

INFORMATION MEMORANDUM

in relation to the initial coin offering of AAA Reserve Coins

ARC FIDUCIARY LTD

A private company incorporated in Jersey with registration number 125328

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1. RISK WARNINGS

Prospective AAA Reserve Coinholders should carefully review the risk factors set forth in this section prior to purchasing any AAA Reserve Coins. Prospective AAA Reserve Coinholders should consider the purchase of any AAA Reserve Coins as involving a degree of financial risk and should therefore carefully consider the following risk factors (together with other matters set out elsewhere in this Information Memorandum).

Prospective AAA Reserve Coinholders should carefully consider the following factors, among others, in deciding whether to purchase any AAA Reserve Coins and should consult their own legal, tax and financial advisors as to these risks and purchasing any AAA Reserve Coins.

The following is a brief description of certain factors which should be considered prior to purchasing any AAA Reserve Coins. The following, however, does not purport to be a comprehensive summary of all the risks associated with any purchase of AAA Reserve Coins generally.

Please see the White Paper and the Technical Paper (attached at the Appendices to this Information Memorandum) for further information on the initial coin offering (the "ICO").

1.1 General risk warnings

If you are considering purchasing any AAA Reserve Coins at the ICO and subsequent coin issuances or have already done so, be aware of the many risks this may entail, including the total loss of the price you paid to purchase any AAA Reserve Coins. In particular, be aware that:

- a) You will have no protection where the ICO is unregulated;**
- b) ICOs are a highly speculative form of investment;**
- c) Prospective Coinholders should be prepared for the possibility of losing their investment completely; and**
- d) ICOs are not subject to existing capital markets regulations.**

Many financial regulators, including the European Securities and Markets Authority ("ESMA"), have observed a rapid growth in ICOs, which raise capital for enterprises, and are concerned that purchasers may not realise the high risks that they are taking when purchasing AAA Reserve Coins in ICOs.

ICOs are highly speculative. ICOs, depending on how they are structured, may fall outside of the regulated space, in which case AAA Reserve Coinholders do not benefit from the protection that comes with regulated investments. ICOs are also vulnerable to fraud or illicit activities, owing to their anonymity and their capacity to raise large amounts of money in a short timeframe.

If you are under any doubt as to the risks or suitability of the purchase of any AAA Reserve Coins, you should seek advice from an appropriately qualified financial adviser.

ICOs are extremely risky and highly speculative – we repeat here the guidance provided by ESMA with respect to general risks associated with ICOs. Prospective AAA Reserve Coinholders should realise that they are exposed to the following risks when purchasing AAA Reserve Coins:

- **Unregulated space, vulnerable to fraud or illicit activities** – depending on how they are structured, ICOs may not be captured by the existing rules and may fall outside of the regulated space. Some ICOs may be used for fraudulent or illicit activities, with several recent ICOs having been identified as frauds, while financial regulators cannot exclude that some are being used for money laundering purposes. In the case where an ICO does not fall under the scope of the laws and regulations of national or supra-national jurisdictions (such as ESMA), purchasers cannot benefit from the protection that these laws and regulations provide;
- **High risk of losing all of the capital paid** – the vast majority of ICOs are launched by businesses that are at a very early stage of development. Those businesses have an inherently high risk of failure. Many of the coins that are being issued have no intrinsic value other than the possibility to use them to access or use a service/product that is to be developed by the issuer. There is no guarantee that the services/products will be successfully developed and, even assuming that the project is successful, any eventual benefit may be extremely low relative to the capital paid for the coins;
- **Lack of exit options and extreme price volatility** – coinholders may not be able to trade their AAA Reserve Coins or to exchange them for traditional currencies, such as the US Dollar or Euro. Not all the coins are traded on virtual currency exchanges and when they are, like virtual currencies, their price may be extremely volatile. Many of those exchanges are unregulated and vulnerable to market price manipulation and fraudulent activities. Coinholders may be exposed to the lack of exit options or not be able to have their coins bought back for a prolonged period;
- **Inadequate information** – the information that is made available to prospective Coinholders or token purchasers, e.g. in so-called "white papers", is in most cases unaudited, incomplete, unbalanced or even misleading. It typically puts the emphasis on the potential benefits but not the risks. It is technical and not easily comprehensible. Prospective coinholders may therefore not understand the risks that they are taking and make decisions as to purchasing the coins that are not appropriate to their needs; and
- **Flaws in the technology** – the distributed ledger or blockchain technology that underpins the AAA Reserve Coins is still largely untested. There may be flaws in the code or programs that are used to create, transfer or store the AAA Reserve Coins. AAA Reserve Coinholders may not be able to access or control their AAA Reserve Coins may be stolen, e.g., in case of a hack. More generally, the technology may not function quickly and securely, e.g. during peaks of activity.

Purchasing AAA Reserve Coins involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Memorandum, before making a decision to purchase any AAA Reserve Coins. The following risks entail circumstances under which, our business, financial condition, results of operations and prospects could suffer.

1.2 **Risks associated with purchasing the AAA Reserve Coins.**

BondMason Group Ltd (“**BondMason**”) – a supplier to the Issuer - may not successfully develop and market the AAA Reserve Coins. It will require the expertise of the Issuer's management, time and effort in order to develop the Coins as a widely used stablecoin digital currency. It is possible that the AAA Reserve Coins may not meet AAA Reserve Coinholder expectations at the time of purchase. Furthermore, despite good faith and efforts to maintain the AAA Reserve Coins, it is still possible that the AAA Reserve Coins will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the AAA Reserve Coins.

While the Issuer has sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to maintain the AAA Reserve Coins.

Purchasing new crypto currency projects involve a high degree of risk. Purchasing token resales may involve an even higher degree of risk.

Financial and operating risks confronting new crypto currency projects are significant: Neither BondMason nor the Issuer is immune to these. The market in which BondMason competes is highly competitive and the percentage of companies that survive and prosper is small. New crypto currency projects often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved.

BondMason may be forced to cease operations or take actions that result in the Issuer's dissolution.

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of cryptographic and fiat currencies, the inability by the Issuer and BondMason to establish the AAA Reserve Coins' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Issuer may no longer be viable to operate and the Issuer may dissolve or take actions that result in its dissolution.

The tax treatment of the AAA Reserve Coins, the purchase rights contained therein and the AAA Reserve Coins' distribution is uncertain and there may be adverse tax consequences for AAA Reserve Coinholders upon certain future events.

The tax characterization of the AAA Reserve Coins is uncertain, and each AAA Reserve Coinholder must seek its own tax advice in connection with a purchase of AAA Reserve Coins which may result in adverse tax consequences to AAA Reserve Coinholders, including withholding taxes, income taxes and tax reporting requirements. Each AAA Reserve Coinholder should consult with and must rely

upon the advice of its own professional tax advisors with respect to the treatment of any purchase of the AAA Reserve Coins and the rights contained therein.

1.3 Risks associated with the AAA Reserve Coins.

The AAA Reserve Coins may not be widely adopted and may have limited users.

It is possible that the AAA Reserve Coins will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of stablecoin crypto currencies (such as the AAA Reserve Coins). Such a lack of use or interest could negatively impact the development of the AAA Reserve Coins and therefore the potential utility of the AAA Reserve Coins.

Alternative stablecoin crypto currencies may be established that compete with or are more widely used than the AAA Reserve Coins.

It is possible that alternative crypto currencies could be established that utilize the same or similar open source code and protocol underlying the AAA Reserve Coins. The AAA Reserve Coins may compete with these alternative crypto currencies, which could negatively impact the AAA Reserve Coins.

The open-source structure of the AAA Reserve Coins means that the AAA Reserve Coins may be susceptible to developments by users or contributors could damage the AAA Reserve Coins and BondMason's reputation and could affect the utilization of the AAA Reserve Coins.

The AAA Reserve Coins will operate based on an open-source protocol, the Ethereum blockchain, which is maintained by many contributors. The open-source nature of the Ethereum protocol means that it may be difficult to maintain and neither the contributors, BondMason nor the Issuer may have adequate resources to address emerging issues or malicious programs that develop within Ethereum adequately or in a timely manner. Third parties not affiliated with the Issuer may introduce weaknesses or bugs into the core infrastructure elements of Ethereum and open-source code which may negatively impact the AAA Reserve Coins. Such events may result in a loss of trust in the security and operation of the AAA Reserve Coins and a decline in user activity and could negatively impact the market price of the AAA Reserve Coins.

The AAA Reserve Coins may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of the AAA Reserve Coins. If the AAA Reserve Coins' security is compromised or if the AAA Reserve Coins are subjected to attacks that frustrate or thwart the ability to use or transfer AAA Reserve Coins, users may cut back on or stop using the AAA Reserve Coins altogether, which could seriously curtail the utilisation of the AAA Reserve Coins and cause a decline in the market price of the AAA Reserve Coins.

