Blockchain-Enabled Token Issuance and Secondary Trading Technology Platform
## CONTENTS

5  JURISDICTIONAL LIMITATIONS
6  PARTIES FACILITATING ICO
7  PRIVACY PROVISION
9  DISCLAIMER

14  EXECUTIVE SUMMARY
   15  BUSINESS STRATEGY
   16  INTRODUCTION TO BLOCKCHAIN
   16  BLOCKCHAIN GOES MAINSTREAM
   17  THE PROBLEM – THE OPPORTUNITY
   18  THE SOLUTION
   19  THE ROADMAP

20  THE PROBLEM – THE OPPORTUNITY
   20  OVERVIEW
   21  THE ASSET CLASSES
   25  THE CURRENT MARKET
   25  SECONDARY MARKET
   26  SETTLEMENT
   26  THE FUTURE MARKET
   28  INDUSTRY BENEFITS
This business and technical whitepaper outlines the development details of the Velocity Ledger’s Token Issuance and Secondary Trading Technology platform (the “VL Platform”). This whitepaper, including the disclaimers that follow, should be carefully read with the assistance of appropriate advisors.

Neither Velocity Ledger Holdings Limited, its parent nor its subsidiaries (collectively, the “Velocity Ledger Group”) make any warranties or representations as to the success of the development or implementation of such technologies and innovations, or achievement of any other activities as are noted in this white paper, and disclaim any warranties or representations implied by law or otherwise, to the extent permitted by law.

While much of Velocity Ledger Group’s technology is currently deployed and operational, some of the products and innovations outlined in this paper are still under development.

Velocity Ledger Group, its directors, employees, contractors, and representatives have no responsibility or liability to any person or recipient (whether because of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from this paper. Neither Velocity Ledger Group nor its advisors have independently verified any of the information contained in this paper. Each recipient should rely solely on its own knowledge, investigation, judgment, and assessment of the matters which are the subject of this whitepaper and any information which is made available in connection with any further inquiries and to satisfy itself as to the accuracy and completeness of such matters.

Regulatory authorities are scrutinizing businesses and operations associated with digital currencies and blockchain technology on a global basis. In that respect, regulatory investigations or actions may affect, limit or prevent Velocity Ledger Group from developing its operations in the future.

This white paper, as well as related terms, conditions, and onboarding requirements may be modified in the future due to new regulatory and compliance requirements.
5 Jurisdictional Limitations

The tokens being offered hereunder are not being offered or sold to, or for the account or benefit of persons located in the following jurisdictions:

→ United States
→ Puerto Rico
→ US Virgin Islands
→ The People’s Republic of China
→ Canada

Purchasers will need to represent that the purchase of tokens hereunder do not violate any rules or regulations in their country of residence or formation.

Financial Qualifications of Purchasers:

Users otherwise qualifying as a “Retail Investor” are a mismatch for the ICO’s target participant. As such, purchasers must represent and warrant that they meet certain qualified participant requirements (which requirements are slightly more restrictive than Bermuda’s Qualified Participant requirements, as such requirements are defined under Section 9(2) and 9(3) of the Investment Funds Act 2006.)
6 Parties Facilitating ICO

ICO Issuer:
Velocity Ledger Holdings Limited
Clarendon House 2 Church Street
Hamilton, HM 11, Bermuda

Parent of ICO Issuer:
Velocity Ledger Technology, Inc.
147 West 26th Street, 3rd floor
New York, NY 10001 USA

Officers for Velocity Ledger Holdings Limited:
Shawn Sloves, President
Julian Jacobson, Vice President, Chief Operating Officer
Eric Hess, Vice President, Legal

Public Relations and Strategic Communications
Transform Group
1237a 3rd Street Promenade,
Santa Monica, CA 90401, USA
7 PRIVACY PROVISION

The Velocity Ledger Group may seek to obtain certain information from a prospective participant in order to comply with applicable law or regulation in connection with the sale of VL Tokens. The Velocity Ledger Group may refuse to sell VL Tokens absent such requested information.

In connection with the establishment of a VL account to purchase the VL Tokens, the Velocity Ledger Group may collect and store the following types of information either with respect to certain individuals or individuals affiliated with participants: name, address, phone, email, nationality, id photo page scan, passport numbers or other personal identification numbers, and wallet address. Prospective purchasers and affiliated individuals may be required to provide additional information to facilitate verification of identity and address. The Velocity Ledger Group may engage third parties, such as identity verification services, to collect or verify additional information about prospective purchasers and affiliated individuals.

The Velocity Ledger Group will protect personal information using physical, technical, and administrative security measures to reduce the risks of loss, misuse, unauthorized access, disclosure, and alteration. Some of the safeguards used are firewalls and data encryption, physical access controls to data centers, and information access authorization controls. The Velocity Ledger Group will authorize access to personal information only for those employees who require it to fulfill their job responsibilities. All physical, electronic, and procedural safeguards are designed to comply with applicable laws and regulations.

In the unlikely event that there is a security breach that may compromise personal data, the Velocity Ledger will notify impacted participants promptly upon discovery and in no event later than the period required for such notification under applicable law. The Velocity Ledger Group shall use reasonable efforts to remedy any security breach and will provide periodic updates as required.

The Velocity Ledger Group may be required to analyze and compare the personal data provided to third party databases to verify its accuracy in order to comply with applicable anti-money laundering and know your customer requirements. The Velocity Ledger Group will not release, sell or rent personal data to third parties other
than law enforcement agencies and/or public administration bodies in compliance with applicable rules and regulations.

The Velocity Ledger Group reserves the right to share personal data collected with: (a) 3rd party identification services providers for fraud prevention purposes; (b) law enforcement, government officials, or other third parties when we are compelled to do so by a subpoena, court order, or similar legal procedure.

The Velocity Ledger Group may also create anonymous, aggregated and/or other de-identified data records ("anonymous Information") from personal information provided by excluding information (such as individual name) that makes the information personally identifiable. This anonymous information may be used to analyze request and usage patterns so that the Velocity Ledger Group may enhance the user experience on the VL Platform. The Velocity Ledge Group may use anonymous information for any lawful purpose and may disclose such data to third parties in our discretion.

Participants may have legal rights under General Data Protection Regulations (GDPR) or other similar regulations to access, review, edit or request the Velocity Ledger Group to remove associated personal data. The removal of such data in compliance with such regulations may result in the disablement of or imposition of restrictions on the associated VL Token account.
9 DISCLAIMER

Certain Risks Relating to Purchase, Sale and Use of Tokens

The Tokens are not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this white paper is intended to form the basis for any investment decision, and no specific recommendations are intended. Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.

By purchasing, holding and using Tokens, you expressly acknowledge and assume the following risks:

1. Risk of Losing Access to Tokens Due to Loss of Private Key(s), Custodial Error or Purchaser Error A private key, or a combination of private keys, is necessary to control and dispose of Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing Tokens will result in loss of such Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a digital wallet or vault service you use, may be able to misappropriate your Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Tokens. Additionally, your failure to follow precisely the procedures for buying and receiving Tokens, including, for instance, if you provide the wrong address for receiving Tokens, may result in the loss of your Tokens.

2. Risks Associated with the Ethereum Protocol Because Tokens and the Platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the Platform or Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Tokens and the Platform, including the utility of Tokens for obtaining Services, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.
3. Risk of Mining Attacks As with other decentralized cryptographic tokens based on the Ethereum protocol, Tokens are susceptible to attacks by miners in the course of validating Token transactions on the Ethereum blockchain, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Platform and Tokens, including, but not limited to, accurate execution and recording of transactions involving Tokens.

4. Risk of Hacking and Security Weaknesses Hackers or other malicious groups or organizations may attempt to interfere with the Platform or Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Platform is based on open-source software, there is a risk that a third party or a member of the Company team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Platform, which could negatively affect the Platform and Tokens, including the Token's utility for obtaining Services.

5. Lack of Secondary Market for Tokens are intended to be used solely on the Platform, and Company will not support, facilitate or contemplate any secondary trading or external valuation of Tokens.

6. Risk of Uninsured Losses Tokens are uninsured unless you specifically obtain private insurance to insure them.

7. Risks Associated with Uncertain Regulations and Enforcement Actions The regulatory status of distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Platform and potentially, Tokens. Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.
8. Risks Arising from Taxation The tax characterization of Tokens is uncertain. You must seek your own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

9. Risk of Alternative Platforms It is possible that alternative platforms could be established that utilize the same open source code and protocol underlying the Platform and attempt to facilitate services that are materially similar to the Services. The Platform may compete with these alternative platforms, which could negatively impact the Platform and Tokens, including the Token’s utility for obtaining Services.

10. Risk of Insufficient Interest in the Platform or Distributed Applications It is possible that the Platform will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed platforms (such as the Platform) more generally. Such a lack of use or interest could negatively impact the development of the Platform and the potential utility of Tokens, including its utility for obtaining Services.

The Company’s growth and adoption of the Platform may depend on our ability to maintain and expand our existing relationships with companies and our ability to develop new relationships with other companies to utilize the Platform. Continuing to develop and improve the Platform to keep up with these changes may require significant time and additional investment. If we cannot continue to develop and improve the Platform to maintain competitiveness considering such changes, the Platform may not remain viable, which could negatively impact the utility of Tokens, including the Token’s utility for obtaining Services.

11. Risks Associated with the Development and Maintenance of the Platform since it is still under development and may undergo significant changes over time. Although we intend for Tokens and the Platform to follow the specifications, and will take commercially reasonable steps toward those ends, we may have to make changes to the specifications of Tokens or the Platform for any number of legitimate reasons. This could create the risk that Tokens or the Platform, as further developed and maintained, may not meet your expectations at the time of purchasing Tokens. Furthermore, despite our good faith efforts to develop and maintain the Platform, it is still possible that the Platform will experience
malignments or otherwise fail to be adequately developed or maintained, which may negatively impact the Platform and the potential utility of Tokens, including its utility for obtaining Services.

12. Risk of an Unfavorable Fluctuation of Ether and Other Currency Value. The Company team intends to use the proceeds from selling Tokens to fund the maintenance and development of the Platform. The proceeds of the sale of Tokens will be denominated in Ether, and may, at our discretion, be converted into other cryptographic and fiat currencies. If the value of Ether or other currencies fluctuates unfavorably during or after the Sale Period, the Company team may not be able to fund development or may not be able to develop or maintain the Platform in the manner that it intended.

13. Risk of Dissolution of the Company. It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether (or other cryptographic and fiat currencies), decrease in the Token’s utility (including its utility for obtaining Services), the failure of commercial relationships, or intellectual property ownership challenges, the Platform may no longer be viable to operate and the Company may dissolve.

14. Risks Arising From No Governance Rights. The Tokens currently confer no governance rights. While the Company reserves the right to offer such rights in the future, the Company currently has sole discretion to make decisions that could adversely affect the Platform and the utility of Tokens that you hold, including the Token’s utility for obtaining Services.

