



# Rayls public disclosure

November 2025

[info@rayls.com](mailto:info@rayls.com)

<https://rayls.com>

# Contents

1. Project Information
2. Token Sale and Distribution Information
3. Token Utility and Economics
4. Ecosystem and Airdrop Information
5. Conflicts of Interest Information
6. Liquidity Provisioning & Market Making
7. Security Information
8. Risk Factors

*The following disclosure is intended to provide a high-level overview of Rayls and the terms of the RLS token distribution. It does not purport to be complete or to contain all the information that a purchaser may consider relevant. Nothing in this disclosure should be viewed as a statement about the future financial performance of the RLS token. This document is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities.*

# 1. Project information

Rayls the blockchain for banks, designed to bridge Traditional Finance (TradFi) and Decentralized Finance (DeFi). Rayls combines a high-performance permissionless EVM L1 Public Chain with a network of independent private, permissioned blockchains to enable secure, compliant, and scalable asset tokenization and settlement.

## 1.1. Technical architecture

Rayls satisfies both TradFi and DeFi requirements through a segregated but seamlessly connected ecosystem of chains, protocols and mechanisms:

**Rayls Privacy Node** – A private, single-tenet EVM chain that is independently deployed and run by each institution, used to issue tokenised assets and transfer them confidentially across millions of client accounts. Single-node, high performance, with enterprise-grade security. Each Privacy Node can be operated standalone or connected to one or more Private Networks and/or the Public Chain.

**Rayls Private Network** – A private, permissioned network comprised of many Privacy Nodes connected via a permissioned “Hub” chain, providing privacy, governance, auditability, scalability and adherence to local regulations.

**Rayls Public Chain** – An EVM-compatible Layer-1 public chain, designed for institutional adoption while retaining the core principles of DeFi, including fixed gas fees, multi-token fee support (e.g. stablecoins, ETH and approved ERC-20 tokens), high throughput, permissioned validators, low costs, and private transactions via Rayls Enygma.

**Rayls Enygma** – A quantum-secure privacy protocol utilizing Zero-Knowledge Proofs (ZKPs) and Homomorphic Encryption to enable confidential transactions and auditor selective disclosures.

**Rayls Axyl** – A deterministic consensus mechanism delivering sub-second finality and >10k TPS.

## 1.2. Organisational structure

To ensure long-term decentralisation and regulatory clarity, the Rayls ecosystem is composed of distinct, independent entities:

**The Rayls Foundation (Cayman Islands)** – A memberless foundation company dedicated to supporting the development, decentralization, security, and adoption of the Rayls network. It acts as the steward of the protocol and the ecosystem treasury. Directors include: CH Lopes and Yaro Pshenitsyn.

**RaylsFusion Ltd. (British Virgin Islands)** – A wholly-owned subsidiary of the Rayls Foundation responsible for token issuance and managing token-related agreements.

**Parity Financial Ltd. (United Kingdom)** – The core engineering contributor and initial developer of the Rayls protocol software. Parfin is a separate for-profit entity contracted by the Foundation to provide technical development services.

## Leadership profiles

The Rayls leadership team are comprised of experienced professionals from financial markets, blockchain technology and cryptography:

- **Marcos Viriato (CEO, Co-founder):** 25+ years in banking; ex-Deputy COO & CTO at BTG Pactual (LatAm's largest investment bank).
- **Alex Buelau (CPTO, Co-founder):** 20+ years in engineering; serial blockchain founder; ex-Global Product Director at Siemens.
- **CH Lopes (COO):** 21+ years in banking; ex-Head of Operations at BTG Pactual.
- **Dr Jacob Mendel (Co-CTO):** 20+ years in cybersecurity/DLT; ex-J.P. Morgan DLT Executive Director; ex-State Street Head of Cryptography; 23 patents.
- **Jiten Varu (Head of Growth):** 20+ years in tech & blockchain; ex-Head of Digital Assets at AWS.
- **Peter Bidewell (Head of Product):** 15 years in finance & 11 in DLT; led global digital asset, CBDC products for the UAE and Brazil central banks; ex-R3, ex-Accenture.
- **Mario Yaksetig (Head of Research):** 15 years in applied cryptography; BIS Tech Advisor; research cited by Vitalik Buterin.

