MiCA Crypto Alliance yellow

YELLOW MiCA White Paper

Prepared with assistance of the MiCA Crypto Alliance

I. Compliance with duties of information

N	Field	Content
00	Table of contents	
01	Date of notification	2025-11-14
02	Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114	This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper. This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

03	Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114	This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 of the European Parliament and of the Council and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.
04	Statement in accordance with Article 6(5), points (a), (b), © of Regulation (EU) 2023/1114	The crypto-asset referred to in this crypto-asset white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
05	Statement in accordance with Article 6(5), point (d) of Regulation (EU) 2023/1114	The utility token referred to in this white paper may not be exchangeable against the good or service promised in this white paper, especially in the case of a failure or discontinuation of the crypto-asset project
06	Statement in accordance with Article 6(5), points (e) and (f) of Regulation (EU) 2023/1114	The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council or the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

II. Summary

N	Field	Content
07	Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114	Warning The summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of the crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.
08	Characteristics of the crypto-asset	YELLOW is the native utility token of the Yellow Network, designed to power platform transactions, enable creation of decentralized applications (DApps), and allow users to stake and earn rewards. $YELLOW operates across multiple blockchain networks, including Ethereum, Base, Arbitrum, Linea, BNB, and Polygon, and has a maximum supply of 10,000,000,000 tokens. Holders of $YELLOW tokens have the right to use the token for network transactions and access utility-linked offerings. However, they do not have ownership, voting, or profit-sharing rights in Layer3 FinTech Ltd or its affiliates, and there is no guarantee of token value appreciation; holders

		assume full responsibility for their purchases and use of tokens. Tokens are exercised by linking an external non-custodial wallet to the Yellow Network platform. Users complete identity verification and can pay in fiat or crypto through third-party CASPs, which automatically convert payments into $YELLOW. Upon successful payment, the purchased items are delivered instantly via email or wallet, with confirmation and QR codes when applicable. $YELLOW tokens are transferable through external wallets, and rights and obligations are exercised in accordance with platform rules, with potential modifications communicated through updates to the Yellow Network.
09		YELLOW is the universal access and coordination token for the Yellow Network. It powers all economic activity across apps, brokers, and liquidity nodes. The core utilities follow: ● Access rights: required to operate nodes, brokers, or integrations. ● Feature unlocking: premium tiers and advanced services depend on staking thresholds. ● Governance rights: staked YELLOW grants voting power over network parameter changes. ● Rewards: node operators and delegators commit to maintain reliable service and become eligible for rewards or subject to penalties in case of misconduct or underperformance.
10	Key information about the offer to the public or admission to trading	Yellow is offering a total of 10,000,000,000 YELLOW tokens to the public, representing a total offer amount of USD 100,000,000. The subscription period is set to begin on 15 December 2025. There is no minimum investment requirement, and no hard cap per user applies, subject to KYC/AML

		compliance and token availability. The issue price is fixed at USD 0.01 per token, and no subscription fees will be charged. The offering primarily targets retail users, while professional investors may also participate. The offer will be conducted in multiple phases: a pre-sale running from 2022 to 2025 with an average 30% discount on the token price, followed by a public sale in December 2025 at a fixed price. Post-TGE, trading will be market-driven. The placement will occur without firm commitment, based on subscription demand, and no CASP has been designated for token placement. Following the offering, Yellow intends to seek admission of the YELLOW token to trading on several centralized exchanges, including Kraken, Coinbase, and Bithumb, subject to final agreements and listing approvals.

Part A: Information about the offeror or person seeking admission to trading

N	Field	Content
A.1	Name	Layer3 Fintech Ltd.
A.2	Legal form	6EH6
A.3	Registered address	Jayla Place, P.O. Box 216, Road Town, VG1110-VG
A.4	Head office	Jayla Place, P.O. Box 216, Road Town, VG1110-VG
A.5	Registration date	2022-02-21
A.6	Legal entity identifier	N/A
A.7	Another identifier required pursuant to applicable national law	2092094
A.8	Contact telephone number	+34 678 832817
A.9	E-mail address	legal@layer3.foundation
A.10	Response time (days)	003
A.11	Parent company	Layer3 Foundation
A.12	Members of management body	<table><tr><th>Identity</th><th>Function</th><th>Business Address</th></tr><tr><td>Karl Alexis Sirkia Zachari</td><td>Cofounder</td><td>Jayla Place, P.O. Box 216, Road Town, VG1110-VG</td></tr></table>

		Louis Bellet	Cofounder, Chief Architect	Jayla Place, P.O. Box 216, Road Town, VG1110-VG
		Camille Meulien	Cofounder	Jayla Place, P.O. Box 216, Road Town, VG1110-VG
		Alessio Treglia	CTO	Jayla Place, P.O. Box 216, Road Town, VG1110-VG
A.13	Business activity	**Purpose/strategy/vision** Yellow Network's strategy is to provide a complete Web3 master toolkit that unifies liquidity, simplifies dApp development and improves the user experience. The base technology is a proprietary Layer-3 protocol that enables realtime, non-custodial, cross-chain trading to occur off-chain using state channels, with only the final settlement recorded on-chain. This creates a global, unified pool of liquidity whilst enabling chains to effectively scale to millions of transactions per second. Built on top of this is the Yellow SDK, which provides developers with the tools to easily build dApps with the speed and user experience of traditional Web2 platforms. Yellow Network aims to drive the mass adoption of Web3 whilst creating a more efficient and inclusive financial ecosystem that extends the principles of Bitcoin and Ethereum to everyday life. **Products/services** YELLOW ECOSYSTEM Yellow Network is a comprehensive Web3 ecosystem providing the core infrastructure and		

		developer tools to power a new generation of high-performance decentralized finance applications. YELLOW NETWORK Underpinning the Yellow Network is a proprietary Layer-3 protocol that enables realtime, non-custodial, cross-chain trading to occur off-chain using state channels, with only the final settlement recorded on-chain. This creates a global, unified pool of liquidity whilst enabling chains to effectively scale to millions of transactions per second. YELLOW.COM Yellow.com is the retail facing arm of the Yellow Network. While it currently serves as a media outlet, it has plans to become a regulated broker. YELLOW SDK Yellow SDK is a comprehensive Software Development Kit that serves as the primary toolkit for developers to build advanced, user-friendly, and efficient dApps on the Yellow Network. YELLOW TOKEN $YELLOW is the native utility token that powers and provides access to the Yellow Network, enabling users to undertake network transactions, build decentralized applications, and stake and earn. NEODAX NeoDAX is a groundbreaking crypto brokerage solution that is simple to set up, provides turnkey liquidity, and can handle hundreds of thousands of transactions per second. **Markets served** The primary market for Yellow Network are professional traders and brokers. The Yellow ecosystem appeals to a wider audience aiming to fix

		common issues pertinent to traditional and Web3 finance as well as provide different experience in areas spanning from finance to entertainment.
A.14	Parent company business activity	The parent company, Layer 3 Foundation is just a holding entity. It has had no significant business activities.
A.15	Newly established	FALSE
A.16	Financial condition for the past three years	In 2022, Layer3 Fintech started attracting pre-seed funding through private sales of the tokens. In total it attracted more than $10M of funding. Although there had been some refunds, a major part of this funding was used to develop the main protocol and some part of the ecosystem as well as develop the vision of the future products. In July-August 2025, Layer3 FinTech has successfully completed public placement under U.S. Regulations D and S in the total amount of $1M. The company is preparing for the listing of its tokens to secure further runway before full market release.
A.17	Financial condition since registration	N/A

Part B: Information about the issuer, if different from the offeror

N	Field	Content
B.1	Issuer different from offeror or person seeking admission to trading	FALSE
B.2	Name	N/A
B.3	Legal form	N/A
B.4	Registered address	N/A
B.5	Head office	N/A
B.6	Registration date	N/A
B.7	Legal entity identifier	N/A
B.8	Another identifier required pursuant to applicable national law	N/A
B.9	Parent company	N/A
B.10	Members of management body	N/A
B.11	Business activity	N/A
B.12	Parent company business activity	N/A

