides a management platform to its customers, allowing them to have complete control of their miners with full monitoring and reporting – bringing much needed transparency to the industry.

BTSE believes it is a natural fit for exchanges and other Bitcoin-focused businesses to participate in mining operations that help secure the Bitcoin network.

BTSE has purchased an interest bearing, unsecured corporate bond issued by Blockstream Mining, which Blockstream Mining will use to expand their facilities and reach.

Additionally, BTSE has purchased a contract for mining equipment and discounted hosting services at Blockstream Mining facilities.

Token Utility, Benefits and Tokenomics

BTSE tokens will be the utility token used across BTSE's trading platforms and services. Token holders will receive various benefits within BTSE's trading platform, and are expected to obtain benefits from future projects, products, and services, which may be implemented in the future as the BTSE platform and digital asset trading ecosystem develop.

Interest Bearing Token Account

Holders of BTSE tokens can optionally elect to deposit their tokens into an interest bearing account and receive interest payments on their tokens directly from BTSE. The revenue for these interest payments is derived from trading fees generated from BTSE's insurance fund.

Purchase of Collocation Services

Premium collocation services will be made available for high frequency traders. This allows traders participating in certain strategies to benefit from reduced latency and stable connectivity.

The purchase of such collocation services will be done exclusively with BTSE Tokens.

Purchase of Advanced Trading Services

Advanced trading services such as premium data feeds, backtesting platforms, algorithmic trading systems and a scripting platform will be available for purchase exclusively with BTSE Tokens.

Purchase of White Label Service

There has been interest in white label services for clients interested in partnering with BTSE. Any such transaction relating to white label services will be done exclusively with BTSE Tokens.

Debit Card Benefits

Traders that utilize BTSE virtual banking services can increase their transaction, ATM withdrawal and deposit thresholds based on the value of their BTSE token holdings.

Token Listings

Companies or projects that list their token on BTSE will be required to pay a token listing fee. These token listing fees will be paid for exclusively with BTSE Tokens.

Traders on BTSE that are interested in purchasing tokens through an offering can use their BTSE Tokens to purchase the token being offered.

Token listings will trade using our multi-currency orderbook system, allowing potential investors to purchase tokens using any combination of fiat and crypto asset, producing deeper liquidity that will attract more token listings.

Use as Collateral

BTSE tokens can be used as margin collateral when trading futures and other derivative products. Traders can choose to settle their trades in BTSE tokens or any of the other settlement currencies available.

Pay for Trading Fees

Users can optionally elect to pay their trading fees, without limits, using BTSE tokens, so long as the user is holding BTSE tokens.

Increased API Limits

Users can increase their API rate limits based on the amount of BTSE tokens that are held in their account.

Reduction in Trading Fees

All users holding BTSE tokens in their account will have their taker fees reduced across all spot and futures markets.

Spot market taker fees will be reduced by an additional amount for traders with a daily average balance of specified USD in BTSE tokens held in their account during the previous trading month.

Derivative market taker fees may also be reduced by an additional amount for dependent on their USD value of BTSE tokens held in their account during the previous trading month.

Traders also have the option to purchase a VIP fee-tier for 30 days using their BTSE tokens. Traders will pay an amount of BTSE tokens equal to 75% of the average fees that would be generated in one month by that tier,

in USD equivalent. Once 30 days have passed, the normal fee schedule will be applied unless the trader chooses to purchase another fee-tier.

The longer a trader holds their BTSE tokens, the longer they will be able to realize reduced trading fees. Fee reductions are subject to change in BTSE's discretion due to changes in fee schedules or otherwise.

To view BTSE's current fee table, please visit this website URL:

<https://support.btse.com/en/support/solutions/articles/43000064283-what-are-the-btse-trading-fees->

VIP Tiered Discounts

Traders holding certain amounts of BTSE tokens will automatically be placed into a corresponding VIP fee-tier.

To view the existing VIP fee-tiers ("levels"), please visit this website URL:

<https://support.btse.com/en/support/solutions/articles/43000064283-what-are-the-btse-trading-fees->

VIP fee-tier placement is based on the USD (\$) value of the traders BTSE token holdings, as outlined in the table below.

