

## Nayms SAC Limited

### Disclosure Statement

(Made Pursuant to and for the Purposes of the Bermuda Digital Asset Business (Client Disclosure) Rules 2018)

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<b>1. Introduction</b>	
1.1. Welcome to Nayms. We are a crypto-compatible marketplace for insurance capitalisation and risk transfer. We provide the technical and regulatory infrastructure on which stakeholders come together to conduct crypto-native insurance.	
1.2. We are licensed in Bermuda for all activity within our marketplace.	
1.3. This Statement is being provided in accordance with the requirements of the Digital Asset Business (Client Disclosure) Rules 2018.	
1.4. Please read this Statement carefully as it sets out important information about Nayms ( <b>we, us or our</b> ) and our Platform for our clients ( <b>you or your</b> ).	
1.5. A glossary of defined terms appears at the end of this Statement.	
<b>2. Our Platform</b>	
2.1. Nayms operates an insurance marketplace that is integrated with Blockchain technology and Smart Contract functionality and over which prospective Insureds may be issued Insurance Contracts that are denominated and administered in cryptocurrency.	
2.2. Third parties, including Sponsors, may facilitate the arrangement and administration of Insurance Contracts over our Platform subject to the terms of a services agreement between the third party and Nayms.	
2.3. All insurance business conducted by a Sponsor will be transacted through a specific Segregated Account which will be established by Nayms for that Sponsor and which will be capitalised in	
<b>3. Disclaimer</b>	
3.1. Except as specifically provided for in our Agreement with you, we disclaim and exclude, to the full extent that is permitted by applicable law, all liability that we may otherwise have for, relating to, connected with, or arising from our operation of, or failure to operate, the Platform, and/or any conduct by you in respect of our Platform.	
3.2. We do not give advice or recommendations regarding any Tokens or Transactions, including without limitation the suitability, appropriateness and lawfulness of, and investment strategies for, any Token. If you would like professional advice about these matters, you should consult with your own financial advisors or lawyers regarding your individual circumstances and objectives.	
<b>4. Material Risks</b>	
4.1. We summarise below the material risks associated with our Platform and with our other services and activities. You should carefully consider whether using our Platform and/or our other services are suitable, appropriate and lawful for you.	
<b>Financial Risks</b>	
4.2. There are various financial risks in using the Platform, including those that pertain to Claims, Tokens, and Capital Investments.	
4.3. In the event of a valid Claim:	
4.3.1. our liability for settlement of such Claim shall be limited to and payable solely from the assets of the applicable Segregated Account; and	
4.3.2. where the assets of the applicable Segregated Account are insufficient to meet the Claim, the claimant shall have no recourse to any other assets of Nayms and Nayms' obligations in respect of such Claim shall be extinguished once all available assets have been applied.	

