BlocPal Security Token Whitepaper

Empowering Investors. Transforming Finance. Together.

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1. Abstract

BlocPal International Inc. ("BlocPal" or the "Company") is enhancing its token ecosystem by retiring the legacy BPAL security token, originally issued on BlocPal's private blockchain, and launching the new BLOC Security Token on the Ethereum blockchain. The BLOC Security Token is an innovative, fully compliant ERC-20 security token designed to fundamentally reshape traditional investment models by directly sharing BlocPal's top-line revenue streams with token holders. It uniquely merges the transformative economics of blockchain, including automated revenue sharing and tokenized asset access, with the rigorous compliance standards of traditional finance. As one of the first tokens of its kind to offer transparent, royalty returns, the BLOC Security Token provides investors direct participation in BlocPal's expanding decentralized finance (DeFi) business, particularly through large-scale real-world asset (RWA) tokenization. This structure clearly aligns BLOC Security Token investor returns with BlocPal's growth in DeFi services, offering investors a distinctive opportunity and setting a new benchmark in digital asset investing.

These royalty returns are calculated using BlocPal's **Qualified Aggregate Revenue Distribution (QARD)** model, representing the qualifying revenue generated each quarter within BlocPal's DeFi ecosystem. Specifically, QARD includes:

1. **Smart Contract Transaction Fees:** Fees from tokenized real-world assets managed by BlocPal (precious metals, real estate, commodities, fiat-backed stablecoins), including fees generated from trade pairings established via smart contracts with Liquidity Management Modules (LMMs) and Automated Market Makers (AMMs).

2. **Stable Reserve Yields:** Interest income derived from reserves backing BlocPal's tokenized assets, invested exclusively in secure, stable financial instruments such as government treasury bills and regulated bank deposits.

3. **Exchange Trading Fees:** Fees generated from cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange, strategically designed to enable compliance-driven liquidity through specialized API integrations and secondary market activities.

BlocPal allocates 33.3% of the total QARD into a royalty distribution pool (**Token Royalty Pool**) each quarter, distributed in USDC or other compliant digital USD stablecoins. These royalty payments are made in USDC or other compliant digital USD stablecoins (**Token Holder Royalties**). They accumulate in dedicated smart contracts specifically assigned to each token holder's wallet address, and remain available until the token holder chooses to claim or withdraw their funds.

BlocPal originally issued its legacy BPAL security tokens on a proprietary private blockchain. The BPAL tokens provided holders with profit distributions based on Cash Adjusted Operating Cash Flow (CAOCF). The decision to transition from the BPAL token's original profit-sharing model to a top-line revenue-sharing approach (QARD) was driven by investor demand for

improved market acceptance. Although innovative at inception, market developments and investor feedback facilitated the migration of BPAL to Ethereum, a more modern, and publicly accessible blockchain environment. This shift provides improved transparency, easier royalty calculation, regulatory compliance, and seamless integration with leading public blockchain ecosystems. Transitioning to top-line revenue sharing significantly increases potential royalty distributions, necessitating the increase from 1.11 billion BPAL Security Tokens to 3.33 billion BLOC Security Tokens to preserve economic equivalence.

BlocPal has carefully prepared and strategically positioned itself for rapid entry into the tokenized asset market, anticipating the current wave of global adoption. With years of groundwork in place, including an advanced technical platform, proven partner distribution model, and regulatory compliance frameworks, BlocPal has processed over $25 Billion in TradFi user transactions, positioning optimally to capitalize on today's accelerated demand for tokenized RWAs.

The introduction of tokenized assets aligns with BlocPal's mission to deliver affordable and accessible financial services globally, driving greater financial inclusion. At the heart of BlocPal's strategic vision lies the democratization of digital investments, directly addressing the growing demand among underserved populations and next-generation investors for intuitive, decentralized financial platforms. By transforming traditional ownership structures into secure, liquid, and blockchain-based investment instruments, BlocPal's approach to Real-World Asset (RWA) tokenization significantly enhances market access, efficiency, and transparency. This positions BlocPal as a global pioneer in fintech innovation and compliant digital asset solutions, uniquely poised to capture and accelerate adoption of tokenized real-world investments.

BlocPal's sophisticated tokenization platform supports multiple leading blockchain networks, ensuring optimal performance, interoperability, and regulatory compliance tailored to each asset. While Ethereum has been chosen for its transparency, maturity, and extensive interoperability with decentralized finance (DeFi) ecosystems, BlocPal will offer integration and interoperability with additional Layer 1 and Layer 2 blockchain networks (like Solana, BNB Chain, and Base) based on market demand and evolving business requirements. This multi-chain approach enables BlocPal to select the most suitable blockchain infrastructure for each custom tokenized asset, ensuring optimal performance, security, cost-efficiency, and regulatory compliance for investors and institutional partners.

For security tokens specifically, BlocPal acts as the authoritative system of record, maintaining the underlying investment documentation and facilitating compliant transfer-agent functionality. Blockchain technology serves as an immutable distributed ledger (DLT), providing secure, transparent digital representation of ownership units in real-world assets. This approach enhances liquidity, efficiency, transparency, and investor confidence by leveraging blockchain as an advanced digital ledger that securely records asset ownership, transfers, and transaction histories.

Investors and partners engaging with the BLOC Security Token must qualify under applicable securities regulations, initially as accredited investors under Regulation D and similar global

frameworks, with BlocPal ultimately progressing toward broader investor participation via Regulation A+ and equivalent regulatory structures internationally.

2. Introduction

The global financial landscape is rapidly evolving as blockchain technology and asset tokenization create unprecedented opportunities for enhanced transparency, increased liquidity, fractional ownership, and broader investor participation. Recognizing this transformative shift, BlocPal International Inc. ("BlocPal") is strategically enhancing its position by migrating from its original BPAL token on a private blockchain to the Ethereum blockchain and introducing the new, fully compliant ERC-20[1] BLOC Security Token as the cornerstone of its decentralized finance (DeFi) ecosystem. This strategic transition significantly enhances market liquidity, incentivizes greater partner engagement, and provides investors with direct access to revenue-sharing opportunities, marking a substantial advancement in digital asset investment.

This whitepaper outlines the comprehensive rationale behind this pivotal evolution, detailing how BlocPal's updated BLOC Security Token model addresses investor demands and aligns with current market dynamics. It clearly sets the stage for an in-depth exploration of the Company's strategy, compliance frameworks, technological innovations, and detailed roadmap for sustained growth and market leadership.

Central to this evolution is the transition from BPAL's original profit-sharing model, linked to Cash Adjusted Operating Cash Flow (CAOCF), to a significantly enhanced, royalty model of direct top-line revenue sharing. This innovative structure provides investors greater transparency and more predictable, stable returns by directly sharing in BlocPal's gross DeFi revenue streams, offering substantial added value to token holders. Recognizing that the move from profit-sharing to top-line revenue-sharing represents a substantial increase in the economic value distributed to token holders, BlocPal has accordingly increased the total token supply from 1.11 billion BPAL tokens to 3.33 billion BLOC Security Tokens. This supply adjustment ensures proportional fairness, accurately reflecting the increased royalty distributions now offered to token holders.

Supporting this innovative royalty revenue distribution model is the BlocPalX Exchange, a decentralized exchange (DEX) strategically designed to enable secure, efficient, and compliant trading. BlocPalX facilitates robust trading for popular cryptocurrencies and BlocPal's diversified range of tokenized real-world assets, seamlessly integrating through specialized API-driven partnerships. Additionally, BlocPalX provides compliance-driven liquidity specifically for accredited investor holders of the BLOC Security Token, initially under strict regulatory frameworks. Over time, this liquidity will progressively expand as BlocPal obtains broader regulatory qualifications, such as Regulation A+, and integrates with regulated marketplaces and Alternative Trading Systems (ATS).

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[1] Ethereum Foundation, "ERC-20 Token Standard," https://ethereum.org/en/developers/docs/standards/tokens/erc-20/

The choice of Ethereum as the primary blockchain for the BLOC Security Token is driven by critical market factors, including transparency, robust security, proven global liquidity, and mature interoperability within decentralized finance (DeFi) ecosystems. Moreover, BlocPal's tokenization platform extends to multiple blockchain networks beyond Ethereum, offering essential flexibility to optimize asset-specific deployment strategies based on investor preferences, market dynamics, and regulatory considerations.

This whitepaper also explores BlocPal's extensive preparations, including sophisticated compliance infrastructure, advanced token management capabilities, strategic partner integrations, and a powerful B2B2C distribution model. Subsequent sections will outline in detail BlocPal's technical architecture, tokenomics, compliance mechanisms, royalty distribution model, and strategic roadmap, providing comprehensive clarity for current and prospective investors regarding the benefits, risks, and opportunities associated with the BLOC Security Token and BlocPal's broader ecosystem.

3. Overview of BlocPal

BlocPal is building a next-generation digital banking and wealth management ecosystem, with the BLOC Security Token at its core to drive liquidity, adoption, and sustainable growth. This pioneering approach aims to significantly expand financial inclusion and positions BlocPal as a global leader in real-world asset tokenization and compliant digital investment solutions. Through BlocPal's dynamic distribution strategy and comprehensive financial services ecosystem, users worldwide can seamlessly access essential financial services.

By employing advanced technologies like artificial intelligence (AI), cloud computing, and blockchain, BlocPal uniquely integrates traditional finance (TradFi) with decentralized finance (DeFi) via innovative Business-to-Business-to-Consumer (B2B2C) channels. Collaborating closely with retailers, financial institutions, fintech companies, and enterprise partners, BlocPal effectively expands access to modern digital banking, payment services, and investment opportunities, empowering users worldwide to manage and grow their wealth.

Our Approach

Preparation Meets Market Opportunity
BlocPal has been strategically preparing for this moment, investing substantial resources into regulatory compliance infrastructure, a robust technical tokenization platform, and global market relationships. This extensive groundwork positions BlocPal ideally to capitalize on the rapidly accelerating global adoption of tokenized financial products, enabling swift entry into compliant and scalable market offerings.

