



Project Summary v2

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Executive Summary

We are developing a regulated solution for trading blockchain assets, the Atellix AquaDEX, that will include a security token trading platform. We intend to register as a licensed broker-dealer and alternative trading system (“ATS”) to be operated by Atellix, Inc.

There is currently significant uncertainty regarding the application of federal and state laws and regulations to the trading of security tokens, and this uncertainty may cause delays or may prevent us from developing our AquaDEX trading platform as currently envisioned. Prior to the establishment of AquaDEX as an ATS, Atellix, Inc. may operate exclusively as a blockchain-based service provider and cryptocurrency exchange.

Our vision is to establish a trading platform and a security token protocol that provide regulatory clarity to the blockchain asset industry and encourages investment into high-quality underlying assets.

When fully operational, we expect to offer professional traders and institutional investors trading platforms with established practices common in other regulated financial services markets, such as trading, clearing, and settlement procedures, regulatory compliance, capital and liquidity reserves and operational transparency.

Atellix, Inc. is a California corporation formed on November 22, 2021.

Atellix AquaDEX™

The Atellix AquaDEX is a marketplace for security tokens powered by the AquaDEX limit orderbook protocol. AquaDEX enables on-chain trading of security tokens on the Solana blockchain. Solana is the most suitable blockchain for real-time orderbook systems, such as AquaDEX, due to its scalable design. AquaDEX seeks to become a hub for security token trading on Solana. As part of the operation of the AquaDEX, Atellix will work with companies listed on the exchange to develop processes for issuing and trading security tokens, paying dividends and distributions via the blockchain, financial reporting, business forecasting, and identifying viable investment opportunities.

[AquaDEX.com](https://www.aquadex.com) is the consumer-facing web interface that allows investors to browse offerings and execute trades. The AquaDEX protocol enables properties that make on-chain securities safe for end-users.

AtellixPay™ and related services

AtellixPay is a payment service and e-commerce suite developed by Atellix to enable retail checkout and payments on the Solana blockchain. AtellixPay is facilitated by Virtual USD which allows merchants to accept any supported payment token while pricing their merchandise in US Dollars and ultimately receiving US Dollars in their bank account from the customers payments. Atellix has developed shopping cart and retail catalog software to allow retail merchandise, personal and professional services, software, or any other commercial product, or service, to be advertised and sold on the Solana blockchain network. Atellix partners with and/or constructs subsidiary software-as-a-service enterprises that utilize Atellix technologies for payment processing in order to demonstrate the commercial viability of collecting blockchain-based payments from clients. By using blockchain technology to transfer funds and building the supporting infrastructure to facilitate both shopping payment flows and investment flows, Atellix will be able to achieve economies of scale in transaction processing that will enable it to provide customers with the lowest fees and a high-quality customer experience as they add blockchain payments to their sales process.

Atellix Virtual USD™

A stablecoin from Atellix, with the token ticker symbol “*USDV*”, Virtual USD is a fully reserved, stable value token. A digital “dollar”, Virtual USD is pegged to, and backed by, exactly \$1.00 (one United States Dollar) worth of reserve assets. Virtual USDV has been issued on the Solana blockchain and is transferrable on Solana. Other blockchains may be supported in the future. Atellix Virtual USD provides a stable foundation currency that users can rely on, with strong guarantees that the reserve assets of their stablecoin token are being properly managed. Atellix considers a reliable, and fully auditable stablecoin token to be a basic requirement for the blockchain industry that enables financial flows for investment and e-commerce.

Virtual USD is fully auditable, both in terms of any traditional bank account reserves, and/or cash equivalent instruments, also in terms of any on-chain reserves. Any on-chain reserves or associated liquidity pools may be denominated in other stablecoins, each of which has an asset reserve understood by Atellix to be stable.