- 4.4. Tokens available via or usable on the Platform:
- 4.4.1. may fluctuate in Value and may move against your interest;
- 4.4.2. may lose some or all of their Value under some circumstances, such as from adverse market movements;
- 4.4.3. are generally not legal tender (except for certain cryptocurrencies in a small number of jurisdictions (e.g. Central African Republic, El Salvador)) and, as far as we have been able to ascertain, do not benefit from any backing, protection and/or insurance or compensation scheme of any government, regulatory authority, or any other public or private institution;
- 4.4.4. do not receive the same legal and/or regulatory protection which applies to bank account deposits and are not protected by any refund rights under applicable law;
- 4.4.5. may cease to be supported by the Platform at our discretion or due to changes in or failures of technology;
- 4.4.6. are Linked to the General Account or a Segregated Account and do not constitute assets or property of any client of Nayms; and
- 4.4.7. may be or become subject to Taxation, whether on the proceeds of a sale of Tokens or from income from Tokens or otherwise related to Tokens, which may be imposed by the authorities in Bermuda and/or other jurisdictions.
- 4.5. Capital Investments into a Segregated Account on the Platform:
- 4.5.1. may not perform as expected from information that has been provided by or on behalf of the Segregated Account or in accordance with the past experience of the Segregated Account;
- 4.5.2. may not be sufficient to meet the liabilities of the Segregated Account such that the Sponsor may be required to fund the shortfall; and
- 4.5.3. may lose some or all of their Value for a variety of reasons, including but not limited to:
- (a) the requirement for Capital Investments to meet Claims liabilities of the applicable Segregated Account;
  - (b) credit risks in respect of our counterparties, including the failure of Insureds to settle Premiums;
  - (c) fraud, including fraudulent Claims.
- 4.6. The nature of our business requires the application of complex financial accounting rules and it is possible that we may in the future experience errors in the application of such rules due to human error, malfeasance, insider threats, system errors or other vulnerabilities.
- System and Cyber Risks**
- 4.7. There are various IT system and cybersecurity risks in using the Platform, including those that pertain to Components and Profiles.
- 4.8. The Components of the Platform:
- 4.8.1. may fail to function as intended and/or designed such that Transactions may not be executed according to your instructions, if at all;
- 4.8.2. require access to the internet for their availability and functionality, including Transactions and communication with existing and potential clients, employees, and other persons, such that any disruption in our or your access to the internet for any reason may delay, impair, or preclude Transaction(s) and/or other activities on the Platform;
- 4.8.3. may rely on third parties and technologies, including Blockchains, for the successful operation of the Platform and other aspects of our business, such that any interruptions as experienced by these third parties or technologies may impair our ability to make, or disable us from making, the Platform available to you and/or providing our services to you;
- 4.8.4. are vulnerable to Cyber Attacks and fraud, notwithstanding our Safeguards, which can have serious consequences for you, including:
- (a) cost;
  - (b) loss of confidential information, including personal information;
  - (c) loss of Tokens;
  - (d) regulatory breach;
  - (e) reputational damage;
  - (f) business interruption;
  - (g) structural and financial instability;
  - (h) malfunction or loss or corruption of data, software, hardware or other computer equipment;
  - (i) transmission of computer viruses and other malware; and
  - (j) unauthorised access to your Profile.

- 4.9. Your Profile on our Platform:
- 4.9.1. is subject to suspension or termination at our discretion or to comply with applicable laws, regulations, or orders from a relevant government or regulatory authority;
- 4.9.2. may be accessed by an unauthorised party unless you successfully safekeep all relevant passwords or security credentials; and
- 4.9.3. is deemed by us, unless you have informed us otherwise, to be used by you or persons authorised by you and we are entitled to treat every action taken via your Profile as an action authorised and undertaken by you.

#### **Compliance Risk**

- 4.10. The laws and regulations governing Blockchain-based assets and Transactions, including Tokens, are uncertain and subject to potential future change. We make no representation as to the legality or otherwise of any person's holding, trading or otherwise transacting in Tokens, and/or as to entry into or performance of any Smart Contract.
- 4.11. If you hold, trade or otherwise transact in Tokens, and/or enter into or perform any Smart Contract, you do so at your own risk as to the legality or otherwise thereof.
- 4.12. Future changes in Bermuda laws and regulations, and or in the laws and regulations of other jurisdictions, may:
- 4.12.1. require us to change, restrict, suspend or terminate the services we provide, including but not limited to the Platform, Tokens, Segregated Accounts, and/or any other aspect of our business activities and operations; and/or
- 4.12.2. require us to change, restrict, suspend or terminate any aspect of our business plan, strategic objectives and/or investment strategy; and/or
- 4.12.3. may cause you damage and loss, whether consequential to 14.12.1 to 14.12.2 above or otherwise.

### **5. Matters applicable to our Services**

#### **Class of Licences**

- 5.1. We hold a Class IIGB licence under the Insurance Act, effective 1 May 2022 and we hold a Class F licence under the DAB Act, effective 2 May 2022, each as issued by the BMA.