The AAA Reserve Coins' structural foundation, the open-source protocol, the software application and other interfaces or applications built upon the AAA Reserve Coins are still in an early

development stage and are unproven, and there can be no assurances that the Coins and the creating, transfer or storage of the AAA Reserve Coins will be uninterrupted or fully secure which may result in a complete loss of users' AAA Reserve Coins or an unwillingness of users to use AAA Reserve Coins. Further, the AAA Reserve Coins or their suppliers may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the AAA Reserve Coins which may result in the loss or theft of the AAA Reserve Coins. For example, if the AAA Reserve Coins are subject to unknown and known security attacks, this may materially and adversely affect the value of the AAA Reserve Coins.

Manipulation to the Upside (over speculation)

As there is an infinite supply of AAA Reserve Coins, then it should be protected against price inflation as new AAA Reserve Coins can be issued to meet sudden and material increases in demand. However, this requires participants to purchase newly issued AAA Reserve Coins in sufficient volume and then sell such AAA Reserve Coins on the relevant exchanges.

Manipulation to the Downside (under speculation / short selling)

The Issuer will hold a portion of reserves in USD (and other liquid currencies) to protect against short term price pressures on the downside. However, there is a risk over the short run, that the Issuer's cash reserves are exhausted to meet sell orders in the market place.

To protect against this, the bid pricing follows a (pre-prescribed) downward curve. This encourages the de-centralised peer network to support the currency and ensure that any short-selling will lose out over the long term.

If the Issuer's cash reserves are exhausted to meet the required bid orders, then the Issuer will pause re-investment of interest and capital repayments from the underlying loans. The repayment of capital and interest from the underlying loans will be used to fund further bid orders.

In these circumstances, the bid pricing submitted by the Issuer will be at a further discount to the NAV to ensure that 'super'-profit is made on each trade (price relative to NAV). This should guarantee that the Issuer will make a profit from a protracted short selling manipulation in the market. As the Issuer continues to profit from these trades, then the short sellers will lose money over the medium-to-long term, making the activity of deliberate short selling manipulation unattractive.

However, this mechanism has not yet operated in the market and there may be unforeseen reasons as to why it may not operate as intended.

Illiquidity and Liquidity Transformation

As there are protections against short selling and price manipulation, the balance of AAA Reserve Coinholders is likely to be longer-term purchasers rather than short-term traders. This should assist with managing any liquidity issues (maturity transformation) in the AAA Reserve Coins relative to

any underlying asset class: the AAA Reserve Coins are freely tradable each day (as long as there are sufficient exchanges willing to list AAA Reserve Coins and mark a market in AAA Reserve Coins); however, the underlying asset class may have a remaining liquidity term of, for example, 9-12 months.

Performance of Underlying Asset Class

If the underlying asset class doesn't perform as expected, then funds in the buffer account can be used to smooth returns over time. If the buffer account is insufficient then the return achieved may be lower, this could lead to a reduction in the value appreciation of the AAA Reserve Coins.

Credit risk of underlying loans

The Issuer will allocate the proceeds from the sale of the AAA Reserve Coins into fixed income investments and loans. There is a risk that the underlying loans default, either on an individual basis, or in a systematic way similar to the credit crunch that preceded the global recession in 2007/08, which may adversely affect the value of the AAA Reserve Coins.

Lack of Initial Demand

If there is insufficient initial demand there is a risk that the AAA Reserve Coins fail to gain support and grow as a currency. This risk is unknown until the ICO has commenced and demand has been identified.

Time to Deploy Funds

There will be a period of time pursuant to each new AAA Reserve Coin issue whereby funds will need to be allocated and deployed into lending and fixed income opportunities. This is known as 'cash drag' and may reduce the performance of the AAA Reserve Coins in the period immediately following any large coin issuances (relative to the current value of the Coins outstanding).

1.4 Risks related to blockchain technologies and digital assets.

The regulatory regime governing the blockchain technologies, cryptocurrencies, AAA Reserve Coins and coin offerings such as the AAA Reserve Coins is uncertain, and new regulations or policies may materially adversely affect the development and the utility of the AAA Reserve Coins.

Regulation of coins (including the AAA Reserve Coins) and coin offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, US federal, US state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States, the EU and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the AAA Reserve Coins and the adoption and use of the AAA Reserve Coins. Failure by the Issuer, BondMason or certain users of the AAA Reserve Coins to comply with any laws, rules and regulations, some of which may

not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, state, national and supra-national agencies have begun to take interest in, and in some cases regulate, their use and operation.

The regulation of non-currency use of blockchain assets is also uncertain. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the AAA Reserve Coins may be materially and adversely affected.

Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect the AAA Reserve Coins. Such laws, regulations or directives may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the AAA Reserve Coins and the adoption and widespread use of the AAA Reserve Coins.

New or changing laws and regulations or interpretations of existing laws and regulations may materially and adversely impact the value of the currency in which the AAA Reserve Coins may be exchanged, the liquidity of the AAA Reserve Coins, the ability to access marketplaces or exchanges on which to trade the AAA Reserve Coins, and the structure, rights and transferability of the AAA Reserve Coins.

The AAA Reserve Coinholders will have no control and the Issuer may only have limited control following the issuance of the AAA Reserve Coins.

The AAA Reserve Coins depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, both BondMason and the Issuer have limited control over the recording of the AAA Reserve Coins once issued. In addition, purchasers of AAA Reserve Coins are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Issuer for any purpose, nor will anything be construed to confer on the holders any of the rights of a stockholder of the Issuer or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or otherwise.

There may be occasions when certain individuals involved in the development and launch of the AAA Reserve Coins may encounter potential conflicts of interest in connection with the ICO, such that said party may avoid a loss, or even realize a gain, when other purchasers of the AAA Reserve Coins are suffering losses.

There may be occasions when certain individuals involved in the development and launch of the AAA Reserve Coins may encounter potential conflicts of interest in connection with this Initial Coin Offering, such that said party may avoid a loss, or even realize a gain, when other purchasers of the AAA Reserve Coins are suffering losses. Purchasers of the AAA Reserve Coins may also have

conflicting purchase, tax, and other interests with respect to the AAA Reserve Coins, the AAA Reserve Coins' code, the timing of the Network Launch or other coin pre-sales, or other factors. Decisions made by the key employees of BondMason on such matters may be more beneficial for some Coinholders than for others.

Holders may lack information for monitoring the AAA Reserve Coins.

AAA Reserve Coinholders may not be able to obtain all information it would want regarding the AAA Reserve Coins on a timely basis or at all. It is possible that a holder may not be aware on a timely basis of material adverse changes that have occurred with respect to the AAA Reserve Coins.

The Issuer and the AAA Reserve Coins have no history.

An AAA Reserve Coin will be a newly formed token and neither it nor the Issuer has any operating history. Each prospective AAA Reserve Coinholder should evaluate such potential purchase on the basis that the AAA Reserve Coins, BondMason or any third party's assessment of the prospects of the AAA Reserve Coins may not prove accurate, and that BondMason will not achieve its objective of establishing the Coins as the pre-eminent stablecoin. Past performance of BondMason, or any similar token or AAA Reserve Coin, is not predictive of future results.

If the AAA Reserve Coins are unable to satisfy data protection, security, privacy, and other government and industry-specific requirements, their growth could be harmed.

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the AAA Reserve Coin's reputation, erode user confidence in the effectiveness of its security measures, negatively impact its ability to attract further people to use the AAA Reserve Coins, or cause existing holders to sell their AAA Reserve Coins.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the AAA Reserve Coins.

The growth of the blockchain industry in general, as well as the blockchain networks with which the AAA Reserve Coins will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum and other blockchain technologies;

- Government and quasi-government regulation of Bitcoin, Ethereum and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the Ethereum network;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of Bitcoin, Ethereum or other blockchain-based coins would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the AAA Reserve Coins.

The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the AAA Reserve Coins may also be subject to significant price volatility.

The prices of blockchain assets such as Bitcoin have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the AAA Reserve Coins may also be highly volatile. Several factors may influence the market price of the AAA Reserve Coins, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;
- AAA Reserve Coinholders' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the AAA Reserve Coins;

- Changes in the rights, obligations, incentives, or rewards for the various participants in the AAA Reserve Coins;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the AAA Reserve Coins may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of major blockchain asset exchanges on which the AAA Reserve Coins may be traded;
- Purchase and trading activities of large purchasers that may directly or indirectly purchase AAA Reserve Coins or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as the AAA Reserve Coins;
- The maintenance and development of the open-source software protocol of the AAA Reserve Coins;
- Global or regional political, economic or financial events and situations; or
- Expectations among the Issuer or other blockchain assets participants that the value of the AAA Reserve Coins or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the AAA Reserve Coins. For example, a security breach that affects AAA Reserve Coinholder or user confidence in Bitcoin may affect the industry as a whole and may also cause the price of the AAA Reserve Coins and other blockchain assets to fluctuate.