Tokenized Assets as a Strategic Pillar
Tokenized assets are central to BlocPal's mission of making financial services more accessible, affordable, and inclusive globally. Tokenization of real-world assets (RWAs) directly aligns with the company's commitment to financial inclusion, empowering underserved populations and

younger generations who increasingly prefer decentralized financial platforms and digital investments.

Robust Technology Platform

BlocPal delivers a secure, scalable technology stack that includes mobile wallets, digital payment solutions, the BlocPalX decentralized exchange and API trading platform, and a comprehensive asset-tokenization engine. Our underlying blockchain infrastructure efficiently processes high transaction volumes with minimal fees, facilitating real-world, large-scale applications. The advanced tokenization platform provides sophisticated controls for creating custom tokens, including whitelisting, blacklisting, version control, minting, burning, and other tailored functionalities. BlocPal supports token deployments across multiple Layer-1 and Layer-2 blockchains, including Ethereum and Solana[2], with plans to support BNB, Base, and others, selected based on asset-specific needs, user preferences, and blockchain performance.

BlocPalX Exchange Platform

At the heart of our ecosystem is the BlocPalX Exchange, a decentralized exchange (DEX) strategically designed to enable secure, efficient, and compliant trading of popular cryptocurrencies as well as BlocPal's diversified range of tokenized real-world assets. Leveraging robust Binance-compatible APIs, BlocPalX seamlessly integrates with our global network of qualified distribution partners, liquidity providers, market-makers, and regulated exchanges. This powerful API-driven model facilitates specialized partnerships and deeper liquidity management, enabling rapid onboarding and effective market distribution. Importantly, trading activity on BlocPalX generates significant exchange trading fee revenue, contributing directly to BlocPal's Qualified Aggregate Revenue Distribution (QARD) model. Through this decentralized architecture and tailored integrations, BlocPalX uniquely delivers transparency, scalability, and compliant market accessibility for institutional, accredited, and ecosystem partner investors alike.

Collaborative Distribution Model (B2B2C)

Our ecosystem strategically partners with regulated retailers, funding portals, broker-dealers, financial advisors, market-makers, exchanges, ATM networks, and digital asset marketplaces. This integrated distribution network enables widespread adoption and transparent liquidity for tokenized assets, aligning with BlocPal's vision for broad accessibility and scalability.

Proven Global Track Record

BlocPal has established a significant presence in global markets, demonstrating strong operational capabilities and growth potential. In India, our fintech operations have successfully onboarded and engaged with over 50,000 retailers and integrated more than 20 banking and fintech partners, processing over C$25 billion in TradFi user transactions. This track record underscores BlocPal's ability to scale effectively, demonstrating the real-world impact of our proven collaborative business model and the potential for further global expansion.

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[2] Solana Foundation, "Why Solana," https://solana.com/solana

Strategic Expansion through Crypto ATM (Automated Teller Machine) Networks
To further bolster user acquisition and accelerate adoption of decentralized finance solutions, BlocPal is actively pursuing strategic acquisitions and integrations with leading cryptocurrency ATM networks. Crypto ATM networks offer:

- Accelerated adoption of DeFi products.
- Enhanced consumer trust and brand visibility.
- Direct access to targeted user demographics.
- Immediate generation of positive cash flow.

Market Opportunity: Tokenization and Digital Assets

Asset tokenization is poised to become a transformative force in global financial markets, creating new opportunities to digitally represent real-world assets (RWAs) such as precious metals, real estate, commodities, fiat currencies, and bonds on blockchain networks. These digital tokens function as secure ledger entries using blockchain-based distributed ledger technology (DLT), similar to a traditional transfer-agent role, enabling more efficient transactions, fractional ownership, and increased liquidity and transparency. BlocPal is strategically positioned to leverage its fintech expertise to deliver compliant, institutional-grade tokenized RWAs through blockchain technologies. For security tokens, BlocPal acts as the authoritative system of record, maintaining comprehensive documentation and transparent records for all transactions.

Tokenization is gaining momentum and is projected to become a multi-trillion-dollar market by the end of the decade, with Boston Consulting Group estimating the market could reach up to $16 trillion by 2030[3]. BlocPal is uniquely positioned to extend its traditional financial services expertise into this rapidly growing digital arena. By connecting TradFi with DeFi, BlocPal provides investors, partners, and users transparent and secure access to a diverse range of compelling tokenized assets, managed and distributed within a fully compliant and transparent environment.

BlocPal's Commitment

BlocPal remains committed to building an inclusive, transparent, and scalable financial ecosystem that bridges traditional finance with blockchain-driven innovation. The introduction of our BLOC Security Token aligns the interests of our community and stakeholders with BlocPal's continued growth, providing compliant and transparent revenue-sharing opportunities. Through strategic partnerships, continuous technological innovation, and a proven track record, BlocPal is well-positioned to lead the global expansion of tokenized asset markets.

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[3] Boston Consulting Group, *Relevance of On-Chain Asset Tokenization in 'Crypto Winter'*, December 2022. Available at: https://web-assets.bcg.com/1e/a2/5b5f2b7e42dfad2cb3113a291222/on-chain-asset-tokenization.pdf.

4. BLOC Security Token

The new BLOC Security Token is structured as an ERC-20 standard token deployed on the Ethereum blockchain, with plans for future interoperability with other prominent Layer-1 and Layer-2 blockchain networks.

ERC-20 Token Design

- **Established Standard:** The ERC-20 format ensures compatibility with Ethereum's expansive decentralized finance (DeFi) ecosystem, allowing for seamless integration with leading wallets, exchanges, and smart contracts.

- **Sophisticated Token Controls:** The BLOC Security Token incorporates robust smart contract features such as minting, burning, whitelisting/blacklisting addresses, transaction restrictions, and controlled version upgrades. These advanced compliance mechanisms proactively enforce investor protections, ensure regulatory adherence, and provide confidence in BlocPal's long-term operational stability.

- **Audited Smart Contract:** BLOC's underlying smart contract undergoes rigorous third-party audits to ensure security, accuracy, and reliability, particularly in revenue-sharing mechanics.

Fixed Token Supply

The maximum token supply for BLOC Security Token is permanently capped at **3.33 billion tokens**. This fixed supply offers investors clarity, prevents dilution beyond authorized limits, and reinforces confidence through a stable and predictable economic structure.

Controlled Trading and Regulatory Compliance

As a regulated security token, trading of BLOC is closely managed to ensure compliance with global securities regulations. Building upon established compliance processes from BlocPal's original blockchain implementation (as per BlocPal's whitepaper version 1.5), the BLOC Security Token maintains and enhances previous standards of investor verification, controlled trading, and comprehensive regulatory adherence:

Whitelist Controls:

- Only verified wallets belonging to accredited or otherwise eligible investors who pass Know-Your-Customer (KYC) processes can hold and transact BLOC Security Tokens. This strict whitelist framework effectively safeguards against unauthorized secondary trading and enhances the token's regulatory compliance and investor security.

- Continuing from the previous model, BlocPal maintains detailed records and public address verifications, confirming each token holder's accredited status and eligibility.

Investor Eligibility & Historical Context:

- Consistent with prior practices, BLOC Security Tokens will only be transferred or issued to verified parties, namely BlocPal itself, accredited investors, employees, consultants, or eligible past miners, who have executed subscription or similar agreements to purchase and receive BlocPal's Security Tokens.

Holding Periods & Secondary Trading:

- To meet regulatory requirements (e.g., Reg D Rule 144 in the U.S.), BLOC Security Tokens will initially carry mandatory holding periods. BlocPal enforces these restrictions through smart contract controls and associated legal documentation.

- Following best practices under exemptions such as Section 4(a)(1½) and Section 4(a)(7)), BlocPal may facilitate secondary trading strictly limited to accredited investors.

  - Early secondary trades may be possible within 30 days under Section 4(a)(1½), limited strictly to private, non-public transactions among accredited investors.

  - After 90 days, secondary trading may utilize the safe harbor of Section 4(a)(7), with compliant trading occurring via regulated Alternative Trading System (ATS) platforms integrated through BlocPalX Exchange APIs with U.S. broker-dealers, ensuring stringent KYC and accreditation checks.

Future Public Trading & Broader Liquidity:

- Initially, secondary trading of BLOC Security Tokens will be strictly limited to accredited investors, facilitated exclusively through compliant investor marketplaces and authorized trading venues, ensuring stringent investor protection and regulatory compliance.

- The BlocPalX Exchange aims to provide immediate liquidity exclusively for accredited investor holders of BLOC Security Tokens within a fully compliant and regulated marketplace, maintaining transparency and adherence to securities regulations.

- Liquidity and trading opportunities will progressively expand as BlocPal obtains further regulatory approvals, such as Regulation A+, and integrates strategic partnerships with regulated exchanges, broker-dealers, and Alternative Trading Systems (ATS), ultimately broadening market participation to include non-accredited investors. This phased approach carefully balances regulatory compliance with expanding investor accessibility, ensuring sustainable growth in liquidity and market engagement.

Recordkeeping and Asset Tokenization Compliance:

- BlocPal serves as the authoritative system of record for security tokens and tokenized real-world assets (RWAs), maintaining comprehensive documentation for each tokenized

investment.

- Blockchain tokens function as digital ledger entries, effectively mirroring traditional transfer-agent mechanisms, while enhancing transparency, efficiency, and auditability.

Strategic Benefits of the BLOC Security Token

- **Revenue-Sharing Innovation:** Unlike BPAL's previous profit-based model, BLOC Security Tokens provide direct, on-chain participation in BlocPal's top-line revenues from transaction fees associated with tokenized RWAs, along with conservative yields from underlying asset reserves (such as government or asset-backed bonds). This direct revenue alignment represents a significant advancement in blockchain investing, creating a compelling and transparent value proposition for investors.

- **Enhanced Liquidity Potential:** Public blockchain integration positions the BLOC Security Token for increased liquidity and accessibility, opening pathways for trading across regulated exchanges and DeFi platforms in a controlled, compliant manner.

- **Regulatory Compliance & Flexibility:** The ERC-20 compliance framework, combined with advanced smart-contract controls, positions the BLOC Security Token to adapt seamlessly to evolving regulatory requirements, fostering investor confidence and institutional engagement.

