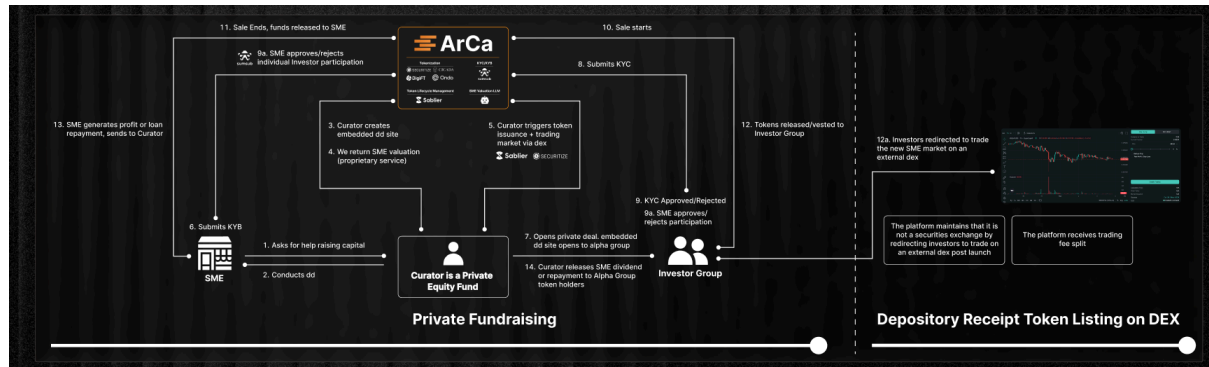


ArCa is a platform enabling Small Medium Enterprise (SME) Capital Markets by allowing any business at any size to raise funds and trade their equity on private markets on the Internet. Simply put, ArCa is a platform connecting SMEs who want to raise money to Investors who want to acquire cash flow businesses at advantageous revenue multiples (see Figure 1 for the high level fundraising flow).

Figure 1: ArCa Detailed Fundraising Flow



ArCa Platform Stakeholders

Stakeholder	Description	Example
Curator	An individual, group of individuals or fund that wants to resell cashflow positive businesses to secondary markets.	A private equity fund that wants to launch and trade depository receipts of their LPs on ArCa.
Investor Group	The Curator's follow on Investors who rely on the Curator's skill and experience in performing due diligence in SMEs being considered for investment.	
Token Issuer	A securities brokerage partner who is licensed and compliant for digital asset token issuance in the same jurisdiction as the entity whose depository receipts will be tokenized.	Securitize, DigiFT, Cicada, Ondo Finance

Key Considerations:

Consideration	Description
Securities Law	<p>ArCa would likely be considered a securities platform, so we would like the legal consultant's help to enter the sandbox programs in jurisdictions where they exist (such as the Philippine SEC for tokenized securities).</p> <p>ArCa's main service offering to Curators is that it unifies multiple tools such as a private group communications platform (like a Facebook group), KYC/KYB, token lifecycle management, token trading infrastructure and integrations with licensed securities token issuers which it then provides as a unified service (Software as a Service or SaaS) to Curators.</p>
Platform Services (reselling the tokenization by a 3rd party partner)	ArCa partners with securities brokerages or licensed securities entities who will hold the private equity fund depository receipts of Investors in order to issue/redeem tokens at a 1:1 basis. These depository receipts (thus the tokens) represent the claim of the Investor (for any dividends or proceeds owed to them as a result of owning the underlying depository receipts) against the Curator's private equity fund.
Virtual Asset Service Provider (VASP) Regulations	ArCa is not a digital asset exchange. As soon as the depository receipt tokens are issued by the token issuer to Investor ArCa wallets, Investors may withdraw these tokens to any 3rd party platform or service where there may be liquidity to trade. The value of these tokens on the secondary market may fluctuate, but they will always be redeemable 1:1 for the underlying depository receipts held by the token issuer. This redemption can be facilitated on the securities brokerage partner's platform, or also on ArCa as an integration with the securities brokerage partner.