15. Risks Associated with New and Evolving Laws Impacting Issuance and Trading Technology. The Issuance and trading technology ecosystems, and by extension our own Platform, are subject to a variety of laws and regulations, including those with respect to consumer privacy, data protection, consumer protection, content regulation, network neutrality, cyber security, data protection, intellectual property (including copyright, patent, trademark and trade secret laws), defamation, child protection, and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change. In addition, new laws or regulations affecting the Company could be enacted. As the Platform evolves, Company may be subject to new laws and the application of existing laws to us might change. These laws and regulations are frequently costly to comply with and may divert a significant portion of Company’s attention and resources. If we
fail to comply with these applicable laws or regulations, we could receive negative publicity and be subject to significant liabilities which could adversely impact the Company, the Platform and Tokens, including the Token's utility for obtaining Services. Additionally, within the Platform are subject to industry specific laws and regulations or licensing requirements. If any of these parties fails to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, it could adversely impact the Platform and Tokens, including the Token's utility for obtaining Services.

16. Unanticipated Risks Cryptographic tokens such as Tokens are a new and untested technology. In addition to the risks included herein, there are other risks associated with your purchase, holding and use of Tokens, including those that the Company cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed.

17. Cancellation; Refusal of Purchase Requests. Your purchase of Tokens from us during the Sale Period is final, and there are no refunds or cancellations except (a) if 500,000 Tokens are not sold during the Sale Period as defined in and pursuant to applicable procedures, or (b) pursuant to Section 34F(2) of the Companies Act of 1981, within three (3) days of subscribing for the Tokens, you may withdraw from the purchase of Tokens. We reserve the right to refuse or cancel Token purchase requests at any time in our sole discretion. In addition, access to the Platform across all subscribers will require a minimum Token balance to be held as published by VL on www.velocityledger.bm at least ninety (90) days prior to the effective date of such minimum Token balance.
14 EXECUTIVE SUMMARY

Velocity Ledger (VL) is a private blockchain enabled platform operated by the Velocity Ledger Group which provides a platform for the generation of tokenized assets, secondary trading and settlement. Velocity Ledger Group’s comprehensive technology solution operates as a service with tools to support the token creation, investment and trading process for digital asset tokens, Over The Counter (“OTC”) digital currencies and select real estate products. Globally, the primary objective is to provide Software-as-a-Service (“SAAS”) which will eventually result in greater liquidity, real-time market pricing, cost savings, and transparency. It is expected that the subscribers of the service will be responsible for complying with applicable national and local rules, regulations, and laws. Velocity Ledger Group is primarily a technology service provider. The initial products that will be eligible for issuances and trading will be investment tokens.

The Velocity Ledger Group has formed an exempted company in Bermuda to operate a Digital Asset Exchange, called VL Financial Ltd. The entity is intended to be a licensed venue on the VL network supporting issuance, trading and settlement of digital assets. Once approved by the Bermuda Monetary Authority, it would support the cross listing of other qualified digital assets types on the VL network.

The initial products that will be eligible for listing and trading will be investment tokens.
15 BUSINESS STRATEGY

Velocity Ledger is a private blockchain ledger targeting inefficiencies in the new issuance, secondary trading, and settlement for digital asset tokens, OTC digital currencies and select real estate products. The platform will provide a technology services solution for security sponsors, real estate sponsors, market makers and merchant banks with distributed ledger-based new issuance, tokenization and trading solutions for: Investment Products, Securities, and OTC Digital currencies.

Velocity Ledger Group utilizes Ethereum’s ERC20 protocol to tokenize and maintain a dynamic real-time ledger of securities and digital assets as well as its own network utility token which will support new issuance and electronic secondary trading. Velocity Ledger will become a cross-platform network of tokenized assets designed to manage ledger operations for digital assets. Velocity Ledger Group will “open source” key components of its blockchain solution and smart contracts to allow the broader global community to adopt and utilize the network and the VL Platform.
16 INTRODUCTION TO BLOCKCHAIN

Blockchain is a decentralized, continuously growing public ledger of records, called “blocks,” which are linked and secured using cryptography. Each block is comprised of information that sits below a distributed ledger, acting to verify transactions submitted by producing a new block to the chain. No third-party controls the blockchain, instead, anyone can read it, write to it, and hold a copy. The technology is designed to record transactions between two parties efficiently and in a verifiable, permanent fashion.

Each block in a blockchain typically contains a “Hash” pointer as a link to a previous block, a timestamp and transaction data. By design, this data inherently protects against modification or alteration.

For use as a distributed ledger, a blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for validating new blocks. Once recorded, the data in any given block cannot be altered retroactively without the alteration of all subsequent blocks, requiring collusion of the network majority, which protects the integrity of the data.

16 BLOCKCHAIN GOES MAINSTREAM

In 2017, institutional interest in digital currencies and the implementation of blockchain technology that underpins them attracted robust capital inflows. The total market value of digital currencies and assets surged as much as 1,200% to a total of $240 billion by November 2017, after beginning the year at $17.7 billion. The growth in investment has come from a range of financing sources, including: hedge funds, banks, pension funds, sovereign wealth funds, family offices, and high-net-worth individuals.
A growing number of Initial Coin Offerings ("ICOs") has contributed to the digital currency market’s rise in value. ICOs typically involve exchanging either Bitcoin and/or Ether for newly created digital tokens. The coins come in two forms: i) a "security" coin which is used for trading and speculation; or ii) a "utility" coin which is sold for to-be-performed services by the sponsor. Most ICOs serve as a convenient means by which funds are raised for a new digital currency venture. The increased supply/demand has driven higher values for major digital currencies overall.

17 THE PROBLEM – THE OPPORTUNITY

Targeted crowd funded securities, OTC digital currency, real estate products, and institutional joint ventures have historically lacked adequate liquidity, fair market pricing, transparency, and automation as shown in the graphic below.

<table>
<thead>
<tr>
<th>ECOSYSTEM</th>
<th>PRIMARY ISSUANCE</th>
<th>SECONDARY TRADING</th>
<th>CLEARING &amp; SETTLEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>No transparent, market-based trading system for new issuance and trading of investment tokens, security tokens, OTC Crypto Currency, Investment Tokens.</td>
<td>Sector lacks an automated primary issuance and distribution facility - leading to inefficient capital formation.</td>
<td>Lack of a true secondary market results in billions of dollars of &quot;stranded token&quot; as well as wide bid/ask spreads.</td>
<td>Closing on these securities/properties is inefficient, costly and time consuming - currently taking weeks.</td>
</tr>
</tbody>
</table>
18 THE SOLUTION

Velocity Ledger Technology’s comprehensive user-friendly, web-based ecosystem driven by blockchain technology will provide new issuance, secondary trading and token holder services for:

→ Investment Tokens
→ Real Estate Tokens
→ Security Tokens (in applicable jurisdictions)
→ OTC Digital Currency

The primary distinction between Investment Tokens and Security Tokens is whether or not the asset ownership associated with such token requires registration within the jurisdiction of issuance and secondary trading participation, as applicable. Velocity Ledger Group provides a first-of-its-kind solution to investment, securities, and real estate tokens by combining Fundamental Interaction’s proprietary issuance, trading and settlement technology with private blockchain protocol. Merchant bank sponsors can access a simple web interface which links to a multi-dealer electronic trading infrastructure with a central limit order book (“CLOB”).

The platform will "tokenize" securities and assets, facilitating ease of future ownership and investment by creating liquidity and pricing transparency for peer-to-peer transfers. Velocity Ledger Group’s capabilities aim to evolve initial token offerings and secondary markets for inter-dealer brokers into a dynamic competitively traded marketplace with reduced frictional costs and market-based pricing.
19 THE ROADMAP

Velocity Ledger Group will undertake a phased launch in 2019 - broken out into three stages:

Token Sale
→ Industry launch of VL Token

New Issuances
→ Investment Tokens
→ Real Estate Tokens
→ Security Tokens (in applicable jurisdictions)

Secondary Token Trading Market
→ Investment Tokens
→ Real Estate Tokens
→ Security Tokens (in applicable jurisdictions)
→ OTC Digital Currency

---

**TIMELINE FOR DEPLOYMENT**

- **VL Token Sale**
  - **4/15/2019**
  - **7/15/2019**

- **Transfer Pricing**
  - **7/31/2019**

- **VL Token Revenue Share**
  - **1/31/2020**

- **Cross Platform Token Support**
  - **4th Quarter 2019**

- **VL Primary Issuance**
  - **2nd Quarter 2019**

*The token sale is international or non-U.S. offering.*
20 THE PROBLEM – THE OPPORTUNITY

A major problem with the existing securities/token ecosystem is that there is no scalable, cost-effective process for marketing the new issuance of tokenized assets like crowd funded securities, investment tokens, real-estate products properties held by institutions in Joint Venture and as standalone investments – nor is there a transparent, real-time, market-based, secondary trading system for these same tokenized assets. The current OTC digital currency markets are fragmented and done primarily over the phone or on Skype with multiple parties as a part of a single transaction.

Velocity Ledger Group’s underlying issuance, trading and settlement platform has already been deployed across multiple asset classes. VL enhances this platform with blockchain record keeping to address current market weaknesses for liquid securities in a first-of-its-kind market utility.

20 OVERVIEW

Crowd funded securities, OTC digital currencies and real estate are industries well-suited for deploying Velocity Ledger Group’s disruptive private blockchain technology. The sector is global in scope, represents trillions of dollars in value, and has historically trailed other asset classes in terms of modernization and utilization of the best available technologies. Inevitably, technology, regulation and pricing drive economic incentives in such a way that they become a catalyst for change. The industry would benefit from increased transparency and market-based pricing to the broadest range of participants, including: issuers, investors, market makers, and Independent Broker Dealers (“IBDs”) – the core value proposition of Velocity Ledger.

In short, blockchain and smart contracts deployed through the Velocity Ledger Technology, Inc.’s platform combine to establish an investment and trading infrastructure unlike any other – a technological advancement that creates a new market structure paradigm that facilitates price discovery and transactional efficiencies.
21 THE ASSET CLASSES

SECURITIES TOKENS

Securities tokens encompass more traditional financial assets like stocks, bonds and other traditional equities.

The VL Platform can support security token marketplaces in accordance with United States securities laws, rules, and regulations applicable to equities. The ability to leverage the full capabilities of the VL Platform in the United States with respect to security tokens is subject to additional regulatory clarification.

A more recent capital markets innovation that is well suited to a VL Platform offering is equity crowdfunding. Equity crowdfunding is a private company marketplace for unregistered securities that is subject to a lesser investor accreditation requirements for the investors and lesser disclosure requirements for the companies. While the size of the U.S. equity crowdfunding market is relatively small, with $300 million raised by U.S. crowdfunded sites in 2018, the equity crowdfunding industry is anticipated to grow to $93 billion by 2025.