In summary, the BLOC Security Token is designed to merge the innovative economics of blockchain (automated revenue sharing, tokenized access) with the rigor of traditional finance compliance. The tokenomics (fixed supply, clear allocation, and controlled trading) aim to provide stability and confidence for investors, while the ERC-20 foundation grants flexibility and compatibility as BlocPal's ecosystem expands.

5. BLOC Royalty & Distribution Mechanisms

Royalty distributions from the BLOC Security Token represent payments calculated directly from BlocPal's top-line revenue streams (Qualified Aggregate Revenue Distribution - QARD) rather than profits or retained earnings. Unlike dividends, which depend on profitability and board discretion, royalties are contractually defined, transparent, and directly tied to specified revenue activities, ensuring predictability and consistency for token holders.

The BLOC Security Token distribution model offers investors clear, predictable revenue-sharing:

- Quarterly royalty payments made directly in USDC or equivalent digital stablecoins.
- Transparent online reporting provides real-time visibility into revenue sources contributing to each royalty payout.
- Investors maintain full control and flexibility to withdraw their accrued royalties from dedicated Ethereum-based smart contracts at their convenience.

BlocPalX Exchange's decentralized and compliance-centric architecture uniquely positions BlocPal to deliver predictable, transparent royalty distributions, maintaining strict adherence to evolving global securities regulations.

Definitions

Qualified Aggregate Revenue Distribution (QARD): The clearly defined set of BlocPal top-line revenues for a quarter consisting of (i) Smart Contract Transaction Fees, (ii) Stable Reserve Yields; and (iii) BlocPalX Exchange Trading Fees from crypto and tokenized-asset transactions.

Token Royalty Pool: 33.3% of quarterly QARD, allocated each quarter for distributions to BLOC holders.

Token Holder Royalty: Each holder's pro-rata claim on the Token Royalty Pool, payable in USDC (or comparable compliant USD stablecoin) on a claim (pull) basis via smart contract, using a time-weighted average balance for the quarter.

Qualified Aggregate Revenue Distribution (QARD)

BlocPal's quarterly royalty distributions are calculated using the QARD model. QARD includes the following clearly defined revenue sources:

1. **Smart Contract Transaction Fees:** Fees from tokenized real-world assets managed by BlocPal (precious metals, real estate, commodities, fiat-backed stablecoins), including fees generated from trade pairings established via smart contracts with Liquidity Management Modules (LMMs) and Automated Market Makers (AMMs).

2. **Stable Reserve Yields:** Interest income derived from reserves backing BlocPal's tokenized assets, invested exclusively in secure, stable financial instruments such as government treasury bills and regulated bank deposits.

3. **Exchange Trading Fees:** Fees generated from cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange, strategically designed to enable compliance-driven liquidity through specialized API integrations and secondary market activities.

BlocPal allocates up to 33.3% of the total quarterly QARD into the Token Royalty Pool for token holders. The exact percentage allocated to external token holders depends proportionally on the number of BLOC Security Tokens held by external holders relative to BlocPal's own treasury holdings for the token. Furthermore, the Token Royalty Pool is proportionally distributed to token holders based on their weighted average holdings during the quarter. Below we outline the distribution mechanisms, calculation methods, and transparency measures to ensure fairness and investor confidence.

Top-Line Smart Contract Transaction Fees

- **Revenue Contribution to QARD:** BlocPal allocates gross transaction revenues generated by our tokenized assets (such as gold, commodities, fiat currencies, bonds, farmland, and commercial real estate), including qualified smart contract fees from liquidity pairings via Automated Market Makers (AMMs) and Liquidity Management Mechanisms (LMMs), directly into the quarterly Token Royalty Pool.

- **Investor Alignment:** Sharing directly from gross revenues, across both tokenized asset activity and exchange liquidity operations, aligns BLOC Security Token investor returns immediately with BlocPal's DeFi transaction volume growth, incentivizing support for distribution and utilization of BlocPal's services and maximizing token holder benefits.

- **On-Chain Transparency:** Allocated revenues are transferred quarterly to a dedicated Ethereum smart contract, ensuring auditable, on-chain verification and reinforcing investor trust in the distribution process.

Stable Yields On Reserves

- **Diversified Yield Stream:** BlocPal contributes stable yields earned from reserve funds associated specifically with tokenized assets into the QARD calculation. These yields may include interest earned from reserve funds securely deposited in regulated banks or invested in short-term government-backed bonds.

- **Stable and Predictable Returns:** By incorporating stable yield streams, investors receive diversified, predictable returns, reducing volatility and enhancing overall investment appeal.

- **Transparent Quarterly Allocation:** BlocPal transparently converts these yields quarterly into stablecoins (e.g., USDC), allocating them directly into the QARD pool.

BlocPalX Exchange Trading Fees

BlocPal contributes exchange trading fees generated from all cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange to the QARD pool. These fees specifically include:

- **Crypto and Tokenized Asset Trades:** Fees collected from trades involving cryptocurrencies and tokenized assets directly on the BlocPalX Exchange.

- **API-Based Transactions:** Fees from automated trades conducted via API integrations, enhancing connectivity and broadening participation from institutional and retail investors.

- **Secondary Market Trading:** Fees generated from secondary market transactions specifically related to trading of BlocPal tokenized assets, facilitated through BlocPal's integrated network of regulated exchanges, marketplaces, broker-dealers, and Alternative Trading Systems (ATS).

These trading fees are transparently recorded and transferred quarterly into the Token Royalty Pool, enabling investors to directly participate in the growing transactional activity of the BlocPal ecosystem. This structure provides investors with clear visibility and alignment with the exchange's trading volume and revenue growth.

Weighted Average Holding Calculation

- **Pro-Rata Distribution:** The QARD pool is proportionally distributed to token holders based on their holdings during the quarter.

- **Rewarding Long-Term Investors:** Distributions utilize a weighted average calculation factoring both the number of tokens and duration held throughout the quarter, incentivizing sustained investment and discouraging speculative, short-term trading.

- **Simple Calculation Example:** Investors holding tokens for the entire quarter receive credit for their full balance. Partial-quarter holdings are proportionally weighted (e.g., half the quarter equals half credit).

- **Blockchain-Based Verification:** Ethereum blockchain transactions transparently document and verify token balances and holding durations, ensuring fairness.

Illustrative Distribution Example

Note: The following example is intended to illustrate a scenario where BlocPal's operations and ecosystem have reached a mature, scaled phase. Actual royalty distributions at launch, or in the early stages, may be lower as we build transaction volumes, launch new tokenized assets, and grow our network of partners.

Token Distribution (Post-Conversion from BPAL to BLOC):

- External Security Token Holders: 1,833,333,333 BLOC (55%)
- BlocPal Treasury: 1,500,000,000 BLOC (45%)

Quarterly Revenue & Yield Scenario:

- Top-Line Transaction Revenue: **$15,000,000**
- Yield Revenue: **$10,000,000**
- BlocPalX Exchange Trading Fees: **$5,000,000**

Resulting in a total QARD pool: **$30,000,000**

Token Royalty Pool, Sharing 33.3% of QARD:

- $30,000,000 × 33.3% = **$9,990,000 Token Royalty Pool**

Allocation of Distribution:

- External Token Holders (55% share): $9,990,000 × 55% = **$5,494,500**
- BlocPal Treasury (45% share): $9,990,000 × 45% = **$4,495,500**

Per-Token Quarterly Distribution (External Holders):

- $5,494,500 ÷ 1,833,333,333 tokens ≈ **$0.003 per token**

Annualized Yield Example (for 1 million BLOC tokens):

- Quarterly payout: $0.003 × 1,000,000 tokens = **$3,000**
- Calculating annualized payout: $3,000 × 4 quarters = **$12,000**

Alternative Simple Calculation (for easy investor verification):

Investors can quickly verify their Token Holder Royalty payment by simply dividing the total quarterly Token Royalty Pool ($9,990,000 in this example) by the total fixed supply of 3.33 billion BLOC Security Tokens and then multiplying by their own token holdings.

For example, for an investor holding 1,000,000 tokens:

($9,990,000 ÷ 3,330,000,000 tokens) × 1,000,000 tokens ≈ **$3,000 quarterly Token Holder Royalty** payment.

As BlocPal scales its asset offerings and transaction volume, distributions per token increase proportionally, significantly benefiting long-term holders.

Weighted Average Example (Mid-Quarter Transfer):

If Holder A owns 1,000,000 BLOC tokens for the first 45 days of a 90-day quarter and then transfers them to Holder B, Holder A receives 45/90 of the per-token quarterly royalty amount, while Holder B receives the remaining 45/90 for those same tokens. This day-weighted method ensures that the total payout per token equals the pro-rata share of the Token Royalty Pool, regardless of when during the quarter ownership changes occur.

Transparent Online Near Real-Time Reporting

BlocPal will provide investors with an automated online reporting portal, updated in near real-time, clearly detailing the precise sources of revenue that contribute to each quarterly QARD calculation. Investors can verify contributions from individual tokenized assets, smart contract transaction fees, regulated banking yields, government-backed bonds, and exchange

trading fees, enhancing clarity, transparency, and investor confidence. This near real-time transparency ensures clarity and investor confidence in BlocPal's revenue-sharing mechanisms.

Stablecoin Distributions Format

Distributions will be executed via widely adopted and trusted stablecoins (e.g., USDC) for stability and predictability. Token Holder Royalty payment allocations accumulate in smart contracts and remain available until holders decide to withdraw their payouts, paying their own ETH gas fees. This method provides flexibility and convenience.

Unique Investment Proposition

The BLOC Security Token uniquely integrates the best of traditional financial models with cutting-edge blockchain innovation by:

- Offering BLOC Security Token investors direct participation in BlocPal's robust, revenue-generating DeFi ecosystem.
- Actively incentivizing token holders and distribution partners to utilize and promote BlocPal services, directly accelerating ecosystem growth.
- Providing transparent, stable, and predictable quarterly revenue distributions, creating strong investor confidence and community engagement.

BlocPal's innovative royalty model and transparent distribution framework uniquely position the BLOC Security Token as a first-of-its-kind security within both digital asset and traditional financial ecosystems. Unlike typical tokens, BLOC represents a regulated security designed to share in real-world revenue streams. BlocPal aims to provide token holders with stable quarterly income, predictable revenue participation, and meaningful long-term value as its ecosystem and transaction volumes grow.