Bank misappropriation or insolvency

The Issuer will allocate some the proceeds from the sale of the AAA Reserve Coins into deposit accounts held with various banks. There is a risk that the banks could become insolvent and/or misappropriate the funds.

General hacking

There are a number of suppliers associated with the deployment of the AAA Reserve Coin proceeds; any one of these may be susceptible to a hack or fraud, which may have a negative impact on the value of the AAA Reserve Coins.

Currency devaluation

The Issuer will allocate funds into a diverse set of fiat currencies. There is a risk that any one of these currencies could suffer from significant devaluation, leading to a negative impact on the value of the AAA Reserve Coins.

Fraud

The AAA Reserve Coins are not fully decentralised, and there is a risk that an employee of the Issuer, BondMason, the Administrator or one of its suppliers conducts fraudulent activities which could undermine the value of the AAA Reserve Coins.

IN VIEW OF THE FOREGOING CONSIDERATIONS, AMONG OTHERS, A PURCHASE OF ANY AAA RESERVE COIN(S) IS SUITABLE ONLY FOR PURCHASERS WHO ARE CAPABLE OF BEARING THE RELEVANT RISKS AND WHO CAN AFFORD TO PAY THE MINIMUM PURCHASE AMOUNT.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE AAA RESERVE COINHOLDERS MUST READ THE ENTIRE INFORMATION MEMORANDUM INCLUDING THE RELEVANT SUPPLEMENTS AND ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING WHETHER TO PURCHASE ANY AAA RESERVE COIN(S).

2. **IMPORTANT INFORMATION, JERSEY REGULATORY WARNINGS AND RESTRICTIONS ON DISTRIBUTION**

2.1 **Important Information**

This document (the "**Information Memorandum**") does not constitute an offer or solicitation by any person in any jurisdiction in which the offer or solicitation is unlawful or in which the person making the offer or solicitation is not qualified to do so or to persons to whom it is unlawful to make the offer or solicitation. Persons into whose possession this Information Memorandum comes are required to inform themselves about, and to observe, the laws and regulations applicable to them in the relevant jurisdiction.

Prospective AAA Reserve Coinholders should not construe the contents of this Information Memorandum as legal, tax or financial advice. Each prospective AAA Reserve Coinholder should consult its own professional advisors as to:

- (a) the legal requirements within the country of its residence for the purchase, holding or disposal of the AAA Reserve Coins;
- (b) any foreign exchange restrictions that may be relevant to it and the income and other tax consequences that may be relevant to the purchase, holding or disposal of the AAA Reserve Coins; and
- (c) the suitability of a purchase of the AAA Reserve Coins to its personal circumstances and risk appetite.

A purchase of AAA Reserve Coins is only suitable for financially sophisticated purchasers who are capable of evaluating the merits and risks of such a purchase and who have sufficient resources to be able to bear any losses which may result from such purchase. Prospective AAA Reserve Coinholders are strongly advised to conduct their own due diligence including, without limitation, the legal, tax, and financial consequences of purchasing any AAA Reserve Coins.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, this Information Memorandum has not been subject to independent verification and the Directors accept responsibility for the accuracy or completeness of the statements contained in this Information Memorandum. Prospective AAA Reserve Coinholders must, therefore, determine for themselves what reliance (if any) they should place on the statements contained in this Information Memorandum.

This Information Memorandum includes forward-looking statements relating to, among other things, the future financial performance and objectives of the Issuer, the AAA Reserve Coins and the ICO, plans and expectations for the operation of the Issuer, the AAA Reserve Coins and the ICO, and estimates or expectations for fees, costs and expenses. These forward-looking statements are

typically identified by terminology such as "may", "will", "aim", "target", "should", "expect", "anticipates", "plans", "intends", "believes", "estimates", "projects", "predicts", "seeks", "potential", "continue" or other similar terminology. Forward-looking statements are inherently unreliable, and prospective AAA Reserve Coinholders should not rely on them. The forward-looking statements are based on the Issuer's current expectations, assumptions, estimates and projections about future events. Actual results are subject to numerous risks, conditions, and uncertainties that could cause actual results to differ materially from those expressed in a forward-looking statement as a result of factors such as those described in "Risk Factors" at section 1 of this Information Memorandum and elsewhere in this Information Memorandum. The Issuer does not have any obligation to update or otherwise revise any forward-looking statements after the date of this Information Memorandum or to reflect the occurrence of unanticipated events. The Auditor has neither reviewed nor audited any of the calculations, figures, or forward looking statements contained in this Information Memorandum.

No person has been authorised to make any representations or to give any warranties or to give any information with respect to the AAA Reserve Coins, except the information contained in this Information Memorandum. Neither the delivery of this Information Memorandum at any time nor any sale made pursuant hereto shall imply that information contained herein is correct as of any time subsequent to the date set forth on the cover of this Information Memorandum. Any reproduction or distribution of this Information Memorandum or retransmission of their contents in whole or in part to any person other than a prospective AAA Reserve Coinholder's professional advisers, without the consent of the Issuer, is prohibited.

The Issuer reserves the right to refuse to accept the offer of any prospective AAA Reserve Coinholder to purchase any AAA Reserve Coins for any reason or no reason.

The advisers of the Issuer named in this Information Memorandum act only for the Issuer in connection with the ICO described in this Information Memorandum and will not be responsible for providing the protections offered to their clients or for advising any other person in connection with the ICO.

This Information Memorandum may, from time to time, be supplemented with supplements to this Information Memorandum or other offering documents. In that event, the disclosures contained in such supplements to this Information Memorandum or other offering documents shall supersede this Information Memorandum to the extent thereof.

The Directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

Purchasing any AAA Reserve Coins involves special risks, and should be considered only by persons who can bear the economic risk of their purchase for an indefinite period and who can afford a total

loss of their purchase. Please see section 1 (Risk Factors) of this Information Memorandum for further information on the risks involved in this ICO.

The Directors reserve the right to modify, withdraw or cancel any offering made pursuant to this Information Memorandum at any time prior to consummation of the offering and to reject any purchase of the AAA Reserve Coins, in whole or in part, in their sole discretion.

This Information Memorandum is intended solely for use on a confidential basis by those persons to whom it is transmitted by the Issuer in connection with the contemplated Initial Coin Offering. Recipients, by their acceptance and retention of this Information Memorandum, acknowledge and agree to preserve the confidentiality of the contents of this Information Memorandum and all accompanying documents and to return this Information Memorandum and all such documents to the Issuer or the Administrator if the recipient does not purchase any AAA Reserve Coins at the Initial Coin Offering. Neither this Information Memorandum nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Issuer.

Neither the Directors nor the Issuer are making any representation to any prospective AAA Reserve Coinholder regarding the legality of purchases of any AAA Reserve Coins by such prospective AAA Reserve Coinholders under applicable laws.

The distribution of this Information Memorandum and the Initial Coin Offering in certain jurisdictions may be restricted by law. Prospective AAA Reserve Coinholders should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the AAA Reserve Coins, and any foreign exchange restrictions that may be relevant thereto.

2.2 Jersey Regulatory Warnings

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation.

The Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Issuer.

The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

It must be distinctly understood that, in giving these consents, neither the Registrar of companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

It should be remembered that the price of securities and the income from them can go down as well as up.

2.3 **Restrictions on Distribution**

This Information Memorandum does not constitute an offer to sell, or the solicitation of an offer to acquire, AAA Reserve Coins in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Issuer.

2.4 **U.S. SELLING AND TRANSFER RESTRICTIONS**

For the purposes of this section, the following defined terms shall have the meanings set out below:

"Non-U.S. Person(s)" means any person not meeting the definition of a "U.S. person" set forth in Rule 902 of Regulation S under the U.S. Securities Act;

"offshore transaction" has the meaning set forth in Rule 902 of Regulation S under the U.S. Securities Act;

"U.S. Securities Act" shall mean the United States Securities Act of 1933, as amended;

"U.S. Person(s)" has the meaning of "U.S. person" in Rule 902 of Regulation S under the U.S. Securities Act.

The issuance and sale of AAA Reserve Coins have not been registered under the U.S. Securities Act or any other applicable securities laws and, unless so registered, AAA Reserve Coins may not be offered, sold, pledged or otherwise transferred within the United States or to or for the account of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. AAA Reserve Coins are being offered and issued, only outside the United States to persons other than U.S. Persons in reliance upon Regulation S under the U.S. Securities Act.

Each purchaser of AAA Reserve Coins will be deemed to represent, warrant, and agree as follows will be deemed to represent, warrant, and agree as follows:

(1) Either it is:

(A) an "accredited investor" (as defined in Rule 501 of Regulation D under the U.S. Securities Act); or

(B) not a "U.S. Person" and is acquiring AAA Reserve Coins in an "offshore transaction" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act).