- 5.2. We are supervised by the BMA as an IIGB licensed insurer under the Insurance Act and we are registered as a SAC under the SAC Act. As such, we are subject to specific legislation enacted by the Bermuda Parliament and to regulations, rules, policy and guidance promulgated by the BMA and other Bermudian authorities.
- 5.3. The limitation, restriction, suspension or revocation of our existing Bermudian licences for any reason could:
- 5.3.1. cause one or more of our Segregated Accounts to become unable to enter into any new (re)insurance contracts, and/or to become unable to perform any existing (re)insurance contracts previously formed in the name of and on behalf of that Segregated Account, potentially indefinitely or until we obtain a relevant licence or licences in another jurisdiction; and
- 5.3.2. negatively impact our reputation in the (re)insurance marketplace and may have a material adverse effect on our ability to do business going forward, and/or to implement our current business plan, strategic objectives, and/or investment strategy.
- 5.4. Our Class IIGB licence under the Insurance Act requires as follows:
- 5.4.1. we shall, at all times in and during the course of each financial year we carry on "insurance business", as such expression is understood in the Insurance Act, meet and maintain the relevant solvency margin(s), liquidity and other ratios applicable under Bermuda law;
- 5.4.2. we shall only transact insurance business that is defined as "general business", as such expression is understood in the Insurance Act;
- 5.4.3. we shall not, without obtaining the prior written approval of the BMA, write any "long-term business", as such expression is understood in the Insurance Act;
- 5.4.4. our counterparties shall be limited to the following entities:
- (a) insurance brokers permitted to place insurance business in Bermuda;
  - (b) insurance agents who act on behalf of or provide services to entities registered in Bermuda;
  - (c) insurers that are regulated in the Bermuda, UK, US and Europe. Insurers licensed in

- other jurisdictions will require the prior written approval of the BMA;
- (d) qualified acquirers as defined under the Digital Asset Issuance Act 2020 as Capital Providers; and
- (e) digital asset entities from Financial Action Task Force (FATF)-compliant jurisdictions. The company is prohibited from offering its insurance products and services to entities from countries under FATF's blacklist and list of high-risk jurisdictions;
- 5.4.5. we shall maintain our registration under the SAC Act;
- 5.4.6. our General Account shall not write any insurance business;
- 5.4.7. each Segregated Account shall only write insurance business in the same denomination for all of the Segregated Account's insurance obligations and operational expenses;
- 5.4.8. each Segregated Account shall not, without the prior written approval of the BMA, write insurance business other than the lines of business defined in its submitted business plan.
- 5.5. Our Class F licence under the DAB Act requires as follows:
- 5.5.1. we will conduct business in accordance with our business plan presented to the BMA in the following activities only:
- (a) issuing, selling, or redeeming virtual coins, tokens, or any other form of digital asset;
- (b) operating as a payment service provider business utilising digital assets which includes the provision of services for the transfer of funds; and
- (c) operating as a digital asset exchange;
- 5.5.2. we will maintain a minimum net asset amount of USD \$300,000 or its value equivalent. At any time, the BMA may require additional net assets based upon its own risk review;
- 5.5.3. we maintain our registration under the Insurance Act 1978; and
- 5.5.4. our counterparties shall be limited to those specified in paragraph 5.4.4. above.

#### Schedule of Fees

- 5.6. We charge fees for our services, about which you will receive prior notice with specific details. Our fees are calculated, due and payable as shown below:

ITEM	CALCULATION	PAYMENT DUE DATE	METHOD OF PAYMENT
Segregated Account initial setup	Fixed fee, payable once	Within 14 days of the date of our invoice	Fiat bank transfer
Segregated Account renewal, payable annually	Fixed fee, payable annually	Payable annually, within 14 days of the date of our invoice	Fiat bank transfer
Platform licence	Fixed fee, payable annually or monthly	Payable annually or monthly, within 14 days of the date of our invoice	Fiat bank transfer
Segregated Account management	Commission, percentage of Premium	The date of each periodic payment of Premium	Cryptocurrency transfer
Segregated Account capitalisation	Commission, percentage of all Capital Transactions	The date of the Capital Transaction	Cryptocurrency transfer

### **Insurance**

- 5.7. We will, at our own cost, effect and maintain for the duration of our Agreement with you civil liability, crime (including theft) and cyber insurance cover to a minimum indemnity limit of one million US dollars (\$1,000,000) in the aggregate per annum.

### **Irrevocability of Transactions**

- 5.8. Transactions on the Platform, once submitted to and cleared by the Blockchain, do not admit of revision or reversal of the Transaction in question, by us or anyone else.

### **Governance or Voting Rights**

- 5.9. There is no mechanism for allowing governance or voting rights with regard to Tokens on the Platform.