BTSE Token Holdings (USD)	VIP Fee-Tier
>= \$5,000	VIP I
>= \$10,000	VIP II
>= \$20,000	VIP III
>= \$30,000	VIP IV
>= \$50,000	VIP V

>= \$75,000	VIP VI
>= \$100,000	VIP VII

Account balances to qualify for VIP fee-tier placement are calculated daily at 00:00 (UTC +0) using the average of the prior days holdings.

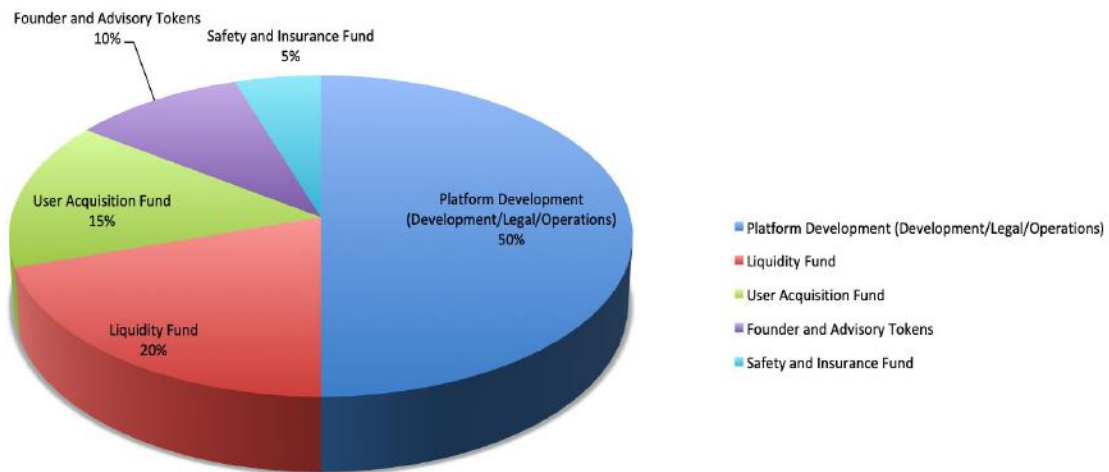
Traders placed into VIP tiers will continue to receive reduced trading discounts, as outlined within the “Reduction in Trading Fees” section of this document.

VIP tiers and associated reductions in fees are subject to change in BTSE’s discretion due to changes in fee schedules or otherwise.

Use of Funds

Funds raised through the private sale of BTSE tokens will be dedicated toward pursuing specific goals that benefit the overall BTSE ecosystem, which inherently benefit the users of BTSE’s trading platforms and services, as well as BTSE token holders.

The table below demonstrates the specific areas of focus that BTSE will allocate funding toward, as well as the total percent of funds allocated towards each area.



Allocation Type

Allocation

Platform Development (Development/Legal/Operations)

50%

Liquidity Fund

20%

User Acquisition Fund

15%

Founder and Advisory Tokens

10%

Safety and Insurance Fund

5%

User Acquisition

A portion of funds raised will go toward acquiring new customers for the platform. BTSE will engage in strategic partnerships with existing platforms and businesses, raising awareness about the brand through cross-promotional activities and by providing incentives for customers to try our platform. Expanding our referral program will allow affiliates to generate even more commissions when they make a successful referral, as well as provide the referred customer with a welcome bonus or other benefits.

BTSE will host trading contests through its social trading platform to build brand loyalty and awareness, which will engage users and allow for organic social sharing. Trading seminars will be made available for traders of all skill levels and in international locations. Additionally, BTSE will host meetups and community events at industry conferences and events.

Community engagement, outreach to, and collaboration with groups who have a large following will allow for great exposure to BTSE and help onboard new customers to the platform. Our comprehensive acquisition strategy will make use of social media, paid advertising, including banner and ad placements, search engine optimization, search engine marketing, and in-person events and activities as described above.