6. BLOC Technical Architecture & Rationale for Ethereum

BlocPal's strategic decision to deploy the BLOC Security Token on the Ethereum blockchain positions it within the world's largest blockchain ecosystem for decentralized applications and smart-contract-driven finance, leveraging tremendous liquidity, security, and interoperability. This choice significantly enhances BlocPal's ability to attract a broad investor community and serves as a stable foundation for future ecosystem expansion, clearly aligning investor interests with operational efficiency and market potential. Leveraging Ethereum enables BlocPal to deliver a compliant, scalable, and transparent revenue-sharing mechanism aligned with both investor interests and regulatory requirements.

Rationale for Selecting Ethereum

Large and Active Community

- **Extensive Investor Base:** Ethereum hosts the largest and most active global blockchain community for DeFi innovation, encompassing investors, institutions, developers, and enthusiasts. Engaging with this blockchain community provides BlocPal with substantial visibility and direct access to potential investors already familiar with Ethereum-based digital assets.

- **Strong Developer Engagement:** The extensive developer ecosystem surrounding Ethereum ensures continuous innovation, robust support, and widespread acceptance, offering BlocPal ongoing opportunities for technical collaboration and ecosystem growth.

Mature Ecosystem

- **Established Network:** Ethereum is the most widely adopted smart-contract blockchain, supported by an extensive global developer community and a robust ecosystem of blockchain tools, including explorers (Etherscan), multi-signature wallets, custodial solutions, and extensive DeFi integrations.

- **Battle-Tested Reliability:** Ethereum's longstanding operational history reduces technological and operational risks associated with blockchain deployment, providing confidence and stability to investors and stakeholders.

Robust Security

- **Proven Smart Contracts:** Ethereum's smart contracts have successfully secured billions in value over several years. BlocPal benefits from these robust, audited security standards, ensuring reliability and minimizing vulnerabilities.

- **Immutable Audit Trail:** Ethereum's decentralized consensus mechanism securely records all transactions on an immutable public ledger, providing full auditability essential for regulatory compliance.

Interoperability and Multi-Chain Support

- **ERC-20 Standard:** Utilizing Ethereum's universally accepted ERC-20 token standard ensures broad interoperability with leading wallets, decentralized exchanges (DEXs), centralized exchanges (CEXs), and DeFi platforms.

- **Cross-Chain Architecture:** Ethereum's widely adopted standards and mature ecosystem enable integration with various established cross-chain bridge solutions and interoperability protocols. This capability provides opportunities for assets deployed on

Ethereum to interact effectively with multiple blockchain networks, facilitating broader market access and liquidity.

Transparency in Revenue Sharing

- **On-Chain Revenue Distribution:** Ethereum's smart-contract functionality allows BlocPal to transparently automate revenue distributions directly on-chain. Transaction fee revenues from tokenized assets and stable yields from low-risk investments are automatically accumulated to be claimed by BLOC Security Token holders, eliminating manual intervention and reducing operational risks and overhead.

- **Verifiable Mechanism:** Investors can independently verify the Token Holder Royalty distributions, directly on the Ethereum blockchain using publicly accessible blockchain explorers (such as Etherscan).

BLOC Token Smart Contract Architecture

BlocPal employs an advanced set of interlocking smart contracts to manage compliance, token conversion, revenue tracking, and automated distribution payments. Key components include:

1. Token Contract (ERC-20)

Implements standard ERC-20 functions (e.g., `transfer`, `balanceOf`) and sophisticated compliance controls:

- **Whitelist/Blacklist:** Enables strict control over token holder eligibility, ensuring regulatory compliance.

- **Minting & Burning Controls:** Allows controlled supply adjustments compliant with regulatory requirements.

- **Administrative Upgrades:** Governed by secure multi-signature wallets, enabling responsible updates as regulatory or operational conditions evolve.

2. Token Holder Royalty Distribution Contract

The Ethereum smart contract handles the quarterly Token Holder Royalty payments based on BlocPal's calculated Qualified Aggregate Revenue Distribution (QARD):

- **Off-Chain QARD Calculation & Transparency:** BlocPal calculates QARD contributions off-chain, transparently disclosing all revenue sources, transaction fees from tokenized assets (verified on-chain), yield on reserves, and exchange trading fees, via a dedicated, publicly accessible online reporting portal. Investors can review detailed breakdowns and verify accuracy independently through this transparent and auditable process.

- **Quarterly Stablecoin Allocation:** At the end of each quarter, BlocPal ensures sufficient stablecoin funds (such as USDC) are transferred from its treasury operations into this Token Holder Royalty Distribution Contract, aligning precisely with the disclosed QARD calculations. The contract records each wallet's **Token Holder Royalty** from the **Token Royalty Pool** based on time-weighted balances. These stablecoin balances become publicly verifiable on the blockchain through Ethereum blockchain explorers (e.g., Etherscan), providing transparent confirmation of distribution readiness.

- **Pro-Rata Share Calculation:** This contract calculates each token holder's pro-rata royalty share using a weighted-average token balance, based on periodic off-chain snapshots throughout the quarter. Final calculated Token Holder Royalty allocations are transparently recorded and verifiable via on-chain distribution transactions.

- **Claim-Based ("Pull") Mechanism:** Allocations of Token Holder Royalty distributions accumulate in this smart contract, explicitly assigned to each token holder's verified wallet address. Token holders must initiate a blockchain transaction themselves ("pull" or claim) to withdraw their allocated stablecoins. Investors bear the Ethereum gas fees for these transactions, maintaining control and flexibility for claiming their distribution at their convenience.

Transparency and Verification Benefits

The outlined process leverages the transparency benefits of blockchain technology:

- **Independent Verification:** Investors can easily verify on-chain stablecoin balances allocated for distribution, matching BlocPal's transparently reported QARD calculations.

- **Public Auditability:** All distribution-related blockchain transactions and smart contract balances are publicly auditable, enhancing trust and providing robust accountability.

- **Enhanced Security and Control:** The claim-based distribution approach ensures that each token holder controls the timing and execution of their Token Holder Royalty payments, reducing security and counterparty risks.

  This combined off-chain calculation and on-chain distribution model ensures a highly transparent, accountable, and compliant distribution process, reinforcing investor confidence and clearly aligning with BlocPal's strategic operational framework.

Administrative and Governance Controls

BlocPal's smart contracts incorporate robust administrative features necessary for ongoing compliance and operational flexibility:

- **Upgradeable Contracts:** Smart contracts can be upgraded securely via multi-signature governance structures, allowing BlocPal to continue to implement best practices while

responding to any regulatory changes or evolution.

- **Compliance Enforcement:** Contract-level restrictions ensure only authorized and verified investors (e.g., accredited investors or eligible participants) can hold and trade BLOC Security Tokens, enforcing compliance automatically at the blockchain level.

Multi-Chain Expansion Capability

BlocPal's architecture, including the BlocPalX Exchange platform (offering a Binance-compatible API), is inherently designed for scalability and multi-chain compatibility:

- **Cross-Chain Revenue Aggregation:** Ethereum acts as a central hub for revenue aggregation, seamlessly integrating revenues generated from tokenized assets deployed across multiple blockchains.

- **Flexible Tokenization Platform:** BlocPal's sophisticated tokenization engine is designed with multi-chain flexibility, already supporting ERC-20 tokens on Ethereum and custom tokens on Solana. BlocPal plans to expand platform capabilities to additional Layer 1 and Layer 2 blockchain networks such as BNB Chain, Base, Polygon, and SUI. This multi-chain readiness ensures BlocPal can strategically tokenize and manage diverse real-world assets on optimal blockchains, tailored to each asset's specific performance needs, transaction requirements, and market preferences.

Specialized Integrations & Strategic Liquidity Partnerships

BlocPal's technical architecture strategically facilitates deeper integrations with select liquidity and distribution partners, optimizing compliant trading and market liquidity for tokenized real-world assets.

- **Enhanced API-Driven Liquidity Management:** BlocPal's Binance-compatible APIs enable sophisticated integration with select distribution and liquidity partners, providing advanced, real-time liquidity management solutions. These deeper integrations create compliant, efficient trading environments specifically tailored for BlocPal's tokenized real-world assets.

- **Strategic Partner Incentivization and Participation:** Leveraging strategic relationships, BlocPal carefully fosters partner alignment and incentivizes active participation within the ecosystem. Through compliant and targeted use of BLOC Security Token incentive structures, BlocPal enhances strategic partnerships, increases market integration, deepens asset liquidity, and clearly aligns partner interests with overall ecosystem growth and investor benefits.

7. Advanced Tokenization Engine & Automated Controls

BlocPal's sophisticated tokenization platform plays a pivotal role in launching and managing compliant, secure, and versatile digital assets. The platform is built on blockchain technology, embedding comprehensive compliance, investor protection, and dynamic management capabilities directly into its smart contracts. This enables BlocPal to seamlessly manage not only the BLOC Security Token but also tokenize diverse real-world assets such as fiat currencies, precious metals, real estate, commodities, and other securities.

Core Features of BlocPal's Tokenization Platform

1. Fully Compliant Token Launches

- **Compliance by Design:** Every token issued via BlocPal's platform is designed to be compliant from inception, incorporating strict regulatory controls directly into its smart contract logic. Standards such as ERC-1404 and other compliant token standards may be utilized to enforce transfer restrictions, ownership eligibility, and issuance limits automatically.

- **Integrated Investor Verification:** BlocPal ensures rigorous KYC/AML processes and accreditation checks before tokens are minted or transferred, significantly reducing compliance risk and streamlining investor onboarding.

2. Dynamic Token Management

BlocPal's platform provides comprehensive controls for active token lifecycle management:

- **Minting & Burning:** Administrators can securely mint additional tokens or burn existing tokens as required. This flexible capability allows BlocPal to swiftly and precisely adjust token supply in response to real-world asset events, evolving regulatory requirements, or strategic operational changes, maintaining an accurate and trusted reflection of underlying asset conditions.