Figure 2: ArCa Platform Integrated Services

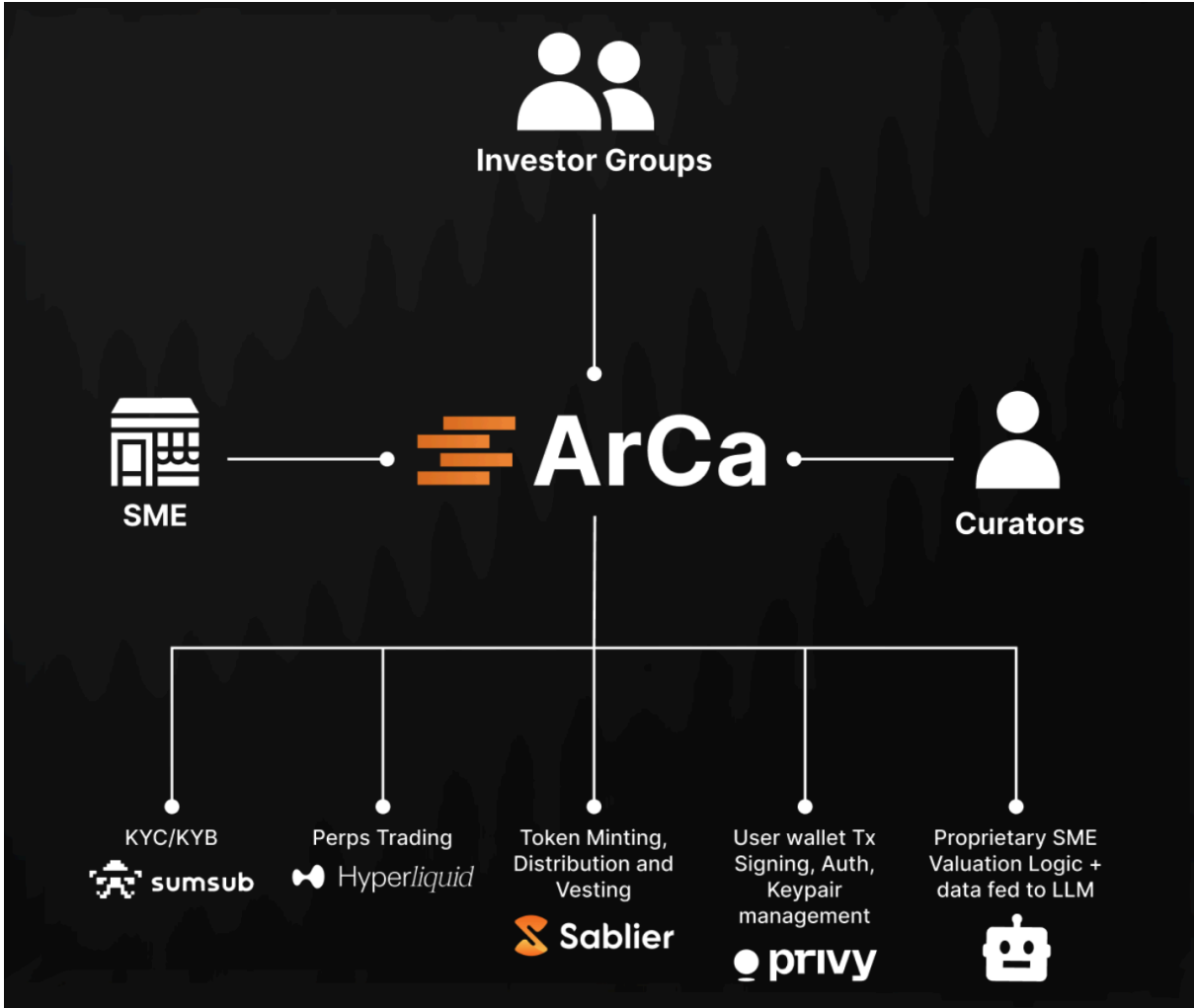
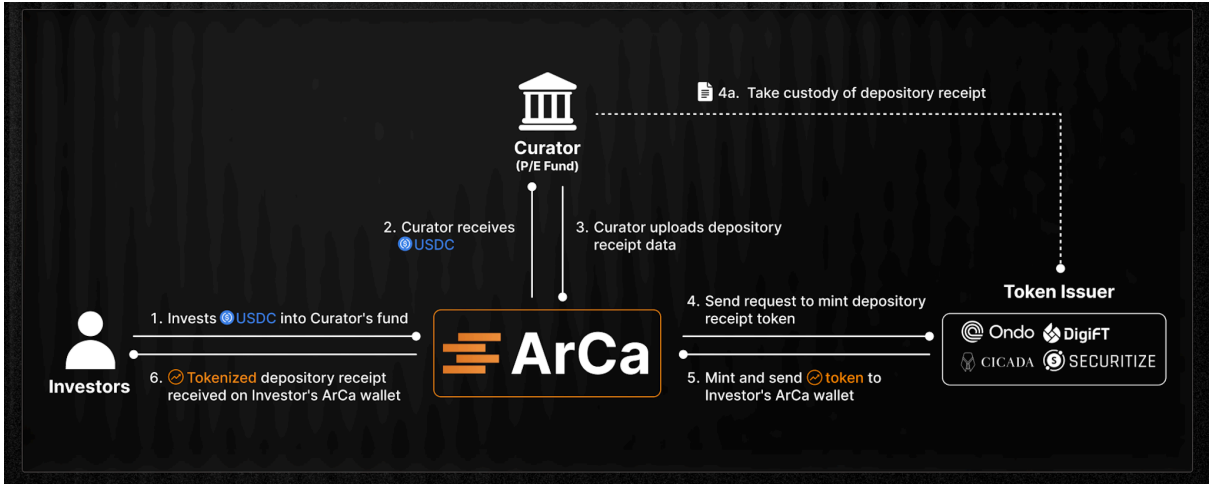