Lockup Period

BTSE Token purchasers will not experience a lockup period on their BTSE token holdings bought at full price. However, in order to realize the benefits and discounts associated with the purchase of BTSE Tokens, users must hold the tokens in their BTSE account.

BTSE tokens retained by BTSE, including any tokens unsold during the private sale periods, will unlock in increments over a multi year period, as described below.

18 months after the conclusion of the private sale period, 15% of the total number of BTSE tokens retained by BTSE will unlock linearly over the next 12 months.

30 months after the conclusion of the private sale period, a further 25% of the total number of BTSE tokens retained by BTSE will unlock linearly over the next 12 months.

42 months after the conclusion of the private sale period, a further 25% of the total number of BTSE tokens retained by BTSE will unlock linearly over the next 12 months.

54 months after the conclusion of the private sale period, the remaining number of BTSE tokens retained by BTSE will unlock linearly over the next 12 months.

When the lockup period[s] are complete, BTSE will retain the right to use these tokens for additional funding through the sale of tokens on the open market.

BTSE Token Market

BTSE will open a BTSE/USD spot market for peer-to-peer, open market trading following the conclusion of the sale of tokens.

Schedule of Income

Trading Fees

Fee Type	Margin
Spot Trading	0.07%
Futures Trading	0.025%
Insurance Fund	0.15%
OTC	0.25% - 0.75%
Lending (Trading Margin)	0.75% - 1.5%
Fiat Withdrawal	0.09%

Virtual Banking Services (Prospective)

Service Type	Margin
Debit Card	0.9%
Personal Lending	5% - 20%
Collateralized lending	5% - 20%

Mining Operations (Prospective)

Service Type	Margin
Mining	30%

Professional Services

Service Type	Margin
Complex Order Types	0.14%
Whitelabel	MMR + Fee Removal
Backtesting History	100%
Token Listings	

Disclaimer

Please read this entire section carefully. If you are in any doubt as to the action you should take, please consult your legal, financial, tax or other professional advisor(s).

1.1 Legal Statement

- (a) This document (the “Whitepaper”), in its current form, is circulated for general information purposes only in relation to the BTSE trading platforms and applications described in the Whitepaper (the “Platform”) as presently conceived and is subject to review and revision. Please note that this Whitepaper is a work in progress and the information in this Whitepaper is current only as of the date on the cover hereof. Thereafter, the information, including information concerning BTSE (the “Company” or “We”) business operations and financial condition may have changed. We reserve the right to change, modify, add or delete parts of this Whitepaper or website without notice for any reason or at any time.
- (b) No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of BTSE tokens (the “BTSE Token(s)” or “Token(s)”) and no payment is to be accepted on the basis of this Whitepaper. Any sale and purchase of the Tokens will be governed by a legally binding agreement, the details of which will be made available separately from this Whitepaper. In the event of any inconsistencies between the abovementioned agreement and this Whitepaper, the former shall prevail.
- (c) This Whitepaper does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer by the

issuer/distributor/vendor of the Tokens to purchase any Token nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

- (d) The Tokens are not intended to constitute securities, units in a business trust, or units in a collective investment scheme, each as defined under the applicable laws in each jurisdiction. Accordingly, this Whitepaper therefore, does not, and is not intended to, constitute a prospectus, profile statement, or offer document of any sort, and should not be construed as an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction.
- (e) No Token should be construed, interpreted, classified or treated as enabling, or according any opportunity to, purchasers to participate in or receive profits, income, or other payments or returns arising from or in connection with the Platform, the Tokens, or products, or to receive sums paid out of such profits, income, or other payments or returns.
- (f) This Whitepaper or any part hereof may not be reproduced, distributed or otherwise disseminated in any jurisdiction where offering coins/tokens in the manner set out this Whitepaper is regulated or prohibited.
- (g) No regulatory authority has reviewed, examined or approved of any of the information set out in this Whitepaper. No such action has been or will be taken in any jurisdiction.
- (h) Where you wish to purchase any Token, the Tokens are not to be construed, interpreted, classified or treated as: (a) any kind of currency other than cryptocurrency; (b) debentures, stocks or

shares issued by any entity; (c) rights, options or derivatives in respect of such debentures, stocks or shares; (d) rights under a contract for differences or under any other contract with the purpose or pretended purpose to secure a profit or avoid a loss; or (e) units or derivatives in a collective investment scheme or business trust, or any other type of securities.

