

BlocPal Security Token Litepaper

Empowering Investors. Transforming Finance. Together.

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Introduction: A Strategic Advancement in Digital Asset Investing

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-like 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. Through a well-defined revenue-sharing model, Qualified Aggregate Revenue Distribution (QARD), token holders benefit directly from BlocPal's growing DeFi ecosystem, including fees generated from tokenized real-world assets (RWAs), stable reserve yields, and decentralized exchange trading activity executed via the BlocPalX Exchange. This structure clearly aligns investor returns with BlocPal's ongoing growth in DeFi, offering investors a distinctive opportunity and setting a new benchmark in digital asset investing.

This Litepaper summarizes key aspects of the BLOC Security Token. For detailed explanations, including compliance frameworks and tokenomics, please consult the full whitepaper.

About BlocPal: Proven Track Record & Global Reach

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 significantly expands 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 seamlessly access essential financial services.

BlocPal effectively expands access to modern digital banking, payment services, and investment opportunities, empowering users worldwide to manage and grow their wealth. 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 fosters a robust ecosystem that enhances financial inclusion and accessibility globally. At the ecosystem's core is BlocPalX, a decentralized exchange (DEX) securely integrating global distribution networks via Binance-compatible APIs, ensuring compliant-driven liquidity and trading for tokenized assets.

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 extensive distribution network demonstrates the scalability and effectiveness of our inclusive, collaborative business model. Introducing tokenized real-world assets (RWAs) fundamentally aligns with BlocPal's mission to deliver affordable and accessible financial services globally, driving greater financial inclusion.

Strategic Transition from BPAL to BLOC Security Token

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). However, market developments and investor feedback facilitated the migration to a more transparent, publicly accessible blockchain environment.

The BLOC Security Token replaces BPAL by shifting from CAOCF profit sharing distributions to direct top-line revenue sharing through BlocPal's new innovative QARD model. This shift significantly enhances transparency, ease of royalty calculations, regulatory compliance, and market acceptance.

Introducing QARD: Transparent Top-Line Revenue Sharing

Qualified Aggregate Revenue Distribution (QARD) clearly defines revenue sources from which royalty distributions are made to BLOC Security Token holders each quarter:

- **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).
- **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.
- **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 quarterly QARD revenues to the dedicated Token Royalty Pool (33.3% of QARD), distributed in stablecoins (e.g., USDC). Investors are informed of their accumulated royalties on a quarterly basis, and can conveniently access their royalties via dedicated Ethereum smart contracts.

Royalty Distributions & Investor Benefits

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, allocated on a weighted average basis to reflect actual token holding periods.
- 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.

Illustrative Example of Quarterly Royalty Distribution:

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.

Example: Revenue streams contributing to QARD calculation for a quarterly reporting period.

- Smart Contract Transaction Fees: \$15M
- Yield from Stable Investments: \$10M
- BlocPalX Exchange Trading Fees: \$5M

Total Quarterly Revenue (QARD): **\$30M**

Allocated to Token Royalty Pool (33.3%): **~\$9.99M**

- Divide the total Token Royalty Pool allocation to token holders by total token supply:
- $\$9,990,000 \div 3,330,000,000 \text{ tokens} = \text{~}\0.003 royalty payment per token

In this example, a holder of 1,000,000 BLOC receives **\$3,000** royalty allocation for the quarter.

- $1,000,000 \text{ tokens} \times \$0.003 \text{ per token} = \$3,000$ for quarterly reporting period

Royalty distributions are proportionally allocated based on investor holdings, with calculations transparently documented, verifiable through the online portal and blockchain records.

Weighted Average Example (Mid-Quarter Transfer): If Holder A owns 1,000,000 BLOC tokens for half the quarter and then transfers them to Holder B, each receives half of the per-token royalty for that period. This day-weighted method ensures payouts always reflect actual holding time.

ERC-20 BLOC Security Token: Detailed Overview

The ERC-20 token standard, utilized on Ethereum, was strategically selected due to:

- Proven reliability and widespread market acceptance, hosting the largest and most active blockchain community globally.
- Compatibility with major wallets, decentralized finance (DeFi) applications, exchanges, and custodial solutions.
- Enhanced interoperability, security, and transparency.

ERC-20 Token Features & Compliance Controls:

BlocPal's ERC-20 BLOC Security Token includes sophisticated smart-contract mechanisms for regulatory compliance and investor protection:

- **Whitelist/Blacklist Controls:** Ensuring only accredited, compliant investors hold and trade tokens.
- **Minting/Burning Capabilities:** Allow controlled adjustments to maintain accurate and transparent token supply.
- **Transfer Restrictions:** Ensuring initial trading adheres strictly to regulatory requirements (Regulation D accredited investors, progressing toward broader Reg A+ eligibility).
- **Upgradeable Smart Contracts:** Future-proofing compliance, enabling necessary enhancements securely via multi-signature governance.

The decentralized BlocPalX Exchange, integrated directly with these ERC-20 compliance mechanisms, ensures secure, regulated trading exclusively among verified investors. The fixed maximum supply of BLOC Security Tokens is set at **3.33 billion**, providing predictability, clarity and stability to investors.

Conversion from BPAL to BLOC

BlocPal facilitates an equitable, transparent conversion from BPAL to the BLOC Security Token, maintaining investor proportional interests:

Conversion Terms:

- **1:1 Conversion Ratio:** Directly converts each BPAL token into one BLOC Security Token.
- **Enhanced Allocations:** Additional bonus tokens to reward early investors and foundational stakeholders.