(2) It understands that AAA Reserve Coins are not registered under the U.S. Securities Act or any other securities laws, including U.S. state securities or blue sky laws and non-U.S. securities laws, and the Issuer does not intend to register AAA Reserve Coins under such laws.

(3) It is acquiring AAA Reserve Coins for its own account for investment purposes only and not with a view to resale or distribution.

(4) If such purchaser is an acquirer in a transaction that occurs outside the United States within the meaning of Regulation S under the U.S. Securities Act, you acknowledge that you may not sell or otherwise transfer AAA Reserve Coins at any time to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902 under the U.S. Securities Act.

(5) If such purchaser is an acquirer in a transaction occurring inside the United States, you acknowledge that until one year following the issuance of AAA Reserve Coins you will not be permitted to offer, sell or transfer AAA Reserve Coins.

(6) It understands that AAA Reserve Coins will, unless otherwise agreed by the Issuer and the holder thereof, be deemed to bear a legend substantially to the following effect:

THIS TOKEN HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR SOLD TO, OR PURCHASED FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSONS (AS DEFINED IN RULE 902 OF REGULATION S UNDER THE U.S. SECURITIES ACT), EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY YOUR ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, AS THE HOLDER YOU:

(1) AGREE THAT YOU WILL NOT RESELL OR OTHERWISE TRANSFER THIS TOKEN, EXCEPT

(A) IF IT IS TO A U.S. PERSON, THEN NOT UNTIL AFTER THE FIRST ANNIVERSARY FOLLOWING THE ISSUANCE OF AAA RESERVE COINS;

(B) IF IT IS TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES, SUCH SALE MUST OCCUR IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE U.S. SECURITIES ACT;

(C) TO ARC FIDUCIARY LTD. OR ANY SUBSIDIARY THEREOF; OR

(D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT FILED IN ACCORDANCE WITH THE U.S. SECURITIES ACT WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION;

AND, IN EACH CASE DETAILED ABOVE, THE SALE OR TRANSFER MUST HAVE BEEN MADE IN ACCORDANCE WITH APPLICABLE U.S. STATE AND LOCAL SECURITIES LAWS, AND

(2) AGREE THAT YOU WILL DELIVER TO EACH PERSON TO WHOM THIS TOKEN OR AN INTEREST HEREIN IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (1)(D) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND AS SUCH TRANSFERRED TOKEN(S) WILL CONTINUE TO BE RESTRICTED UNDER U.S. LAW. AS USED HEREIN THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE U.S. SECURITIES ACT.

(7) It (a) is able to act on its own behalf in the transactions contemplated by this Information Memorandum, (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in AAA Reserve Coins, and (c) (or the account for which it is acting) has the ability to bear the economic risks of its prospective investment in AAA Reserve Coins and can afford the complete loss of such investment.

(8) It acknowledges that (a) none of the Issuer nor any person acting on its behalf has made any statement, representation, or warranty, express or implied, to it with respect to the Issuer or the offer or sale of any AAA Reserve Coins, other than the information we have included in this Information Memorandum, and (b) any information it desires concerning the Issuer, AAA Reserve Coins or any other matter relevant to its decision to acquire AAA Reserve Coins (including a copy of the Information Memorandum) is or has been made available to it.

(9) Either (i) no portion of the assets used by it to purchase or hold AAA Reserve Coins constitutes assets of any (a) employee benefit plan that is subject to Title I of ERISA, (b) plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**"), or (c) entity whose underlying assets are considered to include "**plan assets**" of any such plan, account or arrangement or (ii) the purchase and holding of AAA Reserve Coins will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

(12) It acknowledges that the Issuer will not be required to accept for registration of transfer any AAA Reserve Coins acquired by it, except upon presentation of evidence satisfactory to the Issuer that the restrictions set forth herein have been complied with.

(13) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of AAA Reserve Coins are no longer accurate, it shall promptly notify the Issuer and the initial purchasers. If it is acquiring AAA Reserve Coins as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

3. **DIRECTORY**

The Issuer

ARC Fiduciary Ltd
28 Esplanade
St Helier, Jersey, JE2 3QA

Directors of the Issuer

Stephen Findlay
Dr Garrick Hileman
Mark Grenyer
(each of whose address is the registered office address of the Issuer)

The Technology Supplier

Bondmason Group Ltd
4 Kinsbourne Court
96-100 Luton Road
Harpenden, Herts, AL5 3BL

The Financial Intermediary Service Provider

Bondmason Group Ltd
4 Kinsbourne Court
96-100 Luton Road
Harpenden, Herts, AL5 3BL

The Administrator to the Issuer

JTC (Jersey) Limited
28 Esplanade
St Helier, Jersey, JE2 3QA

The Auditor to the Issuer

Grant Thornton Limited
Kensington Chambers, 46/50 Kensington Place,
St Helier, Jersey, JE1 1ET

The Purchaser Account Bank(s)

FreemarketFX Limited
25 Moorgate
London, United Kingdom, EC2R 6AY

The Legal Adviser as to Jersey Law

Carey Olsen
47 Esplanade
St Helier, Jersey, JE1 0BD

And

Global Currency Exchange Network Limited
The Old Barn Oast Business Park,
Redhill, Wateringbury, Kent, ME18 5NN

4. OVERVIEW OF THE ICO

The information set out in this summary should be read in conjunction with the full text of this Information Memorandum. Please see the White Paper and the Technical Paper (attached at the Appendices to this Information Memorandum) for further information on the Initial Coin Offering.

4.1 Objective of the ICO

The objective of the Issuer is to enable AAA Reserve Coinholders to purchase a cryptocurrency that is designed to operate as a 'stablecoin' (i.e. an effective 'store of value' and 'unit of measure').

The AAA Reserve Coins are a digital currency with the primary purpose of acting as an effective store of value and unit of measure: stable in real terms (appreciating in nominal terms).

The Issuer will create its own AAA Reserve Coins on the Ethereum Blockchain and enable prospective AAA Reserve Coinholders to purchase AAA Reserve Coins, based on a nominal exchange rate against USD ("**AAA Reserve Coin Price**") initially set by the Issuer, but subsequently determined by transactions using the AAA Reserve Coins, and by reference to the Net Asset Value of the AAA Reserve Coins.

4.2 Rationale for the ICO

The rationale for the ICO is to crowdfund a method for minimising volatility associated with a digital currency, without the need for the currency to be exchangeable with, or create an interest in, an underlying asset.

One of the main problems cited about cryptocurrency is the fact that it's volatile; although many users and merchants may want the security and convenience of dealing with cryptographic assets, they many not wish to face that prospect of losing 23% of the value of their funds in a single day. Up until now, the most commonly proposed solution has been issuer-backed assets; the idea is that an issuer creates a sub-currency in which they have the right to issue and revoke units, and provide one unit of the currency to anyone who provides them (offline) with one unit of a specified underlying asset (e.g. gold, USD). The issuer then promises to provide one unit of the underlying asset to anyone who sends back one unit of the crypto-asset. This mechanism allows any non-cryptographic asset to be "uplifted" into a cryptographic asset.

In contrast to other attempts at stablecoins (proposed or actual), the Issuer's construct seeks to have the following main benefits:

- **Infinite, instantaneous and non-dilutive:** The Issuer intends to meet demand immediately by issuing further AAA Reserve Coins without impacting the price per AAA Reserve Coin for existing holders. It should be non-dilutive (for existing AAA Reserve Coinholders) as new AAA Reserve Coins can only be issued at the current NAV per AAA Reserve Coin.

- **Asset-backed (intrinsic value) and transparent:** users can retain confidence in the value of the AAA Reserve Coins relative to a basket of assets, which is transparent and disclosed.
- **Simple construct:** the AAA Reserve Coins are not overly or unnecessarily complicated. They can be readily understood by everyday users.
- **Validated:** the model has been tested using historical data.
- **Global:** the construct is not tied to a single country and is intended to have a global outlook, enabling cross- border adoption from the outset.
- **Regulatory clarity:** the AAA Reserve Coins have been established in conjunction with regulators, including a detailed legal review, which provides comfort that it will be difficult for a single country (or group of countries) to impact its success in the future through regulatory overreach.
- **Established by a not-for-profit:** blockchain technologies are able to deliver a once-in-a-generational change in the way the human race operates, empowering individuals. A successful stablecoin is necessary to facilitate the success of this ecosystem. And we feel this should be outside the grasp (control or overt influence) from a single, for-profit organisation over the long run.
- **Practical:** some of the alternative approaches rely upon the effectiveness of the efficient market hypothesis (with perfect information assumptions); or that the coins in question will be highly liquid and rapidly adopted, instantaneously. Whereas the actual reality may be significantly different. The AAA Reserve Coins rely on basic market forces, which the Issuer and others can participant in, to seek to ensure its stability.
- **Target inflation:** AAA Reserve Coins seek to serve as a store-of-value over the medium to long term (as well as the short term) by tracking inflation and maintaining stability in real terms. Many of the alternative approaches target USD (or similar) which has proven to be a poor store-of-value over the medium to long term.

