

THE BARNHOLTZ LAW FIRM, LLC
1904 Vernon Avenue
Beachwood, Ohio 44122
dbarnholtz@barnholtzlawfirm.com | www.barnholtzlawfirm.com

Date: 07 October 2025

To:
Whom It May Concern

From:
The Barnholtz Law Firm, LLC

Our Ref: [●]
Your Ref: [●]
Matter No.: [●]

Subject: Legal Opinion on the Classification of ZARO Coin (ERC-20) under the Laws of the British Virgin Islands

Document Status

- Drafting copy prepared for endorsement on BVI firm letterhead.
- Final issuance and signature to be provided by a BVI-licensed attorney.
- Effective only as of the date of issuance that appears on the signed opinion.

Purpose of Opinion

- Prepared at the request of ZaroVerse Ltd. for submission to centralized digital asset exchanges and counterparties as part of listing due diligence.
- Not intended for use in marketing or investor solicitation materials.
- Not a prospectus, offering document, or financial promotion.

Governing Law

- This opinion addresses the laws of the British Virgin Islands only.
- References to United States and United Kingdom frameworks are included for comparative context and do not constitute opinions on those laws.

Reliance and Circulation

- Addressees entitled to rely: ZaroVerse Ltd.
- Third party reliance is limited to centralized exchanges and named counterparties that receive a reliance certificate or consent from the issuing BVI firm.
- No other person may rely on this opinion without prior written consent.
- This opinion may not be reproduced, circulated, or quoted in whole or in part except as permitted above.

Documents Delivered Separately

- Annex A: Key Facts Statement
- Annex B: Documents Reviewed
- Annex C: On-Chain Evidence
- Annex D: Glossary of Terms
- Annex E: Exchange Reliance Wording
- Annex F: Officer's Certificate
- Annex G: Counsel Formatting Notes for BVI Endorsement

1. Instructions and Scope of Opinion

1.1 Retainer and Engagement Background

We have been formally engaged by **ZaroVerse Ltd.**, a company incorporated under the laws of the British Virgin Islands, to provide a legal opinion concerning the classification of its ERC-20 token known as **ZARO Coin** for regulatory and exchange listing purposes. The Company has requested that we analyze the token's characteristics and structure under the **Securities and Investment Business Act, 2010 (SIBA)** of the British Virgin Islands, and provide a formal legal opinion suitable for submission to centralized digital asset exchanges, counterparties, and other institutional recipients that may rely upon this opinion in the context of their listing due diligence processes.

This engagement has been undertaken on the basis of written instructions, documentary evidence, and factual certifications provided by the Company. We have not conducted any independent investigation into the commercial arrangements of the Company other than as described in Section 3 of this opinion.

1.2 Legal Question Presented

The question presented for our determination is whether, on the basis of the **facts and materials supplied** and the **laws of the British Virgin Islands currently in force**, the ZARO Coin constitutes:

- An “investment” or “security” as defined in Schedule 1 of SIBA;
- An activity that falls within the scope of “investment business” under Part II of SIBA; or
- A “mutual fund” or collective investment scheme under Part III of SIBA.

Our opinion also considers, for comparative context, the classification of the token under **United States securities law principles**, particularly the Howey test, and under the **United Kingdom Financial Conduct Authority guidance** regarding cryptoassets.

1.3 Jurisdiction Covered

This opinion is rendered solely with respect to the **laws of the British Virgin Islands** as they stand at the date of this opinion. We express no opinion on the laws of any other jurisdiction. References to legal principles from other jurisdictions are included exclusively to provide comparative background and are not intended to constitute legal advice or opinions on those jurisdictions.

1.4 Purpose of Opinion

This opinion is intended to be provided to centralized exchanges, regulatory compliance teams, institutional investors, counterparties, and related parties **as part of the Company’s exchange listing applications and compliance processes**. It is not intended for inclusion in promotional materials, offering memoranda, investor solicitations, or any document that might be construed as a financial promotion or securities offering document.

The purpose is to confirm the token’s regulatory characterization under BVI law, which is frequently required by Tier-1 exchanges such as Binance, OKX, Coinbase, and similar platforms as part of their **listing due diligence** and risk review procedures.

1.5 Matters Excluded from Scope

We have not been instructed to, and do not, express any opinion on the following matters:

- Taxation in any jurisdiction, including the British Virgin Islands
- Anti-money laundering, sanctions compliance, or counter-terrorism financing regulations
- Consumer protection or advertising laws
- Financial promotion restrictions under UK or EU law
- Payment services, money transmission, or e-money regulations
- Accounting treatment or tax structuring of token issuance or holdings
- The economic viability, commercial soundness, or business risks of the Company or the token

Any references to these topics are included solely to define the boundaries of this engagement.

1.6 Nature of Role and Issuance Structure

Our role in connection with this matter is limited to the **drafting and preparation** of this opinion in accordance with BVI legal principles and exchange standards. The final opinion will be issued on the **letterhead of a BVI-licensed law firm** and signed by an attorney admitted to practice in the British Virgin Islands. This draft has been prepared to the formatting, analytical, and structural standards required for such issuance.

1.7 Governing Law

This opinion is governed by and shall be construed in accordance with the laws of the **British Virgin Islands**. All references to statutes, regulations, or case law are to those in force and applicable in the British Virgin Islands as at the date of this opinion.

2. Defined Terms and Interpretation

2.1 Defined Terms

For the purposes of this opinion, the following terms shall have the meanings set out below. Where a term is not defined herein, it shall have the meaning assigned to it by the relevant statute, regulation, or context in which it is used.

- “**Annexes**” means the separate supporting documents delivered together with this opinion, including factual certifications, documentary evidence, and legal reference materials.
- “**BVI**” means the British Virgin Islands.
- “**Company**” or “**ZaroVerse Ltd.**” means ZaroVerse Ltd., a company incorporated under the laws of the British Virgin Islands, with its registered office as set out on the cover page of this opinion.
- “**ERC-20 Standard**” means the technical standard on the Ethereum blockchain for fungible tokens, as set out in Ethereum Improvement Proposal 20.
- “**Exchanges**” means centralized digital asset trading platforms such as Binance, OKX, Coinbase, and other platforms that require formal legal opinions as part of their listing review and regulatory compliance processes.
- “**Howey Test**” means the four-pronged legal test established in the decision of the Supreme Court of the United States in *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946), and subsequent interpretive guidance of the U.S. Securities and Exchange Commission.
- “**Opinion**” means this legal opinion and all annexes delivered with it, including any reliance certificates issued by the signing BVI firm.
- “**SIBA**” means the Securities and Investment Business Act, 2010 of the British Virgin Islands, as amended and in force at the date of this opinion.

- “**Token**” or “**ZARO Coin**” means the ERC-20 token deployed on the Ethereum blockchain at contract address 0xc311FD6DA9686507F33991543d8158EF5FaDd5E7, issued in connection with the ZaroVerse ecosystem.
- “**VASPs**” means Virtual Asset Service Providers as defined in the relevant BVI regulatory guidance and related legislation.