Regulations for Crowd Funded Securities:

→ Rule 506(b) offerings (traditional Regulation D)
→ Regulation D New Rule 506(c) offerings
→ Regulation 144
→ Regulation S
→ Regulation CF
→ Section 4(a)(6) crowdfunding
→ Regulation A Tier 1
→ Regulation A Tier 2

The current state of the equity crowdfunding market in the US is relatively small compared to traditional Venture Capital (VC):

→ The size of the US equity crowdfunding market was $1,041 million in 2018.
→ Angel investment industry in the US for 2014 was estimated at $24.6 billion
→ The venture capital industry size of the industry in the US at $71.94 billion in 2017.

In 2018, US crowd funded sites are estimated to raise more than $300 million dollars with the global market to be larger than 1 billion dollars.

→ The equity crowdfunding industry is set to be valued more than $93 billion by 2025.
Security tokens are digital units representing value which, like shares of stock, have defined attributes that are immutable in blockchain code for a specific project or company. The attributes may include: rights to an ownership percentage, rights to cash flows, voting rights and rights to the use of products or services.

The innovative features of digital securities offerings, in compliance with all SEC and other regulatory requirements, provide an alternative funding solution for companies in search of capital.

It is estimated that security tokens will soon outdistance the now-dominant “tokens” like Bitcoin. Security tokens will expand to a value of $2 trillion in 2018 alone and are estimated to achieve a valuation of $10 trillion by 2020.

Benefits of Security Tokens include:

→ Blockchain technology provides issuer and investor an immutable contract with attributes coded into a digital smart contract
→ Contract of events is secured in the blockchain
→ Liquidity is achieved upon the expiration of the holding period (typically one year)
→ Token offerings attract investor interest
→ Regulation filings allow issuer to reach a global investor pool

INVESTMENT TOKENS

Investment tokens encompass more non-traditional financial assets, such as those that have historically more difficult to trade. Within this class are investments such as share or revenue rights to venture capital or private equity funds. The venture capital industry size of the industry in the US at $71.94 billion in 2017.

REAL ESTATE TOKENS

Real estate tokens are considered part of more non-traditional assets that can be digitized for purchase or sale. Also included in this class is artwork or precious stones. These assets are generally illiquid, prohibitively expensive to own entire units of or to transfer ownership right to. Fractional token ownership facilitates transactions and provide more liquidity. Depending on the form these assets take, they may ultimately be registered as security tokens.
With regards to real estate tokens, there are a number of different asset vehicles that are particularly well positioned for asset tokenization including Non-Traded REITS, Delaware Statutory Trusts, and Institutional Joint Ventures. These assets are not traded on exchanges and are sold through intermediated networks. Additionally, properties and portfolios of properties could also be tokenized, facilitating liquidity in the broader real estate asset marketplace. As noted above, the tokenized marketplace for these instruments will remain immature in the United States until additional regulatory clarification is provided around securities tokens generally.

**NON-TRADED REITS**

NT REITs are SEC-registered securities managed through an issuing sponsor that facilitates redemptions to a maximum of 5% per year.

→ Over $135 billion has been raised by sponsors since 2000

→ An estimated $50 to $60 billion remains outstanding without a liquid market for facilitating transfers

→ New issuance over the past 10 years has ranged from $5 billion to $13 billion annually

→ Illiquidity has historically been the biggest impediment to sale/purchase

**DELAWARE STATUTORY TRUSTS**

These are tax advantages property vehicles that allows investors to reinvest 100% of the proceeds of a property sale rather than pay taxes on the gain. This marketplace has no sponsor facilitating redemption.

→ There is no redemption feature offered by the sponsor – leaving owners without an opportunity to realize fair asset value in a secondary trade should life changes result in a desire/need to sell.

→ The industry has experienced significant year-over-year growth, having raised $1.0B and $1.5B of equity in 2015 and 2016, respectively, and $2.0B projected to be estimated raised in 2017.

→ There is approximately $6B of DST paper outstanding, with continued growth in this sector occurring due to the aging demographic in the U.S.
INSTITUTIONAL JOINT VENTURES

Joint Venture partnerships are one of the primary ways capital is provided to owner/operators for real estate acquisitions/developments by pension funds, foundations, endowments, and opportunity funds. It is difficult to quantify how much of the estimated $275 billion investment in JVs exchange hands in any one year, given that trades are typically executed privately between two Qualified Institutional Buyers (QIBs), but industry estimates range from 2.5-5% ($7-14 billion) of the 3 to 7 year prior commitments.

The platform will facilitate the market for the sale of properties within these joint ventures – creating greater transparency, reducing marketing cost and enhancing price discovery. Tokening the asset/portfolio will enable ongoing trading of the interests on the platform facilitating: peer-to-peer information discovery, communication, competitive pricing, and allow future ownership to be continually maintained/updated on a distributed ledger.

OTC CRYPTO CURRENCY

Digital currency exchanges cannot facilitate large trades, rather they are processed as Over-The-Counter (OTC) trades. Clients such as wealthy investors, bitcoin miners, payment processors and, increasingly, hedge funds, have in around five years spawned an over-the-counter market moving digital currencies mostly via online messaging. Monthly OTC Digital currency transaction values surpass some regular exchanges. The OTC transactions are settled through bank wire transfers and by sending digital currencies to digital wallets.

- Dealer desks often handle more than $100 million of digital currency trades daily
- $10 billion worth of OTC trades per month.
- 25-30 digital currencies typically trade
- The minimum ticket size typically for OTC transactions are $500,000 with an average of $1 million dollars.
PROPERTIES/PORTFOLIOS

The property sector is the single largest asset class globally, and likely the most opaque and inefficient. Worldwide valuation is estimated to exceed $217 trillion, $55-60 trillion of which is non-residential commercial, with more than 90% of assets privately held and not traded on any exchange.

25 THE CURRENT MARKET

NEW ISSUANCE

Crowd funded securities and real estate is a capital-intensive business – sponsors are continually searching for access to new investors to provide equity for projects; however, the industry lacks an effective, automated new issuance and distribution platform with blockchain capabilities, which leads to an inefficient capital formation process.

Sponsors traditionally employ significant sales teams to raise equity for projects or contract this function out to a designated third-party placement firm. The sales/capital raising cycle typically involves the following elements:

→ Cold-calling campaign
→ Email campaign
→ Marketing conferences campaign
→ Face-to-face meetings with end-investors
→ High-touch paper-laden process of accepting investor funds into a real estate project or product

The process is time consuming, people intensive and requires a substantial travel and entertainment budget – in a word, expensive.

25 SECONDARY MARKET

While the crowd funding market is poised for exponential growth, historically, investing in a crowd funded early stage company meant holding the security for a long amount of time because of the inherent lack of liquidity in those securities and the difficulty in transferring ownership.
The need for a liquid secondary market is apparent when equity crowdfunding investors need to cash out of their investments. Given that most startups take years before a sale or other type of liquidity event occurs, money can be locked up for 7-10 years which results in investors avoiding these asset classes.

The lack of an efficient secondary trading market for illiquid securities, results in billions of dollars of “stranded paper”/assets and wide bid/ask spreads. Velocity Ledger Group will address the lack of a secondary market and liquidity for specific-targeted real estate securities as well as JVs and individual properties. Velocity Ledger will allow regulated entities to tokenize these assets using its blockchain technology, providing ease of communication and real-time market-based pricing and available for trading on regulated ATS systems and within broker dealers.

26 SETTLEMENT

Listing, selling, and closing on illiquid real estate is costly and time-consuming. The process can take weeks to settle due to a lack of information transparency, and multiple intermediaries that add little value.

→ Traditionally, securities/properties/OTC digital currency not eligible for traditional clearing and settlement are handled through hard copy, email, phone calls, and spreadsheets. The lack of automation and centralization delays the transaction process, making these methods inefficient and expensive.

→ While some jurisdictions have developed solutions, these solutions are often cumbersome and inefficient. For example, in the United States, Depository Trust & Clearing Corporation (“DTCC”) created the Alternative Investment Products (“AIP”) process to service publicly registered, NT REITs. Unfortunately, the service is viewed by many participants as cumbersome and not broadly accepted by the industry.

26 THE FUTURE MARKET

Velocity Ledger Group will tokenize securities, investments, individual properties and/or portfolios for an initial capital raise as well as a secondary market resale. Once on the platform, there will be a digital ledger of the asset’s unique character-
istics and history, facilitating peer-to-peer information transfer/discovery, capital formation, secondary trading of fractionalized ownership interests and accelerated/cost effective ownership transfer and settlement.

<table>
<thead>
<tr>
<th>Current Market</th>
<th>Future Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Issuance, Trading and Settlement</td>
<td>Direct Offering / Trading / Settlement</td>
</tr>
<tr>
<td>Heavily Intermediated</td>
<td>Disintermediated</td>
</tr>
<tr>
<td>Dysfunctional Secondary Market</td>
<td>Liquid Secondary Market</td>
</tr>
<tr>
<td>Non-Standard Industry Operations</td>
<td>Common Industry Standards</td>
</tr>
<tr>
<td>Three Week Paper Settlement</td>
<td>T+0 / Peer to Peer Settlement</td>
</tr>
<tr>
<td>Siloed Issuance</td>
<td>Universal Blockchain Ledger</td>
</tr>
</tbody>
</table>

**NEW ISSUANCE**

→ Real Estate and merchant bank sponsors issue security or investment tokens directly to end-investors in a tokenized crowd sale

→ Investor portal aggregates a community of qualified/accredited investors in a single web/mobile platform

→ Issuers and investors converge and transact on new equity issues leveraging a simple web portal for the deal room, compliance, communication, paperwork, and payment

→ Tokenization provides issuers and investors with a clear, actionable view of holdings and transactions
SECONDARY MARKET

→ Tokenization allows for newly issued investment and security tokens to become freely tradeable (as permitted) in self regulated or government regulated secondary markets, such as Alternative Trading Systems, Exchanges or OTC markets

→ Investors, traders and market makers engage through all the common industry platforms and standards and access points used for liquid securities

→ End-investors can participate in new issuance and the secondary market through their financial advisors firms – establishing a self-directed broker-dealer relationship of their own. Velocity Ledger’s blockchain utility technology platform will tokenize assets, track and manage capitalization tables and provide shareholder and issuer services. This will streamline the time and cost throughout the full life cycle – issuance, trading, clearing, settlement, issuer and shareholder services and ultimate investment dissolution – and facilitating transactions for all parties:

→ Sponsors of NT REITs and DSTs, Institutional Investors holding JVs as well as owners of properties

→ Firms & Family Offices / Multi-Family Offices

→ Investment Banks & Placement Agents

→ Registered Market Makers

→ Pension Funds / Foundations / Endowments

→ Opportunity Funds

→ Retail Investors – accredited and non-accredited

28 INDUSTRY BENEFITS

→ Sponsor/distribution firms can market liquidity in a previously illiquid asset classes – removing a significant concern of investors holding these instruments thus increasing initial sales and capital formation

→ Investors can liquidate holdings at fair value and on a timely basis should life circumstances or market factors change

→ Financial firms can unlock value in investor funds currently stranded on balance sheet

→ Increased transparency, price discovery and liquidity via secondary markets trading

→ Creation of a real-time blockchain based technology platform for regulated entities to operate secondary market that will facilitate capital formation
29 THE SOLUTION

Velocity Ledger Group brings three separate functions – new issuance, secondary trading and shareholder/owner services – into a single technology solution, employing blockchain protocol to help solve the historical limitations of liquidity, real-time market pricing, transparency, information discovery, and automation in the investment token, security token, OTC digital currency and real estate industries. This is achieved through Velocity Ledger Group’s established proprietary technology platform which enables: asset tokenization using blockchain/distributed ledger protocol, facilitating peer-to-peer trading and settlement.