Virtual USD reserves are not commingled with the balance sheet of Atellix. Virtual USD reserves are entirely funded by users of the USDV stablecoin itself, not Atellix investors. Atellix may hold USDV stablecoins on its balance sheet as cash. All Virtual USD reserves will be held in segregated accounts from Atellix operational funds. Atellix may subsidize or discount third-party fees associated with Virtual USD, such as advancing fee payment for on-ramping or off-ramping Virtual USD balances to and from traditional bank accounts.

Any seigniorage, fees and/or interest earned for the operation of Virtual USD will be a revenue stream of Atellix. Public reporting of the principal amount of the reserve, the amount exchanged by Virtual USD users to receive Virtual USD tokens, and also costs, such as fees, insurance, as well as any interest generated by reserve assets will be provided by Atellix. All reserve asset accounts will be approved US Dollar stablecoins, US Dollar denominated bank accounts, or US Dollar equivalent securities such as Treasury Bills, and/or money market funds.

Atellix Security Token Association

A professional association for participants and stakeholders in the blockchain-based securities industry. Atellix will create a professional working group to interact with existing broker-dealers and other participants of the securities industry. This working group will develop standards and practices for the security token industry, including technical protocols for issuing tokens, management, and reporting, related to security token offerings. Once the association has sufficient members to perform its businesses effectively, then additional members will be charged dues to join the organization. The association permits its members to offer securities to other members of the association via electronic bulletin boards, including offers for listing on the AquaDEX, or other exchanges. All investment offers must originate from licensed broker-dealers, and meet all applicable legal and regulatory requirements, in addition to requirements related to the quality of the underlying offer.

The ATX Token

We have developed a protocol for issuing and managing security tokens on public blockchains, the Atellix Security Token protocol (“AST-1”). The ATX Token will be issued on the Solana blockchain using the Atellix Security Token protocol. After the AquaDEX trading platform is operational, investors who have been identified via KYC/AML procedures may trade ATX Tokens on the AquaDEX trading platform (subject to a required lock-up period, if any, and pursuant to applicable regulations and/or agreements).

Each ATX Token will represent one share of Atellix preferred stock. Holders of ATX Tokens will also be entitled to receive pro-rata distributions of the Company’s declared Dividends.

Each ATX Token account is associated to an individual or organization. Recovery of ATX Tokens is possible for the authorized parties in case of accidental or adversarial activity which causes tokens to be received by an unauthorized party. The AquaDEX exchange retains the “*mint*” and “*burn*” authority for the ATX Tokens, as well as the capability to perform manager-directed transfers of the ATX Tokens. In addition, the AquaDEX protocol requires every market participant to be authorized by Atellix in order to maintain a security token account.

Our Proposal: A Regulated Security Token Exchange

We believe that we have a comprehensive and market-leading solution. We are developing a new marketplace for blockchain assets that is subject to governmental oversight and regulation as applicable. We also seek to create interoperable standards that can be reused across the blockchain securities industry. We are designing our platforms to provide the following solutions to the problems identified above, which we believe will make AquaDEX an attractive choice for the trading of blockchain assets:

- Advanced Technology. We have developed an on-chain limit orderbook system for trading security tokens on the Solana blockchain. We will continue design and development of technology to support high volumes of traffic to enable rapid trading activity. Because our platforms are custom-built to support the growing blockchain asset market, we are designing our platforms to scale along with the continued growth of the market. Our system is deployed on a blockchain, Solana, that can sustain a high transaction volume along with the growth of the market.
- Securities Regulation. We believe that regulatory oversight will increase confidence in our trading platforms compared to unregulated blockchain asset trading platforms. As the ownership of blockchain assets becomes more widespread and professional traders continue to enter the blockchain asset market, we believe that clients will expect regulatory protections for blockchain asset trading similar to those currently in place for fiat and securities exchanges. Customers of Atellix trading security tokens will be required to complete KYC/AML checks in accordance with relevant laws and regulations.
- Fee Transparency. We plan to establish transaction fees as a percentage of the trade price of each trade executed on our platforms. Transaction fees will be disclosed to our customers prior to executing a trade or performing other transactions on our platforms. AquaDEX may also offer rebates to market liquidity providers as an incentive.
- Historical Logging of Trades. In addition to trading logs which are permanently part of the Solana blockchain after execution, we plan to implement KYC/AML logging for all account holders trading assets that are regulated securities and provide transparency so that clients can review all actions they have taken.