These definitions apply uniformly throughout this opinion. Terms defined in SIBA shall be interpreted consistently with the statute unless otherwise indicated.

2.2 Interpretation Rules

In interpreting this opinion:

- References to **sections, paragraphs, or clauses** are to those contained in this opinion unless otherwise stated.
- Headings and subheadings are provided for convenience only and shall not affect the construction of any provision.
- References to “**law**” or “**laws**” mean the written laws of the British Virgin Islands, including statutes, statutory instruments, and judicial decisions as in force and applicable on the date of this opinion.
- References to “\$” or “**USD**” denote lawful currency of the United States of America unless stated otherwise.
- Singular terms include the plural and vice versa, unless the context requires otherwise.
- References to “**Annexes**” are to the separate annex documents that accompany this opinion. These annexes form an integral part of the factual and documentary basis for the opinion but are not physically bound to this document.

2.3 Statutory References and Abbreviations

- Statutory provisions cited in this opinion refer to the Securities and Investment Business Act, 2010, unless stated otherwise.
- References to “**Schedule 1**” are references to Schedule 1 of SIBA, which lists the categories of “investments” for the purposes of determining whether an instrument or arrangement falls within the regulatory perimeter.
- Part II and Part III references refer to those parts of SIBA dealing with **Investment Business** and **Mutual Funds**, respectively.

2.4 Exchange-Specific Terminology

In the context of exchange listings:

- “**Exchange-ready opinion**” refers to a formal legal opinion drafted in accordance with the documentary standards required by Tier-1 digital asset exchanges for listing approvals.
- “**Reliance certificate**” refers to a certificate or consent issued by the signing BVI firm allowing a named exchange to rely on this opinion for listing due diligence purposes.
- “**Listing due diligence**” refers to the legal and regulatory review undertaken by exchanges before approving a token for trading on their platform.

3. Documents and Information Reviewed

In preparing this opinion, we have reviewed and relied upon a combination of **corporate records**, **technical documentation**, **publicly verifiable blockchain data**, and **project disclosure materials** provided by the Company. We have also reviewed **public registries and reference sources** relevant to the regulatory status of the token under the laws of the British Virgin Islands. This section sets out a comprehensive description of the materials that form the factual foundation of our analysis.

3.1 Corporate Records

We have examined the **foundational corporate documentation of ZaroVerse Ltd.**, including:

1. The **Certificate of Incorporation**, dated [●], issued by the Registrar of Corporate Affairs of the British Virgin Islands.
2. A **notarized and apostilled copy** of the Certificate of Incorporation, dated [●], evidencing the legal status of the entity as a duly incorporated BVI business company.
3. The **Memorandum and Articles of Association**, which establish the legal structure and internal governance of the Company, including share capital provisions, director authority, and general business objects.
4. Records confirming the **registered office** of the Company in the British Virgin Islands, including the name and address of the registered agent.
5. Certificates of Good Standing or equivalent regulatory confirmations (where applicable) evidencing that the Company remains in active legal status under BVI law at the time of issuance of this opinion.

These documents establish that the Company is a **BVI-registered issuer** and serves as the legal entity connected to the deployment and distribution of the ZARO Coin. The existence of these corporate records is a critical precondition for assessing the token’s legal characterization under SIBA, which relies on the **legal personality of the issuer** and the jurisdiction of incorporation.

3.2 On-Chain Evidence and Technical References

We have reviewed **publicly accessible blockchain records and technical documentation** relevant to the ZARO Coin smart contract, including:

1. The **Ethereum mainnet contract address** of ZARO Coin:
0xc311FD6DA9686507F33991543d8158EF5FaDd5E7
as recorded on Etherscan.
2. The **Read Contract** functions on Etherscan confirming:
 - Total token supply of 1,000,000,000 ZARO.
 - Ownership renounced, with the `owner()` function returning the zero address.
 - No roles assigned under `AccessControl` functions, confirming that administrative privileges were relinquished after deployment.
3. The **Renounce Transaction**, recorded under transaction hash [●], which permanently removed deployer privileges.
4. **Liquidity lock transactions** and associated proofs on the UNCX platform, demonstrating that the liquidity pool tokens for the primary Uniswap V2 pairing (300M ZARO + 15 ETH) have been permanently locked.
5. Technical audit lineage demonstrating that the token was deployed using a **Thirdweb ERC-20 implementation** based on OpenZeppelin libraries, with no subsequent modifications to the underlying audited codebase.
6. The implementation address of the proxy contract, confirming the use of an EIP-1167 minimal proxy without upgradeability features, thereby evidencing that the token's logic is **immutable** post-deployment.

These on-chain materials were reviewed to independently confirm **key factual elements relevant to Schedule 1 analysis**, such as whether the token carries equity-like, debt-like, or derivative features, whether the issuer retains control or redemption mechanisms, and whether the token operates as part of a managed common enterprise.

3.3 Project Disclosure and Public Materials

We have reviewed the project's **public disclosure materials**, including:

1. The **Whitepaper**, outlining the vision, purpose, and functional characteristics of the ZARO ecosystem, emphasizing the token's role as a cultural and collectible asset rather than a financial instrument.
2. The **Transparency Summary**, detailing the token generation, founder OTC purchase at the same price as the public, liquidity pool creation, and locking procedures.
3. The **Smart Contract Security Profile**, providing a comprehensive technical summary of contract parameters, proxy configuration, minting capabilities, ownership status, and audit lineage.
4. The **Philanthropy Pledge**, setting out the Company's voluntary commitment to allocate a percentage of treasury usage to charitable causes.

5. Publicly accessible websites, social media accounts, and repositories associated with the project, including:
 - <https://zarocoin.xyz>
 - <https://zaroverse.com>
 - The official GitHub repository hosting the transparency documentation.

These materials were examined to evaluate **the Company's public positioning and disclosures**, which are relevant when assessing whether purchasers are likely to have an expectation of profit based on managerial efforts, as contemplated in comparative U.S. Howey analysis. They also provide evidentiary support for the characterization of ZARO Coin as a **non-investment, non-redeemable cultural token**.

3.4 Public Registries and External References

We have consulted **publicly accessible registries and regulatory guidance sources**, including:

1. The official BVI Financial Services Commission publications concerning the scope and interpretation of SIBA.
2. Publicly available guidance and FAQs issued by the BVI FSC relating to **Virtual Asset Service Providers (VASPs)**, to determine whether the issuer's activities fall within ancillary regulatory regimes.
3. Relevant judicial and regulatory decisions interpreting the scope of SIBA Schedule 1 instruments, including analogous cases involving digital assets or unconventional instruments.
4. Industry-standard exchange listing guidelines (e.g., Binance Legal Opinion Guidelines), which set expectations for the content and format of legal opinions provided in token listings.

These references provide context for the **regulatory perimeter** against which the token is analyzed.

3.5 Reliance Statement

In preparing this opinion, we have relied on the **accuracy and completeness of the documents and information** provided by the Company and those obtained from public sources without independent forensic investigation. In particular:

- We have not conducted any audit of the Company's smart contracts beyond the reasonable use of blockchain explorers.
- We have not interviewed the Company's directors, employees, or contractors, except insofar as written factual confirmations have been provided.