Firms can sign up for Velocity Ledger Group to access services and they can operate as a private market among invited participants. Some of the services included are settlement of trading, Know Your Customer and AML/ATF compliance.

Velocity Ledger Group operated as a private markets system is composed of four key components:

→ Enterprise blockchain trading platform: A robust matching engine, tools for automated market making.

→ Client trading interfaces: HTML5 web trading interfaces and offer API & FIX access.

→ Multi-signature wallet and interface

→ Self-service tools for managing daily operations: customer onboarding, customer service, etc.

Private markets on the Velocity Ledger can opt in to become direct access participants and connect with other private markets to eventually create a globally connected network.
30 OVERVIEW

Velocity Ledger Group’s comprehensive web-based trading technology and enterprise level infrastructure ecosystem uses blockchain technology to tokenize property assets as part of the new issuance or secondary trading process and supports peer-to-peer trading using an automated shareholder settlement process for targeted illiquid real estate asset classes:

→ Non-Traded REITs
→ 1031 Exchange / Delaware Statutory Trusts
→ Institutional Joint Ventures
→ Individual Properties / Portfolios
→ Security Tokens
→ OTC digital currency

Velocity Ledger Group’s platform provides equal access, transparency and liquidity. Together with the benefits of a decentralized peer-to-peer distribution network for direct settlement between participants. The blockchain technology, tokenizing all records for firms, users, assets and transactions, which can then be shared across the network. Velocity Ledger Group will seek to expand its blockchain-enabled platform ledger globally to interconnected market centers.

30 STRATEGIC PARTNERSHIP

Velocity Ledger Group has entered into a strategic partnership with the Y2X, a blockchain asset management and advisory firm in the investment token, security token, OTC digital currency and real estate industry. Y2X currently deploys Fundamental Interactions’ blockchain trading platform to create a crowd funding portal for new issuance and secondary trading of Over-The-Counter securities products. Y2X will support real-estate securities/properties issued on Velocity Ledger Group and make them available for trading/settlement across both platforms. Other market centers are also expected to support these issues.

Y2X partnership with Velocity Ledger is to expand the range of alternative assets that can potentially be tokenized like art and other assets. In addition, Y2X wants to help with the lack of infrastructure to support tokens across various different firms like market makers, investment management firms and etc. Fundamental In-
teractions is contributing its core technology to Velocity Ledger to build out the infrastructure for the product offerings.

The JOBS Act provides Velocity Ledger Group with an opportunity to capture significant 506(c) and Reg A+ market share for security tokens once U.S. regulators issue further clarification respecting the secondary trading of security tokens.

→ Effective June 19, 2015, the SEC created a second tier to the 1936 Reg A exemption, Reg A+, allowing issuers to raise up to $50 million through a simplified registration process that no longer requires state approval.

→ Unlike Reg D offerings, Reg A+ offerings are available to non-accredited investors once approved by the SEC.

Velocity Ledger Group brings together: an established, functional trading technology platform; blockchain protocol for asset tokenization, clearing, and settlement; as well as more than 100 years of private and public real estate securities expertise and relationships with key public and private operators, sponsors, market makers, and investors.

### 31 THE PLATFORM

As illustrated and described below, Velocity Ledger Group is a multi-firm utility for new issuance and secondary market trading. It will bring liquidity, transparency, and automation to the fragmented illiquid digital asset token and real estate markets and operate as a comprehensive platform for sponsors, traders, and investors.

### KEY FEATURES

→ Provides automated new issuance services for both investment token and security token offerings

→ Customized portal with dashboard design for specific user roles

→ New issuance tools with compliance workflows

→ Investor onboarding, deal room, and administration tools

→ Peer-to-peer investor access

→ Track offerings and approvals in real-time
Blockchain-based new issuance and settlement

Real-time pricing

<table>
<thead>
<tr>
<th>STEPS</th>
<th>COMPONENTS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NEW ISSUANCE CREATION</td>
<td>Sponsor registers on the portal to set up offering type</td>
</tr>
<tr>
<td>2</td>
<td>SECURITY OFFERING</td>
<td>Sponsor sets up a deal with documents and tombstone and invites investors to participate</td>
</tr>
<tr>
<td>3</td>
<td>TOKENIZATION</td>
<td>Sponsor creates an Initial Coin Offering, defines details of an ERC20 token, registers it as a U.S. security if applicable and offers as an ICO</td>
</tr>
<tr>
<td>4</td>
<td>TOKEN CROWD SALE</td>
<td>Publish crowd sale to investors to pledge digital currency or cash to the deal; collection of pledges for escrow via Velocity Ledger wallet</td>
</tr>
<tr>
<td>5</td>
<td>SECONDARY TRADING</td>
<td>Allocation of tokens to investors’ wallets and secondary trading market established for newly issued tokens</td>
</tr>
<tr>
<td>6</td>
<td>SETTLEMENT</td>
<td>Real-time settlement of secondary transactions within the transfer of tokens as trades occur</td>
</tr>
</tbody>
</table>
The platform supports the capital formation process from new security issuance to secondary trading and settlement. The following is a step-by-step process of the lifecycle of a security/property on the platform.

### ISSUANCE CREATION

<table>
<thead>
<tr>
<th>UN-REGISTERED</th>
<th>REGISTERED</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. only</td>
<td>U.S. only</td>
</tr>
</tbody>
</table>

#### ISSUER PROCESS

<table>
<thead>
<tr>
<th>ISSUER REGISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREATE NEW PROJECT</td>
</tr>
<tr>
<td>CHOOSE SECURITIES EXEMPTION</td>
</tr>
<tr>
<td>CONFIGURE / SAVE OFFERING DETAILS</td>
</tr>
</tbody>
</table>

### TOKEN OFFERING

#### PUBLIC INFORMATION

<table>
<thead>
<tr>
<th>Prospectus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whitepaper</td>
</tr>
<tr>
<td>Video</td>
</tr>
<tr>
<td>Presentation</td>
</tr>
</tbody>
</table>

#### PRIVATE INFORMATION

| Financials |

#### TOKENS ICO

| Yes |

#### FUNDING

<table>
<thead>
<tr>
<th>Crypto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments API</td>
</tr>
<tr>
<td>Manual Payment</td>
</tr>
</tbody>
</table>

#### SEC STATEMENTS

<table>
<thead>
<tr>
<th>Associated Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad Actor Check</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFERING AGREEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription Agreement</td>
</tr>
<tr>
<td>Tech Services Agreement</td>
</tr>
<tr>
<td>Escrow Agreement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOLICITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic Tiles</td>
</tr>
<tr>
<td>Symbol Page</td>
</tr>
<tr>
<td>Email Blast</td>
</tr>
</tbody>
</table>

[33 FULL LIFECYCLE: FROM CAPITAL FORMATION TO TRADING AND SETTLEMENT](#)
SECONDARY TRADING

WEB PORTALS
- TRADER
- TRADE ADMIN
- MARKET MAKER
- SETTLEMENT MGR
- ISSUER PORTAL

BROKERS
- MARKET MAKERS
- EMS / OMS / FIX
- REGULATORS
- CLEARING

SETTLEMENT

SETTLEMENT PORTAL
- NET SETTLEMENT REPORTS
- SETTLEMENT CONFIRMATIONS
- PROXY VOTING
- TOKEN RECORDS

> POSITIONS
- CASH
- VL TOKENS
36 PORTAL COMPONENTS

WEB INTERFACE

A simple web portal interface provides access to a sophisticated multi-dealer electronic trading infrastructure where customer orders can be routed to asset managers, as well as regulated Alternative Trading Systems (ATS), market makers or a privatematched on a Central Limit Order Book (CLOB) which would be operated by a regulated entity.

The trading interface is browser-based and provides the user with functional trading access to the marketplace, in real time. Users can view, analyze and trade in the market as well as keep track of balances, positions, and trades.
**USER-BASED ROLES**

The web portal features a powerful user-based roles system that provides intuitive access to the marketplace that is simple and secure. Users are defined as anyone interacting with the technology. Clients are users representing Institutions, Issuers, Banks, Market Makers etc. Users simply choose their role based on their desired purpose and function (investor, sponsor, market maker, etc.) and the platform automatically and intuitively leads them to the pertinent options.

<table>
<thead>
<tr>
<th>ROLES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRADER</td>
<td>• Trading interfaces for entering and managing orders</td>
</tr>
<tr>
<td></td>
<td>• Real-time blotters for viewing orders, positions, cash, and trades</td>
</tr>
<tr>
<td></td>
<td>• Blockchain wallet management</td>
</tr>
<tr>
<td></td>
<td>• Positions holding and cash management</td>
</tr>
<tr>
<td>SPONSOR</td>
<td>• Create and syndicate direct securities offerings out to investors</td>
</tr>
<tr>
<td></td>
<td>• Automated deal flow for Reg A+, 506(b), 506(c) etc.</td>
</tr>
<tr>
<td></td>
<td>• Electronic forms, approvals management, and investor communications</td>
</tr>
<tr>
<td></td>
<td>• Manage public and private deal room investor access</td>
</tr>
<tr>
<td></td>
<td>• Messaging and communications with approved investors</td>
</tr>
<tr>
<td>INVESTOR</td>
<td>• Browse direct offerings/investment profiles (tombstones)</td>
</tr>
<tr>
<td></td>
<td>• See investment information, public site/deal room</td>
</tr>
<tr>
<td></td>
<td>• Submit deal forms, attestations, pledge on investment offering</td>
</tr>
<tr>
<td></td>
<td>• Manage interest list of deals, issuers, and investments</td>
</tr>
<tr>
<td>SETTLEMENT ADMIN</td>
<td>• Blockchain powered settlement system</td>
</tr>
<tr>
<td></td>
<td>• Trade reconciliation (view, manage, approve firm transactions)</td>
</tr>
<tr>
<td></td>
<td>• Peer-to-peer, inter-broker settlement tools</td>
</tr>
<tr>
<td></td>
<td>• Trade management for brokerage accounts and sub-accounts</td>
</tr>
</tbody>
</table>
CAPITAL FORMATION PORTAL
Velocity Ledger Group provides automated new issuance services for the complete continuum of investment tokens, security tokens, OTC digital currency and illiquid real estate.