Development Plan

Our system is being developed in modular form to allow for a phased rollout of features as we receive regulatory approvals and as the AquaDEX technology advances. The trading platform operated by Atellix facilitates on-chain processing of customer orders. This means that orders and resulting trades will be automatically recorded on the blockchain then reflected in customer accounts without any manual intervention. Atellix will also have staff in place to monitor trading activity and assist customers.

The AquaDEX is being developed with the goal of providing financial professionals with an interactive platform that enables seamless, integrated trading, real-time risk management, reporting, and administration tools. The AquaDEX will be designed as a platform that provides trading services, asset management, and financial planning for customers. These capabilities will allow our customers to automate and coordinate trading functions, risk management, reporting, and accounting functions. Our trading platforms are being designed to offer clients a solution for executing trades and to serve as a broker, execution agent, and clearing agent. We aim to enable trading in various types of digital blockchain assets, such as securities and cryptocurrencies, and allow for the execution of trades using both national currencies and digital assets.

On the homepage, customers will be able to access the AquaDEX portal for the trading of cryptocurrencies, and, when established, the AquaDEX portal for the trading of security tokens, subject to the satisfaction of applicable regulatory requirements. As we develop our trading platforms, we intend to add additional functionality, as well as other information about the underlying securitized assets.

Our platforms will not support security token trading, nor will we permit the settlement of securities transactions, at least until such time as the regulatory uncertainty regarding such transactions is resolved.

Sector Opportunities for Security Tokens

The business sectors described herein represent areas of development for the security token industry. Atellix will develop products and services targeted at opportunities within these sectors, as well as potentially other market sectors, which Atellix determines is a viable commercial opportunity, and where the application of security token and blockchain infrastructure would create a competitive advantage, profitable and sustainable assets for investors, or material improvements in capital formation processes and secondary share equity marketplaces.

Small Businesses

Owners of small businesses may periodically want to sell their ownership stakes in the business, either to raise capital, retire, or for other personal or professional reasons. However, the secondary market for small business ownership stakes can be limited, and it may be difficult for business owners to find buyers for their stakes. This can be especially true for small businesses that are not publicly traded and do not have many shareholders. Security tokens can provide a solution to this problem by creating a liquid secondary market for small business ownership stakes. By issuing security tokens that represent ownership in the business, small business owners can sell their stakes to a larger pool of buyers through a regulated exchange. This can make it easier for small business owners to exit their businesses and potentially get a better price for their ownership stakes.

Tokenizing equity in a small business can help formalize and document the ownership structure of the business. By issuing security tokens that represent ownership in the business, small businesses can create a clear and verifiable record of who owns what percentage of the company. This can be especially important in situations where there are multiple owners or where ownership stakes are being transferred. By using a decentralized ledger to record the ownership of the security tokens, all parties can have access to a clear and immutable record of who owns what percentage of the company. This can help to build trust and reduce the risk of disputes or misunderstandings.

Medium-sized Enterprises

Successful small businesses that grow into medium-sized companies, also existing medium-sized enterprises that have not yet engaged in secondary trading of securitized interests in the corporation, represent a significant opportunity space for security token solutions. Corporations with 50 or more employees may still be too small for the current upfront and ongoing regulatory expenses of listing on national stock markets, whereas security token markets on the blockchain have an opportunity to bring these costs into alignment with a

level is suitable for these organizations, as well as developing processes for streamlined (lower cost), secure, financial disclosures to potential investors.