Part C: Information about the operator of the trading platform

N	Field	Content
C.1	Name	N/A
C.2	Legal form	N/A
C.3	Registered address	N/A
C.4	Head office	N/A
C.5	Registration date	N/A
C.6	Legal entity identifier	N/A
C.7	Another identifier required pursuant to applicable national law	N/A
C.8	Parent company	N/A
C.9	Reason for crypto-asset white paper preparation	N/A
C.10	Members of management body	N/A
C.11	Operator business activity	N/A
C.12	Business activity of parent company	N/A
C.13	Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	N/A
C.14	Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	N/A

Part D: Information about the crypto-asset project

<table>
<tr><th>N</th><th>Field</th><th>Content</th></tr>
<tr><td>D.1</td><td>Crypto-asset project name</td><td>Yellow</td></tr>
<tr><td>D.2</td><td>Crypto-asset's name</td><td>Yellow Token</td></tr>
<tr><td>D.3</td><td>Abbreviation</td><td>YELLOW</td></tr>
<tr><td>D.4</td><td>Crypto-asset project description</td><td>Yellow aims to create a decentralized clearing and settlement framework where businesses can collaborate and leverage a robust liquidity infrastructure, similar to how internet service providers and network firms interconnect and operate under regulatory frameworks in various countries. The YELLOW token powers transactions and staking for node operator incentives, collateral and penalties in the context of service-level agreement enforcement.</td></tr>
<tr><td>D.5</td><td>Details of all natural or legal persons involved in the implementation of the crypto-asset project</td><td>Yellow is an open source software framework upon which a clearing and settlement network of interconnected nodes operating across different blockchains is built and operated. It is maintained by a decentralized network of developers, node operators, and users worldwide. The Layer-3 Fintech Ltd and other independent contributors drive its development.
<table>
<tr><th>Name</th><th>Address/Domicile</th><th>Function</th></tr>
<tr><td>Layer3 Fintech Ltd.</td><td>Jayla Place, P.O. Box 216, Road Town, Tortola, British Virgin Islands</td><td>Development Team</td></tr>
</table>
</td></tr>
</table>

		Chris Larsen	C/O THE CORPORATION TRUST COMPANY, CORPORATION TRUST CENTER, 1209 ORANGE ST, WILMINGTON, 19801, US-DE, US	Advisor
		Juan Otero	160 Robinson Road, #14-04, Singapore Business Federation Center, Singapore 068914, SG	Advisor
D.6	Utility Token Classification	TRUE		
D.7	Key Features of Goods/Services for Utility Token Projects	YELLOW serves as the core access key to the Yellow Network, a Layer-3 financial infrastructure connecting brokers, exchanges, and dApps. It unlocks participation and interaction between network actors through broker registration, channel activation, Yellow App Store and SDK access. These services require users or institutions to stake or hold YELLOW to enable operations or maintain network credibility. The network incorporates a Payment Abstraction system, enabling users to pay fees in any major asset including USDT, ETH, BTC. These payments are automatically converted into $YELLOW, creating a unified fee and settlement layer across protocol-level transaction fees, Yellow		

		App Store commissions, and off-chain subscription services.
D.8	Plans for the token	**Milestones reached** The team has made substantial progress in building the products outlined in the vision and strategy. In fact, Layer3 FinTech Ltd has carried out most of the work for the development of the Yellow Network's decentralised infrastructure, delivering key milestones such as client applications, decentralised protocols, and a set of smart contracts that power a scalable technology framework adopted by businesses and individual developers building real-world applications. 2024: • State Channel & Account Abstraction R&D • Launch of the Yellow Smart Account • Launch of the Yellow Wallet • Establishment of the Clearing Network Legal Framework • Launch of the Yellow.com User Portal • Finalization of the Core Protocol Architecture 2025 • Production Release of the Yellow SDK • Network Expansion to 6 New EVM Chains • Official Launch of the Yellow Builder Program **Outlook** 2025 • Public Release of the NeoDAX Brokerage Software • Finalization of the Clearing Network Architecture • Public Release of the Yellow Clearing Network

		• Initiation of non-EVM Chain Support (Closed Beta) Future milestones include the YELLOW Staking protocol, integrations with other major blockchain networks, a multi-phase rollout of a smart contract based decentralized governance framework, the Yellow App Store, and a governance-driven strategic reserve allocation mechanism.
D.9	Resource Allocation	Layer3 FinTech Ltd has already committed substantial financial, human, and technical resources to the development of the Yellow project and its supporting platform. Financial Resources - The company has attracted private round seed funding in prior years and recently completed a public placement for $1M. These resources are primarily allocated to operational expenses and team salaries related to Yellow's development. Human Resources - Yellow has a dedicated core team of 33 full-time staff, supplemented by a network of contributors and advisors. The advisors include high-profile industry leaders such as Chris Larsen, co-founder of Ripple Labs, providing governance and strategic guidance. Technical Resources - Yellow has been cooperating with Consensys, the inventor of the state channel technology which lays at the heart of the Yellow Network. Operational Partnerships - Exchange partnerships (Kraken, Coinbase) have been initiated to support token launch and liquidity provision.
D.10	Planned Use of Collected Funds or Crypto-Assets	The proceeds collected from the private and public sale of $YELLOW tokens will be applied to the

		continued development, operation, and scaling of the Yellow ecosystem. Allocation will be managed by Layer3 FinTech Ltd in line with good governance and financial discipline. Funds will not be used for dividend distributions or profit-sharing, but rather for the delivery of goods and services connected to the Yellow ecosystem.

Part E: Information about the offer to the public of crypto-assets or their admission to trading

N	Field	Content
E.1	Public Offering and/or Admission to trading	OTPC/ ATTR
E.2	Reasons for Public Offer and/or Admission to trading	The public offer of the $YELLOW token and its admission to trading are intended to support the long-term development and adoption of the Yellow ecosystem. The reasons for undertaking both actions are as follows: **Fundraising for Platform Development** The public offer will provide Layer3 FinTech Ltd with the necessary resources to enhance platform functionality, and expand the ecosystem. **User Visibility and Ecosystem Growth** Admission to trading on regulated crypto-asset trading platforms increases awareness and accessibility of the $YELLOW token. This facilitates broader adoption by brokers, traders, and other community members, ensuring that the token can function effectively according to its planned utility.
E.3	Fundraising Target	100.000,000
E.4	Minimum Subscription Goals	N/A
E.5	Maximum Subscription Goal	N/A
E.6	Oversubscription Acceptance	FALSE
E.7	Oversubscription Allocation	N/A
E.8	Issue Price	0.01

E.9	Official currency or any other crypto-assets determining the issue price	USD
E.10	Subscription fee	N/A
E.11	Offer Price Determination Method	The price was determined by Layer3 FinTech Ltd based on the overall funding requirements for the development and scaling of the Yellow Network, as well as the total number of tokens available for distribution. The methodology prioritized fairness and predictability for token purchasers. Layer3 FinTech Ltd did not adopt a demand-based pricing model, as the company did not consider it equitable to adjust token pricing according to short-term market demand. The chosen approach ensures that all participants in the token offering can acquire $YELLOW tokens at the same transparent and pre-defined issue price, aligned with the company's budgetary objectives and long-term project roadmap.
E.12	Total Number of Offered/Traded CryptoAssets	10.000.000.000
E.13	Targeted Holders	ALL
E.14	Holder restrictions	The $YELLOW token is a utility token designed for broad use within the Yellow ecosystem and is available to both retail and professional investors. Layer3 FinTech Ltd does not impose any restriction as to the category of holders under Regulation (EU) 2023/1114 (MiCA). However, tokens will not be offered or distributed in jurisdictions where such activities would be unlawful, including but not limited to the countries subject to the US, EU or UN sanctions.