NEW ISSUANCE
→ New issuance tools with compliance workflows
→ Investor onboarding, virtual deal room, and administration tools
→ Efficient capital aggregation and investment data
→ Tokenization for ICOs
→ Peer-to-peer investor access, offering tracking, and real-time approvals
→ Blockchain-based new issuance, shareholder records, and settlement
→ Capitalization tables for tracking the equity ownership of a security/asset

DECENTRALIZED SECONDARY MARKET
Velocity Ledger Group’s decentralized secondary market does not rely on a third-party service to hold the customer’s funds. Instead, trades occur directly between users (peer to peer) through an automated trade and settle automated process. The Velocity Ledger Group system creates proxy tokens that represent fiat or digital currency or assets and through a decentralized multi-signature wallet escrow system, it allows firms or users to settle directly when they swap tokens on the system.

Velocity Ledger Group's established trading platform will deliver a realtime, blockchain-enabled trading technology for investment tokens, security tokens, OTC digital currency, illiquid real estate and to regulated participants in a manner designed to promote liquidity, capital growth and security.
The platform provides real-time price aggregation across market centers and market makers as well provides a private Central Limit Order Book (CLOB) provides an automated method to match buyers and sellers of a tradeable asset. Traditionally, these are centralized and combined with order execution, which allows orders to be created, executed, and canceled at a central source with pre-defined priority rules. Following the spirit of decentralization, Velocity Ledger Group’s order book technology has been redesigned for blockchain deployment allowing CLOBs to connect and share electronic pricing, order records across the private blockchain.
DECENTRALIZED CLOBs

The private matching engine operated by regulated entities is a centralized core process that manages orders to determine if there are any crossing opportunities and then executes trades. The secondary market matching algorithm is price/time priority criteria for crossing. An inside price represents the best bid price and the best offer price from the orders. The orders in the order book are used to publish displayed orders on the trading portal.

Orders will be centralized, resulting in multiple benefits for investors and issuers alike, including:

→ Increased liquidity and transparency (eliminating “stranded paper”)  → Reduced costs  → Competitive bid/ask spreads  → Mark-to-market valuations

TRADING PORTAL

The platform provides users with established trading functionality, including:

→ Real-time trading data  → Risk management  → Blotters to manage orders  → Historical trading activity
The trading portal will support a wide range of profitability tracking and margin features for active traders and hedge funds.

<table>
<thead>
<tr>
<th>COMPONENTS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET</td>
<td>Screen presents a watch list of all the securities trading on the platform</td>
</tr>
<tr>
<td>MONTAGE</td>
<td>Trading window for placing bids and offers, viewing the order book and for managing orders</td>
</tr>
<tr>
<td>REPORTS</td>
<td>Reports window to analyze (sort, filter) history of firm activity on the platform (trades, positions, balances)</td>
</tr>
<tr>
<td>ACCOUNTS</td>
<td>Manage and view market account information. The account types will have a level of verification set for each profile. Investors are required to be verified to use blockchain wallets services</td>
</tr>
<tr>
<td>BLOTTERS</td>
<td>Activity summary information about firm trading activity includes: Live orders blotter will show any orders that are live in the system and the status of those orders. In a glance, the user can view any working orders, as well as the status of the parent order. Recent trades summary will show all recent orders that were executed in whole or in part, on the platform. Positions in the system are maintained at the firm and user level. While a single firm can have many users, the positions represent the position for the entire firm.</td>
</tr>
</tbody>
</table>
### FEATURES

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WALLET BALANCE</strong></td>
<td>The account balance is the sum of currency deposits/withdrawals, booked realized P&amp;L and fees.</td>
</tr>
<tr>
<td></td>
<td>- Balance is updated every time</td>
</tr>
<tr>
<td></td>
<td>- Deposit or withdrawal is processed.</td>
</tr>
<tr>
<td></td>
<td>- P&amp;L is realized.</td>
</tr>
<tr>
<td></td>
<td>- Fees are booked.</td>
</tr>
<tr>
<td><strong>PROFIT &amp; LOSS</strong></td>
<td>- <strong>Realized</strong> - When part of a position is closed, realized P&amp;L is the result.</td>
</tr>
<tr>
<td></td>
<td>- ((\text{Exit price} - \text{average cost basis}) \times \text{closed size})</td>
</tr>
<tr>
<td></td>
<td>- <strong>Unrealized</strong></td>
</tr>
<tr>
<td></td>
<td>- Whenever there is an open position, unrealized P&amp;L is updated every time the market price of the asset changes, according to a formula.</td>
</tr>
<tr>
<td></td>
<td>- ((\text{Market price} - \text{average cost basis}) \times \text{open size})</td>
</tr>
<tr>
<td><strong>NET VALUE</strong></td>
<td>Reports window to analyze (sort, filter) history of firm activity on the platform (trades, positions, balances).</td>
</tr>
</tbody>
</table>

### 42 VL BLOCKCHAIN

Velocity Ledger Group uses a custom blockchain framework for its private network. It can process thousands of messages per second to ensure proper transaction speeds. Velocity Ledger Group provides a fully functioning blockchain platform, with all the required characteristics for securities tokens, OTC digital currency and the real estate community and beyond.

The blockchain ledger system is fully integrated with the trading system for managing token issuance, secondary trading and settlement. The system is comprised of multiple layers. The “Applications” component is the end user’s access point for data. The Applications can either be the web portals for trading records, blockchain...
explorers, REST API or FIX. The Applications layer is fully integrated with the trading application and directly to the “Blockchain Business Logic”. The Applications will collect blockchain wallet updates and hash transaction records. It will also communicate directly with a private blockchain node for defining smart contract for creation of tokens and for transactions etc. The “Trading Engine” is the matching facility for a regulated market or internal private market. Trading records are written to the “Blockchain Business Logic” which communicates with the “Private Node” which manages the smart contracts and interacts with the private ledger. Firms that are affiliated with the regulated market can access Private Nodes for transfers of securities tokens and for settlement records and to collect data from the private ledger. Various APIs (FIX, REST, JAVA) are provided to allow firms to manage their wallets, access to blockchain records, issuance and settlement.

PROOF OF STAKE BLOCKCHAIN VALIDATION

Although not immediately planned, as the blockchain network gains traction, member firms of the network could be designated as validators of blocks. The network could choose to use a “Proof of Stake” algorithm, which is the method to validate transactions for distributed consensus. The creator of a new block is chosen in a deterministic way, depending on the stake.

In proof of stake, members of the network are those that are willing to stake part of their tokens on the blocks they think should be added to the blockchain. Proof of stake depends on validator’s economic stake in the network. Members participate in a consensus algorithm to create or agree to new blocks where all validators participate in.

CHAIN BASED PROOF OF STAKE

This is whereby validators are selected in time slots for example after every ten seconds. The validator can then create a single block which must be linked to the previous block and with time the blocks become a constant growing chain.
Velocity Ledger Group will deploy a cross-platform blockchain system.

**BLOCKCHAIN FEATURES**

- Real-time system with tokenized positions and cash transfers between VL wallets intra-day for near zero-time settlement
- Smart contracts for real-time reconciliation of trades to clear and settle between counterparties for real-time settlement and netting of trades
- Fully auditable ledger of trades for reconciliation using the blockchain to manage counterparty risk

**CUSTODIAN WALLETS**

The VL blockchain ledger provides a multi-signature custodian wallet service which allows settlement of tokens and fiat on the platform. It operates wallets as omnibus (master) for clients. Whenever tokens are received from a firm or user, the omnibus wallet sends a notification to sub-account wallets when it is received, it then updates their token balance in the trading system. Similarly, if the firm requests withdrawal and it is approved, an automatic transfer can be triggered through the omnibus wallet protecting the firm.
The blockchain wallet is itself security agnostic, for strong security, distributed authentication measures can be implemented:

→ A master-wallet is created in a stacked cryptographic database.
→ The master-wallet is only accessible by programs and administrators with master-privileges.
→ A master-wallet server will be run with master-privileges.
→ Another stacked cryptographic system has been created for administrators of the master-wallet.

This system stores authentication information required to access the master-wallet server.

→ Programs and administrators with admin access can access the master-wallet server through a master-wallet proxy, which filters wallet functionality.

CUSTODIAN OFFLINE STORAGE

The primary method to provide a secure token storage is to hold them offline (aka “cold” storage). The omnibus account (master wallet) holds as much as necessary for day-to-day settlement and operations. The bulk of the tokens are periodically transferred from the omnibus account to an in-house wallet with offline storage.
46 REVENUE MODEL

Fees are charged for the use of new issuance, secondary trading and settlement services and are paid by participants using the VL Token. A fee algorithm has been designed using blockchain deployment, with fees generated for the following activities:

→ New digital asset token creation
→ Token transfer fee
→ Fees associated with ongoing use of platform

VL Platform participants will be able to continue to purchase VL Tokens as needed in connection with their activities on the VL Platform.

VL Platform will sell VL Tokens either in the secondary market or directly to participants for Ethereum tokens (ETH). The ETH collected will be used to fund ongoing Velocity Ledger operations.
Velocity Ledger Group has implemented fault tolerance into the trading technology. Real-time synchronization occurs between the primary Central Limit Order Book ("CLOB") and backup. In the event of the main CLOB failure, the backup takes over operating as the primary CLOB.

47 TRADING PLATFORM

The platform deployment will be driven by a resilient trading infrastructure, with the following features.

→ **Scalability** – Throughput can be easily expanded under increased load by adding hardware.

→ **Extendibility** – The platform is designed with open architecture, allowing expansion beyond initial function by integrating additional components without an overhaul of the core platform.