4.3 Use of the ICO proceeds

The Issuer will invest the proceeds of the ICO (through third parties) into fixed income and loan investments, with an allocation held in cash:

- a minimum of 99.0% of the proceeds will be either used for investing or held in cash by the Issuer; and
- up to a maximum of 1.0% of the initial proceeds from the ICO (capped at US\$1million) will be set aside for operational costs.

The NAV per AAA Reserve Coin is calculated by dividing the number of AAA Reserve Coins in issue by the value of the Issuer's assets.

The NAV per AAA Reserve Coin will be compared to the price per AAA Reserve Coin which may be obtained in the market on a continuing basis.

After the ICO Offer Period, further AAA Reserve Coins will be available for purchase at a price equal to the NAV per AAA Reserve Coin, in unlimited volumes and at any time via the <https://www.aareserve.com/> website. This enables scaling of the currency without any dilution of price per AAA Reserve Coin for existing AAA Reserve Coinholders.

4.4 Issuer's repurchase of AAA Reserve Coins to protect against under-valuation

To protect against the AAA Reserve Coins becoming undervalued, the Issuer will offer AAA Reserve Coinholders the ability (subject to the Issuer having sufficient liquid assets, as described below) to sell their AAA Reserve Coins back to the Issuer if the price available on cryptocurrency exchanges falls below the NAV per AAA Reserve Coin (as adjusted to reflect the bid-offer spread on cryptocurrency exchanges where holders may sell their AAA Reserve Coins).

In essence, the buyback of AAA Reserve Coins shores up the price of the remaining AAA Reserve Coins in issue because the Issuer will immediately 'burn' any AAA Reserve Coins which it buys back (to 'burn' a cryptocurrency coin means to send them to a verifiably unspendable address, so that they are in effect destroyed). This gives the AAA Reserve Coins a 'natural buoyancy'.

The price at which the Issuer may buy back the AAA Reserve Coins will be publicly displayed on a website.

The buy-back price will not interfere with the natural behaviour of those cryptocurrency exchanges on which the AAA Reserve Coin is listed. Accordingly, it is expected that the buy-back price will be slightly below the NAV. Accordingly, it will be better for an AAA Reserve Coinholder to sell his/her AAA Reserve Coins on an exchange unless the price on that exchange falls too low, in which case the AAA Reserve Coinholder will instead sell its AAA Reserve Coin back to the Issuer.

Because the Issuer's assets are not fully liquid, the Issuer cannot maintain the buyback price in perpetuity (because if it were to do so, the Issuer would run out of its liquid cash). Accordingly, the Issuer will maintain the specified buyback price until half its cash has been used up in satisfying buyback requests. Thereafter, the buy-back price starts reducing in accordance with a formula which will be disclosed in the Information Memorandum (see the White Paper and the Technical Paper (attached at the Appendices to this Information Memorandum) for further information on the ICO). If the Issuer's cash assets reduce to zero, the AAA Reserve Coinholders' right to sell their AAA Reserve Coins back to the Issuer will be cancelled.

However, in reality the price of the AAA Reserve Coins will continue to be supported because the Issuer still has underlying assets. Thus, any formula-led depreciation in the AAA Reserve Coins'

buyback price (as calculated in accordance with the formula) will dampen any further depreciation which may be caused by speculation.

The ability of an AAA Reserve Coinholder to sell their AAA Reserve Coins back to the Issuer will be subject to the proof-of-identity (including normal KYC) checks on the selling AAA Reserve Coinholder.

5. **MANAGEMENT AND ADMINISTRATION**

5.1 **The Issuer**

The Issuer is a private limited company established in Jersey with registration number 125328 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

The Directors of the Issuer have control and authority over and responsibility for the operations and management of the Issuer. The Directors of the Issuer may appoint additional persons as Directors from time to time. The Directors will be responsible for ensuring compliance with the Issuer's ICO restrictions.

The Directors of the Issuer are:

Stephen Findlay

Stephen is the co-founder and CEO of BondMason, a financial technology platform that enables distribution and administration of capital into loans and other fixed income investments.

Stephen has 16 years financial services and investment management experience with firms including Fidelity, Deloitte and Andersen. He is a qualified chartered accountant (FCA – ICAEW) and became an approved person of the UK's Financial Conduct Authority in 2009.

Dr Garrick Hileman

Garrick is a Research Fellow at the University of Cambridge Judge Business School, with over fifteen years of experience in the private sector with Bank of America, IDG and Allianz.

Garrick has served on the boards of directors of both publicly traded and private companies and is known for his research on cryptocurrencies and distributed ledger technology.

Mark Grenyer

Mark joined JTC in 2015 and has over 15 years' experience in fund operations, most recently running a boutique funds practice where he was responsible for developing and growing the fund services proposition. Mark is an employee of the JTC group and is responsible for key operational activities including company secretarial, fund valuations, drawdowns and distributions, and the administration of investments. He has a wealth of experience in building efficient procedures and

controls in the administration of all Jersey fund types, ranging from very private funds through to retail funds.

Mark also sits on the board of a number of client structures and has board experience across a broad range of asset classes, including real estate, private equity, venture capital, renewables as well as some more esoteric asset classes such as fine art, film, litigation funding, sports finance and securitisation.

Each director will be remunerated as follows:

- **Stephen Findlay:** £1,000 per month, rising to £4,000 per month based on the Net Asset Value of the Coins.
- **Dr Garrick Hileman:** £1,000 per month, rising to £4,000 per month, and to equal Stephen Findlay's remuneration.
- **Mark Grenyer:** the fee charged by the Administrator for the provision of Mark Grenyer's services as director of the Issuer will form part of the Administrator's fee pursuant to the Administration Agreement.

5.2 The Administrator

The Administrator is JTC (Jersey) Limited, a company incorporated in Jersey on 23 March 1987 with registration number 37293 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

The Issuer has delegated the administration of the Issuer to the Administrator on the terms of an Administration Agreement. Such administration services include the Administrator acting as the company secretary of the Issuer.

The Administrator is a company incorporated in Jersey with limited liability on 23 March 1987 under the Companies Law. The Administrator is the holder of a licence to conduct fund services business and trust company business with licence number 0025 and is regulated by the Commission.

5.3 The Technology Supplier

The Technology Supplier of the Issuer is Bondmason Group Ltd, a company incorporated in England and Wales with company number 08411234 and whose registered office address is at 4 Kinsbourne Court, Luton Road, Harpenden, England, AL5 3BL.

The Technology Supplier's principal responsibilities are to provide programming, coding and procure infrastructure to enable the effective operating of the AAA Reserve Coins. This includes:

- running the ERC20 contract to, inter alia, *mintAAAReserve* and *burnFrom* functions, pursuant to Proof-of-Funds, Proof-of-Identity and Proof-of-Reserves;

- Assisting with the security/integrity of the ICO and AAA Reserve Coins; and
- Providing inputs into following best practices and contract upgrades.

The Technology Supplier has been appointed pursuant to a Technology Supplier Agreement made between the Issuer and the Technology Supplier. The Technology Supplier Agreement may be terminated only by the Issuer and is entered into for a consideration of US\$1 per annum (or as may be varied in writing and by mutual agreement between the Issuer and the Technology Supplier from time to time).

5.4 The Financial Intermediary Service Provider

The Financial Intermediary Service Provider of the Issuer is Bondmason Group Ltd, a company incorporated in England and Wales with company number 08411234 and whose registered office address is at 4 Kinsbourne Court, Luton Road, Harpenden, England, AL5 3BL.

The Financial Intermediary Service Provider's principal responsibilities are to facilitate the Issuer deploying capital into fixed income investments and similar opportunities and ancillary reporting and other administration services.

The Financial Intermediary Service Provider has been appointed pursuant to a Financial Intermediary Service Provider Agreement made between the Issuer and the Financial Intermediary Service Provider. The Financial Intermediary Service Provider Agreement may be terminated only by the Issuer and is entered into for a consideration of up to 1 – 1.5% per annum of the capital deployed and invested by the Issuer through the Financial Intermediary Service Provider (in line with fee paid by other clients of BondMason, although this is expected to reduce as the scale of the Issuer increases).

5.5 The Auditor

The Auditor of the Issuer is Grant Thornton Limited, a company incorporated in Jersey on 9 October 2007 with company number 98924 and whose registered office address is at Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET.

The Auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Issuer in accordance with applicable law and accounting standards.