## 2. Token sale information

**Token Generation Event (TGE):** Target Date: Q4 2025

**Token Ticker:** RLS

**Initial Circulating Supply:** ~1.5 Billion RLS (15% of Total Supply)

**Total Fixed Supply:** 10 Billion RLS

### 2.1. Strategic Funding Rounds

Prior to the public launch, Parfin and Rayls raised approximately \$35 Million across three strategic funding rounds to fund research and development:

- **Pre-Seed (Nov 2021):** Equity financing
- **Seed (Nov 2022):** Equity financing
- **Series A (July 2024):** Equity + Token Warrants
- **Key Investors:** Valor Capital Group, Framework Ventures, ParaFi Capital, Borderless Capital, Alexia Ventures.
- **Vesting:** All private sale investors are subject to a minimum 1-year cliff followed by a 3-year monthly linear vesting schedule.

### 2.2. Republic and VIP Community Sale

To broaden community access prior to the Rayls Mainnet launch, RaylsFusion Ltd. conducted a compliant token sale via the **Republic** platform and VIP Community Sale.

- **Republic:** The sale was structured in reliance on Regulation D for U.S. Accredited Investors and Regulation S for non-U.S. persons.
- **VIP Community:** The sale was structured via a KYC'd Token Purchase Agreement
- **Allocation:** Approximately 220,000,000 RLS (~2.2% of Total Supply) was allocated to this tranche from the Ecosystem & Community reserve.
- **Vesting Schedule:** Tokens purchased in this round are subject to a short-term lock-up to ensure market stability:
  - **50% Unlocked at TGE (Day 1).**
  - **50% Unlocked at Month 3 post-TGE.**

## 3. Token utility and economics

The RLS token is the native utility asset of the Rayls ecosystem. It is designed as a deflationary, fixed-supply asset that functions as a consumable network resource.

### 3.1. Primary utility functions

**Network Security (Staking)** – Rayls Public Chain validators must stake RLS to participate in the security of the Rayls system, with a slashing mechanism to enforce honest behaviour. Validators are compensated in RLS for their work to secure the network, which includes: validating transactions (via RBFT/Axyl consensus) and validating onchain proofs.

**Transaction Settlement (Gas)** – RLS is used to settle transaction fees in both Rayls Privacy Nodes and by users on the Rayls Public Chain.

**Governance (Voting)** – RLS holders participate in protocol governance, including voting on upgrades, validator parameters, and ecosystem grant allocations.

RLS tokens do not represent equity, ownership or profit-sharing rights to the Rayls Foundation, RaylsFusion Ltd., Parity Financial Ltd. or any other organisation. RLS tokens do not represent any entitlement to Rayls protocol revenue.

### 3.2. Automatic deflationary mechanism

RLS supply is fixed at a maximum of 10 billion RLS (already minted). For every transaction, the system automatically processes RLS fee payments in the following way:

**Automatic burn** – For every transaction on both Rayls public chain and private chains, 50% of the RLS received by the system is automatically burned. Once RLS supply reduces to <70% of original fixed supply (10 billion RLS), a governance decision will be voted upon by token holders to maintain or change the percentage of RLS fees burned per transaction.

**Network security reinforcement** – The remaining 50% of RLS fees are allocated to the Network Security Pool to compensate validators, develop the ecosystem and fund protocol maintenance. Validator block rate and validator payment values will be determined closer to Mainnet launch.

### 3.3. Token allocation

The total supply of 10,000,000,000 (10 billion) RLS is allocated as follows:

Allocation Category	% of Supply	Tokens	Lock-up / Vesting Terms
<b>**Community &amp; Ecosystem</b>	<b>35%</b>	3,500,000,000	<b>Locked</b> , Community allocations only for defined purposes such as grants, incentives, and validators as needed
<b>Investors</b>	<b>22%</b>	2,200,000,000	<b>Locked</b> . 1-year cliff, then 3-year monthly vesting.
<b>Core Team</b>	<b>17%</b>	1,700,000,000	<b>Locked</b> . 1-year cliff, then 3-year monthly vesting.
<b>*TGE Supply</b>	<b>15%</b>	1,500,000,000	<b>Unlocked</b> , available for exchanges, DEXs, Market Makers and TGE Campaigns
<b>Initial Developer (Labs)</b>	<b>11%</b>	1,100,000,000	<b>Locked</b> . 1-year cliff, then 3-year monthly vesting.