Another issue that medium-sized enterprises regularly face, which can be facilitated by security tokens, are corporate stock-related considerations that impact hiring of key employees and retention of those employees. Offering employees various stock options packages has already been a staple of certain industry sectors for many years, and it is likely this practice may extend to a wider group of organizations as the cost of implementing, and performing bookkeeping for, employee stock options packages is reduced. By implementing employee stock options contracts on public blockchains, the potential for additional secondary trading, underwriting, and additional liquidity from external market participants is possible, creating a more dynamic marketplace for corporate stock options grants to employees, and other corporate stakeholders.

Startup Companies

Security tokens can be a way for startup companies to raise capital from a large number of investors without going through the traditional venture capital process. This can allow startups to retain more control over their company and potentially get access to a wider pool of investors.

When evaluating a startup company, investors may want to consider a wide range of factors, including the company's business model, competitive landscape, financial performance, and management team. By providing detailed fundamental information, a security token exchange can help investors better understand the company and its prospects for success. There are several organizations that provide services to help investors evaluate the potential of startup companies. One example of such a company is Peachscore, a financial data and analytics company that provides a data-derived estimate of a startup company's financial prospects.

The Peachscore tool uses data from the company's accounting records and other sources to provide an objective evaluation of a startup company's potential for success. It uses a rating system similar to a credit score to help investors understand the risk and potential reward of investing in a startup. The Peachscore can be used by investors to help determine the quality of an opportunity presented by a startup company.

Comparing a startup company's earnings and revenue growth to other companies in the same industry or category is important for investors to gauge the performance of the company and assess its potential for success. By benchmarking the company's financial performance against its peers, investors can assess how the company may perform relative to their competition.

Providing detailed fundamental information can help build trust and confidence in the security token market. By offering detailed and accurate information about the companies whose securities are being traded on the exchange, a security token exchange can demonstrate its commitment to transparency. This can help to build trust among investors and make the security token market more attractive to a wider range of participants.

Detailed fundamental information can help to improve the overall liquidity and efficiency of the security token market. By offering a comprehensive view of the companies whose securities are being traded, a security token exchange can make it easier for buyers and sellers to find each other and facilitate more efficient trading. This can help to increase the liquidity of the market and make it more attractive to investors.

Media Productions

The vertical industry of media and film production presents an opportunity to use security token technology to formalize interests in each production at a low cost. These productions are generally short-term and, in some cases, high-risk opportunities which are often not well served by traditional capital markets. Whereas existing crowdfunding platforms often do not provide enough additional structure and value to be a significant improvident of financial productions using ad-hoc agreements. Security tokens would allow investors in media productions to invest on more advantageous terms, given that the investors' interest would be conducted via a regulated security product.

Demand for media products and the entrance into the media production market by some of the world's largest companies ensures that demand from new media productions will likely increase and will require continuous financing these new productions. The creators of media productions may be independent and require financing from external investors, or a sizable group of associated investors, for which the formal securitization of financial interests in the production would be valuable. The security token platform which issued tokens backed by the revenues and/or profits of media productions can also serve as the mechanism for distributing ongoing licensing revenue from the media.

Real Estate Properties and Trusts

Real estate, including US real estate, has been one of the most stable and desirable asset classes in the world, however, international investors could not access these investment opportunities easily and conveniently. Traditional real estate investment vehicles such as REITs, generally exhibit low growth since only a limited portion of income can be reinvested into the business. Security token markets provide an opportunity for a more flexible structure for real estate investments, while also helping to reduce frauds and rental scams in the real estate sector.

Security tokens can function as a “digital deed” to a property, which along with digitized and properly archived versions of notarized title documents, can include references to the location or custodian of the actual paper original documents as necessary. Once the paper trail of property ownership is stored in the database, and security tokens are issued on the blockchain, and the details of assets ownership, including fractional ownership as applicable, become transparent and permanent.