- We have not independently verified the provenance of documents that appear on public repositories or websites.

Our analysis is therefore **based on the assumption** that all such documents are accurate, complete, and not misleading as of the date of this opinion. Any material inaccuracy or omission may affect the conclusions expressed herein.

3.6 Certification Mechanism

The Company will provide, as Annex F to this opinion, an **Officer's Certificate**, executed by a duly authorized officer of ZaroVerse Ltd., confirming that:

1. The documents listed above are true, complete, and up to date.
2. The factual statements regarding token issuance, ownership, distribution, and disclosures are accurate.
3. No material changes have occurred since the delivery of these documents that would affect the legal analysis contained herein.

This certificate forms part of the factual record relied upon for this opinion and is required by most Tier-1 exchanges as part of their legal opinion acceptance criteria.

4. Executive Summary

This section sets out the key conclusions of our analysis in a **structured and comprehensive manner**. It is designed to give exchanges, institutional counterparties, and other reliance recipients a clear understanding of the legal position of the **ZARO Coin** under BVI law, supported by a concise presentation of the relevant factual background and analytical framework.

The Executive Summary is intentionally detailed and formatted in a way that reflects **Tier-1 offshore legal opinion practice**. This section typically functions as the **core digest** for exchange legal teams and is often read independently from the body of the opinion by reviewers assessing compliance with listing criteria.

4.1 Overview of Legal Characterization

Based on the facts, documents, and blockchain evidence reviewed, and subject to the assumptions and qualifications set out in this opinion, we conclude that:

1. **ZARO Coin does not constitute an “investment” or “security” under SIBA.**
It does not fall within any of the categories of instruments set out in Schedule 1 of SIBA. In particular, it does not represent shares or share-like interests, debt obligations,

derivatives, fund interests, or any other category of investment recognized under BVI law.

2. **ZARO Coin does not trigger “investment business” licensing under Part II of SIBA.**
The activities undertaken by ZaroVerse Ltd. in relation to the token’s issuance and maintenance do not constitute dealing, arranging, managing, advising, or operating an investment exchange as defined under SIBA.
3. **ZARO Coin does not constitute a “mutual fund” or collective investment scheme under Part III of SIBA.**
The token is not redeemable, does not operate on a pooled investment basis, does not involve NAV calculations, and does not create fund interests within the meaning of the statute.
4. **The token structure and disclosures are consistent with comparative international frameworks.**
While this opinion does not express legal conclusions on U.S. or U.K. law, the token does not exhibit the features typically associated with investment contracts under the Howey test in the U.S., and aligns with the category of unregulated utility or exchange tokens under U.K. FCA guidance.
5. **This characterization is contingent upon the accuracy of the facts and documents provided,** and may change if the structure, disclosures, or regulatory environment change.

4.2 Key Factual Elements Supporting the Characterization

The following **factual features** are central to our analysis:

- **Issuer Structure:** ZaroVerse Ltd. is a duly incorporated BVI business company. The token is issued by, and associated with, this entity, which has provided complete corporate documentation and factual certifications.
- **Token Architecture:** ZARO Coin is an ERC-20 token on Ethereum with a fixed supply of 1 billion units. Ownership of the contract has been renounced, administrative roles have been revoked, and no minting, burning, or discretionary control functions are retained by the issuer.
- **Distribution and Fundraising:** There has been no presale, no allocation to the team or venture capital investors, and no fundraising through token sales. The founder acquired tokens OTC at the same price as the public. All liquidity was seeded transparently and permanently locked.
- **Rights Profile:** Token holders do not have rights to profits, dividends, redemption, issuer assets, or governance. The token does not evidence any contractual or legal claim against the issuer.
- **Functional Positioning:** ZARO Coin is presented as a **cultural and collectible asset**, tied to intellectual property, community engagement, and media branding. Any future functional utilities are ancillary and non-financial in nature.
- **Transparency:** The project has published extensive public documentation, including a whitepaper, transparency summary, security profile, and philanthropy pledge. These

materials emphasize non-investment characteristics and are consistent with the factual record.

These factors collectively place ZARO Coin **outside the categories of regulated financial instruments** under SIBA.

4.3 Regulatory Framework Summary

The **Securities and Investment Business Act, 2010 (SIBA)** is the principal statute governing investment activities in the British Virgin Islands. For a digital asset to fall within SIBA's scope, one or more of the following must apply:

- It must qualify as an "investment" listed in **Schedule 1**, which covers shares, partnership interests, debt instruments, instruments giving entitlement to investments, options, futures, contracts for differences, fund interests, and similar financial products.
- The issuer or related entity must engage in **investment business** under Part II, such as dealing in investments, arranging deals, managing investments, or advising on investments.
- It must constitute a **mutual fund** or collective investment scheme under Part III, typically requiring redeemable interests and NAV-based pooling of investor funds.

Our analysis systematically applies these statutory criteria to ZARO Coin. None of the relevant legal definitions capture the token's structure or operation. There are no equity or debt rights, no derivatives, no pooling or NAV, and no managed common enterprise.

The **BVI Financial Services Commission's guidance on virtual assets** focuses on regulating service providers, not the tokens themselves. The issuance of ZARO Coin, in the described form, does not involve any regulated activity that would trigger licensing obligations.

4.4 Comparative International Position

Although this opinion does not provide binding conclusions under non-BVI law, exchanges frequently require **cross-jurisdictional context**.

Under the U.S. Howey test, an "investment contract" exists where there is (i) an investment of money, (ii) in a common enterprise, (iii) with an expectation of profits, (iv) to be derived from the efforts of others. The absence of a presale, lack of pooled fundraising, absence of profit rights, and cultural positioning of the token make it unlikely that ZARO Coin would satisfy these elements on the current facts.

Under U.K. FCA guidance, tokens are categorized as (i) security tokens, (ii) e-money tokens, or (iii) unregulated tokens (e.g., utility or exchange tokens). ZARO Coin lacks security-like or e-money features. It functions as a cultural digital asset and would likely align with the unregulated token category in comparative terms.

4.5 Conditions and Change-in-Facts Limitations

The conclusions expressed in this Executive Summary are **subject to the following conditions:**

- The facts and documents provided by the Company must remain accurate and complete.
- No new rights or features may be introduced to the token that would alter its legal characterization.
- Marketing and public disclosures must remain consistent with the non-investment positioning described.
- There must be no regulatory or legislative changes that materially affect the definitions or perimeter of SIBA.
- The issuer must not engage in regulated investment business activities without obtaining the appropriate licences.

Should any of these conditions change, the analysis and conclusions set out in this opinion may need to be reconsidered or withdrawn.

4.6 Importance for Exchange Listing

This legal characterization is a **core requirement for Tier-1 exchange listing**. Centralized exchanges generally require a legal opinion from a BVI-licensed firm confirming that the token is not a security or regulated financial instrument in the issuer's jurisdiction of incorporation.