**\*TGE Supply:** Between ~10 to 15% of the supply will be circulating, comprising liquidity provision, the Republic/VIP sale unlocked tranche, and initial community airdrops. All Team and Strategic Investor tokens are strictly locked at launch.

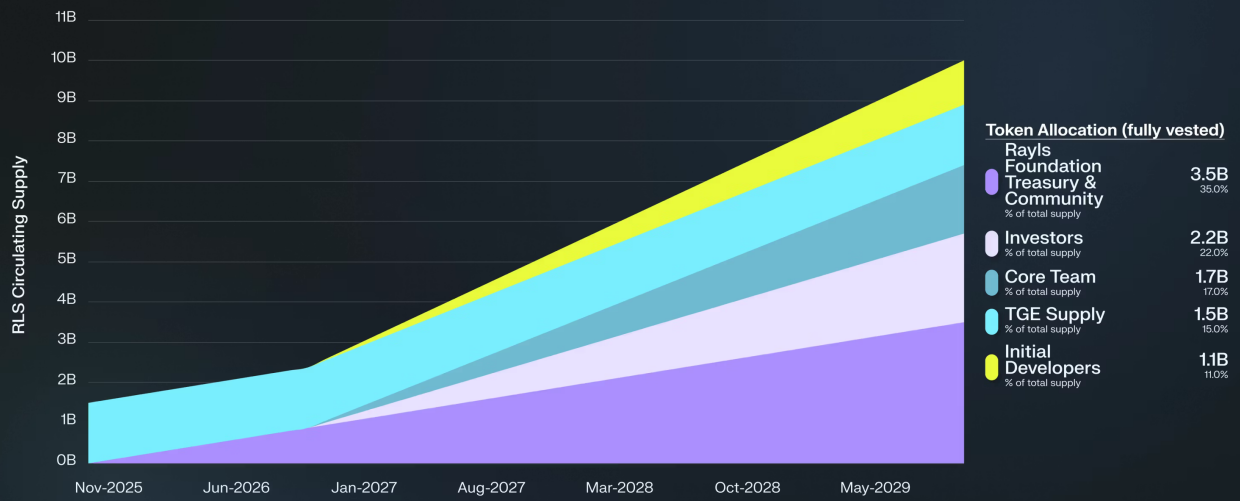
**\*\*Community & Ecosystem:** The treasury token reserve of 35% will be unlocked linearly over 48 months starting from the TGE. It is intended to foster community-aligned initiatives, validators, including ecosystem grants, strategic growth incentives, and long-term development programs, while safeguarding the sustainability of the network. The precise allocation will be determined closer to Mainnet launch. The Rayls Foundation will steward these resources over the years ahead

**Unlocked Tokens:** At TGE, the circulating supply will account for 10 to 15%, and a further 35% unlocks gradually over 48 months.



## The RLS token will vest over a 48-month period

RLS unlock schedule by token allocation



Data as of: November 19, 2025

Source: Rayls Documentation

Note: TGE Supply allocation is subject to change.



## 4. Ecosystem and airdrop information

To foster decentralisation and incentivise early adopters, the Rayls Foundation has allocated a portion of the Community & Ecosystem supply for distribution to active participants.

**Initial Airdrop** – A budget of 200 million RLS (~2% of total supply) is reserved for the “Rayls Loyalty Rewards Program” to Testnet users, developers, and early community members.

**Distribution Method** – Tokens will be claimable directly via the Rayls Claims Portal upon Mainnet launch.

**Unclaimed Tokens** – Any tokens unclaimed after 60 days will revert to the Community Treasury.

## 5. Conflicts of interest information

**Related Party Transactions** – No related-party transactions involving the token, other than the allocations described in Section 3, have occurred.