E.15	Reimbursement Notice	Purchasers participating in the offer to the public of crypto-asset will be able to be reimbursed if the minimum target subscription goal is not reached at the end of the offer to the public, if they exercise the right to withdrawal provided for in Article 13 of Regulation (EU) 2023/1114 of the European Parliament and of the Council or if the offer is cancelled
E.16	Refund Mechanism	Purchasers participating in the public offer of $YELLOW tokens will be entitled to reimbursement under the following circumstances: Right of Withdrawal, in accordance with Article 13 of Regulation (EU) 2023/1114, all purchasers will have the right to withdraw from their purchase within 14 calendar days of the subscription date. Purchasers exercising this right will be reimbursed in the same currency or crypto-asset used for payment, less any transaction costs charged by third-party payment providers. Cancellation of the Offer, if the public offer of $YELLOW tokens is cancelled prior to completion, all purchasers will be reimbursed in full in the same currency or crypto-asset used for payment. Reimbursement requests will be processed by Layer3 FinTech Ltd or the third-party platforms facilitating the offer.
E.17	Refund Timeline	Refunds will be processed within a reasonable period, not exceeding 14 business days from the date of the valid request.
E.18	Offer Phases	The offer of $YELLOW may be in multiple phases which will depend on the market conditions.
E.19	Early Purchase Discount	Early purchasers received discounts with an average of 30% since they backed the project at the very early stage. The increase in price of the public offer is due to advancements in the development of the core protocol and the ecosystem.

E.20	Time-limited offer	FALSE
E.21	Subscription period beginning	N/A
E.22	Subscription period end	N/A
E.23	Safeguarding Arrangements for Offered Funds /CryptoAssets	In accordance with Article 10 of Regulation (EU) 2023/1114, Layer3 FinTech Ltd has put in place safeguarding arrangements to ensure that funds or crypto-assets collected during the public offer are protected until the completion of the offer or expiry of the withdrawal period. Segregated Holding of Assets All fiat funds and crypto-assets received during the token offer will be held in dedicated accounts or wallets separate from Layer3 FinTech Ltd's operational funds. Third-Party Custody Where applicable, launchpads and exchanges facilitating the public offer will hold purchaser funds or crypto-assets in accordance with their regulated safeguarding arrangements until the allocation of $YELLOW tokens is confirmed. Reimbursement Mechanism If a purchaser exercises their 14-day right of withdrawal under Article 13 MiCA, or if the offer is cancelled, the funds or crypto-assets will be returned to the purchaser in the same form in which they were received (subject only to network or payment provider transaction costs). Security and Oversight Layer3 FinTech Ltd will monitor and verify that all safeguarding arrangements are maintained in compliance with EU standards, ensuring that purchaser assets remain secure, available, and unencumbered throughout the offer period.

		Risk Disclaimer While Layer3 FinTech Ltd and its partners will implement robust safeguarding procedures, participants should be aware that the transfer of crypto-assets may be subject to blockchain network fees, transaction delays, or technical disruptions outside the control of Layer3 FinTech Ltd. Reimbursements may therefore be affected by such external factors, though every effort will be made to process them promptly.
E.24	Payment Methods for Crypto-Asset Purchase	Purchasers may acquire $YELLOW tokens using either fiat currency or eligible crypto-assets. Fiat Payments, payments in official currencies (such as EUR or USD) will be accepted through regulated third-party payment providers through launchpads and exchanges participating in the offer. Crypto-Asset Payments: Crypto-assets such as USDT, USDC and ETH may be used to acquire $YELLOW tokens. These transactions will be processed via licensed third-party crypto-asset service providers (CASPs) acting as on-ramps/off-ramps, with conversion carried out at prevailing market rates at the time of purchase. Layer3 FinTech Ltd does not directly hold or custody purchaser funds. All public offer payments are facilitated through external regulated partners to ensure compliance with applicable financial and anti-money laundering requirements. Purchasers will receive confirmation of their $YELLOW token allocation once payment has been validated by the relevant provider.
E.25	Value Transfer Methods for Reimbursement	Reimbursement is made in the same form (fiat or crypto) used for payment. Layer3 FinTech Ltd. does not handle the funds directly, refunds are processed by the same regulated third-party providers.

		Refunds are subject to network fees or payment processor charges, but otherwise full reimbursement is made.
E.26	Right of Withdrawal	Retail holders who purchase $YELLOW Token have the right to withdraw from their agreement to purchase $YELLOW Token without incurring any fees or costs and without having to give any reasons. The withdrawal period is 14 calendar days from the date of the agreement. If a retail holder exercises its right to withdraw from the purchase agreement, it shall send a notice by email to the following address: legal@layer3.foundation. The notice must be sent before midnight CET of the 14th day after the date of the agreement. The right of withdrawal may not be exercised after (i) the end of the offer, or (ii) the admission of $YELLOW Token to trading. If the right of withdrawal is exercised, the Offeror will return to the retail holder all payments received, including any fees, within 14 days of receipt of the notice of withdrawal.
E.27	Transfer of Purchased Crypto-Assets	$YELLOW tokens purchased during the public offer will be transferred directly to the purchaser's self-custody wallet through settlement on decentralized exchanges (DEXs) participating in the offer. Initial Allocation, once the purchase transaction is confirmed on-chain, the purchaser's compatible wallet address will be credited with the corresponding number of $YELLOW tokens. Security Measures, tokens are transferred on-chain without any custody by Layer3 FinTech Ltd. Purchasers remain solely responsible for safeguarding their wallet and private keys, as Layer3 FinTech Ltd has no access to or control over user credentials.

E.28	Transfer Time Schedule	Transfer Timing, token transfers occur automatically and immediately upon successful on-chain execution of the purchase transaction, subject to network confirmation.
E.29	Purchaser's Technical Requirements	Purchasers must use a wallet that supports the ERC-20 standard on Ethereum Chain. Token allocations are delivered exclusively to the wallet used to execute the transaction on the DEX.
E.30	Crypto-asset service provider (CASP) name	Trading, custody, and payment-related functions associated with the public offer of $YELLOW will be carried out exclusively by licensed third-party CASPs and regulated payment providers . Layer3 FinTech Ltd will ensure that all such partners are appropriately authorized under MiCA and applicable EU law before being engaged in connection with the public offer or trading of $YELLOW.
E.31	CASP identifier	N/A
E.32	Placement form	WOUT
E.33	Trading platforms name	Kraken, Coinbase, other MiCA compliant centralised and/or decentralized exchanges based on future agreements
E.34	Trading platforms Market Identifier Code (MiC)	Kraken - PESL
E.35	Trading platforms access	Access to purchase, sell, or trade $YELLOW tokens on secondary markets is determined entirely by the rules, terms, and onboarding processes of the respective trading platforms on which $YELLOW is admitted to trading. Layer3 FinTech Ltd does not control, manage, or guarantee the ability of any individual or entity to open an account, complete onboarding, or execute transactions on such platforms. Each trading platform has its own eligibility criteria, Know-Your-Customer (KYC) and Anti-Money

		Laundering (AML) procedures, and jurisdictional restrictions. Purchasers and prospective traders are advised to consult directly with their platform of choice (e.g., Kraken, Coinbase, or other licensed exchanges) to understand the applicable access requirements, fees, and supported payment methods before attempting to trade $YELLOW tokens. Layer3 FinTech Ltd assumes no responsibility for a purchaser's ability to gain or maintain access to any third-party trading platform.
E.36	Involved costs	The costs of buying, selling, depositing or withdrawing $YELLOW on third-party trading platforms are set solely by those platforms and may vary over time. Typical fees may include: maker/taker trading fees, spreads, deposit/withdrawal fees (fiat and crypto), network (gas) fees, account/verification fees, and foreign-exchange charges where applicable. Layer3 FinTech Ltd does not control, charge, receive, rebate, or subsidize any such fees and is not responsible for fee changes or for a platform's pricing methodology. Prospective purchasers and holders should consult the fee schedules and terms published by their platform of choice (e.g., Kraken, Coinbase, or other licensed CASPs) before transacting. Fees may differ by jurisdiction, payment method, trading tier, and network conditions. Any taxes arising from trading or holding $YELLOW are the responsibility of the holder. Transactions on public blockchains may incur non-refundable network fees independent of platform fees.
E.37	Offer Expenses	No costs are passed onto purchases of $YELLOW tokens.
E.38	Conflicts of Interest	N/A