- **Whitelist & Blacklist Controls:** BlocPal implements advanced investor protections by managing whitelists (authorized addresses) and blacklists (blocked addresses). Real-time updates ensure token transfers occur exclusively between approved investors, preventing unauthorized or fraudulent activities.

- **Transaction Fee Management:** Integrated smart contracts automatically collect and manage transaction fees, which can be adjusted dynamically to optimize market conditions or incentivize platform activity. This built-in fee structure directly contributes to BlocPal's top-line revenue QARD calculation, clearly aligning investor returns with platform growth and activity.

3. Upgradeable Smart Contracts (Versioning)

BlocPal utilizes a secure, upgradeable contract architecture allowing smart contracts to adapt as regulatory frameworks, investor requirements, or blockchain technologies evolve. This includes:

- **Proxy Contract Architecture:** Allows updating smart contract logic securely without altering the blockchain address or disrupting user holdings. It provides flexibility to incorporate future regulatory requirements or technological advancements seamlessly.

- **Transparent Governance:** All upgrades follow stringent internal governance protocols, requiring multi-signature authorization, advance notification, and transparency to ensure investor trust and compliance integrity.

4. Robust Security & Auditing Practices

BlocPal's tokenization platform undergoes rigorous security protocols to safeguard assets and investor interests:

- **Third-party Security Audits:** All smart contracts and system components are regularly audited by reputable blockchain security firms to identify and mitigate vulnerabilities.

- **Multi-Signature Control:** Critical administrative functions, such as token minting, burning, or upgrading, require multi-signature approvals, ensuring no single point of compromise.

- **Time-Locked Sensitive Operations:** Significant administrative changes may employ a time-lock feature, providing token holders and administrators with a response window to review and prevent unauthorized or unintended actions.

Real-World Application & Flexibility

BlocPal's platform doesn't merely issue tokens, it actively manages them throughout their lifecycle, providing adaptability to various use-cases:

- **Asset-Backed Tokens:** Tokens representing real-world assets (RWAs) such as real estate or commodities can be dynamically adjusted to reflect underlying asset conditions, including capital increases or asset liquidation.

- **Revenue-Generating Service:** BlocPal's technology can be offered as a white-label or API-driven service, enabling third-party issuers to tokenize their assets seamlessly. Revenue from such partnerships further benefits the BLOC Security Token holders through Token Holder Royalty distributions.

Summary of Key Platform Capabilities

Feature	Description/Benefits
Compliance Integration	Embedded regulatory compliance, secure investor onboarding.
Dynamic Mint/Burn Control	Responsive supply management reflecting real-world events.
Whitelist/Blacklist	Real-time management of eligible token holders.
Transaction Fee Automation	Automatic revenue collection, adjustable fee structures.
Upgradeable Contracts	Future-proof tokens through secure, transparent updates.
Robust Security Practices	Regular audits, multi-signature approvals, time-locking.

BlocPal's comprehensive approach combines the best practices of traditional finance with blockchain's innovation, creating a secure, adaptable, and fully compliant tokenization platform. This foundation positions BlocPal as a trusted partner in the rapidly evolving digital asset marketplace, ensuring longevity, investor confidence, and regulatory alignment.

8. Investor Eligibility, Compliance, & Liquidity

BlocPal is committed to rigorous regulatory compliance, ensuring long-term viability, legitimacy, and success for its BLOC Security Token. By proactively aligning with established securities regulatory frameworks from inception, BlocPal demonstrates its commitment to transparency, robust investor protections, and compliance certainty at every stage of the token's lifecycle.

Investor Eligibility & Initial Offering

Initially, BlocPal International Inc. is privately offering the BLOC Security Token exclusively to accredited investors under recognized regulatory exemptions:

- **United States**: Initially utilizing Regulation D Rule 506(b) (private placement without general solicitation), transitioning shortly thereafter to Regulation D Rule 506(c), enabling

broader marketing exclusively to verified accredited investors.

- **Canada**: Leveraging accredited investor exemptions and Offering Memorandum exemptions as applicable under Canadian securities regulations.

- **Europe & Global**: Employing similar accredited investor frameworks and applicable prospectus-exempt offerings aligned with the EU's MiCA regulatory framework and local regulations in each jurisdiction.

BlocPal verifies investor accreditation through comprehensive KYC/AML procedures, including validation of investor income and net worth via reputable third-party verification services.

Nature of Token Ownership & Intellectual Property

It is important to clearly highlight the nature and scope of rights provided by the BLOC Security Token:

- Holders are entitled solely to Token Holder Royalties funded from the Token Royalty Pool under the QARD framework, explicitly defined in the Token Rights Agreement (TRA). BlocPal provides token holders with a transparent, automated online reporting dashboard, detailing which tokenized assets and yield sources contribute to the QARD, in addition to outlining the off-chain Exchange trading fees generated. Investors can easily verify and monitor the composition and calculation of their quarterly revenue-sharing payments.

- The BLOC Security Token does not provide holders with any rights of ownership, equity, or governance in BlocPal International Inc., nor any direct or indirect claim to the Company's assets, including intellectual property. Token holders receive no voting rights or rights to participate in corporate governance, management decisions, shareholder meetings, or any decisions affecting the Company's operations.

- The BLOC Security Token confers no proprietary interests in any of the Company's assets, including all intellectual property rights such as inventions, concepts, software code, trademarks, copyrights, patents, methods, or proprietary information. BlocPal retains all right, title, and interest in its intellectual property, including, without limitation, any ideas, inventions, processes, marks, methods, software, and proprietary data. Holders of BLOC Security Tokens are strictly prohibited from using, copying, reverse-engineering, modifying, or altering any Company intellectual property without express prior written consent from BlocPal.

Secondary Trading & Liquidity Compliance

BlocPal proactively ensures regulatory compliance and controlled liquidity for secondary market trading, progressing through clearly defined phases:

Stage 1: Private Accredited Investor Marketplace

Initially, BlocPal establishes a secure, private trading environment exclusively accessible to verified accredited investors:

- BlocPal provides an accredited-investor-only trading platform enabling verified investors to transparently view bid and ask prices.

- BlocPal serves as a regulated intermediary, directly settling transactions by purchasing tokens from sellers and reselling directly to qualified buyers.

- **Smart Contract Control:** BlocPal employs sophisticated ERC-20 smart contract functions (address whitelisting and blacklisting) to strictly enforce eligibility rules, ensuring only verified accredited investor addresses can send or receive BLOC Security Tokens.

This carefully structured initial stage ensures rigorous compliance and provides investors early liquidity within a clearly defined and secure trading environment.

Stage 2: Regulated Broker-Dealer & ATS Partnerships

As the BLOC Security Token ecosystem matures, BlocPal plans strategic partnerships with licensed broker-dealers and regulated Alternative Trading Systems (ATS) to enable broader trading access and deeper liquidity. Planned jurisdictions include:

- **United States:** Partnering with SEC-registered broker-dealers and ATS platforms, ensuring compliance with U.S. securities regulations.

- **Canada:** Integrating with Investment Industry Regulatory Organization of Canada (IIROC)-regulated broker-dealers and exchanges.

- **Europe:** Leveraging regulated Digital Asset Marketplaces (DAMs) operating under the EU's MiCA framework, ensuring cross-border compliance and liquidity.

These partnerships progressively broaden market access while maintaining the highest regulatory standards. BlocPal's smart contracts continue enforcing strict eligibility restrictions via whitelisting mechanisms across these platforms.

Ultimate Evolution: Regulation A+ Offering

BlocPal plans to ultimately broaden token accessibility through a qualified Regulation A+ (Tier 2) offering in the United States, facilitating participation by both accredited and non-accredited investors. Regulation A+ enables BlocPal to raise up to USD $75 million annually with streamlined disclosure requirements compared to traditional IPOs. Upon successful qualification, BLOC Security Tokens will become broadly tradable on fully regulated secondary marketplaces, significantly enhancing liquidity, transparency, and public participation.

Regulatory Filings & Reporting

BlocPal commits to comprehensive regulatory compliance through:

- **Initial & Ongoing Filings:** Completing Form D filings under U.S. Regulation D and required state-level ("blue sky") filings. Equivalent filings and disclosures under Canadian securities regulations and European (MiCA) frameworks.

- **Future Regulation A+ Prospectus Filings:** Detailed audited financial statements, material event disclosures, and comprehensive information regarding token-holder rights and investment risks.

- **Regular Token Investor Updates:** Secure quarterly and annual reporting detailing BlocPal's financial health, QARD allocation, operational developments, and strategic milestones.

Compliance Infrastructure & Investor Protection

BlocPal leverages robust compliance infrastructure:

- **Advanced KYC/AML Procedures:** Comprehensive identity verification, sanctions screening, and accreditation checks via established third-party compliance providers.

- **Geographic Compliance:** Geo-blocking and jurisdictional compliance mechanisms ensure BLOC Security Tokens stay exclusively accessible within compliant jurisdictions.

- **ERC-20 Smart Contract Controls:** Strict automated eligibility rules for token transfers (whitelisting and blacklisting) via ERC-20 smart contracts, ensuring continual compliance.

- **Token Rights Agreement (TRA):** Explicitly outlines revenue-sharing rights (QARD), non-cumulative distributions, absence of voting rights, lack of corporate governance participation, and clear intellectual property restrictions, transparently managing investor expectations.

Tax & Legal Considerations

BlocPal provides clear communication regarding tax implications related to quarterly Token Holder Royalty distributions, assisting investors with required documentation (e.g., W-8BEN/W-9 forms in the U.S.) and ensuring proper tax reporting.

Summary of BlocPal's Compliance Approach

- **Investor Qualification:** Initial offerings strictly limited to accredited investors under Regulation D Rules 506(b) and 506(c), and corresponding global exemptions.

- **Regulatory Filings:** Comprehensive filings (Form D, blue sky, Canadian securities filings, European MiCA compliance).

- **Transparent Reporting:** Verifiable quarterly financial disclosures, revenue distributions, and operational updates.

- **Compliance Infrastructure:** Rigorous KYC/AML checks, geographic compliance, and automated ERC-20 smart contract token transfer restrictions.

- **Clearly Defined Token Rights:** Token holders explicitly informed of limited rights (revenue-sharing only), absence of equity or governance, and clear intellectual property limitations.