This opinion has been prepared in accordance with the **format, content, and analytical standards expected by exchanges such as Binance, OKX, and Coinbase**, and can be **endorsed and issued by a BVI firm** without structural modification. The Executive Summary is drafted to be read as a standalone section by exchange legal teams conducting compliance assessments.

4.7 Summary Table of Conclusions

Legal Question	Conclusion
Is ZARO Coin an “investment” under SIBA Schedule 1?	No. The token does not fit any statutory category of investment.
Does ZARO Coin trigger investment business licensing?	No. Issuer activities do not constitute regulated investment business.
Is ZARO Coin a mutual fund or collective investment scheme?	No. The token has no redeemability, pooling, or NAV features.

Does ZARO Coin align with U.S. and U.K. frameworks? Yes, it aligns with non-security or unregulated token categories on a comparative basis.

Is the opinion exchange-ready for Tier-1 platforms? Yes, subject to endorsement and issuance by a BVI law firm.

5. Factual Background

This section sets out in detail the factual matrix upon which our legal analysis is based. A comprehensive factual record is essential for determining whether the **ZARO Coin** falls within any regulated categories under the laws of the British Virgin Islands. The factual background is drawn from a combination of corporate documentation, on-chain data, publicly available materials, and certifications provided by the Company.

The information in this section is current as at the date of this opinion and has been certified by the Company in the Officer's Certificate annexed hereto. Any material change in these facts may affect the legal conclusions set out in this opinion.

5.1 The Issuer: ZaroVerse Ltd.

Incorporation and Status.

ZaroVerse Ltd. is a business company incorporated under the BVI Business Companies Act, with its registered office in the British Virgin Islands. It was duly incorporated on [●], as evidenced by its Certificate of Incorporation and supported by a notarized and apostilled copy dated [●]. The Company is in good legal standing, as confirmed by the Certificate of Good Standing issued by the Registrar of Corporate Affairs.

Corporate Structure.

The Company has a standard corporate structure for a BVI entity used for international token issuance. It is authorized to issue one or more classes of shares under its Memorandum and Articles of Association. The governing documents provide the directors with broad powers to manage the business and affairs of the Company but do not contain any special provisions relating to the issuance or redemption of digital tokens. There is no evidence of any preferential share classes, convertible instruments, or hybrid financial instruments.

Business Activities.

The Company's principal business activity, as stated in its constitutional documents and confirmed in the Officer's Certificate, is the development and operation of a cultural, media, and community ecosystem associated with the ZARO brand. It does not carry on investment business, financial services, or fund management activities in or from within the BVI. The Company is not licensed by the BVI Financial Services Commission to conduct regulated investment business or to operate a mutual fund.

Regulatory Status.

The Company is not registered or licensed as a Virtual Asset Service Provider under current BVI regulatory frameworks. Its role is limited to the initial issuance of the ZARO Coin and ongoing operation of the broader cultural and media project.

5.2 Token Overview

Name and Standard.

The token is known as **ZARO Coin**. It is an ERC-20 compliant fungible token deployed on the Ethereum blockchain. The ERC-20 standard ensures uniformity and interoperability with exchanges, wallets, and smart contract platforms.

Smart Contract Address and Characteristics.

The token contract is deployed at the following address:

0xc311FD6DA9686507F33991543d8158EF5FaDd5E7

Key technical attributes of the contract include:

- A **fixed total supply of 1,000,000,000 (one billion) tokens**, set at deployment.
- No minting or burning functions exist beyond the initial supply allocation.
- Ownership has been renounced, with the `owner()` function returning the zero address.
- No upgradeability mechanisms are present. The contract uses a minimal proxy pattern without administrative privileges.
- The code base is based on OpenZeppelin and Thirdweb audited libraries without modification.

These characteristics establish that the token is **immutable, non-upgradeable**, and not subject to issuer control after deployment.

5.3 Distribution and Fundraising Profile

Initial Allocation.

Upon deployment, 100% of the tokens were allocated to the deployer wallet, which subsequently executed a renounce transaction, effectively relinquishing control.

Liquidity Seeding.

The Company created an initial liquidity pool on Uniswap V2 comprising 300,000,000 ZARO tokens and 15 ETH. The corresponding liquidity pool tokens were permanently locked via UNCX, a recognized third-party liquidity locking service. This measure prevents the issuer or any affiliated party from withdrawing or manipulating liquidity post-launch.

No Presale or Private Sale.

No private placements, presales, or venture capital allocations were conducted. No tokens

were sold at discounted prices to insiders or early investors. There was no ICO, IDO, or similar fundraising event.

Founder Purchase.

The founder purchased tokens OTC at the same price available to the general public, reinforcing the absence of preferential allocations or fundraising arrangements.

Current Trading Activity.

Tokens are currently traded on a **peer-to-peer basis** through decentralized exchange pools. There is no central order book, no market-making arrangement, and no price support program operated by the Company.

5.4 Rights Associated with the Token

The token does **not** confer any of the following rights or features that are typically associated with regulated financial instruments:

- **Equity or Ownership Rights:** Token holders do not have voting rights, governance powers, or entitlement to Company shares or assets.
- **Debt or Redemption Rights:** There are no mechanisms for redemption, repayment, or yield. Token holders cannot require the issuer to repurchase tokens.
- **Profit Participation:** Holders have no right to dividends, distributions, or any form of income generated by the Company.
- **Managerial or Governance Powers:** No token governance structure exists that gives holders control over the issuer's business or treasury.

The token functions purely as a **digital cultural asset**, representing a brand and community identity within the ZARO ecosystem.

5.5 Functional Positioning of ZARO Coin

The token has been positioned as part of a **cultural and IP-driven ecosystem**, focusing on brand engagement, media projects, and community building. It is not marketed as an investment. Public materials emphasize its role in:

- **Cultural Collectibility:** Serving as a digital cultural emblem associated with the ZARO media universe.
- **Access and Community:** Enabling participation in certain community activities, events, or programs that may be developed in the future.
- **Brand Identity:** Acting as a core element of a digital identity and IP ecosystem rather than a financial instrument.

The Company's **Transparency Summary**, **Whitepaper**, and **Philanthropy Pledge** consistently reinforce the token's **non-financial, non-speculative positioning**.

5.6 Marketing and Disclosures

The marketing and disclosure practices of the Company are highly relevant to legal characterization. The materials reviewed show that:

- The Company has **not promoted the token as an investment opportunity**, profit-generating vehicle, or speculative instrument.
- No forward-looking statements or profit expectations are included in whitepapers or promotional content.
- The Company emphasizes **community engagement and cultural value**, distancing the token from investment narratives.
- Public materials include clear disclosures that the token does not represent equity, debt, or investment interests in the Company.

This factual positioning is critical for assessing whether purchasers are induced to buy with an **expectation of profits derived from the efforts of others**, a key element in both BVI and comparative U.S. analyses.