5.6 The Purchaser Account Banks

FreemarketFX Limited and Global Currency Exchange Network Limited have been appointed to facilitate the process for prospective AAA Reserve Coinholders to purchase AAA Reserve Coins (as more fully described at section 6 of this Information Memorandum).

FreemarketFX Limited is a company incorporated in England and Wales with company number 07289573 and whose registered office address is at 25 Moorgate, London, United Kingdom, EC2R 6AY.

Global Currency Exchange Network Limited is a company incorporated in England and Wales with company number 04675786 and whose registered office address is at The Old Barn Oast Business Park, Redhill, Wateringbury, Kent, ME18 5NN.

5.7 **Additional Service Providers**

Additional service providers may be appointed from time to time according to the requirements of the Issuer.

6. PROCEDURE FOR PURCHASE OF AAA RESERVE COINS

6.1 Minimum Purchase Amount

Each prospective AAA Reserve Coinholder is required to purchase the AAA Reserve Coins at the Minimum Purchase Amount, which means either:

- 6.1.1 US\$25,000 (or currency equivalent) – when purchasing AAA Reserve Coins in fiat currency; or
- 6.1.2 no minimum purchase amount – when purchasing AAA Reserve Coins in cryptocurrency.

6.2 Procedure for purchase of AAA Reserve Coins – in Fiat Currency

- 6.2.1 The prospective AAA Reserve Coinholder requests to purchase AAA Reserve Coins by opening an "account" at <https://www.aaareserve.com/>. This "account" is merely to allow the prospective AAA Reserve Coinholder to provide KYC materials to the Technology Supplier, and is not capable of receiving funds.
- 6.2.2 The Technology Supplier conducts proof of identity checks on the prospective AAA Reserve Coinholder, which includes KYC/AML requirements.
- 6.2.3 Assuming the prospective AAA Reserve Coinholder passes proof of identity checks, the Technology Supplier instructs FreemarketFX Limited or Global Currency Exchange Network Limited (each a "**Purchaser Account Bank**") to provide to the prospective AAA Reserve Coinholder details of the account at the Purchaser Account Bank to which the prospective AAA Reserve Coinholder should wire its fiat currency.
- 6.2.4 The Purchaser Account Bank will open an account for each prospective AAA Reserve Coinholder, will treat that person as its own client and will conduct its own KYC/AML checks.
- 6.2.5 The Purchaser Account Bank confirms to the Technology Supplier the balance of fiat currency which it has received from the prospective AAA Reserve Coinholder.
- 6.2.6 Pursuant to the Technology Supplier Agreement with the Issuer, the Technology Supplier mints the appropriate number of AAA Reserve Coins and sends the newly minted AAA Reserve Coins to the new AAA Reserve Coinholder's digital wallet.
- 6.2.7 The Purchaser Account Bank transfers the fiat currency which it has received from the new AAA Reserve Coinholder to the bank account of the Financial Intermediary Service Provider, who holds this fiat currency in cash and fixed income investments on behalf of the Issuer.

6.3 Procedure for purchase of AAA Reserve Coins – in Cryptocurrency

- 6.3.1 The prospective AAA Reserve Coinholder requests to purchase AAA Reserve Coins by opening an "account" at <https://www.aaareserve.com/>. This "account" is merely to allow the prospective AAA Reserve Coinholder to provide KYC materials to the Technology Supplier, and is not capable of receiving funds.
- 6.3.2 The Technology Supplier conducts proof of identity checks on the prospective AAA Reserve Coinholder, which includes KYC/AML requirements.
- 6.3.3 Assuming the prospective AAA Reserve Coinholder passes proof of identity checks, the prospective AAA Reserve Coinholder sends their cryptocurrency (Ether or Bitcoin) to the Issuer's digital wallet.
- 6.3.4 The Technology Supplier has access to the Issuer's digital wallet and converts the cryptocurrency into fiat currency using a third party cryptocurrency exchange.
- 6.3.5 The third party cryptocurrency exchange confirms to the Technology Supplier the balance of the converted fiat currency.
- 6.3.6 Pursuant to the Technology Supplier Agreement with the Issuer, the Technology Supplier mints the appropriate number of AAA Reserve Coins and sends the newly minted AAA Reserve Coins to the new AAA Reserve Coinholder's digital wallet.
- 6.3.7 The third party cryptocurrency exchange transfers the converted fiat currency to the bank account of the Financial Intermediary Service Provider, who holds this fiat currency in cash and fixed income investments on behalf of the Issuer.

6.4 **ICO Offer Period**

During the ICO Offer Period, AAA Reserve Coins will not be credited to the prospective Coinholder until the ICO Offer Period has completed.

7. TAXATION

7.1 Jersey Taxation

It is the responsibility of all prospective AAA Reserve Coinholders to inform themselves as to any tax consequences arising from their purchase of any Coins and the Issuer's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the AAA Reserve Coins. Prospective AAA Reserve Coinholders should therefore seek their own separate tax advice in relation to their holding of the AAA Reserve Coins and accordingly neither the Issuer nor BondMason accept any responsibility for the taxation consequences of any purchase of AAA Reserve Coins by any AAA Reserve Coinholder.

The Issuer is treated as a separate 'zero rated company' and will fall to be assessed under Article 123C of the Income Tax (Jersey) Law 1961, as amended (the "**1961 Law**"), as a Jersey resident company which is neither a "utility company" nor a "financial services company" and as such will be charged to Jersey income tax at a rate of zero per cent (0%) on its income (other than on receipts chargeable to tax under Schedule A of the 1961 Law - which relates broadly to income or profits derived from the ownership, disposal or development of land in Jersey).

No death duties, capital gains tax, gift, inheritance or capital transfer taxes are levied in Jersey. No stamp duty is levied in Jersey on the issue, transfer or buyback of AAA Reserve Coins held, but probate stamp fees may be payable at the rate of up to 0.75% of the value of the Jersey estate in the event of the death of the AAA Reserve Coinholder.

The attention of Jersey residents is drawn to the provisions of Article 134A of the 1961 Law which may in certain circumstances render such a resident liable to income tax on any undistributed income or profits of the Issuer.

A Jersey goods and services tax ("**GST**") applies at a standard rate of five per cent (5%) on the majority of goods and services supplied in Jersey for local use or benefit. The Issuer will apply for International Services Entity status under the Goods and Services Tax (Jersey) Law 2007 (the "**GST Law**"). In connection with their International Services Entity status the Issuer will pay an annual fee to the Comptroller of Income Tax in Jersey, which is currently fixed at two hundred Pounds Sterling (£200). As an International Services Entity, the Issuer will not be required to charge GST and in most situations will not be subject to a GST charge on goods and services provided to them.

7.2 International Tax Compliance

Common Reporting Standard

The OECD has developed a new global standard for the automatic exchange of financial information between tax authorities (the "**Common Reporting Standard**" or "**CRS**"). The CRS has been implemented in the EU by way of the Revised Directive on Administrative Co-Operation (Council Directive 2014/107/EU). Jersey is a signatory to the CRS and intends to conduct its first exchange of

information with tax authorities of other signatory jurisdictions in September 2017. Jersey legislation which implements the CRS in Jersey came into effect on 1 January 2016 (the "**Jersey CRS Legislation**").

In summary, the Jersey CRS Legislation requires "reporting financial institutions" in Jersey to identify, review and report on "financial accounts" maintained by them and which are held by residents for tax purposes (whether individuals or entities with "Controlling Persons" who themselves are tax residents) of jurisdictions with which Jersey has agreed to exchange information.

Reports will be made to the Jersey Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident. Although the Issuer will attempt to satisfy any obligations imposed on it by the CRS, no assurance can be given that it will be able to satisfy such obligations. Implementation of the CRS may require the Issuer to conduct additional due diligence and report upon accounts held with it by AAA Reserve Coinholders who are reportable persons in other participating jurisdictions. As the Jersey CRS Legislation also provides for the "wider approach" of CRS to be followed, equivalent due diligence information will be demanded for an AAA Reserve Coinholder who is not a resident of a participating jurisdiction (in order to avoid the need for this information to be gathered retrospectively in future years). The Issuer may also require certain additional financial information from AAA Reserve Coinholders to comply with its due diligence and reporting obligations under the CRS.

Failure by the Issuer to comply with the obligations under the CRS may result in fines being imposed on the Issuer and in such event, the target returns of the Issuer may be materially affected. All prospective AAA Reserve Coinholders must agree to provide the Issuer at the time or times prescribed by applicable law and at such times reasonably requested by the Issuer such information and documentation (whether relating to themselves and/or beneficial owners) prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under CRS.