E.39	Applicable law	Ireland
E.40	Competent court	Courts of Ireland

Part F: Information about the crypto-assets

N	Field	Content
F.1	Crypto-Asset Type	Crypto-assets other than asset-referenced tokens or e-money tokens
F.2	Crypto-Asset Functionality Description	YELLOW is the universal access and coordination token for the Yellow ecosystem. It powers all economic activity across applications, brokers, and liquidity nodes. It enables secure communications between smart contracts, client nodes, and end users. It allows participants to operate nodes, brokers, and integrations. YELLOW is used as collateral to incentivize good behaviour and compensate operators that commit to maintain reliable service, who become eligible for rewards or subject to penalties in case of misconduct or underperformance. Furthermore, YELLOW is integral to the staking framework that enhances the network's security and trust, allowing participants to lock up tokens in exchange for securing services and earning rewards. The token's primary function is not investment or speculation, but to facilitate operational activities within the Yellow ecosystem, supporting decentralized finance (DeFi), gaming, insurance, and enterprise blockchain use cases through trustworthy and decentralized service provisioning. Other functionalities are planned that focus on expanding the role of YELLOW within the Yellow ecosystem by supporting advanced use cases and enhancing network security through staking and decentralized governance. As Yellow continues to scale, YELLOW will be increasingly utilized to secure a broader range of components and services, including the Yellow Network, NeoDAX, Yellow App Store, and the Nitrolite Protocol and its extensions. These services are critical for the development of next-generation decentralized applications across DeFi, peer-to-peer financial services, gaming, and

		real-world use cases that aim to bridge service providers and consumers globally. The YELLOW token will also be central to the rollout of the Yellow Economics 2.0 initiative, which aims to implement staking mechanisms that allow participants to back service guarantees with YELLOW and earn rewards for honest participation. Additionally, as governance features are introduced, YELLOW holders may have the ability to participate in decision-making processes concerning protocol upgrades and economic parameters, further reinforcing the token's utility-driven design within the Yellow ecosystem.
F.3	Planned Application of Functionalities	The current functionalities are already in place: • State Channels, "Smart" Account Abstraction, Yellow Wallet • Yellow.com User Portal • Core Protocol The following functionalities should be implemented by the end of 2026: • Staking • Yellow SDK v1.0 Public Release • Yellow Network Clearing Public Release • Yellow Network support of non-EVM blockchains • Public Release of NeoDAX Brokerage Open Source Software
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article		
F.4	Type of white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-Asset Characteristics	YELLOW token is a fungible, transferable, and digitally stored crypto-asset operating primarily on the Ethereum blockchain as an ERC-20 token. The

		token is not backed by any asset or reference value and does not represent a claim on the issuer's assets, profits, or governance rights, distinguishing it clearly from asset-referenced tokens (ARTs) or electronic money tokens (EMTs). YELLOW's primary purpose is functional, facilitating the operations of the Yellow Network, a clearing and settlement network of interconnected nodes operating across several blockchains, which connects smart contracts to real-world applications and services. Within this ecosystem, YELLOW is used as a medium of exchange to compensate node operators for maintaining reliable service and delivering reliable data, executing external computations, and ensuring the performance of decentralized services. It also acts as a collateral mechanism, where participants stake YELLOW tokens to signal honest behavior, with penalties for dishonesty or underperformance. These staking mechanisms are being expanded under the Yellow Economics 2.0 framework to enhance network security and reliability. The supply is fixed at 10 billion YELLOW, with neither inflationary nor deflationary mechanisms, providing predictability in tokenomics. In terms of rights and obligations, YELLOW does not entitle holders to any governance privileges, dividends, or repayment obligations, and its acquisition does not involve any guaranteed financial return. The token's value and utility are directly tied to its role within the Yellow ecosystem of applications and services, primarily determined by market demand for decentralized data services and network participation.
F.7	Commercial name or trading name	Layer3 FinTech Ltd.
F.8	Website of the issuer	https://www.yellow.org/

F.9	Starting date of the offer to the public or admission to trading	2025-12-15
F.10	Publication date	2025-12-15
F.11	Any other services provided by the issuer	N/A
F.12	Language or languages of the white paper	English
F.13	Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available	N/A
F.14	Functionally Fungible Group Digital Token Identifier, where available	N/A
F.15	Voluntary data flag	FALSE
F.16	Personal data flag	TRUE
F.17	LEI eligibility	TRUE
F.18	Home Member State	Ireland
F.19	Host Member State	Austria; Belgium; Bulgaria; Croatia; Cyprus; Czechia; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Netherlands; Italy; Latvia; Lithuania; Luxembourg; Malta; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; Iceland; Norway; Liechtenstein

Part G: Information on the rights and obligations attached to the crypto-assets

N	Field	Content
G.1	Purchaser Rights and Obligations	Purchasers of the YELLOW acquire a digital asset that provides access to certain functionalities within the Yellow Network and its ecosystem of applications and services but does not confer any ownership, governance, or financial rights over Layer-3 Fintech Ltd or its affiliates. Specifically, holding YELLOW does not entitle the purchaser to dividends, profit-sharing, voting rights, or claims on the issuer's assets. Instead, the token's value lies in its utility, enabling users to interact with Yellow services, such as paying for transactions, trading fees, in-app subscriptions, staking, or participating in service-level agreements. YELLOW holders may choose to use their tokens for these purposes or simply hold or trade them, subject to prevailing market conditions. However, they also assume the risks associated with crypto-assets, including market volatility, technological vulnerabilities, and regulatory uncertainties. Purchasers are responsible for securing their tokens, complying with applicable laws in their jurisdictions, and understanding that there is no guarantee of future value appreciation or liquidity.
G.2	Exercise of Rights and obligations	The exercise of rights and obligations associated with the YELLOW token is primarily functional and operational within the Yellow decentralized network and ecosystem. YELLOW holders may use their tokens to pay for transactions, app purchases and subscriptions, data delivery, service provisioning, or cross-chain messaging, by either submitting requests through smart contracts or interacting with the Yellow decentralised network of nodes. Additionally, YELLOW tokens can be staked by node operators or participants to participate in Yellow's

		staking program, thereby committing to maintain reliable service and becoming eligible for rewards or subject to penalties in case of misconduct or underperformance. These obligations are enforced algorithmically through smart contract protocols. Importantly, since YELLOW does not confer any ownership, legal entitlement, or governance rights, the scope of rights exercisable by holders is limited to the token's use in accessing and securing Yellow services. All responsibilities tied to YELLOW, including storage, usage, and compliance with local regulations, lie solely with the token holder.
G.3	Conditions for modifications of rights and obligations	N/A
G.4	Future Public Offers	Layer3 FinTech Ltd may consider conducting additional public offers of $YELLOW tokens in the future to support ecosystem expansion, fund platform development, or incentivize community participation. No specific dates or quantities have been determined at this time. Any future public offer will be carried out in compliance with Regulation (EU) 2023/1114 (MiCA) and will be preceded by an updated whitepaper and appropriate regulatory notifications.
G.5	Issuer Retained Crypto-Assets	1,250,000,000
G.6	Utility Token Classification	TRUE
G.7	Key Features of Goods/ Services of Utility Tokens	The YELLOW token provides direct access to the digital infrastructure, software, and services developed within the Yellow Network ecosystem, which operates as a Layer-3 financial interoperability layer connecting brokers, decentralized apps, and liquidity providers. Ownership or staking of YELLOW grants measurable and verifiable access to both on-chain protocol services and off-chain platform services. These goods and services are characterized by consistent