1.2 Restrictions on Distribution and Dissemination

- (a) The distribution or dissemination of this Whitepaper or any part thereof may be prohibited or restricted by the laws or regulatory requirements of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, to obtain legal and other relevant advice on, and to observe, any restrictions which are applicable to your possession of this Whitepaper or such part thereof (as the case may be) at your own expense and without liability to the Company or its representatives, agents, and related companies (the “Affiliates”).
- (b) Persons to whom a copy of this Whitepaper has been distributed or disseminated, provided access to or who otherwise have the Whitepaper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute this Whitepaper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

1.3 Disclaimer of Liability

- (a) The Token, the Platform and related services provided by the Company and its affiliates are provided on an “as is” and “as available” basis. The Company and its Affiliates do not grant any warranties or make any representation, express or implied

or otherwise, as to the accessibility, quality, suitability, accuracy, adequacy, or completeness of the Token, the Platform or any related services provided by the Company and its Affiliates, and expressly disclaim any liability for errors, delays, or omissions in, or for any action taken in reliance on, the Token, the Platform and related services provided by the Company and its Affiliates.

- (b) The Company, its Affiliates and its directors, officials and employees do not make or purport to make, and hereby disclaim, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Whitepaper.
- (c) To the maximum extent permitted by the applicable laws and regulations, the Company and its Affiliates shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you.

1.4 Cautionary Note on Forward-Looking Statements

- (a) Certain information set forth in this Whitepaper includes forward-looking information regarding the future of the project, future events and projections. These statements are not statements of historical fact and may be identified by but not limited to words and phrases such as “will”, “estimate”, “believe”, “expect”, “project”, “anticipate”, or words of similar meaning. Such forward-looking statements are also included in other publicly available materials such as presentations,

interviews, videos etc., information contained in this Whitepaper constitutes forward-looking statements including but not limited to future results, performance, or achievements of the Company or its Affiliates.

- (b) The forward-looking statements involve a variety of risks and uncertainties. These statements are not guarantees of future performance and no undue reliance should be placed on them. Should any of these risks or uncertainties materialize, the actual performance and progress of the Company or its Affiliates might differ from expectations set by the forward-looking statements. The Company or its Affiliates undertake no obligation to update forward-looking statements should there be any change in circumstances. By acting upon forward-looking information received from this Whitepaper, the Company or its Affiliates' website and other materials produced by the Company or its Affiliates, you personally bear full responsibility in the event where the forward-looking statements do not materialize.

1.5 Potential Risks

By purchasing, holding and using the Tokens, you expressly acknowledge and assume the risks set out in this section if any of these risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of the Company or its Affiliates may be materially and adversely affected. In such cases, you may lose all or part of the value of the Token. Such risks include but are not limited to the following:

Risks Relating to the Tokens

- (a) **There may not be a public or secondary market available for the Tokens**

- I. The Tokens are intended to be native tokens to be used on the Platform, and the Company and its Affiliates have not and may not actively facilitate any secondary trading or external trading of Tokens. In addition, there is and has been no public market for the Tokens and the Tokens are not traded, whether on any cryptocurrency exchange or otherwise. In the event that the Tokens are traded on a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the Tokens will develop or if developed, be sustained. There is also no assurance that the market price of the Tokens will not decline below the purchase amount paid for the Tokens, which is not indicative of such market price.
- II. Token is not a currency issued by any central bank or national, supra-national or quasi-national organisation, nor is it backed by any hard assets or other credit. The Company and its Affiliates are not responsible for nor do they pursue the circulation and trading of the Tokens on the market. Trading of the Tokens merely depends on the consensus on its value between the relevant market participants, and no one is obliged to acquire any Token from any holder of the Token, including the purchasers of the Tokens, nor does anyone guarantee the liquidity or market price of the Tokens to any extent at any time. Accordingly, the Company and its Affiliates cannot ensure that there will be any demand or market for the Tokens, or that the price upon which the Tokens were purchased is indicative of the market price of the Tokens if they are made available for trading on a cryptocurrency exchange.