Prospective AAA Reserve Coinholders should consult their tax advisers with regard to the potential CRS tax reporting and certification requirements associated with a purchase of the AAA Reserve Coins. It is further recommended that prospective AAA Reserve Coinholders who are entities consider themselves whether they have any obligations to notify their respective shareholders or accountholders about the information that the Issuer requests, and the potential disclosures that the Issuer will be obliged to make in connection with those persons in complying with its obligations under CRS.

This Information Memorandum does not address legal, regulatory or taxation issues outside of Jersey. Accordingly, prospective AAA Reserve Coinholders should consult their professional advisers on the potential tax, exchange control and other consequences of purchasing, holding or selling AAA Reserve Coins under the laws of their country of citizenship, domicile or residence.

8. CONFLICTS OF INTEREST

- 8.1 The Directors, BondMason and the Administrator or companies with which any of them are associated may from time to time act in relation to, or be otherwise involved in, other companies which have similar objectives to those of the Issuer. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Issuer. Each will, at all times, have regard in such event to its obligations to the Issuer and will endeavour to ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal as principal or agent with the Issuer, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Neither BondMason nor any of its affiliates nor any person connected with it is under any obligation to offer any ICO opportunities of which any of them becomes aware to the Issuer or to account to the Issuer in respect of (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by any of them from any such transaction. In determining the Net Asset Value, the Directors may rely on valuations provided or attributed to any asset or liability by the Administrator and/or BondMason.
- 8.2 Members of the BondMason group, their affiliates or any person connected with them advise, sponsor or manage other companies, vehicles or accounts in which only BondMason investors, entities and partners, employees, affiliates or other persons connected with the BondMason group may invest. Such companies, vehicles or accounts may pursue the same or a similar investment objective and use the same or a similar investment approach as the Issuer, or may employ investment approaches that are more or less leveraged or risky. The partners, employees or affiliates of members of, or other persons connected with, the BondMason group, or other investment professionals, involved in advising, sponsoring or managing such companies, vehicles or accounts may, or may not, provide similar services to, or fulfil similar roles in respect of, the Issuer. Accordingly, such proprietary companies, vehicles or accounts may produce investment results that are substantially different from those of the Issuer. To the extent that the Issuer invests in similar markets and investments at or about the same time, such other companies, vehicles or accounts may compete with the Issuer with respect to such investments. The potential fees payable to BondMason or another member of the BondMason Group by another BondMason entity might in certain circumstances exceed the potential fees payable by the Issuer. Members of the BondMason Group will allocate resources as they in their sole discretion consider appropriate in managing the assets of the Issuer and any other proprietary and/or non-proprietary companies, vehicles or accounts in accordance with their respective investment objectives and approaches.
- 8.3 To the extent that any Director has an interest in matters concerning BondMason, the Administrator or companies or affiliates with which any of them are associated, that Director will recuse himself from any decision in such matters.
- 8.4 The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

- 8.5 By acquiring or continuing to hold AAA Reserve Coins, each AAA Reserve Coinholder will be deemed to have acknowledged the existence of the actual or potential conflicts of interests described above and to have waived, to the fullest extent permitted by applicable law, any claim with respect to the existence of any such conflicts.
- 8.6 The foregoing does not purport to be a complete list of all potential conflicts of interest involved in a purchase of any AAA Reserve Coins.

9. STATUTORY AND GENERAL INFORMATION

This section contains statutory and general information in relation to the ICO. Please see the White Paper and the Technical Paper (attached at the Appendices to this Information Memorandum) for further information on the ICO.

9.1 The Initial Coin Offering (ICO)

Having fully considered the White Paper and the Technical Paper (attached as Appendices to this Information Memorandum), you are invited, subject to the terms of the White Paper, the Technical Paper and this Information Memorandum, to purchase AAA Reserve Coins issued by the Issuer.

9.2 Opening and Closing dates of the ICO

The ICO offer period (the "ICO Offer Period") will:

9.2.1 open at 14:00 on 14 December 2017; and

9.2.2 remain open until 09:00 on the day that is one month from the above date (or such other time as shall be selected by the Directors).

9.3 The Number of AAA Reserve Coins on the ICO

9.3.1 The total number of AAA Reserve Coins that can be issued by the Issuer is unlimited.

9.3.2 However, the Issuer cannot issue AAA Reserve Coins at less than:

(a) US\$1.00 per AAA Reserve Coin during the ICO Offer Period; or

(b) the Net Asset Value per AAA Reserve Coin during subsequent issuances.

9.4 Proceeds of the ICO

Please see paragraph 4.3 of this information Memorandum for details of the use of proceeds of the ICO.

9.5 Allocation

The Issuer reserves the right to decline in whole or in part any attempt to purchase AAA Reserve Coins. Accordingly, prospective AAA Reserve Coinholders may, in certain circumstances, not be allotted and issued the number of AAA Reserve Coins for which they have applied.

9.6 Changes to the Information Memorandum

In the event that there are any significant changes affecting any of the matters described in this Information Memorandum or where any significant new matters have arisen after the publication of this Information Memorandum and prior to the ICO, the Issuer may publish a supplementary

document. Any such supplementary document will give details of the significant change(s) or the significant new matter(s).

9.7 **Payment**

9.7.1 Payment for the AAA Reserve Coins should be made in accordance with settlement instructions to be provided to successful purchasers of AAA Reserve Coins by the Issuer.

9.7.2 To the extent that any attempt to purchase AAA Reserve Coins is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant as soon as practicable thereafter.

9.7.3 The Issuer will not be held liable for any costs incurred in returning funds, or the movements in exchange rates if any funds have been converted from one currency to another during the purchase process.

9.8 **Costs**

On the assumption that the ICO launches and raises gross proceeds of US\$100 million, up to 1% of those gross proceeds will be spent on the payment of the costs of the ICO incurred by the Issuer's service providers, which sums may include but are not limited to legal fees, the accrual of salaries paid to the Directors and any incentive fees payable to certain person(s) assisting with the ICO.

In the event that the ICO raises less than US\$100 million, BondMason will cover the costs of the Issuer's service providers or will provide a loan to the Issuer to cover any shortfall in the payment of such costs, to repaid out of any future surplus of the Issuer once the ICO raises over US\$100 million.

9.9 **Anti-money laundering / due diligence**

9.9.1 Each of the Issuer and its agents, reserves the right to request such information as is necessary:

- (a) to satisfy applicable due diligence requirements; and
- (b) to verify the identity of an AAA Reserve Coinholder or prospective AAA Reserve Coinholder and (if any) the underlying beneficial owner or prospective beneficial owner of an AAA Reserve Coinholder's or prospective AAA Reserve Coinholder's AAA Reserve Coins.

9.9.2 In the event of delay or failure by the AAA Reserve Coinholder or prospective AAA Reserve Coinholder to produce any information required for due diligence and / or verification purposes, the Directors, in consultation with any of the Issuer's agents, may refuse to accept an attempt to purchase AAA Reserve Coins, or may refuse the transfer of AAA Reserve Coins held by any such AAA Reserve Coinholder.

9.10 Purchase and transfer restrictions

This Information Memorandum does not constitute an offer to sell, or the solicitation of an offer to acquire, AAA Reserve Coins in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Issuer.

9.11 Legal implications of purchasing AAA Reserve Coins in the ICO

9.11.1 A prospective AAA Reserve Coinholder irrevocably offers to purchase AAA Reserve Coins, which offer is capable of acceptance or rejection by the Directors either in whole or in part. If the offer is accepted by the Directors either in whole or in part this Information Memorandum forms a binding contract between the Issuer and the AAA Reserve Coinholders.

9.11.2 None of the agreements appointing the Administrator, Technology Supplier, Financial Intermediary Service Provider, Auditor, Purchaser Account Bank(s), legal counsel or any other of the Issuer's service providers provide for any third party rights in favour of the AAA Reserve Coinholders.

9.12 Rights of Coinholders

9.12.1 Notwithstanding the absence of contractual privity between the Issuer and any subsequent AAA Reserve Coinholders, the Issuer nonetheless accepts a unilateral obligation (subject to, inter alia, proof of ownership, the Coin Purchase Price methodology as set out in the Technical Paper (attached as an appendix to this Information Memorandum) and the restrictions on distribution, as set out at paragraph 2.3 of this Information Memorandum) to allow subsequent AAA Reserve Coinholders to sell back their AAA Reserve Coins.

9.12.2 An AAA Reserve Coinholder will have no control, and the Issuer may only have limited control, following the issuance of the AAA Reserve Coins. The AAA Reserve Coins depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, both BondMason and the Issuer have limited control over the recording of the AAA Reserve Coins once issued.

9.12.3 A summary of the Articles of Association is not included in this Information Memorandum as AAA Reserve Coinholders are not shareholders in the Issuer and have no rights under the Articles of Association. Accordingly, AAA Reserve Coinholders are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Issuer for any purpose, nor will anything be construed to confer on the holders any of the rights of a stockholder of the Issuer or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or otherwise.