		service quality standards such as high availability, reliability, cryptographical security, and a transparent link between utility consumption and token demand. Furthermore, goods and services offered via the Yellow Network will vary depending on event schedules, partner agreements, and marketplace inventory. All goods and services will be provided by verified vendors or partners, with quantities determined by event-specific capacity, merchandise stock levels, or program allocation.
G.8	Utility Tokens Redemption	YELLOW holders may redeem their tokens to pay for transactions, app purchases and subscriptions, data delivery, service provisioning, or cross-chain messaging, by either submitting requests through smart contracts or interacting with the Yellow decentralised network of nodes. Additionally, YELLOW tokens can be staked by node operators or participants to participate in Yellow's staking program, thereby committing to maintain reliable service and becoming eligible for rewards or subject to penalties in case of misconduct or underperformance. These obligations are enforced algorithmically through smart contract protocols. Importantly, since YELLOW does not confer any ownership, legal entitlement, or governance rights, the scope of rights exercisable by holders is limited to the token's use in accessing and securing Yellow services.
G.9	Non-Trading request	TRUE
G.10	Crypto-Assets purchase or sale modalities	N/A
G.11	Crypto-Assets Transfer Restrictions	N/A
G.12	Supply Adjustment Protocols	FALSE

G.13	Supply Adjustment Mechanisms	Unlike ARTs and EMTs, YELLOW does not incorporate any active supply adjustment mechanism such as algorithmic issuance, dynamic minting, or automatic token burns. The total supply of YELLOW is statically capped at 10,000,000,000 tokens. YELLOW's value is purely market-driven and not designed to track any external reference. There is no protocol-based burning of tokens in response to usage levels, nor is there any inflationary mechanism to increase the supply over time. Any changes in circulating supply are the result of movements from locked reserve or internal allocations (such as node operator incentives) to the open market, not from protocol-level supply modifications. This static supply model contributes to transparency and predictability in Yellow's tokenomics.
G.14	Token Value Protection Schemes	FALSE
G.15	Token Value Protection Schemes description	N/A
G.16	Compensation schemes	FALSE
G.17	Compensation schemes description	N/A
G.18	Applicable law	British Virgin Islands
G.19	Competent court	The BVI Commercial Court

Part H: Information on the underlying technology

N	Field	Content
H.1	Distributed ledger technology	The YELLOW operates in compliance with widely adopted protocols and technical standards that ensure its compatibility, security, and interoperability across decentralized ecosystems. At its core, YELLOW is implemented on the Ethereum blockchain and follows the ERC-20 token standard, which enables its seamless integration with existing wallets, smart contract systems, and decentralized applications. However, the Ethereum network itself represents only the foundational settlement layer for the broader Yellow Network infrastructure. Above this layer operates the Nitrolite protocol, a lightweight state-channel framework designed to facilitate scalable, low-latency, and cost-efficient interaction between network participants. Within Nitrolite, participants transact *off-chain* (i.e., outside the base blockchain), while a minimal on-chain contract ensures security and settlement finality. The on-chain component provides: • Asset custody for ERC-20 tokens and native assets locked within a channel. • Mutual close procedures, allowing all parties to cooperatively finalize the channel state. • A challenge-response mechanism, enabling unilateral closure and settlement if a counterparty becomes unresponsive or disputes arise. This structure aligns directly with key characteristics of Distributed Ledger Technology (DLT) under the MiCA regulatory framework (Regulation (EU) 2023/1114). MiCA defines DLT as a system in which records are stored in a distributed manner, where validation and updating are

		performed by multiple parties using cryptographic and consensus-based mechanisms, without reliance on a central authority. Nitrolite's architecture maps to this definition in the following ways: • **State Distribution Across Independent Participants**: The Nitrolite protocol organizes interactions through N-participant channels, where state updates are validated and co-signed by the parties themselves. No single actor controls the ledger state; rather, it is mutually maintained and cryptographically attested. • **Decentralized Final Settlement via Blockchain Layers**: While operations occur off-chain for performance, final settlement, dispute resolution, and token custody remain anchored to a public blockchain. This ensures that the system inherits the transparency, immutability, and security guarantees of Ethereum and other integrated networks. • **Modular and Multi-Network Ledger Abstraction**: Within these channels, at least one participant is a clearnode: a decentralized web service that provides chain abstraction and routing. Clearnodes allow participants to transact across multiple blockchain environments while maintaining a unified transactional view. This reinforces interoperability and distributed coordination, both of which are explicit attributes recognized under the MiCA definition of DLT systems. By combining these elements, the Yellow Network operates not merely as a token ecosystem but as an interoperable, off-chain transaction network secured by on-chain settlement guarantees. In regulatory terms, this positions Yellow Network and

		the Nitrolite protocol firmly within the category of DLT-based market infrastructure as recognized by MiCA, while preserving the decentralization, transparency, and cryptographic verifiability that the framework requires. In other words: the blockchain settlement layer provides trust, the state channels provide speed, and the clearnodes provide connectivity. Together, they form a compliant, scalable distributed ledger environment suitable for cross-network financial coordination. Further Information Sources and Links (All links validated as per 7 November 2025) • https://yellow.org/ provides comprehensive information about the Yellow stack, including its technology, vision, roadmap, staking, governance, developer resources, and the latest updates on ecosystem projects. • https://docs.yellow.org/ The official documentation for developers building applications using the Yellow technology and its components, providing in-depth guides, tools, tutorials, and community support. **GitHub Repositories** • https://github.com/erc7824/clearnode The official repository for the Yellow network node, including both open source client software and publicly auditable smart contracts. • https://github.com/layer-3/docs The repository for the Yellow's official documentation website.
H.2	Protocols and technical standards	The YELLOW is engineered with full compliance to widely-adopted token standards and protocols that ensure compatibility, security, and seamless interoperability within decentralised ecosystems. At

		its core, YELLOW is implemented as an ERC-20 token on the Ethereum blockchain, thereby leveraging the robust technical foundation and wide adoption of ERC-20 interfaces (transfers, approvals, allowances) and the general security properties of the Ethereum Virtual Machine (EVM) environment. On top of that token layer, Yellow employs the Nitrolite protocol, a lightweight "state channel" framework, that enables participants to conduct off-chain interactions while preserving on-chain security and finalisation guarantees. The Nitrolite protocol provides the following key features: • Custody of tokens (both ERC-20 and native chain assets) for each channel is secured via a designated on-chain smart contract. • A "mutual close" mechanism: when all participants within a channel agree on a final state, they can agree to close it and commit that state on-chain. • A challenge/response mechanism: if one party becomes unresponsive or attempts malicious behaviour, another party may unilaterally enforce the final state or dispute the state via on-chain logic, securing the user's rights. In practice, the Nitrolite protocol is implemented as a composition of multi-participant channels (N-party channels). One of the participants is designated as the channel-creator ("client"), and another participant is a web service node (referred to as a "clearnode"), which abstracts away the underlying ledger chains and provides chain-abstraction services. Through the clearnode, clients can transact off-chain via an abstraction layer built on top of several supported blockchain networks. That abstraction allows Yellow to offer multi-chain liquidity, high-frequency transfers and cross-chain settlement while leveraging the

		off-chain speed of state channels plus the on-chain finality of the underlying settlement contract. Further enhancing the protocol stack is the Yellow SDK (software development kit), which provides two core components: the Nitrolite RPC (remote procedure call) API, enabling rapid integration of applications with the Yellow Network, and the NitroliteClient library, for advanced users who wish granular control over state channels and on-chain contracts. The SDK enables developers to abstract away much of the low-level complexity of state channel management: for example, applications need not themselves handle every ledger event or contest the chain-state; instead they call through the Nitrolite RPC to a clearnode which handles the off-chain transactions, channel state, liquidity pooling and on-chain arbitration (via the ERC-7824 contract implementation). The architecture supports unified balances, so a user can deposit e.g. 50 USDC on one chain and 50 USDC on another, and the clearnode exposes a single "unified balance" of 100 USDC. The clearnode also manages pools of funds across multiple networks, enabling the deposit on one chain and withdrawal on another, a key feature of chain-abstraction. From a protocol and technical-standards perspective, the Yellow Network thus combines: • On-chain standards (ERC-20 for the token; the Nitrolite smart-contract architecture including an ERC-7824-smart-contract specification for channel arbitration) • Off-chain state-channel protocols (Nitrolite state-channel framework) • RPC/API standards (Nitrolite RPC, SDK) that permit application developers to integrate easily • Multi-chain abstraction (clearnode infra bridging multiple underlying blockchains)