The tokenized real estate sector has seen significant development and is one of the most active sectors currently in the tokenized asset space. The tokenized real-estate brokers that have recently emerged have faced challenges due to the lack of regulatory clarity of how to legally tokenize the claims of ownership to real property assets. This lack of legal clarity has prevented some of these companies from providing fractional ownership of tokenized assets. These companies have explored options such as Wyoming-based DAOs (Decentralized Autonomous Organizations), and extensive use of one-off LLCs (Limited Liability Corporations) to wrap real property assets into ad-hoc legal structures before being tokenized on a blockchain.

Given the lack of legal clarity at the level of asset-backed token issuance for tokenized real estate, the possibility of robust secondary exchange and trading markets for tokenized real estate is, so far, undeveloped. As entrants in the tokenized real estate space make more property available for sale and for rent via blockchain tokenization, the market for more sophisticated secondary trading options is likely to emerge.

Trade Finance

Globalized supply chains regularly require trade financing mechanisms in order to facilitate international goods markets. Trade finance, when performed with accurate due diligence, represents a profitable opportunity for investors for which there is a regular need for capital as well as predictable returns and short time horizons for investor repayment. Many current trade financing deals are underwritten in part by traditional banking institutions however these institutions are often not able to underwrite the full amount required leaving a gap in

financing that international importers and exporters regularly seek additional capital to finance.

Representing trade financing arrangements as regulated security tokens provides a transparent and convenient mechanism for trade deals to be financed in whole or in part. Security token technology can also be utilized and licensed to existing participants in the trade finance industry providing a standardized, transparent process for the underwriting and secondary resale of securitized assets which are based on underlying trade finance arrangements.

Historical performance, reputational assessment and tracking, document management, and detailed risk assessment, are central to success in underwriting trade finance. These tasks are premised on technical solutions and requirements that are likely to be an integrated part of future security token exchanges which issue and/or trade security tokens backed by trade finance deals.

Tokenized Credit Instruments

Working with securitized credit obligations is likely to be a common line of business for security token marketplaces given the applicability and common utilization of credit instruments to businesses, other organizations, and individual consumers. Representing credit instruments as “Digital Notes” based on blockchain tokenization is a straightforward application of the technology and gives market participants on both the lending investor and borrower side of a transaction access to an alternative asset structure other than equity ownership, which is used in many scenarios.

Credit instruments represent a broad class of assets, many of which already trade on high liquid markets, therefore credit instruments represented as tokens on a blockchain may be more suitable in some vertical credit markets and less suitable in others. This could be because the existing securitization and/or trading processes are already adequate, or because insufficient information about the creditworthiness of the borrower is available for the credit product to be assessed as a reliable investment. Within these constraints, there is likely to be areas of the broad spectrum of credit instruments where the application of security token technology creates a competitive and valuable improvement to the credit marketplace.

In addition to Notes that provide general financing, a significant share of companies regularly extend credit to, or borrow on a short-term basis from, their own suppliers and partners. These short-term liabilities are often represented simply within traditional accounting systems and/or spreadsheets maintained separately by each of the parties to the transaction. For various reasons these disjointed accounting systems can lead to errors. Using security tokens to formalize the interconnected web of liabilities that companies

regularly maintain during the course of doing business is likely to reduce costs and errors. Tokenizing the liabilities also creates the possibility for insuring against default and other adverse scenarios in a standardized way, in addition to secondary trading of receivable-backed assets, which can make vendor financing even more flexible and useful to companies.

Security tokens that represent loans or lines of credit to existing businesses can also allow more investors to access investment opportunities in lucrative market sectors, for example the software-as-a-service sector, where more advanced underwriting techniques are emerging as standards in the marketplace, like lending to companies based on the history and volume of their recurring subscription revenue. As new lending structures are created based on market demand, security tokens can provide a regulated foundation for parties in different forms of transactions in way that formalizes the terms of the instrument and facilitates the transfer of funds, which can reliably be performed on blockchain networks connected to suitable on/off-ramps to traditional bank accounts.