Conclusion

BlocPal's structured, phased compliance approach ensures regulatory clarity, robust investor protections, and provides a transparent pathway toward broader public investor participation. By employing advanced ERC-20 token controls to strictly manage token transfer eligibility and clearly defining token-holder rights, BlocPal positions the BLOC Security Token as a pioneering, fully regulated, globally compliant digital security, committed to transparency, investor confidence, and sustained long-term growth.

9. Transition from BPAL to BLOC: Token Supply & Distribution

Discontinuation of BPAL

BlocPal's original security token, BPAL, was issued on the Company's proprietary blockchain and previously granted holders participation rights tied to the Company's Cash Adjusted Operating Cash Flow (CAOCF). Although innovative at inception, market developments and investor feedback facilitated the migration of BPAL to Ethereum, a more modern, and publicly accessible blockchain environment. This shift provides improved transparency, easier royalty calculation, regulatory compliance, and seamless integration with leading public blockchain ecosystems.

In August 2025, BlocPal is planning to formally retire the BlocPal private blockchain and BPAL Security Token, discontinuing the CAOCF profit distribution model. All obligations associated with BPAL are expected to cease as BPAL token holders will be invited to seamlessly transition their holdings into the new BLOC Security Token. This strategic evolution enhances transparency, regulatory compliance, liquidity, and overall investor value, effectively positioning BlocPal within the rapidly evolving tokenized financial ecosystem.

Conversion from BPAL to BLOC

BlocPal has established a fair, incentivizing, and economically balanced conversion plan to migrate existing BPAL Security Token holders smoothly into the new BLOC Security Token structure.

Rationale for Increased Token Supply
The transition from BPAL's original profit-based royalty distribution model (CAOCF) to the significantly more attractive top-line revenue-sharing model, known as QARD. QARD represents the qualified DeFi revenues generated quarterly by BlocPal, specifically including:

1. **Smart Contract Transaction Fees:** Fees from tokenized real-world assets managed by BlocPal (precious metals, real estate, commodities, fiat-backed stablecoins), including fees generated from trade pairings established via smart contracts with Liquidity Management Modules (LMMs) and Automated Market Makers (AMMs).

2. **Stable Reserve Yields:** Interest income derived from reserves backing BlocPal's tokenized assets, invested exclusively in secure, stable financial instruments such as government treasury bills and regulated bank deposits.

3. **Exchange Trading Fees:** Fees generated from cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange, strategically designed to enable compliance-driven liquidity through specialized API integrations and secondary market activities.

BlocPal allocates 33.3% of this total QARD into the Token Royalty Pool each quarter for token holders. To reflect and balance this substantial increase in potential royalty distributions to token holders, BlocPal has proportionately increased the total token supply from the original 1.11 billion BPAL Security Tokens to a fixed maximum of 3.33 billion BLOC Security Tokens. This adjustment ensures that investor rights and proportional economic interests remain fair, equitable, and aligned with the greater ongoing distributions provided by the enhanced royalty structure.

Conversion Terms:

- **1:1 Conversion Ratio:** 1 BPAL Security Token converts directly to 1 BLOC Security Token, preserving investors' proportional value.

- **Enhanced Allocations:** Additional bonus tokens to reward early investors and foundational stakeholders.

- **Voting and Consent:** BPAL Security Token holders must register an account on the BlocPalX Exchange using the same email associated with their original BPAL Security Token holdings. During registration, holders explicitly consent to the conversion terms, serving as approval to transition to the BLOC Security Token. BlocPal may also directly contact token holders to facilitate consent.

- **Automatic Conversion Trigger:** When at least 50% of holders have consented, remaining BPAL tokens will automatically convert, enabling a swift and seamless migration.

- **Ongoing Support:** BlocPal will offer guidance and support to token holders throughout the conversion process.

Conversion Process for BPAL Security Token Holders:

Current BPAL Security Token holders will complete the following steps to convert legacy holdings into the new BLOC Security Token:

1. **Account Registration:** Register an account on the BlocPalX Exchange using the email address associated with existing BPAL holdings.

2. **Compliance Verification:** Complete identity and wallet verification processes to meet regulatory and compliance requirements.

3. **Consent to Conversion:** Explicitly agree to the conversion terms provided on the form for electronic signature, thereby formally approving the transition from BPAL to the BLOC Security Token.

Once the threshold of 50% holder participation is reached, all remaining BPAL tokens will automatically convert, efficiently transitioning all holders to BlocPal's enhanced revenue-sharing model.

Pro Forma Token Distribution

Following the full conversion, the total BLOC Security Token supply will be permanently capped at **3.33 billion** tokens. The estimated Pro Forma distribution post-conversion is as follows:

Allocation Segment	% of Total Supply	Purpose
Converted BPAL Token Holders	17%	Allocated to qualified investors and miners from the legacy BlocPal private blockchain, rewarding early participation and loyalty during the initial stages of BlocPal's growth.
New Investors	25%	Reserved for accredited and future investors participating in ongoing private placements, Regulation D[4] and Regulation A+[5] offerings, and other compliant global investment rounds to provide funding for BlocPal's expansion.
Distribution and Liquidity Partners	10%	Dedicated to strategic partners, market-makers, regulated exchanges, broker-dealers, liquidity providers, and ATM networks, incentivizing active ecosystem participation and fostering robust liquidity across the BlocPal's DeFi operations.
Team Allocations, including Consultants	20%	Allocated to core team members, key consultants, advisors, and contributors, aligning team interests directly with BlocPal's long-term growth, operational success, and sustained innovation.
BlocPal Treasury & Strategic Reserves	28%	Company reserves strategically allocated for future growth initiatives, potential acquisitions, ecosystem investments, liquidity provisioning, regulatory compliance, and future capital raises.

This clear distribution ensures transparency and equitable treatment for all stakeholders, aligning their interests with BlocPal's growth.

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[4] U.S. Securities and Exchange Commission, "Regulation D Offerings," https://www.sec.gov/resources-small-businesses/exempt-offerings/private-placements-rule-506b
[5] U.S. Securities and Exchange Commission, "Regulation A+," https://www.sec.gov/smallbusiness/exemptofferings/rega

10. Collaborative B2B2C Ecosystem & Market Distribution

BlocPal employs an inherently collaborative B2B2C (Business-to-Business-to-Consumer) model for distributing its tokenized assets and the BLOC Security Token. Instead of relying solely on a single proprietary exchange, which can lead to limited liquidity and fragmented markets, BlocPal is strategically building an interconnected global network of partners. This approach enhances liquidity, expands investor access, and ensures compliance across multiple regulated channels.

Key Ecosystem Participants & Their Roles

- **Market-Makers & Sophisticated Traders:** Maintain stable liquidity through continuous bid-ask activity, enhancing market depth and confidence.

- **Regulated Exchanges & Digital Asset Marketplaces:** Facilitate compliant, cross-platform liquidity, enabling seamless and transparent asset trading.

- **Automated Teller Machine (ATM) & Retail Channel Networks:** Offer convenient consumer access to BlocPal's tokenized assets through physical and virtual ATMs and retail points of sale.

- **B2B Payment Networks & Fintech Partners:** Embed tokenized investments into existing financial products, expanding market reach and investor accessibility.

- **Broker-Dealers, Registered ATS Platforms & Financial Advisors:** Provide compliant channels for primary issuance and secondary trading, connecting tokenized assets to traditional investor networks.

Integrated Secondary Exchange & Shared Liquidity Model

A key part of BlocPal's strategy is to create a federated liquidity network that integrates multiple trading platforms into a cohesive ecosystem. This shared liquidity approach ensures:

- **Unified Order Books:** Utilizing our Binance-compatible BlocPalX Exchange APIs, multiple platforms and exchanges can route trades seamlessly to each other, maintaining liquidity and market depth across all participating venues.

- **Cross-Platform Trading:** Investors can trade tokens regardless of their preferred exchange or brokerage, facilitated by back-end connectivity. This model mirrors traditional financial markets where assets are traded across multiple exchanges but settled through unified clearinghouses.

- **Compliance-Driven Settlement:** All secondary trades remain compliant with KYC/AML and securities regulations due to built-in smart contract controls and partnerships with licensed broker-dealers and regulated ATSs.

Solving the "Walled Garden" Problem

BlocPal's federated liquidity model addresses the common challenge in the security token space, fragmented liquidity due to isolated exchanges:

- By ensuring interoperability through standardized APIs, such as Binance-compatible interfaces, BlocPal makes it simple for existing exchanges, brokers, and market-makers to integrate. This proactive approach effectively breaks down traditional market barriers, significantly enhancing trading efficiency, investor accessibility, and market liquidity.

- Orders originating on any integrated platform can be matched with liquidity across the network, maximizing trading opportunities and providing continuous price stability.

- Partner ATSs and regulated exchanges can settle trades transparently on-chain (via Ethereum and other supported blockchains) without investors needing multiple accounts.

Ecosystem Incentives & Alignment

BlocPal carefully aligns economic incentives across the B2B2C distribution network:

- **Fair and Motivating Partner Agreements:** BlocPal designs fair, win-win agreements with distribution partners, strategically aligning incentives to encourage active promotion, widespread distribution, sustained holding, and increased trading activity of BlocPal's tokenized assets, including engagement on the BlocPalX Exchange. These structured agreements offer combinations of equity participation, cash-based incentives, and loyalty rewards, driving deeper collaboration, enhancing market liquidity, and fostering long-term ecosystem growth.

- **Mutual Stake in Success:** Qualified partners are incentivized through BLOC Security Token holdings, directly aligning their interests with the overall growth and success of the BlocPal ecosystem. By encouraging our ecosystem participants to hold BLOC Security Tokens, BlocPal creates a shared interest in the token's long-term performance, strengthening collaborative relationships and driving deeper ecosystem integration.

- **Virtuous Growth Cycle:** Increased platform activity and liquidity generate higher revenues, which benefit BLOC Security Token holders through top-line revenue sharing, further driving adoption and liquidity in a virtuous reinforcing loop.