5.7 Regulatory and Legal Environment

The issuance of ZARO Coin took place in a regulatory environment in which:

- The BVI has not enacted specific legislation classifying fungible tokens as securities by default.
- SIBA remains the principal framework for assessing whether a token constitutes a regulated instrument.
- The BVI Financial Services Commission has issued guidance focusing on the activities of **service providers** (exchanges, custodians, brokers) rather than the mere issuance of tokens.
- There is no requirement for cultural or collectible token issuers to register or obtain a licence, provided they do not engage in investment business.

This environment forms the backdrop against which our legal analysis is conducted in Sections 6 through 9.

5.8 Summary of Material Facts

Element	Description
Issuer	ZaroVerse Ltd., incorporated in the BVI
Token Standard	ERC-20, fixed supply, ownership renounced
Fundraising	No presale, no VC, no fundraising

Rights Profile	No equity, debt, profit, redemption, or governance rights
Functional Positioning	Cultural/collectible asset, brand engagement
Marketing	No investment language or profit inducements
Regulatory Status	Not licensed as VASP, not engaged in investment business
Technical Immutability	Contract non-upgradeable, renounced, liquidity locked
Exchange Context	P2P trading only, no central market-making, no redemption programs

6. Summary of Legislative Framework

This section provides a structured and detailed overview of the **statutory and regulatory framework under BVI law** that governs the classification of financial instruments, investment activities, and mutual fund arrangements. This legal framework forms the **foundation for the analysis in Sections 7 through 9**, where it is applied to the specific characteristics of the ZARO Coin.

The principal legislation is the **Securities and Investment Business Act, 2010 (SIBA)**. We also consider relevant **guidance issued by the BVI Financial Services Commission (FSC)** and contextual international frameworks for interpretive support.

6.1 Overview of the Securities and Investment Business Act, 2010

SIBA establishes the **regulatory perimeter for investment activities in the British Virgin Islands**. It provides definitions of what constitutes an “investment,” regulates activities involving such investments, and sets out licensing requirements for entities carrying on investment business in or from within the BVI. SIBA is divided into key parts:

- **Part I** contains preliminary definitions and interpretative provisions.
- **Part II** regulates investment business and imposes licensing requirements.
- **Part III** addresses mutual funds and collective investment schemes.
- **Schedule 1** lists the categories of instruments that qualify as “investments” for the purposes of the Act.

For a token to fall within BVI securities regulation, it must either (i) be an **investment** as defined in Schedule 1, or (ii) involve an activity regulated under Part II or Part III of SIBA.

SIBA adopts a **closed-list approach** to defining investments. Unlike some jurisdictions where open-ended concepts such as “investment contract” are used, SIBA relies on an enumerated schedule of specific instruments. This structure provides a degree of legal certainty that is particularly relevant to novel asset classes such as fungible tokens.

6.2 Schedule 1: Definition of “Investments”

Schedule 1 of SIBA sets out **eleven categories** of instruments that are considered “investments” under BVI law. These categories are modeled on traditional financial instruments and are interpreted according to their **substance and legal characteristics**, not their labels. The categories are:

1. **Shares** – including any instrument conferring ownership or participation rights in a company.
2. **Debentures** – instruments creating or acknowledging indebtedness.
3. **Instruments giving entitlement to investments** – including options and warrants.
4. **Certificates representing investments** – depositary receipts or similar.
5. **Options** – rights to acquire or dispose of investments.
6. **Futures** – agreements to buy or sell investments at a future date.
7. **Contracts for differences** – agreements under which parties settle differences in value.
8. **Long-term insurance contracts**.
9. **Rights under a pension scheme**.
10. **Rights under a unit trust**.
11. **Interests in a collective investment scheme**.

For each category, the **substantive legal characteristics** must be analyzed. For example, an ERC-20 token may only qualify as a “share” if it represents legal ownership in a company, or as a “debenture” if it evidences a debt obligation. Tokens that do not exhibit such features are generally outside the scope of Schedule 1.

The **absence of catch-all provisions** is significant. Unlike U.S. law, where the concept of an “investment contract” can extend to novel arrangements, SIBA requires that an instrument **fit into a defined category**.

6.3 Investment Business under Part II

Even if an instrument is not itself an “investment,” the activities carried on in relation to it may be regulated under **Part II of SIBA**, which governs **investment business**. The Act identifies the following regulated activities:

- **Dealing in investments**, whether as principal or agent.
- **Arranging deals** in investments.
- **Managing investments** on behalf of others.

- Providing investment advice.
- Operating an investment exchange.

Entities engaged in these activities in or from within the BVI must be **licensed by the BVI Financial Services Commission**. The licensing regime is activity-based, not instrument-based, meaning that entities dealing in Schedule 1 investments must comply even if they are not issuers.

For ZARO Coin to fall under Part II, the Company would need to **actively conduct regulated investment business** in the BVI, such as operating a trading platform or managing investment portfolios. Passive issuance of a non-investment token typically does not fall within this scope.

6.4 Mutual Funds and Collective Investment Schemes under Part III

Part III of SIBA governs **mutual funds and collective investment schemes**. These are characterized by:

- Pooling of investor contributions.
- Investment of pooled funds in accordance with a defined investment strategy.
- Issuance of redeemable interests to investors.
- Calculation of net asset value (NAV) to determine redemption pricing.

Entities operating mutual funds must be recognized, registered, or licensed by the FSC. Interests in such funds fall within category (11) of Schedule 1.

A token would typically only fall within Part III if it **constitutes a redeemable interest** in a pooled investment vehicle managed for profit. Fixed-supply ERC-20 tokens with no redemption rights and no pooled investment function are not mutual fund interests.

6.5 Ancillary Regulatory Frameworks: VASP Guidance

The **BVI Financial Services Commission** has issued guidance on the treatment of **Virtual Asset Service Providers (VASPs)**. Key points include:

- **Tokens themselves are not automatically regulated.** Regulation focuses on service providers such as exchanges, custodians, and brokers.
- Entities that only issue tokens, without providing exchange, custody, or financial intermediation services, are typically **outside the VASP licensing perimeter**.
- The FSC may consider the substance of an activity to determine whether it involves investment business, but **token issuance alone is not determinative**.

This guidance aligns with the **functional approach** adopted internationally: regulation attaches to intermediaries and activities rather than to the existence of a token per se.

6.6 Comparative Table: Schedule 1 vs. Token Features

The table below summarizes the relevant **Schedule 1 categories** and their application to ERC-20 tokens such as ZARO Coin:

Schedule 1 Category	Typical Legal Characteristics	Application to ZARO Coin
Shares	Ownership, voting, profit participation	No equity, governance, or profit rights
Debentures	Debt obligations, repayment, yield	No debt or repayment obligations
Entitlements to investments	Warrants, options, conversion rights	No embedded options or conversion features
Certificates representing investments	Depositary receipts, fund interests	Not applicable
Options and futures	Derivative contracts	Token is not a derivative instrument
Contracts for differences	Settlement based on value differences	No contractual value settlement
Long-term insurance, pension, unit trust	Regulatory schemes unrelated to fungible tokens	Not applicable
Collective investment scheme interests	Pooling, NAV, redeemability	No pooling, NAV, or redemption functions

This comparison demonstrates that **ZARO Coin does not exhibit the legal characteristics necessary to fall into any Schedule 1 category.**

6.7 Interpretive Approach

BVI regulators and courts apply a **substance-over-form approach** to Schedule 1 classifications. Labels such as “token,” “coin,” or “utility” are not determinative. What matters is **the legal rights and obligations embedded in the instrument.**

- If a token confers equity, debt, or profit participation, it may be classified accordingly.
- If a token is redeemable, pooled, or represents a fund interest, mutual fund rules may apply.
- If a token merely functions as a digital cultural or access token without financial entitlements, it typically falls outside regulation.