Local Investing

There are currently few easily accessible ways to participate in local investing. Virtually all local investing happens on an ad-hoc basis, and in many, if not most instances, is limited to direct acquaintances. While this may be adequate for many projects, there is an opportunity to create a broader market that allocates capital directly to projects that garner the most community support.

Security token technology can include the capability within exchange platforms to filter prospective investment offers by their locality. This enables the public to engage in local investing on a systematic basis. Local investing may become more prevalent as people have better tools, such as security token exchanges, which allow them to focus some part of their investment capital into projects in certain localities, especially their own. It may become a common practice to propose local projects on an electronic bulletin board and conditionally issue security tokens to formalize the financing process when a project generates enough support. Escrow of investment funds to indicate actual support for a project would benefit this market structure and ensure there is sufficient funding when projects are able to proceed beyond the concept stage. If enough financial support fails to materialize within a pre-defined time limit, then the investors funds would be returned from their escrow account.

Tokenized Exchange-Traded Funds

Tokenized Market Index and Sector ETFs

Investing via blockchain technology is likely to be convenient to the general public as distributed ledger and smart contract technology matures and more usable front-end user interfaces are developed. This is likely to drive demand for traditional investment products, such as ETFs (Exchange Traded Funds) to be issued on the blockchain as security tokens. The application of Tokenized ETFs is a convenient and useful application of security tokens because it can provide investors with direct access to a low-fee, stable asset that is managed by an existing financial institution and has an underlying security that trades on NMS (National Market System) markets.

Stablecoins backed by US Dollars, as well as cash equivalent securities, provided the initial financial stability for blockchain systems to transact without exposing customers and merchants to an additional currency risk (from the price volatility of cryptocurrencies like Bitcoin, etc.). In the next phase of development of the blockchain-based financial economy, it is likely that tokens backed by assets which the broader market considers to be stable and reliable will form the foundation for DeFi (Decentralized Finance) products. ETFs in many forms broadly fit in this category as stable, productive assets, with broad market ETFs that index the S&P 500 being some of the most highly regarded investments, presuming a sufficient time horizon. The other categories of ETFs, of which there are examples for virtually every business sector, all of which could be made available as security tokens based on market demand.

Categorized Capital Blocks

Security tokens allow for the creation of more dynamic investment vehicles because they offer a lower cost of operation than traditional securitization methods. The concept of Categorized Capital Blocks is an example of a concept that may be practical when utilizing security token technology. Categorized Capital Blocks are a securitized investment vehicle, and a process to provide investors with exposure to equity interests in promising early-stage companies, also existing enterprises, while providing a base level of diversification and reduced risk. In this process, relevant due diligence would be performed ahead of time by qualified experts in order for a particular security token offering to be part of any Capital Block. Then, each offering would be ranked by an objective, fundamentals-based process such as the score offered by Peachscore. Once fully subscribed, the Capital Block would contribute capital to a limited number (such as 5 to 10) of the highest ranked offerings in each category. Capital Blocks in categories with sufficient investor demand would be offered on a periodic basis. The resulting financial structure represents, in essence, a miniature ETF containing equity allocations for a limited number of companies, the ones

which had the highest investment quality score at the time the block was constructed. The Capital Blocks could themselves trade as a separate security token, as applicable. Atellix will develop a business process for constructing the Blocks and redeeming the assets they contain, as necessary.

The goal of Categorized Capital Blocks is to allow non-experts to make more targeted investments without having the burden of performing detailed due diligence themselves. These investors would also benefit from an initial diversification of their investment insulating them from an overall adverse outcome even if a portion of the Capital Block did not produce expected returns.

Regulatory Environment

Broker-Dealer Regulation

The Securities and Exchange Commission (“SEC”) is the federal agency that administers federal securities laws. Certain standard setting and monitoring responsibilities are delegated to self-regulatory organizations (“SROs”). The regulation of broker-dealers is principally the function of the Financial Industry Regulatory Authority (“FINRA”) and firms that sell securities to the public in the United States must be licensed and registered by FINRA. National securities exchanges, such as the NASDAQ, also require certain standards and practices for broker-dealers who are associated with these exchanges. Securities firms are also subject to regulation by state agencies in the states where they conduct business.