		• Security-design features: off-chain speed, on-chain finality, challenge/dispute mechanisms. Thus, YELLOW is more than simply a token: it is a layered protocol stack adhering to standardised technical interfaces and state-channel abstractions, backed by on-chain arbitration contracts and chain-agnostic infrastructure. All of this ensures that Yellow and its SDK-enabled applications operate with the levels of interoperability, trustless enforcement and transparency that are characteristic of distributed ledger systems.
H.3	Technology Used	The technology underlying Yellow is a sophisticated combination of blockchain standards, decentralized infrastructure, cryptographic security, and cross-chain interoperability mechanisms designed to support the secure and reliable operation of both decentralized and centralized applications and services of the Yellow ecosystem. YELLOW is implemented as an ERC-20 asset on the Ethereum blockchain, ensuring interoperability with the established EVM ecosystem and compatibility with widely adopted token, wallet, and smart-contract standards. The ERC-20 interface guarantees predictable behaviour for transfer, approval, and accounting functions, enabling secure integration into decentralized applications, liquidity pools, and exchange environments. Building beyond the base blockchain layer, the Yellow Network leverages the Nitrolite protocol, a lightweight state-channel framework designed to enable high-throughput, low-latency value exchange. Nitrolite allows participants to transact off-chain, while settlement and security guarantees remain anchored on-chain. Its smart-contract core provides:

		• Token custody for ERC-20 and native assets locked into channels • Mutual close actions for cooperative channel finalization • Challenge / response dispute resolution enabling unilateral enforcement when necessary Channels in Nitrolite are structured as N-participant state channels, where one participant initiates the channel (the client) and at least one participant acts as a clearnode. The clearnode is a Web-service node that performs chain abstraction, providing unified access to liquidity and settlement across multiple blockchain networks. This design allows participants to transact off-chain while retaining the ability to settle on any supported chain, depending on application requirements. To support integration and developer accessibility, Yellow provides the Yellow SDK, composed of: • Nitrolite RPC for remote interaction with clearnodes and channel infrastructure • NitroliteClient library for managing state channels, signing state updates, and interacting with the on-chain state-channel arbitration contract The SDK abstracts away the complexity of channel management, cryptographic state signing, liquidity routing, and multi-chain settlement. It also introduces unified balances, allowing assets held across different blockchains to be represented and transacted as a single aggregated balance. This blockchain-agnostic liquidity layer is made possible by clearnodes that maintain asset pools across networks and bridge settlement paths transparently.
H.4	Consensus Mechanism	The consensus mechanism associated with YELLOW operates across two interconnected

layers: the base blockchain settlement layer and the off-chain coordination layer that powers the Yellow Network's state-channel infrastructure. At the foundational level, YELLOW is an ERC-20 token deployed on the Ethereum blockchain, and therefore inherits Ethereum's Proof-of-Stake (PoS) consensus mechanism. In Ethereum PoS, validators stake ETH to participate in block proposal and attestation. This mechanism ensures:

- Security: Attacks become economically irrational due to the slashing of staked ETH.
- Finality: Transactions are finalized through validator consensus checkpoints.
- Integrity of transfers: Every YELLOW token movement is recorded on-chain and validated by a globally decentralized set of nodes.

Thus, the creation, ownership, and on-chain transfer of YELLOW are secured by Ethereum's PoS blockchain consensus.

On top of the Ethereum settlement layer operates the Nitrolite protocol, which is not a blockchain consensus system itself but a state-channel consensus model based on cryptographic multi-party agreement. Off-chain transactions between participants are not broadcast to the blockchain, instead, each state update is co-signed by all channel participants; such signed state updates collectively form a shared ledger state that is locally synchronized across participants. That means that consensus in Nitrolite is achieved through cryptographic co-signing, not global block production. The blockchain is used only when needed for locking assets into escrows, mutual or forced settlement, and enforcing the aforementioned smart contract-based challenge/response mechanism. This model provides scalability and near-instant transaction

		speed while retaining on-chain enforceability. In effect, Yellow does not replace blockchain consensus; it extends it, combining the trustless and finality of Ethereum's PoS, the performance and scalability of state-channel cryptographic consensus, and the multi-chain routing provided by the decentralized network of nodes. Please refer further to the information provided in section H.1 above.
H.5	Incentive Mechanisms and Applicable Fees	The Yellow's incentive mechanism and applicable fee structure is designed to secure transactions, promote sustainable network participation, and reinforce long-term economic stability. At its core is the Yellow Payment Layer, which allows users and applications to pay network fees in any supported currency (such as ETH, BTC, USDT, or even off-chain fiat). This ensures frictionless adoption by removing the requirement to hold YELLOW tokens for routine interactions. When fees are paid in non-YELLOW currencies, an automated conversion mechanism transparently swaps those payments into YELLOW in the open market. This maintains simplicity for end-users while generating organic, protocol-level buy-side demand for the YELLOW token. Users who choose to pay directly in YELLOW receive discounted fees, creating a natural incentive to hold and use the token without making it mandatory. Fees accumulate from several revenue streams across the ecosystem: trading fees, protocol-level fees, and Yellow App Store commissions. All protocol fees converted into YELLOW are directed into the Strategic Reserve. This reserve holds 100% of protocol revenue in YELLOW, serving as both a stability buffer by absorbing volatility without relying on inflationary emissions or destructive token burning, and a growth engine by funding network expansion, incentives, R&D, and ecosystem programs.

Staking YELLOW plays a central role in network security and coordination; while nodes and apps stake YELLOW to activate roles and permissions (e.g., clearnode operation, routing participation, app deployment), stakers receive a share of reserve-generated yield, aligning incentives between network usage and token holders. Furthermore, Governance voting power increases with both amount and duration of stake, reinforcing long-term commitment. This system ensures that those who influence the network are economically aligned with its stability, liquidity, health, and growth.