**Separation of Entities** – The Rayls Foundation is independent of Parfin (Rayls Labs). Parfin is compensated for technical services but does not control the Foundation's treasury or governance decisions.

## 6. Market Makers information

To ensure an orderly market maintenance with Exchange participants at launch, RaylsFusion Ltd. has engaged professional Market Makers.

**Market Makers** – Engagements have been finalized with providers including Keyrock, DLP and DNA Fund.

Market Maker	Loan Size	Duration
DLP	60,000,000	12 Months
Keyrock	60,000,000	12 Months
DNA Fund	20,000,000	3 months

**Market Maker Loans** – The Rayls Foundation may provide short-term, non-interest-bearing loans of RLS tokens to Market Makers solely for the purpose of providing liquidity on centralised and decentralised exchanges.

**Monitoring** – All market making activity is subject to strict service level agreements (SLAs) regarding spread, depth, and uptime. Market Makers are prohibited from engaging in speculative trading or price manipulation. Engagements have been finalised, with SunZu Labs used for monitoring.

## 7. Security information

**Audits** – The Rayls protocol, ERC20 smart contracts have been audited by Halborn. No critical vulnerabilities were identified. Additional audits for the L1 infrastructure will be conducted closer to Mainnet launch

**Open Source** – The Rayls protocol intends to release its technology as open source prior to the Mainnet launch.

**Bug Bounty** – A comprehensive Bug Bounty program will be activated incentivising white-hat hackers to identify and report potential vulnerabilities.

**Admin Controls** – The Rayls Public Chain utilises a "Security Council" multisig (4-of-6 threshold) capable of pausing bridge contracts in the event of a critical security incident. This power is subject to DAO oversight and veto.

## 8. Risk factors

Participation in the Rayls ecosystem involves significant risks. Prospective purchasers should carefully consider the following:

### 8.1. Regulatory Risks

**Status Uncertainty** – The regulatory treatment of digital assets, particularly those with privacy features (like Rayls Enygma), is evolving and varies significantly by jurisdiction. Regulators may classify RLS as a security, commodity, or other financial instrument, which could impact its liquidity and utility.

**Privacy Technology** – Jurisdictions may impose restrictions on the use of privacy-preserving protocols. While Rayls is designed with “Auditor Selective Disclosure” to meet compliance standards, there is no guarantee that all jurisdictions will accept this technical solution.

#### Sale & Trading Risks

**Liquidity:** The ability to buy and sell RLS will depend on trading activity on centralised and decentralised exchanges. There is no guarantee that there will be a liquid market for RLS at all times. Limited liquidity may lead to difficulties executing larger purchases or sales of RLS, which increases the risk of losses.

**Risk of Exchange Delisting:** There is no guarantee that RLS will remain listed on any specific exchange. Delisting could significantly hinder the ability to trade tokens, reducing liquidity and market value.

**Exchange Insolvency:** The exchanges or trading platforms where RLS tokens are listed may become insolvent, suffer security breaches, or cease operations, potentially resulting in a total loss of access to funds.

### 8.2. Technology Risks

**Novel Technology Risk** – Rayls introduces novel technologies, including the Axyl Consensus and Enygma Privacy Protocol. While audited, these technologies may contain undiscovered bugs or vulnerabilities that could result in the loss of funds or network instability. Smart contract technology audits reviewed by technical experts for accuracy and security of the underlying code will be undertaken. However, smart contract technology is still in an early stage of development and its application is currently of an experimental nature, which carries significant operational, technological, financial, regulatory, and reputational risks. Accordingly, while any review or audit conducted may raise the level of security and accuracy of the smart contract technology, any purchaser should understand and accept that any such reviews or audits do not amount to any form of warranty, representation or assurance (in each case whether express or implied) that the smart contract technology and/or RLS are fit for a particular purpose.

or that they are free from any defects, weaknesses, vulnerabilities, viruses or bugs which could cause, inter alia, the complete loss of contributions and/or Tokens.

**Bridging Risk** – The transfer of assets between the Rayls Public Chain and other public chains relies on public bridge contracts. Cross-chain bridges are historically a high-risk vector for exploits in the blockchain industry.