### **General Rights and Obligations**

- 5.10. We disclaim and exclude to the full extent permitted by applicable law all liability we may otherwise have for, relating to, connected with, or arising from any unauthorised, mistaken or accidental transfer of any assets that occurs on or via the Platform. Nevertheless, in relation to any such transfer, we may, at our discretion, use reasonable commercial efforts to assist you.
- 5.11. You must keep the contact information in your Profile up-to-date via the Platform so that the information we hold about you is at all times complete and accurate for all purposes, including for regulatory and any other legally required reporting by Nayms to third parties.
- 5.12. You may only cancel a Transaction initiated via the Platform if such cancellation occurs before your Transaction has been executed via the Platform.
- 5.13. Your instructions to execute a Transaction may be denied at our discretion or to comply with applicable laws, regulations, or orders from a relevant government or regulatory authority.
- 5.14. Upon your request, we will provide you with a formal receipt for a transfer or exchange on our Platform by email within fourteen (14) days of your request.
- 5.15. Where we have agreed with you that we have the right to change the terms and conditions of any of our services or policies, we will give you not less than thirty days' prior written notice by email or via the Platform of any such change.

### **Information**

- 5.16. At the conclusion of any Transaction you will have access to the following information via our Platform:
- 5.16.1. our name and contact information;
- 5.16.2. contact information allowing you to request information about:
- (a) your account;
  - (b) our business activities in general; or
  - (c) how to make a complaint to us via our complaint handling process;
- 5.16.3. the type, value, date, precise time, and amount of all Transactions applicable to your account;
- 5.16.4. the fee charged by us for Transactions, including any charge for conversion of a digital asset to another digital asset or to fiat currency.

### **Our Structure**

- 5.17. As a SAC, we are required by the SAC Act to segregate the assets and liabilities that are Linked to each Segregated Account from the assets and liabilities that are Linked to every other Segregated Account and from the assets and liabilities of our General Account.
- 5.18. Subject to the SAC Act, any liability Linked to a Segregated Account shall be a liability only of that Segregated Account and not the liability of any other Segregated Account and the rights of creditors in respect of such liabilities shall be rights only in respect of the relevant Segregated Account and not of any other Segregated Account.
- 5.19. The SAC company structure, and related principles for the segregation of assets and liabilities within a Segregated Account, have been considered and upheld in judgments handed down by Bermuda's courts. However, the SAC company structure and related legal principles may not be recognised in some other jurisdictions, or may be construed in a manner that is not consistent with the legislative intent which the Bermuda Parliament had when enacting the SAC Act.
- 5.20. As further set out in any relevant Agreement between us, the holders of Participation Tokens on our Platform are not, by reason of that status, shareholders of Nayms, and only have a contractual interest in the Segregated Account linked to those Tokens.
- 5.21. By only writing insurance business through a Segregated Account our business is structured to reduce the risk of becoming insolvent. However, you should be aware that in the event of insolvency of Nayms one or more of our Segregated Accounts may become unable to enter into any new (re)insurance

contracts and/or become unable to perform any existing (re)insurance contracts, whether by reason of insolvency or otherwise and/or your Tokens may lose all of their Value.

- 5.22. We are a recently established business that has a limited trading history, which, combined with the rapidly evolving nature of the crypto asset market in which we operate, may impact our ability to successfully and efficiently manage our business as we grow.

## 6. Cyber Reporting

We shall disclose to affected clients a “cyber reporting event”, as defined under section 2(1) of the DAB Act, where a breach leads to unauthorised access to or misuse of client information.

## 7. Privacy

You can see how we use personal information by visiting [nayms.com/privacy](https://nayms.com/privacy) or by contacting our privacy officer at [privacy@nayms.com](mailto:privacy@nayms.com).