BlocPal's approach effectively blends traditional financial distribution practices with blockchain efficiency, fostering a vibrant, accessible, and compliant token marketplace. This robust ecosystem positions the BLOC Security Token, and the broader family of BlocPal-issued digital assets, for scalable global adoption, enhanced liquidity, and sustained investor value.

11. Unique Advantages and Differentiation of BLOC

The BLOC Security Token uniquely positions itself within today's rapidly evolving digital asset landscape by providing investors direct, transparent participation in BlocPal's DeFi growth through a robust, compliant top-line revenue-sharing mechanism. This distinctive approach clearly differentiates BlocPal's BLOC Security Token from traditional digital securities, highlighting its innovative structure, compliance rigor, and compelling investment opportunity for a diverse range of investors.

Distinctive Revenue-Sharing Model

- **Direct Top-line Revenue Participation**: Unlike traditional tokens or financial instruments that typically distribute net profits or dividends, the BLOC Security Token is designed to share up to 33.3% of qualified gross revenues generated across BlocPal's DeFi platform with token holders. These revenue streams are derived from three primary sources: (1) smart contract transaction fees tied to a diversified range of tokenized assets (such as commodities, real estate, precious metals, and fiat-backed instruments); (2) yields generated from reserves underpinning these tokenized assets invested exclusively in stable financial instruments such as government treasury bills and bonds; and (3) exchange trading fees arising from cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange, including API-driven trades and secondary-market activity.

- **Quarterly, Predictable Distributions**: BlocPal aims to provide quarterly distributions structured as royalties, offering investors the opportunity to receive stable and predictable income streams, in contrast to the speculative and unpredictable nature often associated with meme coins and other digital assets. As royalty distributions increase over time, they are also expected to support appreciation in the value of the BLOC Security Token, creating clear alignment between investor returns and BlocPal's DeFi transaction volume and asset activity as the ecosystem grows.

Comprehensive Regulatory Compliance

- **Explicitly Defined as a Security Token**: From inception, the BLOC Security Token is structured and offered as a fully compliant security token under clear regulatory frameworks (initially Regulation D Rule 506(b), evolving to Regulation D Rule 506(c), and ultimately targeting Regulation A+ and equivalent international frameworks). This explicit compliance approach provides clarity, investor confidence, and mitigates regulatory risk common in digital asset investments.

- **Transparent and Verifiable Compliance**: BlocPal leverages advanced ERC-20 smart contract technology to enforce regulatory compliance continuously, including automated whitelisting and blacklisting of investor addresses, KYC/AML checks, and jurisdictional

restrictions. This ensures strict adherence to securities laws across all primary issuances and secondary market trading.

Diversified Revenue Sources and Stable Yields

- **Broad Asset Exposure**: Rather than being confined to a single asset class or individual platform revenue, BLOC Security Token holders benefit from diversified revenue streams originating from a variety of tokenized real-world assets. This diversified revenue model significantly reduces risk exposure associated with single-asset volatility, clearly enhancing the stability and attractiveness of investor returns.

- **Low-risk Yield Component**: In addition to transaction-based revenues, BLOC Security Token holders receive a share of stable yields derived from interest-bearing assets (e.g., government-backed bonds, regulated financial institutions, and asset-backed tokens). These low-volatility yields provide a stabilizing income component alongside platform-generated transaction revenues.

- **Exchange Trading Fee Revenue:** BlocPal generates substantial revenues from trading fees associated with cryptocurrency and tokenized asset transactions executed via the BlocPalX Exchange. This includes direct exchange trades, API-driven transactions, and secondary market trades through regulated partners. This diversified revenue stream provides consistent income for token holders and incentivizes ecosystem participation, further boosting transaction volumes and enhancing overall returns.

Advanced Liquidity and Market Access via B2B2C Ecosystem

- **Multi-platform Distribution and Liquidity**: BlocPal's innovative Business-to-Business-to-Consumer (B2B2C) model ensures that tokenized assets, including BLOC Security Tokens, are distributed broadly and traded across a federated network of licensed OTC dealers, digital asset marketplaces, broker-dealers, regulated Alternative Trading Systems (ATS), and retail channels including ATM networks. This strategic multi-platform approach enhances liquidity, price stability, and investor access compared to single-platform offerings.

- **Flexible and Scalable Infrastructure**: The integrated ecosystem employs widely compatible APIs (such as Binance-compatible interfaces) enabling seamless cross-platform trades and unified liquidity pools. This scalability ensures consistent investor experience and broad market accessibility.

Transparent Reporting and Accountability

- **Near Real-time Reporting & Transparency**: BlocPal provides comprehensive online reporting tools, clearly indicating which tokenized assets contribute to the QARD allocation, including detailed transaction revenue and yield generation breakdowns. Investors have real-time visibility into revenue sources, distribution calculations, and

asset-level performance, ensuring transparency and trust.

● **Robust Investor Protection and Clarity**: The Token Rights Agreement (TRA) explicitly defines the revenue-sharing mechanism, clearly distinguishing investor entitlements and ensuring expectations are transparently managed. BlocPal proactively communicates tax implications and reporting requirements, further protecting investors.

Non-Dilutive Token Supply and Long-Term Stability

● **Fixed and Predictable Token Supply**: Unlike models involving ongoing token inflation or dilution, the BLOC Security Token supply remains fixed, providing token holders stability and clarity in long-term value projections. This structural certainty ensures investors avoid risks associated with dilution or uncontrolled token issuance.

Central to BlocPal's DeFi Ecosystem

● **Driving Ecosystem Growth:** The BLOC Security Token is strategically central to BlocPal's DeFi ecosystem, incentivizing token holders, distribution partners, and liquidity partners to actively engage with, promote, and utilize BlocPal's services. Increased transactional volume directly translates into higher revenue, benefiting all token holders through proportional royalty distributions and creating a self-reinforcing cycle of sustained growth, ecosystem loyalty, and investor engagement.

A Unique Hybrid Model

● **Bridging Proven TradFi Infrastructure with DeFi Innovation:** BlocPal builds upon its established, successful traditional financial (TradFi) infrastructure and extensive distribution network as foundation to launch and scale innovative decentralized finance (DeFi) services. The BLOC Security Token uniquely integrates the benefits of traditional finance (predictable income streams, regulatory clarity, investor protection) with blockchain technology's efficiency (automated on-chain distributions, asset tokenization, global liquidity). By strategically combining the proven stability of BlocPal's TradFi operations with the transformative potential of DeFi, BlocPal delivers a differentiated investment opportunity that uniquely positions the BLOC Security Token to capture sustained growth and investor value in today's rapidly evolving digital asset marketplace.

12. Implementation Timeline & Roadmap

BlocPal's transition from the legacy BPAL token to the fully compliant BLOC Security Token follows a clear, phased roadmap. Each phase is strategically designed to ensure legal compliance, technological robustness, and ecosystem expansion, ultimately maximizing value and transparency for all stakeholders.

Phase 1: Legal Preparation & Consent

Objectives:

- Obtain token holder approval for BPAL-to-BLOC conversion.
- Secure all necessary regulatory clearances and exemptions.
- Establish investor verification mechanisms.

Key Activities:

- **Tokenholder Approval:** Utilize amendment clause (Section 5(a) of BPAL Subscription Agreement) to formally retire BPAL's CAOCF obligations. Conduct formal consent solicitation or vote among BPAL holders.

- **Regulatory Filings:** File required documentation (Form D for Reg D offerings, regulatory notices) to relevant authorities in the U.S., Canada, and other jurisdictions.

- **Investor Verification Portal:** Utilize the BlocPalX Exchange platform for accredited investor verification, KYC, and consent documentation necessary for token issuance.

Phase 2: Token Conversion & Deployment

Objectives:

- Deploy BLOC smart contracts on Ethereum and validate compliance-driven controls.
- Launch the Decentralized BlocPalX Exchange.
- Execute the BPAL-to-BLOC token conversion seamlessly.

Key Activities:

- **Smart Contract Deployment:** Launch audited ERC-20 smart contracts, including token distribution, compliance, revenue-sharing (QARD), and royalty mechanisms.

- **BPAL-to-BLOC Conversion:** Execute the 1:1 token conversion (plus applicable bonuses) via an automated distribution process, minting BLOC Security Tokens directly into the token holders' verified Ethereum addresses.

- **Activate Trading Controls:** Implement whitelist and blacklist compliance measures at the smart-contract level, restricting token transfers exclusively to accredited and verified investors initially.

- **Retire BPAL Officially:** Formally cancel BPAL tokens, retire private ledger operations, and notify all stakeholders of the transition to BLOC Security Tokens.

Phase 3: Revenue Sharing & Ecosystem Development

Objectives:

- Set up the web portal for transparent QARD / revenue-sharing reporting.
- Promote the decentralized BlocPalX Exchange to facilitate secondary market liquidity.
- Introduce initial asset-backed token offerings to generate ecosystem revenue.
- Develop key partnerships for distribution and liquidity.

Key Activities:

- **Revenue Tracking & Royalty Distribution:** Begin quarterly distributions based on the QARD for automated smart contract investor payouts. Token holders can then withdraw their accumulated Token Holder Royalty payments directly from the smart contract whenever they choose.

- **BlocPalX Exchange Marketing:** Market the fully compliant, Binance-compatible decentralized BlocPalX Exchange, enabling compliant trading of BLOC Security Tokens, popular cryptocurrencies and BlocPal tokenized assets.

- **Asset Token Launches:** Launch the first set of fully compliant tokenized assets (e.g., precious metals), generating transaction fees and demonstrating the platform's capabilities.

- **Investor Community Expansion:** Enhance investor outreach through active marketing, community engagement, and educational initiatives, preparing the foundation for broader retail investor inclusion.

- **Initial BLOC Accredited Investor Liquidity:** Enable compliant liquidity on the BlocPalX Exchange for accredited investors holding BLOC Security Tokens, ensuring controlled and regulated marketplace access.

Phase 4: Ecosystem Expansion & Platform Enhancement

Objectives:

- Diversify tokenized asset offerings across global markets.
- Obtain regulatory approval (e.g., Reg A+) for broader investor participation in the BLOC Security Token and potentially other tokenized assets / securities.
- Continuously enhance platform features, compliance capabilities, and reporting transparency.