Risks Relating to the Company, its Affiliates and the Platform

(a) Limited availability of sufficient information

The governance structure, purpose, consensus mechanism, algorithm, code, infrastructure design and other technical specifications and parameters of the Platform may be updated and changed frequently without notice. While this Whitepaper contains the key information currently available in relation to the Platform, it is subject to adjustments and updates from time to time, as announced on the Company's website. Purchasers will not have full access to all the information relevant to the Tokens and/or the Platform. Nevertheless, it is anticipated that significant milestones and progress reports will be announced on the Company's website.

(b) The digital assets raised in the sale of the Tokens are exposed to the risks of theft.

Whilst the Company and its Affiliates will make every effort to ensure that any cryptocurrencies received from the sale of Tokens are securely held through the implementation of security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, mining attacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on such blockchain addresses, or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the sale of Tokens is completed, the Company and its Affiliates may not be able to receive the funds raised and the Company and its Affiliates may not be able to utilize such funds for the development of the Platform, and the operation of the Platform might be temporarily or permanently curtailed. As such, the issued Tokens may hold little worth or value. The Tokens are

uninsured, unless you specifically obtain private insurance to insure them. In the event of any loss or loss of value of the Tokens, you may have no recourse.

(c) The blockchain address(es) may be compromised and the digital assets may not be able to be retrieved.

The blockchain address(es) are designed to be secured. However, in the event that the blockchain address(es) for the receipt of purchase amounts or otherwise are, for any reason, compromised (including but not limited to scenarios of the loss of keys to such blockchain address(es), the funds held at such blockchain address(es) may not be able to be retrieved and disbursed, and may be permanently unrecoverable. In such event, even if the sale of the Tokens is successful, the Company and its Affiliates will not be able to receive the funds raised and the Company and its Affiliates will not be able to utilize such funds for the development of the Platform, and the implementation of the Platform might be temporarily or permanently curtailed. As such, distributed Tokens may hold little worth or value.

(d) There is no assurance of any success of the Platform and the Company and its Affiliates may cease the development and operation of the Platform.

- I. The value of, and demand for, the Tokens hinges heavily on the performance of the Platform. There is no assurance that the Platform will gain traction and achieve any commercial success. The Platform may be subject to further changes, updates and adjustments. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, and hence impact its success.

There are no guarantees that the process for creating the Tokens will be uninterrupted or error-free.

- II. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the sale of Tokens will be sufficient for the development and integration of the Platform. For the foregoing or any other reason, the development and integration of the Platform may not be completed. As such, distributed Tokens may hold little or no worth or value.

- III. Additional reasons which may result in the termination of the development or operation of the Platform includes, but is not limited to, (aa) an unfavorable fluctuation in the value of cryptographic and fiat currencies, (bb) the inability of the Company and its Affiliates to maintain the Platform or the Tokens' utility or to resolve technical problems and issues faced in relation to the development or operation of the Platform or the Token, the failure of commercial relationships, (cc) intellectual property disputes during development or operation, and (dd) changes in the future capital needs of the Company or its Affiliates and the availability of financing and capital to fund such needs. For the aforesaid and other reasons, the Platform may no longer be a viable project and may be dissolved, negatively impacting the Platform and the potential utility and value of issued Tokens.

- (e) There may be lack of demand for the Platform and the services provided, which would impact the value of the Tokens.**

- I. There is a risk that there is a lack of interest from consumers, merchants, advertisers, and other key participants for the Platform and the services, and that there may be limited interest and therefore use of the Platform and the Tokens. Such a lack of interest could impact the operation of the Platform and the uses or potential value of the Tokens.
- II. There is a risk of competition from alternative platforms that may have been established, or even from existing businesses which would target any segment of the potential users of the Platform fulfilling similar demands, e.g. corporations targeting advertisers seeking purchase consumer data and market analysis. Therefore, in the event that the competition results in a lack of interest and demand for the Platform, the services and the Tokens, the operation of the Platform and Token value may be negatively impacted.