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## 8. Glossary

<b>Account</b>	means a separate and distinct account (comprising or including entries recording data, assets, rights, contributions, liabilities and obligations linked to such account) of a SAC and established by Nayms on behalf of a Sponsor pertaining to an identified or identifiable pool of assets and liabilities of such SAC which are segregated or distinguished from other assets and liabilities of the SAC for the purposes of the SAC Act.
<b>Agreement</b>	means any agreement(s) entered into or proposed to be entered into between you and us for your access to and/or use of our Platform and/or services provided in connection with a Segregated Account.
<b>Blockchain</b>	is distributed ledger technology that enables peer-to-peer electronic Transactions and that records and shares all such Transactions among the network of users. The Platform uses Ethereum Blockchain technology.
<b>BMA</b>	means the Bermuda Monetary Authority.
<b>Capital Investment</b>	means the total financial commitment by a Capital Provider to capitalise a Segregated Account in return for Participation Tokens for such duration and subject to such other terms as are specified in an Agreement.
<b>Capital Provider</b>	means a client who makes a Capital Investment.
<b>Capital Transaction</b>	means each separate payment by a Capital Provider to capitalise a Segregated Account. All Capital Transactions by a Capital Provider together comprise their Capital Investment.
<b>Claim</b>	means a claim arising under an Insurance Contract.
<b>Components</b>	means the software, networks, protocols, systems, Blockchain and other technology that are required to access and use the Platform and to execute Transactions.
<b>Cyber Attack</b>	is the unauthorised, accidental or unlawful access, use, exfiltration, theft, disablement, destruction, loss, alteration, or disclosure of Components and any data therein.
<b>DAB Act</b>	means the Bermuda Digital Asset Business Act 2018, as amended from time to time.
<b>Fiat</b>	refers to money that is issued by the authorised entity of a country such as the government or other central authority of state.
<b>General Account</b>	means the account comprising all of the assets and liabilities of Nayms which are not linked to any Segregated Account.

<b>Insurance Act</b>	means the Bermuda Insurance Act 1978, as amended from time to time, and its related regulations.
<b>Insurance Contract</b>	means each contract of insurance which we agree to be offered and sold by a Sponsor or other intermediary on behalf of a Segregated Account of Nayms, pursuant to the authority we delegate to them.
<b>Insured</b>	means a client who is the legal holder of one of the Insurance Contracts.
<b>Linked</b>	means referable by means of: <ul style="list-style-type: none"> <li>(a) an instrument in writing (including an Agreement); and/or</li> <li>(b) an entry or other notation made in respect of a transaction in the records of Nayms; or</li> <li>(c) an unwritten but conclusive indication, which identifies an asset, right, contribution, liability or obligation as belonging or pertaining to the General Account or a Segregated Account.</li> </ul>
<b>Nayms</b>	means Nayms SAC Limited whose registered address is Crawford House, 50 Cedar Avenue, Hamilton, HM11, Bermuda.
<b>Participation Tokens</b>	means the Tokens issued to Capital Providers representing their Capital Investment.
<b>Platform</b>	means the crypto-compatible marketplace for insurance capitalisation and risk transfer made available by Nayms, including via the website nayms.com.
<b>Premium</b>	means, in respect of each Insurance Contract, the total price payable by the Insured..
<b>Profile</b>	means the collection of settings and information associated with each client who is authorised by Nayms to use our Platform.
<b>SAC</b>	means a segregated accounts company which is subject to the SAC Act.
<b>SAC Act</b>	means the Segregated Account Companies Act 2000, as amended from time to time.
<b>Safeguards</b>	means our Cyber Attack prevention strategy designed to identify related risks and to take steps to manage and mitigate them.
<b>Smart Contracts</b>	are programs that are written in computer code that are stored on a Blockchain and that automatically execute all or part of an agreement.
<b>Sponsor</b>	means the party for which a Segregated Account has been established and is being maintained by Nayms, to enable that party to originate/write Insurance Contracts and to provide related administrative services.
<b>Statement</b>	means this Disclosure Statement.
<b>Taxation</b>	means all forms of taxation whenever created or imposed, and whether by the government of Bermuda or of another jurisdiction, including income tax, capital gains tax, corporation tax, withholding tax and any other taxes, levies, contributions or duties directly or indirectly chargeable.
<b>Tokens</b>	mean cryptocurrency, cryptographic assets and other digital rights or assets that can be utilised on Blockchain ecosystems for economic, governance or other purposes.
<b>Transaction</b>	means in each case as the context requires:

- (a) an exchange of Tokens via the Platform between you and us or between you and another user of the Platform; and/or
- (b) a payment of Tokens by you via the Platform in consideration for a service to be performed by or on behalf of us; and/or
- (c) a Capital Transaction.

**Value**

means the total amount of economic value, whether in the form of Fiat currency or otherwise, which may be generated upon the sale or exchange of a Token.