→ **Reliability** – The software architecture is fault tolerant and accommodates failures of application and infrastructure. It is designed with multiple application instances operating simultaneously, allowing a backup component to take over seamlessly in the case of any failure.
<table>
<thead>
<tr>
<th>COMPONENTS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL LIMIT ORDER BOOK</td>
<td>Crossing (matching) engine receives market data and manages orders. This process determines if there are any crossing opportunities and executes crossing. Responsible for routing the order or resting it in the internal books</td>
</tr>
<tr>
<td>MARKET DATA TICKER PLANT</td>
<td>Receives market data from the CLOB and external data sources, feeds the data to the web portals and external clients</td>
</tr>
<tr>
<td>INBOUND AND OUTBOUND GATEWAY</td>
<td>Used for inbound customer connectivity and outbound venue connectivity. The gateways support FIX, a binary proprietary application interface, rest and web sockets</td>
</tr>
<tr>
<td>SMART ROUTER</td>
<td>The smart router sends orders to pre-determined external venues based on the instructions on the order</td>
</tr>
<tr>
<td>RISK CONTROLS</td>
<td>The pre-trade risk will perform all pre-execution and pre-validation checks on all orders received and execution opportunities</td>
</tr>
<tr>
<td>PERFORMANCE, REDUNDANCY, SCALABILITY</td>
<td>Micro-second latency, 100% fault tolerant with tertiary failover and scales to millions of executions per second</td>
</tr>
<tr>
<td>MONITOR</td>
<td>The monitor acts as an interface with the Administration GUI to facilitate user interaction with crossing engine and other modules</td>
</tr>
<tr>
<td>MIDDLEWARE</td>
<td>The middle tier connects to the core platform engines including the matching engine. It manages broker activities including account balances, leverage and risk controls, blockchain workflows, commissions, and fees. It also aggregates and transforms market data to enable processing by the web portal</td>
</tr>
</tbody>
</table>

**49 BLOCKCHAIN LEDGER**

The platform uses smart contract protocol to tokenize and maintain a dynamic, real-time ledger of securities/assets, cash and utility coins to support new issuance and electronic secondary trading. Smart contracts facilitate the execution of transactions that are automated and enforceable, and run on a distributed ledger – used to handle contractual conditions, removing the need for an intermediary.

The blockchain framework has been designed to operate as a private blockchain deployment instance for token issuance and transferable in a secondary market.
The ledger will allow the industry to create an efficiently functioning blockchain platform with all the necessary characteristics required for the securities community and its participants.

The blockchain ledger supports a token that can charge fees for utilization of the network from all participants by assessing fees for listings, tokenization of securities and secondary trading activity. The mechanics to collect fees are based upon blockchain ledger usage algorithms with tokens directly deducted from client wallets.

The following smart contract structure is flexible that allows a variety of token creation including, tokens, cash tokens and security tokens. It also considers secondary trading transactions and the ability to transfer upon a transaction automatically. The details of the smart contract code are available for review in the appendix section of the document.

INTERFACE AND LIBRARIES

The Portal interface is used to create and edit the market center smart contracts. The main smart contract allows the creation of a variety of digital asset tokens for new issuance, secondary transaction contracts and transferrable tokens out to a public blockchain.

SMART CONTRACTS – SECONDARY RECORDS

The settlement process controls and coordinates the settling of participant (institutions, broker-dealers, customers) wallets and settling wallets on the platform. The Velocity Ledger Group platform provides blockchain settlement capabilities for firms to lock in trades versus their counterparties. Smart contracts use the exchange reference ID generated by a matched trade and combine the trade information with a single execution report with a blockchain “Hash” that will be publicly visible on the trade. The records are used to settle and clear between counterparty trades on a peer-to-peer basis for settlement. The platform reports aggregate total cost and proceeds based on all customer executions. The resulting net imbalance is settled between tokenized fiat and the customer with an offsetting platform transfer across wallets.

NETTING PROCESS

The platform employs a netting procedure, whereby each participant’s net debt is netted against the other participant’s net credit, as applicable.
NET DOLLAR VALUE OF TRADES

A net trade is where a participant receives a trade for a buy of an asset at one price and an execution of a sell at the same or different price. The platform then calculates the long value of the buy and short value of the sell, with the difference between the long and short being the net value.

SETTLEMENT DATA FOR NETTING

<table>
<thead>
<tr>
<th>FIELDS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRM ID</td>
<td>Unique identifier of the trading firm using the platform</td>
</tr>
<tr>
<td>USER ID</td>
<td>Unique username on the platform</td>
</tr>
<tr>
<td>BUY DOLLAR VALUE</td>
<td>The total sum of all buys executed. The value is derived by adding all executions for each executed token (Token A tokens x price, plus Token B tokens x price, etc.)</td>
</tr>
<tr>
<td>BUY SHARE VALUE</td>
<td>The total sum of shares of all buys executed</td>
</tr>
<tr>
<td>SELL DOLLAR VALUE</td>
<td>The total sum of all sells executed. The value is derived by adding all executions for each executed token (Token A tokens x price, plus Token B tokens x price, etc.)</td>
</tr>
<tr>
<td>SELL SHARE VALUE</td>
<td>The total sum of all sells executed token amount</td>
</tr>
<tr>
<td>TOTAL SHARES/TOKENS</td>
<td>Total shares are measured by the total number of shares traded daily. (longs + sells)</td>
</tr>
<tr>
<td>TOTAL DOLLAR VALUE</td>
<td>Maximum overall account size, notional. The total value of executed buy and sell orders added together</td>
</tr>
<tr>
<td>NET DOLLAR VALUE</td>
<td>The value of the firm or account net position dollar value (the difference between long and sell dollar amount)</td>
</tr>
<tr>
<td>NET SHARE/TOKEN VALUE</td>
<td>The value of the firm or account net position count (the difference between long and sell share amount)</td>
</tr>
</tbody>
</table>

Trade execution data collected from the CLOB is combined with ledger blockchain records to generate smart contracts for settlement. The following columns illustrate the key trade information reported to the blockchain:
CENTRAL LIMIT ORDER BOOK (CLOB) TRADE RECORDS FROM MATCHES

<table>
<thead>
<tr>
<th>FIELDS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRM ID</td>
<td>The identification of the firm or company</td>
</tr>
<tr>
<td>USER ID</td>
<td>The identification of the client</td>
</tr>
<tr>
<td>ACCOUNT</td>
<td>Assigned account number and wallet address</td>
</tr>
<tr>
<td>EXCHANGE</td>
<td>Exchange reference ID</td>
</tr>
<tr>
<td>REFERENCE</td>
<td>Order reference ID</td>
</tr>
<tr>
<td>TIME</td>
<td>When order or trades message submitted or executed</td>
</tr>
<tr>
<td>STATUS</td>
<td>Short status message “Processing” for the state of the message</td>
</tr>
<tr>
<td>DETAILS</td>
<td>Long description includes details of trade data</td>
</tr>
<tr>
<td>SIDE</td>
<td>Cross trade</td>
</tr>
<tr>
<td>SYMBOL</td>
<td>Ticker or other identifier of the asset</td>
</tr>
<tr>
<td>PRICE</td>
<td>Price of the cross trade</td>
</tr>
<tr>
<td>TEXT</td>
<td>Text representation of the data for ease of reading and identification</td>
</tr>
</tbody>
</table>

Data written to the blockchain cannot be edited, even by the system administrator. The platform uses a cryptographic system, a “private key” known only to the owner, which facilitates the authentication and integrity of the data.

LEDGER TRADE PROCESS RECORDS

<table>
<thead>
<tr>
<th>FIELDS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>VL SECRET</td>
<td>Private keys</td>
</tr>
<tr>
<td>VL CURRENT BLOCK</td>
<td>Block at the time of submission</td>
</tr>
<tr>
<td>VL POST HASH</td>
<td>Hash of the block posted</td>
</tr>
<tr>
<td>VL BLOCK</td>
<td>VL Block</td>
</tr>
<tr>
<td>VL ID</td>
<td>Tracking record for the transaction</td>
</tr>
<tr>
<td>VL RECEIPT</td>
<td>Return record from Velocity Ledger used for tracing records</td>
</tr>
<tr>
<td>VL POSTED</td>
<td>When the record is posted to Ethereum it will contain a timestamp</td>
</tr>
</tbody>
</table>
53 WORKFLOW - SMART CONTRACTS FOR SECONDARY TRADING

BLOCKCHAIN EVENTS FOR SECONDARY TRADING
1. FIX and API transactions collected and recorded to the blockchain
2. Validate trading transaction conditions
3. Resource exchange between wallets of counterparties
### BLOCKCHAIN TRANSACTION FLOW FOR SECONDARY TRADING

<table>
<thead>
<tr>
<th>STEPS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Wallet A and B get matched on the market with a bid from Wallet A and offer from Wallet B, this event triggers the creation of a blockchain smart contract</td>
</tr>
<tr>
<td>B</td>
<td>Inside smart contract, the platform receives a hash value from the blockchain transaction</td>
</tr>
<tr>
<td>C</td>
<td>Platform checks if all necessary trading conditions are met and if both wallets have necessary resources to complete the specified transaction</td>
</tr>
<tr>
<td>D</td>
<td>If all conditions are satisfied – the platform transfers resources between wallets, both users pay the platform fee with tokens for blockchain settlement</td>
</tr>
<tr>
<td>E</td>
<td>If any conditions are not satisfied, the blockchain settlement will be canceled</td>
</tr>
</tbody>
</table>

### SMART CONTRACT TRANSACTION EXAMPLE

<table>
<thead>
<tr>
<th>Transaction Information</th>
<th>Status</th>
<th>Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>TxHash</td>
<td>0x01d4e03d0441925577525d81775792cbf6c57d8ba042e6dca376dc71badea7</td>
<td></td>
</tr>
<tr>
<td>Block Height</td>
<td>27848</td>
<td></td>
</tr>
<tr>
<td>TimeStamp</td>
<td>2017-10-17T06:33:25.000-04:00</td>
<td></td>
</tr>
<tr>
<td>Gas Used</td>
<td>162340</td>
<td></td>
</tr>
<tr>
<td>Nonce</td>
<td>539</td>
<td></td>
</tr>
<tr>
<td>Input Data</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from0x000000000000000000000000f0da2c1f592958dd5d0c92d3c781e62c7a15fe39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to0x000000000000000000000000acc07ecff2c6497fcd2ac3aa3b067104cfef5d58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>exchangeRefTestExchageRef</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from_nameCash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from_symbol$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from_value20000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to_nameDeFOML.B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to_symbolunits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to_value1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to_payForTransactionValue1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>pay_nameCoin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>pay_symbolunits</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

VELOCITY LEDGER HOLDINGS LIMITED, BERMUDA

VELOCITYLEDGER.BM
55 WORKFLOW – CROWDFUNDING INITIAL COIN OFFERING

BLOCKCHAIN EVENTS CROWDFUNDING

1. Create (or add) resources (positions) to symbol
2. Validate crowdfunding deal conditions (time, goal completion, resource collecting, etc.)
3. Resource exchange between wallets of counterparties
<table>
<thead>
<tr>
<th>STEPS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sponsor initiates a deal with a controlled symbol or creates a new one for an Issuance</td>
</tr>
<tr>
<td></td>
<td>Inside smart contract, the platform creates and freezes the amount of the position offered by the deal creator</td>
</tr>
<tr>
<td>i</td>
<td>The deal counter tracks time between deal phases</td>
</tr>
<tr>
<td>ii</td>
<td>Investor’s tokens are frozen (within their wallets) in an amount equal to their investment pledge to a specific Issuance</td>
</tr>
<tr>
<td>iii</td>
<td>The deal counter tracks conditions for deal goal success</td>
</tr>
<tr>
<td>iv</td>
<td>If deal is successful – Issuer wallet receives invested resources to his wallet; Investors are credited with new token position according to their investment; Investment Banker pays platform tokens for deal holding and participants pay for blockchain settlement</td>
</tr>
<tr>
<td>v</td>
<td>If the deal fails, the platform will not make offered tokens available and the investor’s indication of investment interests will be unfrozen and fully accessible in their wallet</td>
</tr>
</tbody>
</table>
Velocity Ledger Group utilizes Ethereum’s ERC20 protocol to tokenize and maintain a dynamic real-time ledger of securities, cash and utility coins to support new securities issuance and electronic secondary trading.