## Risk of Protocol attacks and forks

As with other blockchains, the Protocol could be susceptible to consensus-related attacks, including but not limited to double-spend attacks, majority validation power attacks, censorship attacks, byzantine behavior in the consensus algorithm or be subject to hard or soft forks. Any successful attack or fork presents a risk to the Rayls Protocol, the expected proper execution and sequencing of Token-transactions, the expected proper execution and sequencing of contract computations as well as the token balances in any investor's wallet.

## Token-Related Risks

**Private Key Management:** Token holders are solely responsible for safeguarding their private keys, passwords, and recovery phrases. The Rayls Foundation cannot recover lost keys or reverse transactions due to user error.

**Taxation Risks:** The tax treatment of RLS varies by jurisdiction. Token holders are solely responsible for understanding and complying with applicable tax laws. The Rayls Foundation provides no tax advice and accepts no liability for tax obligations triggered by the acquisition or disposal of RLS.

**Scam and Fraud Risks:** Token holders may be targeted by phishing attacks, fake giveaways, or impersonators claiming to represent Rayls. The Foundation will never ask for private keys or seed phrases.

## 8.3. Market and Economic Risks

**Adoption Risk** – The value and utility of the RLS token are heavily dependent on the adoption of Rayls Privacy Nodes by financial institutions. Failure to achieve institutional adoption would severely limit the demand for RLS and token utility.

**Volatility Risk** – Digital asset markets are highly volatile. The market price of RLS may fluctuate significantly due to factors unrelated to the project's technical progress. External factors, such as regulatory announcements or technological developments may further contribute to volatility and could lead to financial losses for token holders. Different jurisdictions and regulators have taken different views of the application of legal and regulatory requirements which could impact volatility further.

## 8.4. Governance and Risks

### Governance and Decentralisation Journey

Rayls will launch Mainnet with a deliberately more centralised governance structure to ensure stability, security, and institutional-grade reliability in the early phases of the network.

At Mainnet launch, the Rayls Foundation will operate a permissioned validator set and act as the interim governance steward, executing approved changes through a transparent, auditable multi-sig framework. Token holders will participate in signalling votes on protocol parameters, upgrades, and treasury guidance, while the Foundation retains execution authority to ensure safe and controlled network evolution.

All decisions will follow published governance policies—including quorum thresholds, conflict-of-interest rules, upgrade review windows, and multi-sig enforcement—to prevent unilateral action, corruption, or validator collusion.

Note that these mechanisms are still in development as part of the Rayls Testnet phase, and will be implemented fully prior to Mainnet launch.

As the Rayls network scales and matures, governance will progressively transition to a fully decentralised model governed by the Rayls DAO, targeting approximately 1–2 years post-Mainnet launch, subject to observed network activity, security metrics, and ecosystem readiness. In this future phase, token-holder voting will directly enforce protocol changes via timelocked, on-chain executable proposals, and validator participation will shift from permissioned to permissionless onboarding.

The Rayls DAO will ultimately manage treasury, protocol parameters, and long-term roadmap decisions, supported by best-practice safeguards such as proposal review committees, publicly verifiable upgrade processes, economic incentives for honest validator behaviour, and slashing mechanisms for misconduct.

The complete decentralisation roadmap—including DAO architecture, voting mechanics, validator evolution, and execution controls—will be published ahead of Mainnet and updated as the ecosystem matures.

### Validator Risks

Rayls uses a geopolitically distributed and qualified validator set to mitigate the risk of a validator collusion or hijack. Larger institutions will be selected initially to provide greater security of their validators. The cyber security of validator operators will remain be a point of risk until greater decentralisation of validators is achieved.

### Governance & Entity Risks

**Limited Foundation Control:** While the Rayls Foundation stewards the ecosystem, the Rayls Network is a decentralized protocol. The Foundation cannot unilaterally force validators to accept upgrades or reverse transactions once the network is decentralized.