9.12.4 In the interests of transparency, the Articles of Association are available to view online via the following link: <https://www.aareserve.com/>.

9.13 Financial Information and Reports

9.13.1 The Issuer's year-end will be 31 December. The first financial year of the Issuer will end on 31 December 2018.

9.13.2 The audited annual accounts of the Issuer will be available on the AAA Reserve website (<https://www.aareserve.com/>) within 6 months after the end of the financial year to which they relate. The Issuer may also issue management updates from time to time.

9.14 Distribution Policy

The Directors currently intend to use any proceeds from the ICO in accordance with paragraph 4.3 (Use of the ICO proceeds) and the White Paper and the Technical Paper (attached at the Appendices to this Information Memorandum) and do not intend to pay any dividends to its shareholders, or to make any ex gratia payments to AAA Reserve Coinholders.

9.15 Incorporation and Share Capital

9.15.1 The Issuer was incorporated in Jersey on 7 December 2017 with registration number 125328 and whose registered office is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

9.15.2 As at the date of the incorporation of the Issuer:

- (a) the Issuer's issued share capital comprised two (2) shares (fully paid) issued to JTC Corporate Services Limited and JTC Securities Limited (held on trust for The ARC Purpose Trust); and
- (b) the Issuer's authorised share capital is £10,000 made up of 10,000 shares of par value £1 each.

9.15.3 The Directors retain the right to issue an unlimited number of shares.

9.16 Registered Office and Register of Members

9.16.1 The registered office of the Issuer is 28 Esplanade, St Helier, Jersey, JE2 3QR.

9.16.2 The Issuer's register of members will be held at 28 Esplanade, St Helier, Jersey, JE2 3QR.

9.16.3 There will not be a register of members in relation to the AAA Reserve Coinholders, as the ownership of AAA Reserve Coins is evidenced on the blockchain.

9.17 Directors of the Issuer

9.17.1 The Directors of the Issuer are as follows:

- (a) Stephen Findlay;
- (b) Dr Garrick Hileman; and
- (c) Mark Grenyer.

9.17.2 For further details on the Directors please view the biographies at section 5 (Management and Administration) of this Information Memorandum.

9.18 Directors' Interests and Remuneration

9.18.1 The Directors have entered into director service agreements with the Issuer which have been entered into on standard terms of engagement.

9.18.2 Please see paragraph 5.1 for details of each Director's remuneration.

9.18.3 Stephen Findlay is a director of the Issuer, a director of BondMason and BondMason Ltd (a 100% subsidiary of BondMason) and supplier to the Issuer, a 20-25% shareholder in BondMason, and a director and the sole shareholder of BondMason Client Ltd, which may sell receivables to the Issuer.

9.18.4 Dr Garrick Hileman is a director of the Issuer and there is an offer for Dr Garrick Hileman to hold options over some shares of BondMason.

9.18.5 Mark Grenyer is a director of the Issuer and an employee of the JTC group.

9.18.6 Please see section 8 (Conflicts of Interest) for more information on conflicts of interest.

9.19 Litigation

The Issuer has not since its incorporation been in nor is it engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are pending or threatened against the Issuer which may have or have had a significant effect on the financial position of the Issuer.

9.20 Documents available for inspection

Copies of the following documents may be inspected during usual business hours on any Business Day at the registered office of the Issuer in Jersey at the address stated in the Directory of this Information Memorandum:

9.20.1 this Information Memorandum; and

9.20.2 the latest annual report and accounts of the Issuer.

9.21 Material Contracts

The Issuer in the ordinary course of its business has, or will have, entered into agreements for the

procurement of necessary facilities and services. These include:

- (a) the Administration Agreement;
- (b) the Technology Supplier Agreement; and
- (c) the Financial Intermediary Service Provider Agreement.

9.22 Data Protection

Information provided by prospective AAA Reserve Coinholders to the Issuer may constitute "personal data" for the purposes of the Data Protection (Jersey) Law 2005 (the "**Data Protection Law**").

The Issuer will be the "data controller" in respect of such data, but has appointed the Administrator as the "data processor" of such data (each as defined in the Data Protection Law). Personal data may be processed as part of, and for the purposes of, the administration of the Issuer, including for the purposes of maintaining accurate records of purchaser interests in the Issuer and communications with AAA Reserve Coinholders and communication with statutory bodies and regulatory authorities.

By becoming an AAA Reserve Coinholder, a person becomes a data subject and is deemed to have consented to the processing by the Issuer and/or the Administrator of any personal data relating to them in the manner described above.

Prospective AAA Reserve Coinholders are hereby notified that the Data Protection Law in Jersey is likely to change in or about May 2018 to take account of the provisions of the EU General Data Protection Regulation (Regulation (EU) 2016/679), (the "**GDPR**"). The GDPR will come into force on the 25th May 2018, replacing the existing EU data protection framework. Although not an EU Member State, Jersey intends to implement broadly equivalent legislation at the same time, which will replace the existing Data Protection Law. It is anticipated that this will enable Jersey to maintain its current adequacy status for the purposes of EU data protection legislation (2008/393/EC: Commission Decision of 8 May 2008), allowing the free transfer of data between the Channel Islands and EU Member States. As a result of these changes you may be required to complete additional documentation. The Administrator will contact you closer to the time.

Further details can be found on the website of the Jersey Data Protection Commissioner: www.dataprotection.gov.je.

10. DEFINITIONS

The following definitions will apply throughout this Information Memorandum:

Accounting Date	means 31 December each year.
Administrator	means JTC (Jersey) Limited, a company incorporated in Jersey on 23 March 1987 with registration number 37293 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.
Administration Agreement	means the agreement entered into between the Administrator and the Issuer, as amended, substituted or supplemented from time to time.
AAA Reserve	means AAA Reserve Currency.
AAA Reserve Coin(s)	means the AAA Reserve coin(s) issued by the Issuer.
AAA Reserve Coinholder	means a holder of any AAA Reserve Coin(s).
AAA Reserve Coin Price	means the price at which prospective AAA Reserve Coinholders will be able to purchase the AAA Reserve Coins, based on a nominal exchange rate against GBP initially set by the Issuer and subsequently determined by transactions using the AAA Reserve Coins.
ARC Purpose Trust	means The ARC Purpose Trust, a charitable purpose trust established pursuant to a trust deed dated 4 December 2017, with JTC Trustees Limited as its sole trustee.
Articles of Association	means the memorandum and articles of association of the Issuer, as amended, substituted or supplemented from time to time.
Auditor	means Grant Thornton Limited a company incorporated in Jersey on 9 October 2007 with registration number 98924 and whose registered office address is at Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET.
BondMason	means Bondmason Group Ltd, a company incorporated in England and Wales with registered number 08411234 and whose registered office address is 4 Kinsbourne Court,

Luton Road, Harpenden, England, AL5 3BL.

Business Day	means any day on which banks in Jersey and London are open for normal banking business (excluding Saturdays and Sundays).
Commission	means the Jersey Financial Services Commission.
Companies Law	means the Companies (Jersey) Law 1991 (as amended).
Directors	means the Directors of the Issuer for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof and " Board of Directors " shall have a corresponding meaning.
ESMA	means the European Securities and Markets Authority.
Financial Intermediary Service Provider	means BondMason, in its capacity as financial intermediary service provider to the Issuer.
Financial Intermediary Service Provider Agreement	means the agreement entered into between the Financial Intermediary Service Provider and the Issuer, as amended, substituted or supplemented from time to time.
Initial Coin Offering / ICO	means the initial coin offering of the AAA Reserve Coins.
ICO Offer Period	has the meaning as set out at paragraph 9.2 of this Information Memorandum.
Information Memorandum	means this information memorandum as amended, substituted or supplemented from time to time.
Issuer	means ARC Fiduciary Ltd, a company incorporated in Jersey on 7 December 2017 with registered number 125328 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.
Minimum Purchase Amount	means either:

- (i) US\$25,000 (or currency equivalent) – when purchasing AAA Reserve Coins in fiat currency; or
- (ii) no minimum purchase amount – when purchasing AAA Reserve Coins in cryptocurrency.

Net Asset Value or NAV

means the Net Asset Value of the Issuer, calculated in accordance with this Information Memorandum.

Pounds Sterling, "£" or GBP

means the lawful currency of the United Kingdom.

Purchaser Account Bank(s)

has the meaning as set out at section 6 (Procedure for Purchase of AAA Reserve Coins) of this Information Memorandum.

Technology Supplier

means BondMason, in its capacity as technology supplier to the Issuer.

Technology Supplier Agreement

means the agreement entered into between the Technology Supplier and the Issuer, as amended, substituted or supplemented from time to time.

US Dollars, "\$" or USD

means the lawful currency of the United States of America.

APPENDIX 1 – WHITE PAPER

APPENDIX 2 – TECHNICAL PAPER