Key Activities:

- **Expanded Asset Portfolio:** Introduce additional asset-backed tokens, including securities, debt/bond instruments, alternative investments, and geographically targeted offerings, ensuring broad market appeal.

- **Geographic & Institutional Partnerships:** Strategically expand BlocPal's presence internationally (e.g., Europe, Asia, Middle East) and establish partnerships with major financial institutions exploring tokenization.

- **Regulatory Milestones (Reg A+):** Complete regulatory filings for Regulation A+ qualification, opening the BLOC Security Token to retail investors and enabling secondary market trading on regulated exchanges or ATS.

- **Technology Upgrades & Integration:** Continuously update the tokenization platform to incorporate advancements such as decentralized identity solutions, Layer-2 scaling, new security standards, and enhanced smart contract governance.

- **Auditing & Transparency Enhancements:** Implement regular independent audits and comprehensive reporting, ensuring full transparency of revenue distributions, reserve management, and smart contract security.

- **Expanded BLOC Liquidity via Regulatory Approvals:** Broaden secondary market liquidity for BLOC Security Token holders by obtaining additional regulatory approvals (including Regulation A+) and forming strategic integrations with regulated exchanges, broker-dealers, and ATS platforms globally.

Roadmap Summary

Phase	Timeline	Milestone Deliverables
Phase 1	July 2025	Approvals, Filings, Investor Verification
Phase 2	August 2025	Token Conversion, Smart Contract Deployment, Trading Controls, Launch of Decentralized BlocPalX Exchange
Phase 3	September 2025	Revenue Sharing, Initial Asset Launches, Initiate BLOC Liquidity for Accredited Investors
Phase 4	Q4 2025 Onwards	Expanded Offerings, Reg A+ Filing, Platform Enhancements

This structured roadmap provides a clear, actionable path to full compliance, investor inclusion, and sustained ecosystem growth, positioning BlocPal as a leader in tokenized financial services and digital asset innovation.

13. Conclusion

BlocPal's introduction of the BLOC Security Token marks a transformative step forward for both the company and the broader tokenization industry. This whitepaper has outlined how the legacy BPAL token is being strategically upgraded into the BLOC Security Token, a groundbreaking security that uniquely combines the transparency and innovation of blockchain technology with the regulatory clarity and investor protections of traditional finance. Several key themes underpin BlocPal's new approach:

1. **Alignment of Interests**

   ● The BLOC Security Token provides holders with direct and transparent participation in BlocPal's success through a revenue-sharing model referred to as QARD (Qualified Aggregate Revenue Distribution), under which up to 33.3% of BlocPal's gross DeFi revenues are allocated for distribution to token holders.

   ● This innovative approach fosters trust, encourages active community participation, and enhances long-term investor engagement, turning token holding into a tangible, yield-bearing investment backed by real economic activity.

2. **Innovative and Sustainable Tokenomics**

   ● BlocPal's pioneering QARD system delivers regular quarterly distributions based on: (1) smart contract transaction fees embedded in all qualified tokenized assets launched by BlocPal; (2) yields generated from reserves underpinning these assets invested exclusively in stable financial instruments such as government treasury bills and bonds; and (3) exchange trading fees arising from cryptocurrency and tokenized asset transactions executed via the decentralized BlocPalX Exchange, including API-driven trades and secondary-market activity.

   ● The weighted-average holding calculation incentivizes long-term investment, enhancing the stability, resilience, and sustainability of the token's value and investor returns.

3. **Fully Compliant Structure**

   ● The BLOC Security Token's architecture is purpose-built for regulatory compliance, initially targeting accredited investors under Regulation D, with clear plans to expand to broader investor bases through Regulation A+ and international equivalents.

- Embedded compliance mechanisms, including whitelisting, transfer controls, and audited smart contracts, provide investors institutional-grade oversight and transparency.

4. Robust and Adaptable Technology

- Built on Ethereum's secure and widely-adopted blockchain, the BLOC Security Token is supported by a sophisticated smart contract infrastructure.

- The platform is upgradeable and adaptable, ensuring operational stability, ongoing market relevance, scalability, and responsiveness to future regulatory or technological changes.

5. Strategic Ecosystem and Market Distribution

- BlocPal's B2B2C strategy ensures broad distribution and enhanced liquidity for all of BlocPal's tokenized assets, addressing the fragmentation and liquidity challenges common in the digital asset space.

- Leveraging strategic partnerships across regulated marketplaces, exchanges, broker-dealers, OTC dealers, market-makers, liquidity providers, and crypto ATM networks creates a vibrant, interconnected ecosystem, fostering robust and accessible trading environments.

6. Proven Real-world Business Foundation

- BlocPal's existing fintech infrastructure and proven track record, demonstrated by billions of dollars in processed transactions and established market presence, provide a credible, scalable, and practical foundation for its tokenization initiatives.

- This tangible real-world backing differentiates BLOC Security Token from speculative crypto projects, offering investors a secure, growth-oriented investment grounded firmly in actual economic activity and proven market operations.

7. Liquidity Opportunities Through BlocPalX Exchange

The BlocPalX Exchange facilitates compliant liquidity and trading across three key areas:

- **BlocPal's Tokenized Real-World Assets:** Facilitating liquidity and trading of tokenized assets including real estate, commodities, precious metals, and other securities through seamless API integrations and strategic partnerships.

- **BLOC Security Token:** Initially offering compliant liquidity exclusively for accredited investors holding BLOC Security Tokens, expanding progressively via additional regulatory qualifications (e.g., Regulation A+) and strategic partnerships with

broker-dealers and ATS platforms.

- **Popular Cryptocurrencies:** Supporting secure, transparent trading and payment processing for widely recognized cryptocurrencies like Bitcoin (BTC), Ethereum (ETH), and stablecoins, enabling comprehensive market participation.

This integrated exchange platform significantly enhances market depth, accessibility, and liquidity for all BlocPal assets.

8. Ecosystem Incentives Using BLOC Token

The BLOC Security Token incentivizes key ecosystem participants, directly aligning their interests with BlocPal's growth:

- **Token Holders:** Encouraging active BLOC Security Token holding and BlocPal platform usage through ongoing revenue-sharing and yields, promoting sustained investor engagement.

- **Liquidity Partners:** Selectively rewarding liquidity providers and market-makers to ensure robust trading activity and market stability.

- **Distribution Partners:** Strategically incentivizing distribution partners, including regulated marketplaces, OTC dealers, broker-dealers, exchanges, and crypto ATM networks, enhancing asset adoption, distribution, and transaction volumes.

These aligned incentives create a reinforcing cycle of growth, liquidity, and market participation across the BlocPal ecosystem.

Looking Ahead

BlocPal's vision for the BLOC Security Token extends far beyond initial launch. The company is committed to continuous innovation, expanding into new asset classes, financial products, and blockchain integrations. Central to BlocPal's ongoing strategy, the BLOC Security Token not only ensures investors continually benefit from BlocPal's growth but also actively incentivizes distribution partners, ecosystem participants, and token holders to use, promote, and transact across the platform and its digital assets. This alignment of incentives fosters robust engagement, enhances transaction volumes, and accelerates ecosystem growth, creating a virtuous cycle of mutual success and sustained value creation for all stakeholders.

The tokenization of real-world assets represents one of the most significant financial innovations of this decade. BlocPal positions itself as a global leader, setting benchmarks for responsible, compliant, and investor-centric tokenized asset creation. Traditional investors gain secure, regulated exposure to blockchain investments, while crypto-savvy investors find a transparent, sustainable alternative backed by real economic value generation and business fundamentals.

In closing, the BLOC Security Token represents not just an evolution, but a revolution in blockchain investing. By pioneering a transparent, royalty-based revenue-sharing model rooted in real-world asset tokenization, BlocPal aligns, motivates, and rewards its investors and partners. By directly linking royalty distributions to transaction growth, the model incentivizes all participants to transact, expand adoption, and collectively strengthen the ecosystem. We invite stakeholders to join this transformative journey and participate directly in BlocPal's DeFi growth, innovation, and long-term success. Together, we can shape a vibrant and inclusive financial future powered by decentralized finance.

Appendix: Disclosure & Risk Factors

General Disclosure

The information provided in this white paper is for informational purposes only and is subject to change. BlocPal International Inc. ("BlocPal") makes no obligation or undertaking to update, revise, or publicly announce any updates or revisions to the information contained herein. Readers should not rely upon the content for any decision-making purpose without independently verifying relevant details.

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This document does **not** constitute:

- An offer to sell or a solicitation of an offer to buy the BlocPal Security Tokens (BLOC) or any other cryptographic tokens or securities.
- A prospectus, offering memorandum, advertisement, or recommendation regarding the purchase or sale of any security, financial product, or instrument.

Any offering or sale of BlocPal Security Tokens (BLOC) will occur exclusively through formal offering documents provided to qualified investors and in strict compliance with applicable securities laws and regulations in relevant jurisdictions.

Investment Risks and Considerations

Participants and prospective investors should understand that investments in digital assets, including the BlocPal BLOC security token and other tokenized assets referenced herein, carry substantial risks. These risks include, but are not limited to:

- **Regulatory Risks:** Changes in securities laws, regulatory interpretations, or enforcement actions may negatively impact the legality, liquidity, or market acceptance of BLOC Security Tokens.

- **Market Risks:** Fluctuations in market conditions, interest rates, macroeconomic conditions, and general crypto-asset volatility could negatively affect asset values and distributions.
- **Liquidity Risks:** Tokens may experience low trading volumes and limited liquidity on secondary trading platforms, potentially affecting the ability to sell or trade tokens at desired times or prices.
- **Operational Risks:** Risks associated with technology, smart contracts, cyber-attacks, blockchain network disruptions, or failures of third-party service providers could negatively affect BlocPal's operations, token distribution, and revenue sharing.
- **Economic Risks:** BlocPal's financial performance, revenue streams, and yield distributions to token holders depend on successful execution of its business model, market adoption, and ability to scale operations.
- **Loss of Investment:** Investors should be prepared for the potential total loss of their invested capital.

Prospective investors should consult independent legal, financial, and tax advisors and conduct comprehensive due diligence before participating in any investment involving BlocPal tokens or related assets.

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