CRYPTO EXCHANGE REVENUE RECOGNITION POLICY

BY TECHACCOUNTINGPRO

BACKGROUND

We are a custodial cryptocurrency exchange platform that primarily generates income from fees paid by traders transacting on our digital asset exchange platform. This revenue includes transaction fees, subscription and service fees, and other revenue (such as listing fees and proceeds from sale of cryptocurrency assets). This policy describes how we account for revenue we generate in arrangements with our customers.

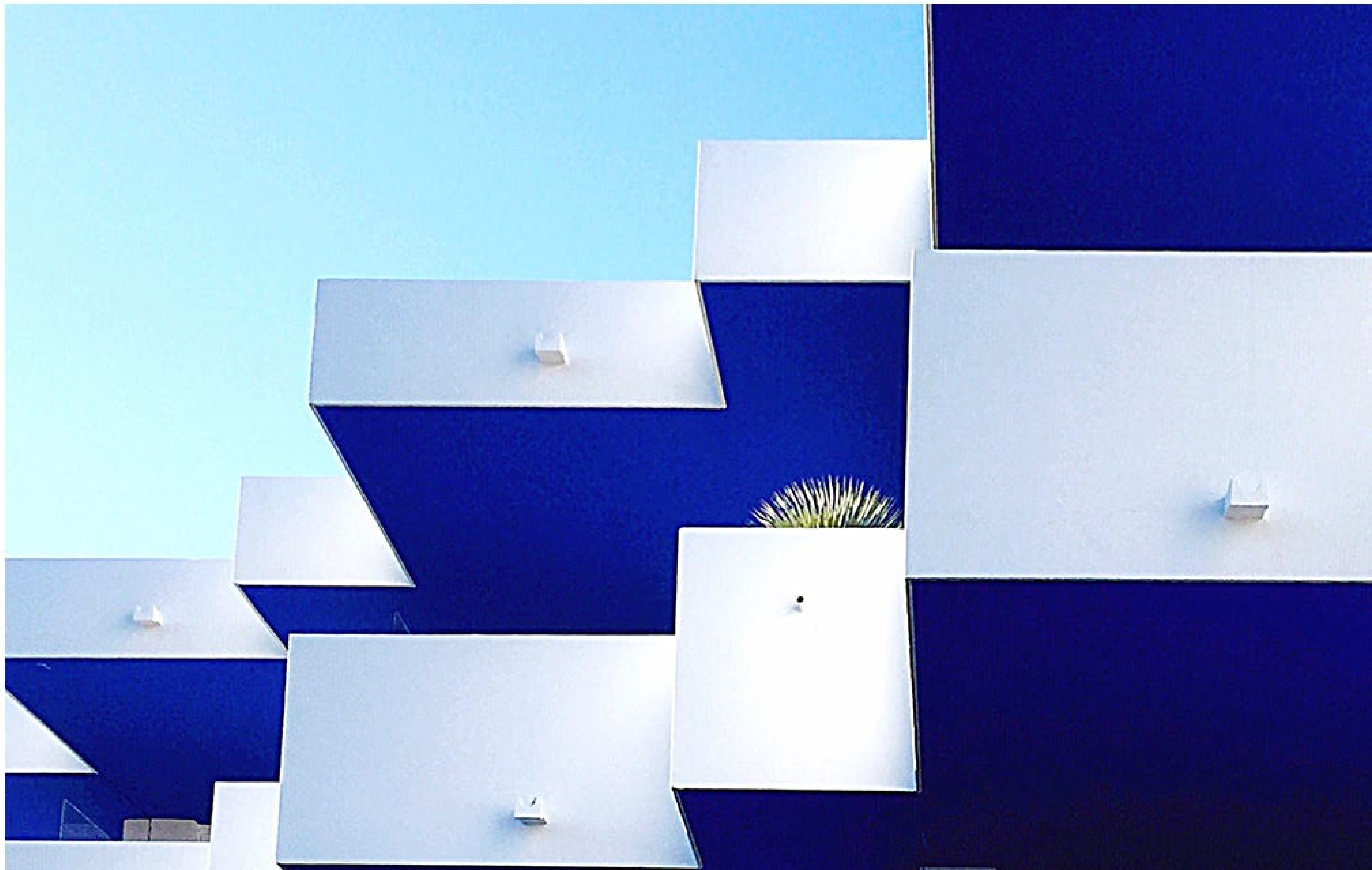
1 CONTRACTS WITH CUSTOMERS

Our binding contracts with customers are published on our web site and accepted by all of our customers as part of registration process. Terms of each transaction on our platform are accepted by our customers individually, hence, under ASC 606 our contracts with customers are individual transaction orders approved by customers. These contracts do not extend beyond trades already provided.

2 SEPARATE PERFORMANCE OBLIGATIONS

Our promised services include execution of placed by investors orders to sell/buy specified quantity of digital asset by providing customer-seller matching services, delivery of digital assets, calculation and transfer of funds on the settlement date. While having the custody of customers' funds, we bear no inventory risk, have no discretion in establishing the price of crypto assets traded, and have no ability to use or direct the use of crypto assets being transacted. We act as an agent in transactions between our customers as we are merely connecting counter parties of transaction to enable trade execution. Hence, we recognize revenue on a net basis.