Velocity Ledger’s use of Ethereum’s ERC20 protocol allows VL Tokens to be used on the Ethereum network outside of the VL platform and allows clients to transfer tokens to any wallet that provides support.
PARAMETERS FOR ERC20 TOKEN SUPPORT

# bytes32 dealName,
# bytes32 dealerTokenName,
# address dealerWallet,
# uint256 dealerFundsAmount,
# uint256 ts_start,
# uint256 ts_end,
# bytes32 participantTokenName,
# uint256 minFunds,
# uint256 maxFunds

The Velocity Ledger Group platform allows for operation confirmation for managing ERC20 tokens. Once an individual creates or attaches a wallet to the platform they are granted access to run transactions on the platform.

For an issuance, Velocity Ledger Group will require wallet passwords for each investment and from the Sponsor at the deal creation level.

BASIC ERC20 CONTRACT

contract ERC20 {
    function totalSupply() constant returns (uint totalSupply);
    function balanceOf(address _owner) constant returns (uint balance);
    function transfer(address _to, uint _value) returns (bool success);
    function transferFrom(address _from, address _to, uint _value) returns (bool success);
    function approve(address _spender, uint _value) returns (bool success);
    function allowance(address _owner, address _spender) constant returns (uint remaining);
    event Transfer(address indexed _from, address indexed _to, uint _value);
    event Approval(address indexed _owner, address indexed _spender, uint _value);
}
Velocity Ledger Group's blockchain platform is designed to save and protect the chain of trading information and user wallets resources.

**WORKFLOW - SMART CONTRACT ERC20**

<table>
<thead>
<tr>
<th>STEPS</th>
<th>DESCRIPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Platform master smart contract: Main blockchain entity setup to manage all blockchain smart contracts</td>
</tr>
<tr>
<td>B</td>
<td>Smart contract (ERC20): Automated instruction process that is initiated by blockchain event and driven by inside rules (Smart contracts examples - trading transactions and Issuances)</td>
</tr>
<tr>
<td>C</td>
<td>Wallet - Entry point and main entity for user and firm operations with blockchain</td>
</tr>
<tr>
<td>D</td>
<td>Blockchain transaction: Complete blockchain event</td>
</tr>
<tr>
<td>E</td>
<td>Blockchain block: Complete pack of blockchain transactions that created over time</td>
</tr>
</tbody>
</table>
60 THE TOKEN MODEL

Velocity Ledger's platform ecosystem is an open-source community, on which VL's Network utility Tokens are purchased and held as proof of stake and exchanged for services provided by the platform.

REVENUE SHARING

VL token holders are entitled to a monthly revenue share from fees collected by the Velocity Ledger Technology for its blockchain software services.

The revenue sharing period will be from 01/2020 to 01/2025 (5 years) and will be calculated and paid on a distinct monthly basis. The revenue will be paid in two components:

1. A dividend in the form of a cash allocation and
2. A token bonus paid net 30 days after the number is calculated at the end of the month.
   a. Every month during the five year revenue share period 833,333 Tokens will be distributed.

QUALIFICATION

The criteria to qualify for revenue sharing is comprised of three categories:

1. Average Number of Monthly tokens: Balance of tokens held during the month. The balance will be calculated by the daily average number of tokens held aggregated over the period of one month.
2. Total Number of Transactions: Number of transactions the VL token holder has executed over the period of one month
3. Total Notional Value Traded: The total notional value the VL token holder has traded over the course of one month
CALCULATING THE REVENUE SHARING

The formula used to calculate revenue share and token allocation is based on a weighted average. Each of the values per the aforementioned categories is divided by the total from each category then weighted as follows:

1. Average Number of Monthly tokens: 20%
2. Total Number of Transactions: 30%
3. Total Notional Value Traded: 50%

The categories per user are then added up to give the % of the total revenue that each user will receive, and this is the Percentage Revenue Per User.

To determine the revenue share (cash allocation) per user the Percentage Revenue Per User is multiplied by the Total Revenue Shared (for the distinct month).

The token allocation per user is calculated by taking the Percentage Revenue Per User and multiplying it by the monthly allocation (typically 833,333 tokens).

EXAMPLE:
Assume total revenue of 10,000,000

User 1 Activity

→ Average # of tokens held per month (weight 20%)
  → 2,500,000
→ Sum of average # of tokens across all users
  → 25,000,000
→ % of total weighted
  → (2,500,000/25,000,000) *.20 = .02
→ Number of Transactions (weight 30%)
  → 1,000
→ Total number of transactions on the VL Platform
  → 20,000
→ % of total weighted
  → (1,000/20,000) *.30 = .015
→ Notional Value (weight 50%)
- 10,000,000
- Total notional value traded on the VL Platform
  - 300,000,000
- % of total weighted
  - \((10,000,000/200,000,000) \times .50 = .025\)
- Percentage of total revenue
  - \(.02 + .015 + .025 = .06\)
- Cash Allocation
  - 1,250,000 \times .06 = 75,000
- Token Bonus
  - 833,333 \times .06 = 50,000

The VL tokens holders will receive a cash revenue share in the form of a cash token 1 month after the revenue share is calculated. The cash token can operate in two different ways:

- The VL token holder can use the cash token on the platform as cash
- The VL token holder can remove the cash token from the platform and receive a cash payment from cash held in a Velocity Ledger custody account

The revenue shared per user is based on the following chart:

<table>
<thead>
<tr>
<th>Revenue Tiers</th>
<th>Percentage of revenue shared</th>
<th>Total Revenue Shared</th>
</tr>
</thead>
<tbody>
<tr>
<td>250,000</td>
<td>1%</td>
<td>2,500.00</td>
</tr>
<tr>
<td>500,000</td>
<td>2.50%</td>
<td>12,500.00</td>
</tr>
<tr>
<td>750,000</td>
<td>5%</td>
<td>37,500.00</td>
</tr>
<tr>
<td>2,500,000</td>
<td>7.50%</td>
<td>187,500.00</td>
</tr>
<tr>
<td>5,000,000</td>
<td>10%</td>
<td>500,000.00</td>
</tr>
<tr>
<td>10,000,000</td>
<td>12.5%</td>
<td>1,250,000.00</td>
</tr>
<tr>
<td>50,000,000</td>
<td>15%</td>
<td>7,500,000.00</td>
</tr>
<tr>
<td>75,000,000</td>
<td>17.5%</td>
<td>13,125,000.00</td>
</tr>
<tr>
<td>150,000,000</td>
<td>20%</td>
<td>30,000,000.00</td>
</tr>
</tbody>
</table>
63 TOKEN SALE

The token sale will be managed by Velocity Ledger Technology. The presale of tokens/coins will be issued at a discount and represent “network credits” for purchasing current use of platform services. After the token sale, all contributors will receive ERC20-exchangeable VL tokens in their VL Wallet on the private blockchain network.

VL Tokens will be issued at rate of one VL Token per Bermuda dollar. Bermuda dollars are pegged to the value of the U.S. dollar. ETH paid will be valued at the conversion rate for U.S. dollars as determined by the average price of Ethereum (ETH) trading on the top three crypto exchanges at the time of conversion when VL token is issued.

63 VELOCITY LEDGER TOKENS - VL COINS

VL coins function as the primary token and are used across the Velocity Ledger network for services and on transaction executions. All activity on the private blockchain network requires payments for services in VL coin. Only regulated entities utilizing the VL network can charge commissions and transaction fees.

VL tokens may be used for:

→ Private blockchain utilization of the network
→ Smart contract security token creation
→ VL wallet transfers

63 SECURITY OF ICO FUNDS RAISED

All funds raised by the ICO will be retained by Velocity Ledger as ETH in cold storage until withdrawn as necessary in accordance with the Use of Proceeds details referenced herein. All withdrawals of such coins from cold storage will require the authorization of three directors of VLHL.

The raised ETH will be stored in a cold storage multi-signature wallets for which three keys will be issued and held separately and securely by three board members on separate servers at different data center locations or on separate and location diverse SDS removable drives. No token withdrawal can occur unless such three keys are entered.
64 ICO RELATED COMMUNICATION FACILITY

The VL ICO portal provides a dialogue service for the public and investors to post messages related to the offering, see the posts of others related to the offering, and ask the company questions of VLHL relating to the offer.

The ICO sponsor (Velocity Ledger) has an administration function to monitor the dialogues posted on the message board to assure appropriate information and proper conduct.

64 COOLING OFF RIGHTS

Pursuant to Section 34F of the Bermuda Companies Act of 1981, within three days of subscribing for the Tokens, participants may withdraw from the purchase of the Tokens through the offering website deal page using the same process that was used to initiate the purchase. Distribution of any Tokens purchased pursuant to the ICO shall be held for at least three days so that participants can withdraw. In such event, ETH transferred for such purchase shall be returned to wallets used to make the purchase and upon such return, the purchase shall be deemed to be automatically cancelled.

64 TOKEN USAGE BENEFITS

→ Platform access will require a client to hold a minimum VL coin balance
→ Fees assessed and collected as trades are executed, upon crowd-funding deal closings and as offerings are posted
→ Fees will adjust based upon utilization of the network – on a percentage basis, fees will likely decrease over time as network usage increases
ERC20 TOKEN SALE

<table>
<thead>
<tr>
<th>ATTRIBUTES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SUPPLY</td>
<td>100,000,000</td>
</tr>
<tr>
<td>PRE-SALE START DATE</td>
<td>NOVEMBER 15th, 2018</td>
</tr>
<tr>
<td>PRE-SALE END DATE</td>
<td>APRIL 15th, 2019</td>
</tr>
<tr>
<td>PUBLIC SALE START DATE</td>
<td>APRIL 15th, 2019</td>
</tr>
<tr>
<td>PUBLIC SALE END DATE</td>
<td>JULY 15th, 2019</td>
</tr>
<tr>
<td>VL TOKEN SALE CAP</td>
<td>50,000,000</td>
</tr>
<tr>
<td>VL CURRENT ROUND</td>
<td>25,000,000</td>
</tr>
<tr>
<td>CURRENCY ACCEPTED</td>
<td>ETH, BMD</td>
</tr>
<tr>
<td>MINIMUM GOAL TO START</td>
<td>500,000 tokens</td>
</tr>
<tr>
<td>TOKEN EXCHANGE RATE</td>
<td>1 BMD = 1 VL TOKEN</td>
</tr>
<tr>
<td>MINIMUM TRANSACTION AMOUNT</td>
<td>$10,000</td>
</tr>
<tr>
<td>MAXIMUM TRANSACTION</td>
<td>UNLIMITED</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROUND</th>
<th>DISCOUNT</th>
<th>MINIMUM</th>
<th>RESTRICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARLY CONTRIBUTOR</td>
<td>70%</td>
<td>$250,000</td>
<td>NONE</td>
</tr>
<tr>
<td>PRIVATE PRE-SALE</td>
<td>50%</td>
<td>$100,000</td>
<td>NONE</td>
</tr>
<tr>
<td>PUBLIC PRE-SALE</td>
<td>25%</td>
<td>$20,000 – NO RESTRICTION UNDER $20K – 6 MONTHS</td>
<td>6 MONTHS UNDER $20,000</td>
</tr>
<tr>
<td>EARLY PUBLIC SALE</td>
<td>15%</td>
<td>$10,000</td>
<td>NONE</td>
</tr>
<tr>
<td>PUBLIC SALE</td>
<td>0</td>
<td>$10,000</td>
<td>NONE</td>
</tr>
</tbody>
</table>

The maximum amount that the offering can raise is $22,000,000 assuming that all the tokens offered for sale are sold without discount.