(f) The Company and its Affiliates may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect the Company or its Affiliates' infrastructure network, or the Platform.

- I. The Company and its Affiliates are unable to anticipate or detect when there would be occurrences of hacks, cyber-attacks, mining attacks (including but not limited to double-spend attacks, majority mining power attacks and “selfish-mining” attacks), distributed denials of service or errors, vulnerabilities or defects in the Platform, the Tokens, or any technology (including but not limited to

smart contract technology) on which the Company, its Affiliates, the Platform, the Tokens, rely on or any blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. The Company and its Affiliates may not be able to detect such issues in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

- II. Although the Company and its Affiliates will be taking steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the Platform and its other services, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, and that any of such security measures will be effective. Any significant breach of security measures or other disruptions resulting in a compromise of the usability, stability and security of the Company and its Affiliates' network or services, including the Platform.

Risks Relating to the Participation in the Sale of Tokens

- (a) You may not be able to recover the purchase amount paid for the Tokens.**

Except as provided under any applicable terms of sale or prescribed by applicable laws and regulations, the Company is not obliged to provide you with a refund of the purchase amount. No promises of future performance or price are or will be made in respect to the Tokens, including promises of inherent value or continuing payments, and there is no guarantee that the Tokens will hold any particular value. Therefore, the recovery of the purchase

amount may be impossible or may be subject to applicable laws and regulations.

(b) You may be subject to adverse legal and/or tax implications as a result of the purchase, distribution and use of the Tokens.

I. The legal character of cryptocurrency and cryptographic assets remain uncertain. There is a risk that the Tokens may be considered securities in certain jurisdictions, or may be considered to be securities in certain jurisdictions in the future. The Company and its Affiliates does not provide any warranty or guarantee as to how the Tokens will be classified, and each purchaser will bear all consequences of the Tokens being considered securities in their respective jurisdictions, and bear the responsibility of the legality, use and transfer of the Tokens in the relevant jurisdictions.

II. Further, the tax treatment of the acquisition or disposal of such cryptocurrency or cryptographic assets might depend on whether they are classified as securities, assets, currency or otherwise. As the tax characterization of the Tokens remains indeterminate, you must seek your own tax advice in connection with the purchase, acquisition or disposal of the Tokens, which may result in adverse tax consequences or tax reporting requirements for you.

(c) The loss or compromise of information relating to the purchaser wallet and your method of accessing the Platform may affect your access to and possession of the Tokens.

There is a risk that you may lose access to and possession of the Tokens permanently due to loss of unique personal ID created on the Platform, and other identification information, loss of requisite private key(s) associated with the purchaser wallet or vault storing the Tokens or any other kind of custodial or purchaser errors.

(d) Blockchains may face congestion and transactions may be delayed or lost.

Most blockchains used for cryptocurrency transactions (e.g. Ethereum) are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the network in an attempt to gain an advantage in purchasing cryptographic tokens. This may result in a situation where block producers may not include your purchase of the Tokens when you intends to transact, or your transaction may not be included at all.

Privacy and data retention issues.

As part of the Token sales, the verification processes and the subsequent operation of the Platform, the Company may collect personal information from you. The collection of such information is subject to applicable laws and regulations. All information collected will be used for purposes of the Token sales and operations of the Platform, thus it may be transferred to contractors, service providers and consultants worldwide as appointed by the Company. Apart from external compromises, the Company and its appointed entities may also suffer from internal security breaches whereby their employees may misappropriate, misplace or lose personal information of purchasers. The Company may be required to expend significant financial resources to alleviate problems caused by any breaches or losses, settle fines and resolve inquiries from regulatory or

government authorities. Any information breaches or losses will also damage the Company's reputations, thereby harming its long-term prospects.

Macro Risks

(a) General global market and economic conditions may have an adverse impact on the Company and its Affiliates' operations and the use of the Platform.