The governance model transitions in structured phases:

Phase	Control Model	Participants
Phase 1	Foundation-guided treasury management	Foundation + early stakeholders
Phase 2	Governance participation unlocked for verified stakers	Token holders who stake and verify identity/role
Phase 3	Full decentralized governance	Stakers collectively determine treasury use and protocol parameters

Governance proposals may include staking requirements adjustment, rebalance of reserve tranches, ecosystem grants allocation, and approval of partnerships and integrations. This

		model ensures governance matures alongside the network, preserving agility early on and decentralization long-term. Yellow's incentive model ties network usage directly to demand for the YELLOW token, reinforces value through a strategically managed reserve instead of inflation or burn cycles, and aligns network participants economically and politically through staking and phased decentralized governance. This creates a self-reinforcing ecosystem where usage drives value, value supports security, and security enables scalable adoption. Please refer further to the information provided in section H.1 above.
H.6	Use of Distributed Ledger Technology	FALSE
H.7	DLT Functionality Description	N/A
H.8	Audit	TRUE
H.9	Audit outcome	Yellow maintains a robust security framework, incorporating both internal reviews and external audits to ensure the integrity of its protocols and software components. The Yellow Network has undergone independent audits by third-party organizations specialising in software and blockchain technology. The most recent audit, and therefore relevant for the current code base, was conducted in 2024 by Hacken, a respectable cybersecurity firm. Hacken performed a security assessment specifically targeting the Ethereum smart contracts for the Yellow Network. Hacken has used an approach that considers Likelihood, Impact, Exploitability, and Complexity metrics to evaluate findings and score severities. The audit scrutinized the implementation of the protocol for security flaws and potential vulnerabilities. It concluded that the implementation was robust, with no critical

		issues found, affirming the security measures implemented by the Yellow's engineering team were effective in protecting against common attack vectors. The full audit report is publicly accessible here: https://hacken.io/audits/openware-yellow-network/sca-yellow-network-vault-sept-2024/

Part I: Information on the risks

N	Field	Content
I.1	Offer-Related Risks	**Market volatility** The market price of YELLOW may fluctuate sharply due to broader crypto-asset sentiment, exchange depth, and the discretionary release of tokens by affiliated entities. **Liquidity conditions** YELLOW may experience low trading volumes or wide bid-ask spreads, particularly during early distribution or campaign-driven activity. **Funds Loss** Public $YELLOW token sale may carry risks such as transaction errors, allocation mistakes, offer cancellation, exposing participants to potential loss of funds, and being allocated inappropriately. **Large transactions and discretionary unlocks** Pre-allocated YELLOW tranches may be released at the discretion of the project team; this discretionary supply and linear emissions can affect market pricing. **Regulatory exposure & multi-jurisdiction complexity** As YELLOW will be traded in different countries and on various platforms, it may fall under multiple, evolving legal and regulatory regimes. Changes in these rules could affect where and how the asset can be traded.
I.2	Issuer-Related Risks	**Operational Integrity** The network's clearing and settlement process relies on solid internal controls. Weaknesses in

		fraud prevention, error handling, or system reliability could cause losses or reduce user trust. Regular audits and transparent processes are needed to maintain integrity. **Governance Practices** If too much control stays with a small group, or if decision-making is unclear, the Layer3 FinTech Ltd may face risks from mismanagement or lack of accountability. Limited transparency about treasury or protocol updates could also harm credibility. **Partnership Dependencies** Layer3 FinTech Ltd works closely with brokers, validators, and technical partners. If key partners leave, fail to perform, or face issues, network operations could slow down. Heavy dependence on a few major partners increases the impact of any disruption. **Regulatory Risks** As Yellow network operates globally, this requires adaptation to changing crypto regulations. New rules or stricter compliance demands could add costs or limit activity in some regions. Non-compliance or unclear token classification may also create legal or reputational risks.
I.3	Crypto-Assets- related Risks	**Volatility Risks** The $YELLOW token's value can fluctuate significantly due to market supply and demand, trading activity, and general crypto market trends. These fluctuations may affect the stability of the ecosystem and participants' confidence in the token's long-term value. **Liquidity Risks** Limited market liquidity may make it difficult to buy or sell $YELLOW tokens without causing large price

changes. Low trading volumes or exchange availability could reduce the token's usability in collateral and settlement functions.

Market Manipulation Risks

Since token distribution and trading activity may be uneven, large holders could influence price movements. This creates potential exposure to market distortions if coordinated trading or concentrated ownership occurs.

Irreversibility Risks

Transactions on the Yellow Network, like on most blockchains, are irreversible. Mistaken or unauthorized transfers cannot be undone, and funds lost in such cases cannot be recovered.

Private Key Management Risks

Users must securely manage their private keys to access and transfer tokens. Loss, theft, or exposure of private keys results in permanent loss of assets, as there is no central authority to restore access.

Custodial Risks

If users rely on third-party services or custodians for holding their tokens, they face the risk of loss due to technical failures, breaches, or poor management by those custodians.

Privacy Risks

Although the Yellow Network supports transparency in transactions, all activity is recorded on-chain. This public visibility can potentially expose wallet addresses or transaction patterns, affecting user privacy.

Treasury Risks

Yellow depends on its Treasury Vault to fund operations and maintain stability. The treasury supports the $YELLOW token through a buy-back

		mechanism, builds a diversified currency reserve to resolve disputes between brokers, and collects transaction fees from clearing and trading activities. If network activity declines, the treasury may struggle to cover costs or sustain these programs. Market drops affecting reserve assets could also reduce available funds, creating short-term liquidity pressure.
I.4	Project Implementation -Related Risks	**Technical Delays and Overruns** Yellow's development involves future integrations such as state channels, cross-chain settlement, and liquidity routing. Unforeseen technical issues or underestimated resource needs could lead to delayed milestones or increased costs. **Operational Interruptions & Downtime** Outages or degraded performance of brokers, nodes, or sequencers could temporarily halt transaction processing or reduce efficiency. Prolonged downtime would affect settlements and user experience. **Governance & Control Risk** Weak governance safeguards could enable voting manipulation or low participation, affecting fair decision-making. Poorly designed procedures could also delay or block necessary upgrades. **Interdependency Across Systems** Modules within Yellow's ecosystem, such as trading, clearing, and settlement, are interlinked. A malfunction in one area could cascade into others due to shared infrastructure and liquidity routing. **Dependency on Third Parties** The project relies on external providers for infrastructure, such as security audits. Delays, miscommunication, or policy changes from these

		parties could slow progress or introduce vulnerabilities. **Operator Concentration** If only a small group of node operators or brokers supports key functions, the network faces concentration risk. Collusion or downtime among these operators could disrupt service. **Force-Majeure & Network Events** External events such as blockchain congestion, node outages, or global infrastructure failures could interrupt access or delay transaction processing.
I.5	Technology- Related Risks	**Smart-contract errors** Defects in Nitrolite's smart contracts such as the channel arbitration, mutual close logic, or signature verification could result in value misrouting, lock-ins, or invalid state transitions. **Protocol logic defects in challenge-response mechanism** Logic errors in the dispute or challenge-response system may result in failed state enforcement. **Cryptographic risks** Compromise of signature algorithms or future quantum computing advances could endanger signature validity. **Infrastructure & service dependencies** Dependencies on clearnodes, RPC gateways, explorers, and indexers could create single points of failure or data inconsistency.
I.6	Mitigation measures	**Offer- Related Risks** • **Market Volatility and liquidity conditions:** Yellow uses its Treasury Vault to collect fees

from transactions and settlements. A buy-back mechanism for $YELLOW tokens helps support token stability, while the treasury's diversified asset portfolio aims to reduce exposure to market fluctuations and maintain operational continuity.

- **Funds Loss:** Purchasers benefit from a 14-day withdrawal right, allowing them to recover their funds and full reimbursement is guaranteed if the offer is cancelled. All funds are securely held in safeguarded accounts or managed by regulated third-party custodians until token allocation is complete. Layer3 FinTech Ltd actively monitors these arrangements to ensure compliance, security, and proper handling of participant assets.

Issuer- Related Risks

- **Operational Integrity:** To strengthen operational integrity, Yellow requires brokers to deposit collateral, and incorporates automated smart-contract dispute resolution mechanisms.

  In addition, the Yellow Clearnet Layer-3 infrastructure, which uses state-channel smart contracts and the Clearnode off-chain service, enables secure and decentralized communication and transaction settlement between brokers and exchanges.

- **Governance Practices:** Yellow is implementing a multi-phase decentralized governance framework designed to gradually distribute decision-making power beyond the core team, improving transparency and accountability.