65 USE OF PROCEEDS

Proceeds will generally be expended as follows:

8% to Marketing and Sales. Funds will be allocated to marketing and sales efforts to attract clients to the VL Platform including the retention of promotional, public relations and strategic communications firms or consultants, as well as conference and publication sponsorships and advertisements. Staff hires will be treated as an Operating Expense.
34% to Product Development. The alpha version of the VL Platform is fully operational. Funds will be allocated to various development efforts in order to facilitate integration of the VL Platform with other market centers and third party custodians. Such efforts will involve open source projects and proprietary development including digital asset support, additional audit trail and regulatory reporting functionality, ongoing development on Velocity Ledger’s digital asset custody wallet solution.

58% to Operations. Funds will be allocated to resourcing for the VL Platform and Bermuda operating subsidiaries. Personnel hired or to be hired includes a anti money laundering reporting officer, Chief Risk Officer, Chief Financial Officer, Chief Operations Officer, sales and marketing personnel, token issuance support, operations support, administration staff, network and trading operations support staff. Operating control and financial internal audits have been or will be contracted for. The VL Platform is hosted in a Bermuda based data center and office space has been identified for leasing. Anti-Money Laundering /Anti-Terrorist Financing and cybersecurity technologies will be outsourced to third party vendors. Counsel has been retained in connection with licensing and regulatory filings associated with the VL Platform initiative in Bermuda.

These percentages will remain relatively consistent irrespective of amount raised as the amounts raised will impact the speed of rollout. Adjustments will be made on a proportionate basis if the targeted raise is not achieved.

66 TOKEN ALLOCATIONS

→ 875,000 Tokens to ICO Advisors
→ Tokens equal to 10% of sold Tokens, up to 2,125,000 Tokens, to Employees
→ Balance of Tokens will be offered for private and public sales

Tokens allocated to Velocity Ledger employees and officers (collectively, “Employees”) will be reserved and will be part of an available pool of Tokens to incentivize current and future Employees, subject to the determination by the board of VLHL as to award amount for each Employee and a monthly pro rata vesting schedule during the period of service for such Employee.
SHAWN SLOVES – CEO of Fundamental Interactions and Velocity Ledger Technology

Shawn Sloves is the Chief Executive Officer and co-founder of Velocity Ledger, Fundamental Interactions. Prior to joining the firm, Shawn was co-founder and Head of Product & Strategy at Mantara Inc. In his five years at the firm he developed a suite of low latency trading infrastructure products, widely deployed across firms and backed by over $40 million in invested venture capital. Shawn has over 20 years of experience in the financial services industry. Shawn is a pioneer in electronic trading for direct market access and a market structure expert.

JULIAN JACOBSON – Co-Founder, President & Chief Operating Officer, Fundamental Interactions and Velocity Ledger Technology

Mr. Jacobson is the Co-Founder, President and Chief Operating Officer of Fundamental Interactions. He has over 20 years of experience in electronic trading industry. Prior to joining Fundamental Interactions, Mr. Jacobson led sales initiatives at Mantara Inc, where he pioneered institutional sales channels with several of the largest global prime brokers. Prior to this Mr. Jacobson was a senior sales executive at RealTick, a leading provider of global execution management systems which was owned by Lehman Brothers and Barclays Capital during Mr. Jacobson’s tenure there. Mr. Jacobson earned an MBA from the Kelley School of Business in Marketing and Finance.

ERIC HESS – Founder and Managing Counsel, Hess Legal and Velocity Ledger Technology

Eric Hess has over twenty years of experience acting as senior in-house counsel, general counsel or senior management for exchanges, broker dealers, and financial services technology providers. He is the founder of a private equity investment company, a law firm, and a cyber security company. Prior to that, he was the General Counsel for the Direct Edge exchanges, where he successfully managed their dual exchange applications to approval and implemented their supporting audit, legal, technology risk management, and regulatory infrastructures, in addition to closing financing. Prior to that, Mr. Hess was a senior attorney for Lehman Brothers’ capital markets and prime brokerage groups.
KUN LUO – CTO, Founder, Fundamental Interactions and Velocity Ledger Technology

Kun Luo is the founder of Fundamental Interactions and serves as its Chief Technology Officer and Head of Development. Prior to founding Fundamental Interactions, Kun Luo was the Chief Architect for SunGard Trading Systems, where he led a team of 10 senior engineers responsible for all of Assent’s ATS, algorithms, smart order routers and sponsored access products. In his 13 years of experience with SunGard he also built such products as OMSD (the order gateway for BRASS) and the UMA trading system -platforms which execute over 500MM shares per day. Kun Luo holds an M.S. in electrical engineering, an M.S. in computer information sciences and a B.S. in applied physics.

ENZO VILLANI – Managing Partner, Transform Strategies and Velocity Ledger Technology Advisor

Enzo Villani leads corporate development, focused on business development, corporate strategy, stakeholder communications and aftermarket support. Enzo is active in building the security token infrastructure through his investments and advisory that include: Velocity Ledger, Delaware Board of Trade, Aurora IDEX and Alt5Sigma. He is an advisor to over 20 ICOs in 2018 including Monarch Blockchain, Kind Heaven, Big Data Block, Swarm Fund, Fluid.Capital, Vaultbank, and ZED Network.

Previously, Enzo was Managing Director, Strategy, for the NASDAQ, where he co-founded NASDAQ Global Corporate Solutions Group. After spending six years at NASDAQ, he co-founded and became Chief Strategy Officer for the corporate communications investment fund SAGE Holdings, where he completed a $200 million strategic M&A roll-up of five Tier-1 communications firms, including DF King & Co.

Enzo was most recently CEO of Equities.com, the world’s largest middle-market, and emerging growth company content publisher, growing the business 300% over three years. Enzo has spoken on financial communications, marketing and the capital markets. He holds an MBA from Cornell University.

68 ADVISORS

DAVID SHULER – Co-Founder Y2X and Velocity Ledger Technology Advisor

Prior to co-founding Y2X, Dave was Managing Director at Paxos/itBit. Previously, he was Managing Director, Alliance and Venture Management of CME Group Inc. and served as SVP and Chief of Staff for NYSE. He previously held leadership roles at Goldman Sachs & Co. in New York and Japan, and he spent over a decade as a diplomat in the U.S. State Department.
BRAD YASAR – Co-Founder and Managing Partner Krowd Mentor and Velocity Ledger Technology Advisor

Brad is an entrepreneur, investor, mentor, and advisor who has started and bootstrapped several companies from inception to maturity over the past 20 years. Brad is currently the co-founder and Managing Partner of Krowd Mentor, a strategic crowdfunding advisory firm focusing on ICOs, cryptocurrencies, blockchain, and token powered organizations.

As the co-founder of Blockchain Investors Consortium (BIC) with over 5 Billion dollars allocated to blockchain and cryptocurrency projects and has access to extensive deal flow and experience analyzing disruptive technologies, Brad has participated in dozens of successful crowd sales, which have raised billions from 100,000s of investors since 2016.

Brad also served as managing director of Yasar Corporation where he mentored, advised and invested in more than 50 companies. Passionate about where the worlds of technology and marketing collide, Brad is frequently invited to speak at events related to entrepreneurship, angel investing and business strategy. Most recently, he presented at EBAN, WBAF, d10e, NexChange and CoinAgenda. A big believer in coaching younger generations of entrepreneurs, Brad serves as a mentor for the Pepperdine Alumni Association.

Brad holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in International Business Management (1999) from Pepperdine University (Malibu, California) and a Bachelor of Science degree in Applied Sciences Math (1996) from Académie de Grenoble (France).

His charitable efforts focus on Goodwill Industries, the LA County Museum of Art, the LA Philharmonic and St. Jude Children’s Research Hospital, to name a few. Born in Turkey in 1976, Brad lived and traveled throughout Europe; England, France, and Greece to name a few and migrated to the United States in 1996. Brad is fluent in English, French, Turkish and has basic knowledge of German, and Spanish. Brad currently lives in Los Angeles with his wife, Nadine, and son, Max.

BRAD YASAR – Founder, CEO, Transform Group and Velocity Ledger Technology Advisor

Michael Terpin has more than 25 years of PR agency management. He has directly supervised many renowned PR campaigns of the digital media era, including early-stage PR for America Online, Earthlink, Jupiter, Motley Fool, Match.com, and Shapeways, as well as full-service campaigns with established brands, including Alpine, AT&T, Diamond Multimedia, Fujitsu, JBL, Konami, Marriott, Memorex, Philips, Rackspace, Red Herring, and TEAC.

In the blockchain sector, Terpin has led the PR efforts for more than 100 blockchain companies and foundations, including some of the leading token crowdsales. Client successes include the launches of Augur, Counterparty, Dash, Ethereum, Factom, Golem Network, Lisk, MaidSafe, Tether, as well as ongoing campaigns for Bittrex and Shapeshift.

Terpin co-founded BitAngels, the world’s first angel network for digital currency startups, which now has more than 500 members globally.
ABOUT FUNDAMENTAL INTERACTIONS INC.
Rising to challenges and opportunities posed by regulation, technology, and market structure shifts – Fundamental Interactions develops leading enterprise market center technology platforms. The system is deployed by securities exchanges, ATS systems, and inter-dealer brokers across a variety of asset classes and geographic regions.

http://www.finteractions.com

ABOUT Y2X
Established by a group of veteran executives, technologists, and entrepreneurs, Y2X specializes in regulated token issuances and innovative capital raising mechanisms. Y2X maintains stakes in companies it helps finance and utilizes its network of expert advisors to help those companies grow.

http://www.y2x.io