Figure 3: Depository Receipt and Token Issuance Flow



The platform’s function is primarily to give Curators the tools they need to facilitate the growth of their Investor Group, fundraising for the SME and subsequent trading on any 3rd party exchange. The ArCa platform does this by providing the following steps per deal;

1. Investors log on to the ArCa platform and deposit USDC as an investor/LP in the Curator's private equity fund.
2. The Curator (using the ArCa platform) uploads the depository receipt information and triggers the release of USDC to Curator's ArCa wallet.
3. The token issuer, whose backend is integrated with the ArCa platform, receives the request to mint the tokenized depository receipts uploaded by the Curator.
4. The token issuer and Curator may coordinate and/or clarify depository receipt information and custody outside the platform, but once the depository receipts are properly custodied by the token issuer, then the corresponding tokens are released to the Investor's ArCa wallets.

There are two major organizations that need to be structured in order to enable the above services;

First are the ArCa platform entities themselves. These entities need to be structured to;

1. Facilitate an equity (via SAFE) cap table
2. Position for a potential future ARCA token sale (via a foundation to be incorporated at a later time)
3. Have a commercial entity/subsidiary (likely in SG) that signs commercials with partners and hires team members

Second is the ArCa Private Equity Fund that will function as the first Curator (though the expectation is that 3rd party Curators will sign up as the platform grows).

4. This fund will receive money from LPs and then invest that money in SMEs.
5. A specific entity in the fund (likely offshore) will tokenize depository receipts with a token issuer partner.
6. This fund should expect to have subsidiaries per country that will hold ownership positions in SMEs around APAC, starting with the Philippines.
7. We hope to achieve a cost efficient structure that
 - a. minimizes paid up capital (such as for foreign ownership in local subsidiaries)
 - b. minimizes administrative and incorporation costs
 - c. minimizes compliance costs in tokenizing depository receipts for a specific entity in the structure
 - d. but remains flexible enough to expand the structure to new countries in the future.