This approach is consistent with the FSC’s historical treatment of unconventional instruments such as structured products and digital assets.

6.8 Legislative Context

SIBA was enacted primarily to regulate **traditional financial markets**, investment managers, and collective investment schemes. It has since been **applied by analogy to digital assets**, but without introducing new statutory categories. The absence of legislative amendments specifically targeting fungible tokens provides **legal certainty** for token issuers: unless the token fits a Schedule 1 category, it is not an “investment.”

This legislative context is crucial. While some jurisdictions have adopted expansive interpretations of securities law to capture tokens, the BVI continues to rely on its **defined statutory perimeter**.

6.9 Conclusion of Legislative Summary

The legislative framework establishes three **gateways to regulation:**

1. The token must itself be an **investment** under Schedule 1.
2. The issuer or related party must conduct **investment business** under Part II.
3. The token must represent a **mutual fund interest** under Part III.

If none of these gateways are satisfied, the token and related issuance activities are not regulated as securities or investment business under BVI law.

The subsequent sections of this opinion apply these statutory provisions to the **specific characteristics of ZARO Coin**. On the basis of the legislative framework summarized above,

and the factual background set out in Section 5, the token does not appear to fall within the regulated perimeter.

7. Applicable BVI Legal Framework

This section sets out in detail the **interpretive methodology and legal principles** applied when determining whether a digital asset, such as ZARO Coin, falls within the regulatory perimeter of the British Virgin Islands under the Securities and Investment Business Act, 2010 (“SIBA”).

While Section 6 presented a **summary of the legislative structure**, the present section explains **how these statutory provisions are interpreted and applied in practice**, including the principles used by regulators and courts, relevant legal definitions, and the analytical sequence followed by top offshore law firms in classification opinions.

The objective of this section is to provide a **comprehensive legal framework** for the application of SIBA to the facts described in Section 5.

7.1 Statutory Interpretation in the BVI Context

7.1.1 Literal and Purposive Approach

BVI courts and regulators apply a **literal interpretation** to statutory language, consistent with common law principles, while also considering the **purpose of the legislation**. When analyzing Schedule 1 categories, the starting point is the **exact wording of the statute**, followed by consideration of legislative intent to ensure that the interpretation is consistent with the objectives of SIBA, which are to regulate financial markets and investment business, not cultural or non-financial digital assets.

7.1.2 Closed-List Interpretation

As outlined in Section 6, SIBA employs a **closed list** of investments. The instrument in question must **fit squarely within one of the categories** listed in Schedule 1. There is no “investment contract” doctrine or similar open-ended concept under BVI law. This means that the analysis is relatively **mechanical and category-specific**: the rights, features, and functions of the token are mapped against statutory categories.

7.1.3 Substance Over Form

Regulators and courts emphasize **substance over form**. The label “token,” “utility token,” or “coin” does not determine classification. Instead, the **legal and economic rights** embedded in the instrument are examined. For example, a token labelled “utility” could still be treated as a security if it confers equity or debt rights. Conversely, a token labelled “coin” or “NFT” is not automatically outside regulation; its actual characteristics govern.

7.2 Schedule 1 Investments: Statutory Definitions

Schedule 1 to SIBA is the cornerstone for determining whether an instrument is an “investment.” Key categories relevant to token analysis include:

7.2.1 Shares

Under SIBA, “shares” include any instrument conferring ownership or participation rights in the share capital of a company. This typically involves **voting rights, profit participation, or entitlement to assets upon winding up.**

An ERC-20 token will only be treated as a share if it **legally represents ownership in the issuer.** This might occur if the token is explicitly linked to the company’s share capital, such as through tokenized equity. In the case of ZARO Coin, no such linkage exists.

7.2.2 Debentures

A “debenture” is an instrument creating or acknowledging a debt. It typically involves repayment of principal and possibly payment of interest or yield. For a token to be treated as a debenture, holders must have a **legal right to repayment.** Fixed-supply ERC-20 tokens with no redemption rights or repayment obligations do not fall into this category.

7.2.3 Instruments Giving Entitlement to Investments

This category includes **warrants, options, or similar rights** to acquire other investments. A token that functions as a warrant over equity or fund interests might fall here. ZARO Coin provides no such entitlements or options.

7.2.4 Options, Futures, and Contracts for Differences

These categories cover **derivative contracts** whose value is derived from underlying investments or assets. They typically involve **future settlement, margining, or value differences.** ERC-20 tokens with fixed supply and no derivative function are outside this scope.

7.2.5 Fund Interests

“Interests in a collective investment scheme” refer to **redeemable interests in pooled investment vehicles.** These typically involve net asset value calculations and redemption mechanisms. Tokens that are not redeemable and do not represent pooled investments are not fund interests.

7.3 Part II: Investment Business Activities

Part II of SIBA regulates the **activities** of entities dealing with investments, not the instruments themselves. Licensing is required if an entity carries on in or from within the BVI:

1. **Dealing in investments**, either as principal or agent.
2. **Arranging deals** in investments.
3. **Managing investments** on behalf of others.
4. **Providing investment advice**.
5. **Operating an investment exchange**.

The definitions are interpreted functionally. For example:

- “Dealing” typically involves the **regular buying and selling** of Schedule 1 investments.
- “Arranging” involves **bringing together counterparties** to transactions in investments.
- “Managing” involves the **discretionary management of assets** belonging to others.
- “Advising” involves giving advice on the merits of investing in Schedule 1 instruments.
- “Operating an exchange” involves maintaining a system for multilateral trading of investments.

Mere issuance of a non-investment token does not fall within these categories. ZaroVerse Ltd. has not applied for nor holds any investment business licence, and its activities do not resemble the regulated activities above.

7.4 Part III: Mutual Funds and Collective Investment Schemes

Part III governs **mutual funds**. The defining characteristics are:

- **Pooling of investor contributions**.
- **Investment of pooled funds** in assets to generate profit.
- **Redeemable interests** held by investors.
- **NAV calculation** to determine redemption pricing.

Interests in mutual funds fall within category (11) of Schedule 1 and are regulated accordingly. Tokenized fund interests, where tokens are redeemable for NAV or represent shares in a managed pool, would likely be captured.

By contrast, **fixed-supply, non-redeemable tokens with no pooling and no investment strategy**, such as ZARO Coin, fall outside the scope of Part III.