- **Voting & Consent:** Token holders explicitly consent via the registration process on the BlocPalX Exchange. BlocPal may also directly contact token holders to facilitate consent.
- **Automatic Conversion Trigger:** Once 50% or more token holders consent, automatic conversion activates, streamlining the process.
- **Ongoing Support:** Dedicated BlocPal support ensures smooth transition and compliance verification throughout.

Post-Conversion Token Allocation:

Allocation Segment	Percentage of Supply	Purpose/Description
Converted BPAL Holders	17%	Recognizing early investors, miners, and stakeholders
New Investors	25%	Funding BlocPal's ongoing growth and expansion
Distribution & Liquidity Partners	10%	Incentivizing ecosystem partners for active liquidity and transaction volume growth
Team Allocations & Consultants	20%	Aligning long-term team incentives with investor success
BlocPal Treasury & Strategic Reserve	28%	Funding strategic acquisitions, liquidity, compliance reserves

DeFi Opportunity Built on Proven TradFi Success

BlocPal leverages its demonstrated achievements in traditional finance, including significant global transaction volume and expansive partner networks, as the foundation to scale its decentralized finance (DeFi) offerings, positioning the company to effectively capitalize on the accelerating global adoption of digital assets and asset tokenization.

- **Advanced Tokenization Platform:** BlocPal has developed a sophisticated tokenization engine capable of securely managing a wide array of digital assets, including precious metals, commodities, fiat-backed tokens, commercial real estate, and other real-world assets (RWAs). The platform supports asset deployments across Ethereum and Solana, with plans to support additional leading blockchain networks, providing BlocPal with flexibility to match asset-specific needs regarding security, transaction efficiency, and regulatory compliance.
- **Embedded Smart Contract Transaction Fees and Asset Yields:** Each tokenized asset created by BlocPal incorporates smart-contract embedded transaction fees, including those generated through trade pairings with Liquidity Management Modules

(LMMs) and Automated Market Makers (AMMs). These fees flow directly into BlocPal's Qualified Aggregate Revenue Distribution (QARD), ultimately benefiting BLOC Security Token holders. Additionally, the underlying asset reserves generate stable yields, further increasing revenue streams distributed quarterly to token holders, creating predictable, royalty-like returns and clearly aligning token-holder incentives with the sustained growth of BlocPal's digital asset ecosystem.

- Integrated Exchange Infrastructure:** The BlocPalX Exchange operates as a decentralized exchange (DEX) utilizing Binance-compatible APIs, designed to enable compliant-driven liquidity and trading specifically for BLOC Security Tokens, popular cryptocurrencies, and BlocPal's unique tokenized assets. The strategic API-driven model enables seamless integration with global distribution partners, market-makers, liquidity providers, and trading platforms, enhancing market liquidity and distribution capacity.
- Comprehensive B2B2C Distribution Strategy:** BlocPal strategically collaborates with regulated exchanges, broker-dealers, OTC desks, digital marketplaces, fintech platforms, and retail channels including ATM networks, ensuring broad market distribution, robust liquidity, and deep accessibility for its tokenized assets.

Together, BlocPal's advanced tokenization capabilities, embedded transaction fees, reserve yields, integrated exchange infrastructure, and extensive B2B2C partner network collectively represent a clear opportunity for investors to directly benefit from the expanding digital asset and DeFi marketplace, contributing to sustainable long-term revenue growth and value creation for BLOC Security Token holders.

Strategic Implementation Roadmap:

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.

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

Investment Rationale and Strategic Advantages

The global asset tokenization market is forecasted to reach up to **\$16 trillion** by 2030 (Boston Consulting Group). BlocPal uniquely positions investors to directly benefit from this transformational market opportunity.

- **Direct Revenue Participation:** Transparent quarterly royalties from diversified sources of top-line revenue.
- **Robust Compliance Framework:** Clear regulatory adherence enhancing long-term investor protection.
- **Proven Operational Foundation:** Established global fintech platform and existing transaction volumes.
- **Liquidity and Distribution:** Strategic B2B2C partnerships providing market depth and accessibility.
- **Ecosystem Incentives:** The BLOC Security Token actively incentivizes distribution and liquidity partners as well as token holders, creating a reinforcing cycle of increased ecosystem engagement, broader asset usage, higher transaction volume, and sustained revenue growth.
- **Compliant Exchange:** BlocPalX's decentralized architecture provides secure, compliant-driven liquidity and robust trading environments for BlocPal's digital assets.
- **Fixed Token Supply:** Stability and predictability in long-term investor value.

Conclusion: Participating in Digital Asset Growth

The introduction of BlocPal's BLOC Security Token represents a significant strategic advancement in compliant digital asset investing. By directly aligning investor returns with BlocPal's growing decentralized financial ecosystem, the BLOC Security Token creates compelling opportunities for stakeholders to share in the company's continued operational success. Central to this vision is the decentralized BlocPalX Exchange, designed specifically for compliant-driven liquidity, facilitating secure trading for the BLOC Security Token, popular cryptocurrencies, and the diverse range of unique tokenized assets created and launched by BlocPal. The Company welcomes investors and ecosystem partners to actively participate in shaping this vibrant digital investment future.

For comprehensive details and further technical insights, please read the full BlocPal Security Token whitepaper.

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.

This white paper contains forward-looking statements and projections that reflect BlocPal's current expectations and intentions. These statements are not guarantees of future performance and involve significant known and unknown risks and uncertainties. Actual outcomes, activities, or developments may materially differ from those described or implied by the forward-looking statements. Historical performance, achievements, milestones, and transaction volumes described herein do not guarantee or predict future results or achievements.

Not an Offer or Solicitation

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 SecurityToken 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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