## 8.5. General Risks

### We may fail to implement our business plan

We have a short operations record on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, lack of brand and/or name recognition, product obsolescence or inventory loss, theft or destruction, limited access to additional sales and management talent, and limited access to software and technology development experts, among other factors. We cannot guarantee that we will be successful in executing our business plan, and we may then be forced to cease operations, in which case you may lose your entire investment.

### Investor Status and Claims Risk

Investors in the Tokens will not acquire any equity, debt, or other ownership interest in the Company or its affiliates. Holding Tokens does not confer any right to vote, receive dividends, participate in profits, or claim any assets of the Company. Investors should not expect to have any recourse against the Company, its officers, directors, or affiliates for any losses incurred in connection with the Tokens.

### There can be no assurance that the Company's business plan will be profitable, and there is no assurance of any returns

The expenses we incur to expand the business could result in operating losses for the foreseeable future. There is no assurance that we will ever have net income sufficient to cover our expenses. No assurance can be made that any investor will not lose his, her or its entire investment.

### As we have a limited operating history, we are subject to business development risks

The Company has only a limited history upon which an evaluation of its prospects and future performance can be made. Our proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future. There can be no assurance that our efforts will result in continued successful commercialization or further development of our operations, that our marketing efforts will be successful, or that we will ever achieve significantly higher revenues. Failure to do so could result in investors losing part or all of their money invested.



## Our advisors and management have other business interests and obligations to other entities, some of which may conflict with their responsibilities to the Company

Members of our management and other advisors of the Company may provide services to us on a non-exclusive basis. Such persons are required to provide us with such amount of their time and efforts as they deem necessary to run the business and operations of the Company in a reasonable manner. We are dependent on our team to successfully execute our business plan. Their other business interests and activities could divert time and attention from operating our business. We cannot assure you that some or all of such persons will be able to provide the Company with a sufficient amount of their time or efforts to take advantage of all opportunities that may be available to the Company. Moreover, some of the other entities in which such persons have a material financial interest may enter into agreements with the Company in which there is a potential conflict of interest.

Key man risk and the risk that we may be unable to retain experienced management and personnel could impair our ability to execute on our business strategy and growth plan. Although we intend to recruit additional talent over time, competition for qualified personnel is intense and there can be no assurance that we will be able to retain our personnel or attract additional qualified personnel. We also rely on consultants for systems, software and technology development that we believe are a critical part of our growth strategy as well as our finance functions. We may not be able to continue to attract or retain qualified personnel in the future, and the loss of key members of our team would have a material adverse effect on our business. Any inability to fill vacancies in our management team on a timely basis could impair our ability to implement our business strategy, which would harm our business, results of operations, and the value of your investment.

## The Company may engage in business transactions with companies affiliated with one or more members of the management team

The Company may engage in business transactions with businesses that are affiliated with one or more of the members of the Company's management team. Any such business transactions may or may not be the result of arms-length negotiations and could result in potential conflicts of interest.

## We cannot assure you that we will be able to forge and maintain required beneficial relationships with third parties

We are generally dependent on relationships with strategic partners and vendors, and we may enter into future potential strategic alliances. Our success requires that we secure and maintain beneficial third party relationships. There can be no assurance that such third parties may regard their relationship with us as important to their own business and operations, that they will not reassess their commitment to the business at any time in the future, or that they will not develop their own competitive services or products, either during their relationship with us or after it expires. Accordingly, there can be no assurance that our existing relationships or future relationships will result in sustained business partnerships, successful service offerings, or significant revenues for us.

## We may incur business disruptions

We take measures to reduce the risks of disruptions at our facilities. However, the occurrence of a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, flood, fire, or other unanticipated problems, such as illness of any member of our management or any other employee, contractor or advisor, labor difficulties (including work stoppages or strikes), vendor shortages, equipment failure or unscheduled maintenance, could cause operational disruptions and could materially adversely affect our business, earnings and cash flows. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

## Rapid growth may strain our resources

Significant and rapid growth in the scope and complexity of our business would place a significant strain on our management team and our financial and other resources. Such growth, if experienced, may expose us to greater costs and other risks associated with growth and expansion. We may be required to hire a broader range of additional employees and outsource certain functions to contractors in order to sustain our operations. We may be unsuccessful in these efforts, or we may be unable to project accurately the rate or timing of these increases. Our ability to manage our growth effectively will require us to continue to improve our operations, to improve our financial and management information systems, and to train, motivate, and manage our future employees. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our business, or the failure to otherwise manage growth effectively, could have a materially adverse effect on our business, financial condition, and results of operations. In addition, difficulties in effectively managing the budgeting, forecasting, and other process control issues presented by such a rapid expansion could result in our inability to maintain quality standards or otherwise harm our business, financial condition, and results of operations.