- I. The Company and its Affiliates could be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy may have a negative effect on the Company and its Affiliates' business strategies, results of operations and prospects.
- II. Suppliers on which the Platform relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on the Company and its Affiliates' operations or expenses.
- III. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on the Company and its Affiliates' business strategies, results of operations and prospects and hence the Platform, which may in turn impact the value of the Tokens.

(b) The regulatory regime governing blockchain technologies, cryptocurrencies, Tokens, offering of Tokens, and the Platform remain uncertain, and any changes, regulations or policies may materially adversely affect the development of the Platform and the utility of the Tokens

I. Regulation of the Tokens, the offer and sale of Tokens, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges is currently undeveloped or underdeveloped and likely to rapidly evolve. Such regulation also varies significantly among different jurisdictions, and is hence subject to significant uncertainty. The various legislative and executive bodies in different jurisdictions may in the future adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Platform, the adoption and utility of the Tokens or the issue, offer, and sale of the Tokens by the Company. Failure by the Company and its Affiliates or users of the Platform to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences against the Company and its Affiliates, including civil penalties and fines.

II. Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions. Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Platform, and therefore, the value of the Tokens. Such laws, regulations or directives may directly and negatively impact the

operations of the Company and its Affiliates. The effect of any future regulatory change is impossible to predict, but such change could be substantial and could materially adverse to the development and growth of the Platform and the adoption and utility of the Tokens.

- III. To the extent that the Company and its Affiliates may be required to obtain licenses, permits and/or approvals (collectively, the “Regulatory Approvals”) to carry out its business, including that of the creation of the Tokens and the development and operation of the Platform, but are unable to obtain such Regulatory Approvals or if such Regulatory Approvals are not renewed or revoked for whatever reason by the relevant authorities, the business of the Company and its Affiliates may be adversely affected.
- IV. There is no assurance that more stringent requirements will not be imposed upon the Company and its Affiliates by the relevant authorities in the future, or that the Company and its Affiliates will be able to adapt in a timely manner to changing regulatory requirements. These additional or more stringent regulations may restrict the Company and its Affiliates’ ability to operate its business and the Company and its Affiliates may face actions for non-compliance if it fails to comply with any of such requirements.
- V. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the Platform may no longer be commercially viable and the Company and its Affiliates may opt to discontinue the Platform and/or

the Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the Platform and the Tokens. The Company and its Affiliates may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the distributed Tokens may hold little or no worth or value.

(c) There may be risks relating to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions widespread communicable diseases and other events beyond the control of the Company and its Affiliates

The sale of the Tokens and the performance of the Company, its Affiliates and/or the Platform's activities may be interrupted, suspended or delayed due to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Company and its Affiliates. Such events could also lead to uncertainty in the economic outlook of global markets and there is no assurance that such markets will not be affected, or that recovery from the global financial crisis would continue. In such events, the Company and its Affiliates' business strategies, results of operations and outlook may be materially and adversely affected, and the demand for and use of the Tokens and the Platform may be materially affected. Further, if an outbreak of such infectious or communicable diseases occurs in any of the countries in which the Company, its Affiliates, and

the participants of the Platform have operations in the future, market sentiment could be adversely affected and this may have a negative impact on the Platform and its community.

(d) Blockchain and cryptocurrencies, including the Tokens are a relatively new and dynamic technology. In addition to the risks highlighted herein, there are other risks associated with your purchase of, holding and use of the Tokens, including those that We cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed herein.

1.6 No Further Information or Update

No person has been or is authorized to give any information or representation not contained in this Whitepaper in connection with the Tokens, the Platform, the Company or its Affiliates and their respective businesses and operations, and, if given, such information or representation must not be relied upon as having been authorized by or on behalf of the Company or its Affiliates.

1.7 Language

This Whitepaper may be translated into other languages. If any disagreement should arise due to different language translations, the version in English will prevail.

1.8 Advice

No information in this Whitepaper should be considered to be business, legal, financial or tax advice regarding the Token, the Platform, the Company or its Affiliates. You should consult your own legal, financial, tax or other professional advisor(s) regarding the Token, the

Company or its Affiliates and their respective businesses and operations. You should be aware that you may be required to bear the financial risk of any purchase of the Tokens for an indefinite period of time.