- **Treasury risks:** Treasury and strategic reserve allocation will follow governance-driven processes and be

		overseen by Layer3 FinTech Ltd, ensuring compliance with good governance and financial discipline. **Crypto-asset- Related Risks** • **Privacy and Custody:** Yellow emphasizes self-custody for users, ensuring that token holders maintain direct control over their assets and to reduce dependency on third-party custodians and lowers the risk of loss from external breaches or mismanagement. **Project-Implementation- Related Risks** • **Dependency on Third Parties:** Yellow network works with a broad range of specialized partners rather than relying on a single provider in any field. For example, HackenAI and Zokyo provide security audits, while Cobo and Fireblocks handle custody and treasury management. Other fields, such as blockchain infrastructure, developer tools, and trading integrations, are also supported by multiple partners. **Technology- Related Risks** **Smart-contract & protocol logic defects:** Yellow commissioned independent audits by Hacken in 2024 covering logic correctness, exploitability, and arithmetic safety. No critical vulnerabilities were found.

Part J: Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

Mandatory Information on principal adverse impacts on the climate

N	Field	Content
	General Information	
S.1	Name	Layer3 FinTech Ltd
S.2	Relevant legal entity identifier	2092094
S.3	Name of the crypto-asset	Yellow
S.4	Consensus Mechanism	YELLOW token relies on a two-layer consensus model: • Base Layer Consensus YELLOW is an ERC-20 token on Ethereum, so its ownership and transfers are secured by Ethereum's Proof-of-Stake (PoS) consensus. Validators stake ETH to produce and attest blocks, providing global security, settlement finality, and ledger integrity. • State-Channel Consensus (Nitrolite Layer) Off-chain transactions in the Yellow Network are coordinated through Nitrolite state channels, where each state update is co-signed by the involved participants. This forms a local, cryptographic consensus without requiring global block validation. If there is disagreement, the latest co-signed state can be enforced on-chain via the state-channel smart contract. Ethereum PoS secures final settlement, while Nitrolite provides fast off-chain consensus through

		mutually signed state updates, enforced by on-chain arbitration when needed. Yellow allows users and applications to pay network fees in any currency. These payments are automatically converted into YELLOW through liquidity routing. Users who pay directly in YELLOW receive discounted fees, which encourages holding and using the token without requiring it. All converted fees are accumulated in the Strategic Reserve, which stores 100% of protocol revenue in YELLOW. Nodes and applications stake YELLOW to activate roles and become eligible for rewards, while stakers gain governance influence proportional to stake amount and duration. Fees generate ongoing buy-side demand for YELLOW, staking aligns network participants economically, and the Strategic Reserve stabilizes value while funding growth.
S.5	Incentive Mechanisms and Applicable Fees	See H.5
S.6	Beginning of the period to which the disclosure relates	2025-01-01
S.7	End of the period to which the disclosure relates	2025-11-12
Mandatory key indicator on energy consumption		
S.8	Energy consumption	21,018.59429 kWh per calendar year

N	Field	Content
Sources and methodologies		
S.9	Energy consumption sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation

		guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). As the base layer is a decentralised network, estimates on individual node power draw are used. Full methodology available at: www.micacryptoalliance.com/methodologies

Supplementary Information on the principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

N	Field	Content
Supplementary key indicators on energy and GHG emissions		
S.10	Renewable energy consumption	36.3357061498%
S.11	Energy intensity	0.00099 kWh per transaction
S.12	Scope 1 DLT GHG emissions – controlled	0 t CO2eq per calendar year
S.13	Scope 2 DLT GHG emissions – purchased	6.03318 t CO2eq per calendar year
S.14	GHG intensity	0.00029 kg CO_2eq per transaction
Sources and methodologies		
S.15	Key energy course and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). Full methodology available at: Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). As the token studied does not have activity at the time of the study, its energy intensity is approximated through the calculation of a market

		cap-weighted average of the peer crypto asset activities, compared to the YELLOW's market cap estimated through the product of its issue price and total supply. The peer group is defined as other ERC-20 tokens whose market capitalization falls within ±25% of YELLOW's market cap at issue are included, to ensure only similar peers are used for estimations. Full methodology available at: www.micacryptoalliance.com/methodologies
S.16	Key GHG sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). Full methodology available at: www.micacryptoalliance.com/methodologies

Optional information on the principal adverse impacts on the climate and on other environment-related adverse impacts of the consensus mechanism

<table>
<tr><th>N</th><th>Field</th><th>Content</th></tr>
<tr><td colspan="3">Optional Indicators</td></tr>
<tr><td>S.17</td><td>Energy mix</td><td>
<table>
<tr><th>Energy source</th><th>Percentage {DECIMAL-11/10}</th></tr>
<tr><td>Bioenergy</td><td>2.6685529939%</td></tr>
<tr><td>Coal</td><td>17.7638528587%</td></tr>
<tr><td>Flared Methane</td><td>0.0000000000%</td></tr>
<tr><td>Gas</td><td>29.3666011309%</td></tr>
<tr><td>Hydro</td><td>9.5006273537%</td></tr>
<tr><td>Nuclear</td><td>14.4093946965%</td></tr>
<tr><td>Other Fossil</td><td>2.1244451642%</td></tr>
<tr><td>Other Renewables</td><td>0.3074738001%</td></tr>
<tr><td>Solar</td><td>13.1403458661%</td></tr>
<tr><td>Vented Methane</td><td>0.0000000000%</td></tr>
<tr><td>Wind</td><td>10.7187061359%</td></tr>
</table>
</td></tr>
<tr><td>S.19</td><td>Carbon intensity</td><td>0.28704 kg CO_2eq per kWh</td></tr>
<tr><td>S.22</td><td>Generation of waste electrical and electronic equipment (WEEE)</td><td>0.03485 t per calendar year</td></tr>
<tr><td>S.23</td><td>Non-recycled WEEE ratio</td><td>61.1415189108%</td></tr>
</table>

S.24	Generation of hazardous waste	0.00002 t per calendar year
S.25	Generation of waste (all types)	0.03485 t per calendar year
S.26	Non-recycled waste ratio (all types)	61.1415189108%
S.27	Waste intensity (all types)	0.00165 g per transaction
S.29	Impact of the use of equipment on natural resources	Land use: 503.60490 m^2
S.31	Water use	84.07164 m^3 per calendar year
S.32	Non-recycled water ratio	75.6860569971%
S.33	Other energy sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). Full methodology available at: www.micacryptoalliance.com/methodologies
S.34	Other GHG sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). As the token studied does not have activity at the time of the study, its carbon intensity per transaction is approximated through the calculation of a market cap-weighted average of the peer crypto asset activities, compared to the YELLOW market cap estimated through the product of its issue price and total supply. The peer group is defined as other ERC-20 tokens whose market capitalization falls within ±25% of YELLOW's market cap at issue are included, to ensure only similar peers are used for estimations. Full methodology available at: www.micacryptoalliance.com/methodologies

S.35	Waste sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). As the base layer is a decentralised network, estimates on individual node weight, hazardous components and deprecation rate are used. As the token studied does not have activity at the time of the study, its waste intensity is approximated through the calculation of a market cap-weighted average of the peer crypto asset activities, compared to the YELLOW market cap estimated through the product of its issue price and total supply. The peer group is defined as other ERC-20 tokens whose market capitalization falls within ±25% of YELLOW's market cap at issue are included, to ensure only similar peers are used for estimations. Full methodology available at: www.micacryptoalliance.com/methodologies
S.36	Natural resources sources and methodologies	Data provided by the MiCA Crypto Alliance as a third party, with no deviations from the calculation guidance of Commission Delegated Regulation (EU) 2025/422, Article 6(5). Usage of natural resources is approximated through land use metrics. Land use, water use and water recycling are calculated based on energy mix-specific estimates of purchased electricity land intensity, purchased electricity water intensity, and water recycling rates. As the token studied does not have activity at the time of the study, its land intensity and waste intensity are approximated through the calculation of a market cap-weighted average of the peer crypto asset activities, compared to the YELLOW market cap estimated through the product of its issue price and total supply. The peer group is defined as other ERC-20 tokens whose market capitalization falls within ±25% of YELLOW's market cap at issue are included, to ensure only similar peers are used for estimations. Full methodology available at:

		www.micacryptoalliance.com/methodologies