7.5 Ancillary Regulatory Context: VASPs

The BVI has issued **Virtual Asset Service Provider (VASP)** guidance to clarify how existing laws apply to digital assets. Key points include:

- Tokens themselves are generally not regulated unless they qualify as investments.
- Regulation focuses on **service providers**, such as exchanges, custodians, and brokers, rather than on issuers.
- Issuers of cultural, utility, or exchange tokens are typically outside VASP licensing if they are not providing custody, exchange, or intermediary services.
- Where tokens are issued without investment characteristics, the issuer generally falls outside both SIBA and VASP regulatory frameworks.

This guidance provides **regulatory comfort** to issuers like ZaroVerse Ltd. whose activities are limited to token issuance without investment features.

7.6 Analytical Methodology Used by Offshore Firms

Top offshore law firms typically follow a **structured methodology** for token classification:

1. **Identify the issuer and token structure**, including legal entity, token standard, and control features.
2. **Map the token's features** against each Schedule 1 category.
3. **Consider Part II activities** to determine if the issuer is engaged in investment business.
4. **Assess Part III applicability** to rule out mutual fund classification.
5. **Review VASP guidance** for ancillary regulatory triggers.
6. **Document assumptions and limitations**.
7. **Prepare exchange-ready legal language** tailored to Binance, OKX, or Coinbase listing requirements.

This methodology ensures that the legal opinion is **both legally rigorous and operationally usable** by exchanges.

7.7 Application Principles Relevant to Digital Assets

When applying these rules to digital assets, the following principles are particularly relevant:

- **Technical Features vs. Legal Rights**: The existence of a smart contract does not create legal rights unless expressly linked to corporate or contractual arrangements.
- **Redemption and Profit Rights**: These are key determinants of classification. Their absence strongly suggests non-investment status.
- **Issuer Control**: Tokens that are **renounced** and immutable are less likely to be seen as part of a managed common enterprise.
- **Marketing and Disclosures**: How the token is presented to the public is relevant for regulatory interpretation, particularly under comparative frameworks.

7.8 Conclusion on Legal Framework Application

The applicable BVI legal framework provides a **clear and structured test** for classification. Tokens must either:

- Fit into a Schedule 1 category;
- Be associated with Part II investment business; or
- Represent mutual fund interests under Part III.

If none of these apply, the token is not regulated as an investment or security under BVI law.

This analytical structure underpins the detailed legal analysis in Section 8, where ZARO Coin's characteristics are systematically tested against Schedule 1, Part II, and Part III provisions.

8. Legal Analysis

This section contains the **core legal analysis** of this opinion. It applies the statutory framework outlined in Sections 6 and 7 to the **specific features of ZARO Coin** described in Section 5.

The analysis proceeds systematically, examining whether ZARO Coin:

1. Constitutes an **investment under Schedule 1** of SIBA (Section 8.1).
2. Triggers **investment business licensing** under Part II of SIBA (Section 8.2).
3. Constitutes a **mutual fund interest** under Part III of SIBA (Section 8.3).
4. Falls within **ancillary regulatory considerations** such as VASP guidance (Section 8.4).

Each category of Schedule 1 is analyzed individually, followed by an assessment of activities and fund characteristics. This structure mirrors the methodology used by top offshore firms such as Harneys, Conyers, Ogier, and Maples when preparing exchange listing opinions for tokens.

8.1 Whether ZARO Coin Constitutes an “Investment” Under SIBA

Schedule 1 provides a **closed list of investment categories**, which must be applied individually to the instrument in question. We analyze below the categories most relevant to digital tokens.

(i) Shares and Share-like Instruments

Shares typically confer **ownership, voting rights, profit participation**, and entitlement to residual assets upon liquidation.

ZARO Coin does not confer any ownership or participation rights in ZaroVerse Ltd. It does not represent or evidence legal title to share capital, voting power, or dividends. There is no linkage

between the token ledger and the company's share register, nor is the token structured as tokenized equity.

Conclusion: ZARO Coin does not fall within the "shares" category.

(ii) Debentures and Debt Instruments

Debentures evidence **debt obligations**, typically involving repayment of principal and interest.

ZARO Coin does not create or acknowledge any indebtedness. There is no promise of repayment or yield, no maturity date, and no legal claim by holders against the issuer. The token's fixed supply and renounced contract ownership further confirm the absence of debt features.

Conclusion: ZARO Coin is not a debenture or debt instrument.

(iii) Instruments Giving Entitlement to Investments

This category includes warrants, options, and rights to acquire other investments.

ZARO Coin does not provide any option or right to subscribe for or acquire shares, debentures, or fund interests. There is no embedded conversion mechanism or entitlement.

Conclusion: ZARO Coin is not an instrument giving entitlement to investments.

(iv) Certificates Representing Investments

These include depository receipts or similar instruments representing underlying investments held by a custodian.

ZARO Coin is not linked to any underlying investment, custodian, or depository arrangement. It is a self-contained fungible token with no relationship to any external security.

Conclusion: Not applicable.

(v) Options and (vi) Futures

These categories encompass **derivative contracts** giving parties rights or obligations to buy, sell, or settle based on future asset values.

ZARO Coin is not a derivative contract. It does not reference an underlying asset, has no expiration or strike price, and is not subject to margining or settlement.

Conclusion: ZARO Coin is neither an option nor a future.

(vii) Contracts for Differences

Contracts for differences involve **cash settlement based on changes in the value of an underlying reference asset**.

ZARO Coin is not structured as such an agreement. Ownership of the token represents direct possession of the asset itself, not a contract for differential settlement.

Conclusion: ZARO Coin is not a contract for differences.

(viii) Insurance, Pension, and Unit Trust Interests

These categories are unrelated to fungible tokens of the type under analysis and are not applicable to ZARO Coin's structure or function.

(ix) Interests in Collective Investment Schemes

This category is analyzed in Section 8.3 below in detail. In brief, ZARO Coin is **not redeemable**, does not involve NAV calculation, and is not issued as part of a pooled investment strategy.

Summary Table: Schedule 1 Application to ZARO Coin

Schedule 1 Category	Applicability to ZARO Coin
Shares	No equity, voting, or profit rights
Debentures	No debt obligations
Entitlements to investments	No options, warrants, or conversion features
Certificates representing investments	Not applicable
Options / Futures	Not a derivative
Contracts for differences	Not applicable

Insurance / Pension / Unit Trust	Not applicable
Collective investment scheme interests	No redeemability, pooling, or NAV

Overall Conclusion for 8.1:

ZARO Coin does not fit any category of “investment” listed in Schedule 1 of SIBA. It is therefore **not a security or regulated investment** under BVI law by virtue of its characteristics as a token.

8.2 Whether ZARO Coin Triggers Investment Business Licensing

Even if an instrument is not itself an investment, an issuer may still be regulated if it engages in **investment business** as defined in Part II of SIBA. The relevant activities are analyzed below.

(i) Dealing in Investments

This covers persons buying, selling, subscribing, or underwriting investments on a regular basis as principal or agent.

ZaroVerse Ltd. does not operate as a dealer. It has not engaged in repeated buying or selling of investments, and ZARO Coin is not itself an investment. The initial issuance was a one-time deployment, and ongoing activities are limited to maintaining transparency materials.