We consider our clearing services to be a combined performance obligation with trade execution. We consider our custodial services to be separate performance obligation.However, as trade orders can be cancelled prior to execution at will without a significant termination penalty, both performance obligations are satisfied by the end of each day and the revenue from both performance obligations is recognized in the same period.



3 TRANSACTION PRICE - THE AMOUNT OF REVENUE TO BE RECOGNIZED

Consideration we receive from customers may be in the form of digital assets (non-monetary assets) or legal tender. We measure value of digital assets received based on the pricing as of trade date. The right to receive fixed amounts of crypto assets consists of a receivable host contract and an embedded forward contract to purchase crypto assets. The host contract is initially measured based on the fair value of the crypto assets at contract inception, along with an embedded derivative with an initial fair value of zero. When subsequently remeasuring the fair value of derivatives, we record changes in fair value in our Revenues. The receivable and embedded derivative are presented as Accounts Receivable on our balance sheet.

We do not have obligations for warranties, returns or refunds to customers but we refund them in case of order processing errors or cancellation of purchases. We do not record on our books external account provider fees (i.e. "gas") that are paid by and a sole responsibility of our customers.

ASC 606 requires to reduce transaction price for the amount of consideration payable to customers with no distinct goods or services received in exchange. The guidance applies to cash, our equity instruments, credits, or other items that can be applied against amounts owed by customers to us. In other words, the guidance on evaluating payments to customers is intended to apply to fees in various forms, it does not apply when the manufacturer provides non-monetary assets. However, it does apply to digital assets of fungible nature that are regularly applied in settlement of amounts owed to customers denominated in the same digital assets. Therefore, costs of digital assets offered from us to those who trades on our platform should be accounted as reduction in transaction price (e.g. revenue reduction). Costs of digital assets sold to our customers should be accounted as cost of sales.

4 ALLOCATE TRANSACTION PRICE BETWEEN SEPARATE PERFORMANCE OBLIGATIONS

By entering in contract with customers we grant them a right to earn a material right for incremental discounts based on the previous 30-day trade period volumes. These discounts would not be offered to the customers in the same class who did not execute any trades in the previous 30-day trade period. Hence, our tiered pricing model results in material rights accounted for as discussed below.

Based on ASC 606-10-55-45 we elected the practical alternative that allows us to allocate the transaction price based on the consideration for those additional trades (because the discounted trades to be purchased in the future are the same as the initial trades being purchased and they are provided based on terms of the original arrangement).

The allocation of consideration between current trades and material rights of customers is calculated as follows:

RR = (CMQ * CMTR + FMQ*FMTR)/(CMQ+FMQ)*CMQ

DR =CMQ *CMTR - RR

CM - Current Month Actual
FM - Next Month Estimate
Q - 30-days volume of trades
TR - rate per trade as per the customer's tier in the period
RR - recognized revenue
DR - deferred revenue

5 REVENUE RECOGNITION AND ITS TIMING

We recognize revenue from trade execution on a trade date because on this date the control of a trade execution performance obligation transfers to our customers. Payment failures and resulting from them trade failures do not affect transfer of control. This is because when a payment failure occurs during a trade execution, we recognize our obligation to remedy the failure of payment remittance by one of our customers. When a failed trade is not expected to be settled, we reduce our revenue by estimated refund value.

We charge 18% collection fees in case of payment failure to compensate collection costs by external agency. The collection service is directed by us and we have discretion in establishing the price of such services, hence, we act as principal and record both collection expenses and income on a gross basis once amounts owed to us by customer were collected.

OTHER CONSIDERATIONS

New currency listings

New currency listing arrangements performance obligations comprised of a combined output of multiple activities we undergo in order to initiate the listing of the new type of digital assets on our platform and the material right to renew listing.The full amount of transaction price earned in these arrangements is allocated between these two performance obligations. Consideration that do not pertain to the material right is recognized once the new currency is listed on the platform for the first time. Consideration allocated to the material right to renew listings is recognized at the time of renewal or listing term expiration if the renewal right is not exercised.

Deposits due to mistakes

Occasionally, digital assets can be deposited to ours hot wallet addresses by mistake. For example, this happens when customers participating in an initial coin offering send their funds from our hot wallet address that is different from cold wallet addresses used to deposit funds on our customers' accounts. Digital assets received by us in this scenario irreversibly transfer to us and we have no practical ability to identify and refund the true recipient.

ICO typically distribute digital assets that are not yet listed on any exchange and have no observable market price. As there is no reliable measurement basis, we record these digital assets at no value ($0.00).

Staking enablement fees

We earn staking enablement fees in arrangements where we enable our customers to stake their digital assets in proof-of-stake protocols that allows our customers to earn passive income on their digital assets holdings. These fees are presented as part of our revenues.

Market (pricing) data services

Customers receive and consume the benefit from our subscription-based market (pricing) data services at the same time as we provide the service. Therefore, we recognize our subscription revenue over time ratably through the anticipated contract term.

Interests on custodial funds

We present interests earned on customer custodial funds as other income, because consideration in these transaction is not received from our customers.