Broker-dealers, like other securities market participants, must comply with anti-fraud and anti-money laundering provisions of the federal securities laws. The anti-fraud provisions prohibit misstatements, misleading omissions of material facts, and fraudulent or manipulative acts and practices, in connection with the purchase or sale of securities. Broker-dealers must avoid these kinds of practices to conduct their activities. Broker-dealers must have procedures and practices that maintain high industry standards. Broker-dealers legally owe their customers specific duties including:

- obtaining the most favorable terms and best execution for orders,
- recommending suitable investments,
- fair dealing,
- providing certain identifying information prior to and after a transaction, and
- providing notice about purchasing securities on credit, and other disclosures.

Broker-dealers are also subject to broad obligations under the Bank Secrecy Act and must guard against malicious activity such as money laundering or terrorist financing. This may include requirements to scrutinize large cash transactions, file reports, and retain records relating to suspicious transactions, customer identity, foreign bank accounts, and cross-border currency transfers, among other relevant information.

U.S.-registered broker-dealers are subject to Uniform Net Capital Requirements. Uniform Net Capital Requirements are designed to promote financial liquidity and protection of customers’ funds by prohibiting a securities market participant from conducting business without sufficient minimum amount of capital.

Regulation ATS

Regulation ATS permits a U.S. Alternative Trading System (“ATS”) to execute orders submitted by market participants without having to register as a full-scale national securities exchange. An ATS is functionally an exchange, however it is regulated as a broker-dealer. To obtain registration as an ATS, a firm must be registered as a broker-dealer first, and then file an operational report regarding their trading system using “Form ATS”. The Form ATS submission must provide details regarding the types of customers the trading system expects to admit, the securities it expects to trade, and a technical description of the way the system operates to execute trades. Descriptions of infrastructure and procedures concerning system access, security, capacity planning, supervision, contingency management, and compliance, as well as how the transactions for trades are executed, cleared, settled, and reported will be enumerated on Form ATS.

The operational report will be detailed and accurate in its descriptions of the platform and must be kept current. The SEC does not issue approvals for Form ATS filings; however, the Form ATS submission is not considered finalized and complete unless it complies with all applicable requirements of Regulation ATS. Regulation ATS contains provisions delineating the platform’s requirements, including fair access, rules for applicable fees, how orders should be formatted and displayed, the ability to match and settle orders, capacity, data integrity, security, reporting and records, and the protection of confidential information.

Any operational ATS must comply with applicable SRO rules and state laws regarding alternative trading systems or relating to the trading, registration, or regulation of securities, and the persons, or entities, who are party to securities transactions.

Oversight and Regulation of Digital Assets

As digital assets have grown in popularity and in market size, the U.S. Congress, the Federal Reserve Board, and certain U.S. agencies including the CFTC, the SEC, and FinCEN, have begun to examine the nature of digital assets and the blockchain networks on which they operate and trade. Regulation of blockchain assets by U.S. federal and state governments, foreign governments and self-regulatory organizations continues at an increasing pace. The SEC has taken actions against persons or entities misusing digital assets in connection with fraudulent schemes, inadequate publicly disseminated information, and the offering of unregistered securities without proper exemption from registration. To summarize the recent demonstrations of regulatory action taken regarding blockchain assets, we believe that these actions fall generally into two broad categories: (1) enforcement based on the failure to register a particular security as required, without a valid exemption from registration, and/or (2) fraudulent practices by asset issuers, or some combination of both. The SEC, FINRA, and courts have continued, and likely will

continue, to promulgate statements, enforcement actions and rulings, as applicable, interpreting the characterization of digital assets, the issuance of digital assets in order to regulate market behavior and reduce fraud.