Figure 4: ArCa Platform

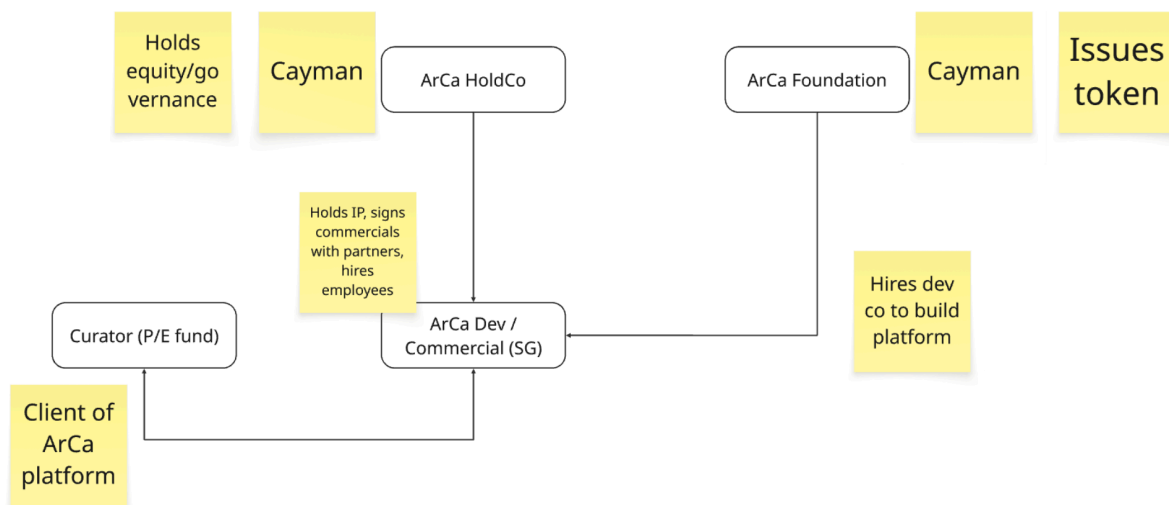
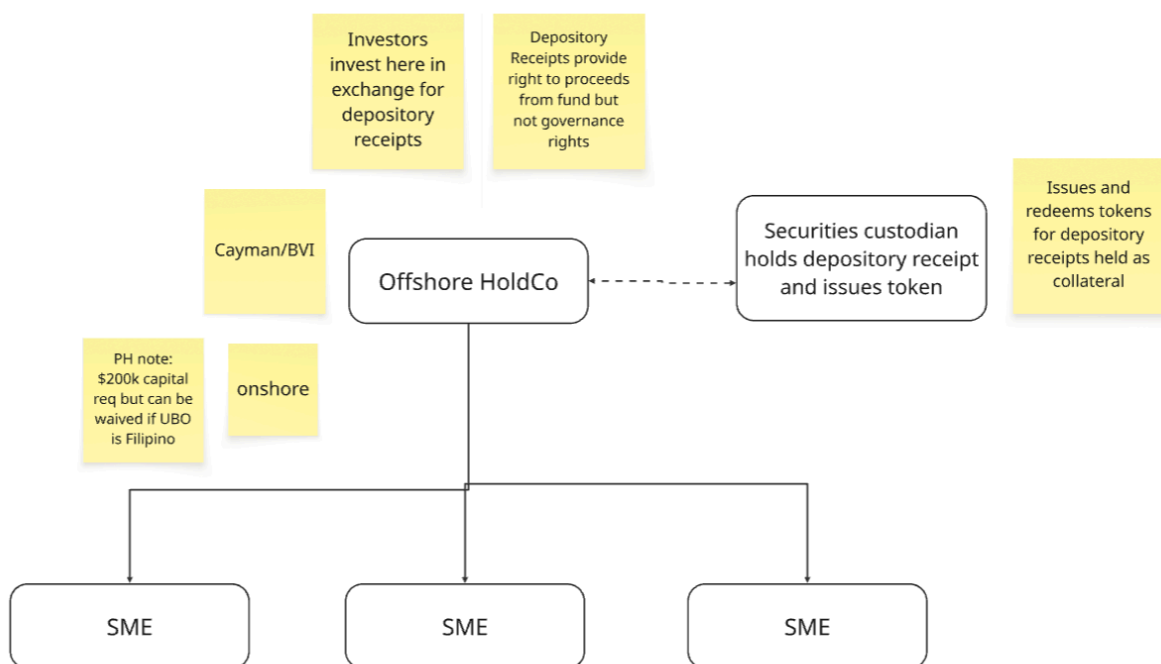


Figure 5: ArCa Private Equity Fund (the first curator)



Note on fund LPs holding Depository Receipts vs Direct Shareholdings:

The main business requirement behind looking into depository receipts is that the holders of these tokens (whether DR or shares) will be able to trade them on a secondary market (a decentralized exchange). There is a real scenario where buyers may market purchase a significant amount of tokens for whatever reason. If those tokens confer governance rights over the fund that issued them, then that could provide the possibility of a hostile takeover of fund governance. This would be disruptive, at the very least. However, it is important that the initial investors hold governance oversight over the fund management to avoid scenarios like

fund management fees being set too high without the agreement of fund investors. We would like to request that legal counsel suggest some hybrid setup where a subset of investors and fund management employees are able to hold governance rights while passive LPs (especially secondary market LPs) simply hold economic rights or claims to the fund proceeds.