## Our risk management efforts may not be effective which could result in unforeseen losses

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, regulatory risk, and other market-related risks, as well as operational risks related to our business, assets and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we may be exposed, mitigate the risks that we have identified or identify additional risks to which we may be subject in the future.

## The Company may require additional capital to support its business objectives, and this capital might not be available on acceptable terms, or at all

At any time, the Company may accept funds from additional lenders, investors, and others to support the growth of its business. Accordingly, it is expected that we will need to engage in additional debt and

equity-based financings to secure additional funds. Financial market disruption, the ability to attract business partners and clients, the ability to identify and attract financiers, and general economic conditions in which the credit markets are severely constrained may make it difficult for us to obtain additional financing on terms favorable to us, if at all. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing, or financing on terms satisfactory to us, when we require it, our ability to continue to support the growth of our business and to respond to business challenges could be significantly impaired. If we are unsuccessful in raising capital when needed, you could lose your entire investment. Any issuance of equity will dilute the ownership stake of current equity investors.

## General tax risks

Items of income and loss will be determined by the Company's management in consultation with the Company's tax advisors. Adjustments, if any, resulting from any audit of the Company, should the Company ever be audited, might result in corresponding adjustments of Company items of income and loss reflected on your own tax returns. In addition, the Company's management has primary responsibility for Company level matters involving the Company's taxation, including the power to extend the statute of limitations for all persons holding an interest in the Company, including, without limitation, you, as to Company items of income and loss.

It may be difficult to enforce a U.S. judgment against us, our officers and directors, or to assert U.S. securities laws claims or serve process on our officers and directors.

We are incorporated in the British Virgin Islands. Most of our assets are located outside the United States. Therefore, it may be difficult to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S., English or British Virgin Island court, or to affect service of process upon these persons in the United States.

Additionally, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in the British Virgin Islands or England. This is for two principal reasons: 1) because such courts may regard the U.S. law in question to be a penal, revenue or public law and therefore, not capable of direct or indirect enforcement, or 2) because such court may stay the claim on the grounds such court is not an appropriate forum. If U.S. law is found to be applicable to a claim which such court can and is prepared to hear, the content of applicable U.S. law must be proved as a fact by expert witnesses, which can be a time-consuming and costly process. If proceedings were to be brought in British Virgin Islands or England, all procedural matters would be governed by laws application thereto. There is little case law addressing the matters described above that would be binding case law in such court. As a result, an investor may lose its entire investment.

## Jurisdiction and Enforcement Risk

The Company is incorporated in British Virgin Islands and conducts the majority of its operations outside the United States. As a result, it may be difficult or impossible for investors to enforce U.S. legal rights or

judgments against the Company, its officers, directors, or affiliates. Investors may have limited or no recourse in any jurisdiction and could lose their entire investment.

## The Company's ability to succeed depends on the Company's ability to grow

The introduction of new products and services and expansion of the Company's customer base will contribute significantly to the Company's operational results. The Company's future operational success will depend on a number of factors, including, but not limited to:

- The Company's ability to manage costs;
- The level of competition in the Company's industry;
- The Company's ability to provide efficient, timely and cost-effective products and services;
- The efficiency and effectiveness of the Company's sales and marketing efforts in signing up new customers, expanding business with existing customers, and building product, services and brand awareness;
- The level of consumer acceptance of the Company's products and services; and
- General economic conditions and consumer confidence.

The Company may not be successful in executing its growth strategy. Failure to successfully execute any material part of the Company's growth strategy would significantly impair the Company's future growth and its ability to attract and sustain investments in the Company's business.