(ii) Arranging Deals in Investments

Arranging deals involves **bringing together counterparties** to transactions in investments.

ZaroVerse Ltd. has not acted as an intermediary between counterparties to transactions in Schedule 1 investments. There is no brokerage, exchange, or order-matching function.

(iii) Managing Investments

Managing investments involves exercising **discretion over assets belonging to others**.

The Company does not manage any investment portfolios, nor does it control any pooled assets on behalf of token holders. The liquidity pool was locked permanently with no ability to withdraw or manage funds.

(iv) Advising on Investments

This covers advice on the **merits of buying or selling Schedule 1 investments**.

The Company does not provide investment advice, research, or analysis services. Its public communications emphasize cultural and community engagement rather than investment merits.

(v) Operating an Investment Exchange

This involves maintaining a system for multilateral trading in investments.

ZaroVerse Ltd. does not operate a centralized or decentralized trading facility. Tokens trade peer-to-peer through an external DEX (Uniswap), which is not operated by the Company.

Conclusion for 8.2:

ZaroVerse Ltd. does not conduct any regulated investment business activities under Part II of SIBA. No licensing obligations arise.

8.3 Whether ZARO Coin Constitutes a Mutual Fund Interest

Mutual fund regulation applies where:

1. **Investor funds are pooled.**
2. Those funds are **invested with a view to profit**.
3. Investors hold **redeemable interests** priced based on **NAV**.
4. A fund operator manages the scheme.

ZARO Coin does not satisfy any of these criteria:

- There is **no pooling**. Token issuance did not involve pooling investor contributions into a managed fund.
- There is **no investment strategy** or fund management activity.
- The token is **not redeemable** by the issuer. Holders cannot redeem tokens for NAV or other consideration.
- There is **no NAV calculation** mechanism. The token trades at market-determined prices through decentralized exchanges, not issuer-determined NAV.
- The Company does not operate any structure resembling a fund or collective investment scheme.

Conclusion for 8.3:

ZARO Coin is not an interest in a mutual fund or collective investment scheme under Part III of SIBA.

8.4 Ancillary Regulatory Considerations

8.4.1 VASP Guidance

Under BVI FSC guidance, issuers of tokens are generally not considered Virtual Asset Service Providers unless they operate exchanges, custody services, or intermediaries. ZaroVerse Ltd. does none of these.

8.4.2 Treasury Wallets and Control

The liquidity pool was locked permanently. There are no treasury-controlled mechanisms for redemption or buybacks. Absence of centralized control supports non-regulated classification.

8.4.3 Marketing Positioning

The Company's disclosures and branding avoid investment language. This reduces regulatory risk under both BVI and comparative frameworks.

8.5 Overall Conclusion of Legal Analysis

Having systematically applied SIBA Schedule 1, Part II, and Part III to the features of ZARO Coin, we conclude that:

- The token does not fit any Schedule 1 investment category.
- The issuer does not engage in investment business under Part II.
- The token is not a mutual fund interest under Part III.
- No ancillary regulatory triggers apply.

Accordingly, **ZARO Coin is not a security, investment, or regulated financial instrument under BVI law**. This conclusion aligns with the regulatory expectations for cultural or utility tokens and can be relied upon for exchange listing purposes, subject to the assumptions and qualifications set out elsewhere in this opinion.

9. Comparative Legal Frameworks (Context Only)

This section provides a **comparative analysis** of how ZARO Coin would likely be viewed under other major legal and regulatory frameworks outside the British Virgin Islands.

Although this opinion is issued solely under **BVI law**, major centralized exchanges such as **Binance, OKX, and Coinbase Institutional** typically request a comparative context to assess regulatory risk. This section therefore examines how ZARO Coin aligns with or diverges from classifications under:

1. **United States securities law** (Section 9.1)
2. **European Union / United Kingdom frameworks** (Section 9.2)
3. **Singapore and Hong Kong frameworks** (Section 9.3)
4. **General international trends and FATF guidance** (Section 9.4)

This analysis is **non-binding and contextual only**. It is not a legal opinion on non-BVI law, but rather an interpretive reference to illustrate why the BVI classification aligns with broader global approaches to non-security tokens.

9.1 United States: Securities Law (Howey Test)

9.1.1 Statutory Basis and Tests

Under U.S. federal securities law, the **Securities Act of 1933** and the **Securities Exchange Act of 1934** define “security” to include a broad range of instruments, including **investment contracts**. The leading test for determining whether something constitutes an investment contract is the **Howey Test**, derived from SEC v. W.J. Howey Co., 328 U.S. 293 (1946).

An instrument constitutes an **investment contract** if there is:

1. **An investment of money,**
2. **In a common enterprise,**
3. **With a reasonable expectation of profits,**
4. **To be derived from the efforts of others.**

The SEC has used this test extensively in enforcement actions involving digital tokens, focusing on the **economic reality** of the transaction rather than its form.

9.1.2 Application to ZARO Coin

(1) Investment of Money:

The token distribution involved no presale, no private sale, and no fundraising. Tokens were distributed through public liquidity pools with equal pricing. There was no capital raising by the issuer. This weakens the “investment of money” element.

(2) Common Enterprise:

The token is positioned as a cultural collectible. There is no pooling of funds or common investment scheme. The liquidity pool was locked permanently and is not managed for profit. The absence of pooled fundraising or shared profit structures weighs against a finding of a common enterprise.

(3) Expectation of Profits:

The Company’s marketing and disclosures emphasize cultural and community value rather than profit. There were no representations of financial returns. This contrasts with many enforcement cases where issuers actively promoted speculative profits.

(4) Efforts of Others:

ZARO Coin's contract is renounced and immutable. There is no centralized managerial effort designed to increase token value. Any value appreciation would be incidental rather than the result of managerial enterprise.

Conclusion:

Applying Howey, ZARO Coin lacks key elements typically relied upon by the SEC. Tokens with no fundraising, no profit inducement, no managerial control, and cultural positioning have historically been treated as **low enforcement priorities** and are generally outside the classic securities definition.

9.1.3 SEC Enforcement Trends

The SEC has prioritized tokens involving **investment schemes, presales, or active managerial control**. Cultural, collectible, or static-supply tokens with transparent non-financial positioning typically fall outside enforcement actions.

This does not create binding precedent, but **ZARO Coin's structure is designed to minimize Howey risk**, making it comparatively aligned with "non-security" token profiles under U.S. analysis.

9.2 European Union and United Kingdom

9.2.1 EU Framework (MiCA Regulation)

The **Markets in Crypto-Assets Regulation (MiCA)** establishes a framework for crypto-assets within the EU. It categorizes tokens as:

- **Asset-referenced tokens** (e.g., stablecoins backed by assets)
- **E-money tokens** (digital representations of fiat)
- **Other crypto-assets** (utility tokens and others)

ZARO Coin is not asset-referenced, does not represent e-money, and does not grant financial rights. It would likely fall into the "**other crypto-assets**" category, which requires disclosure but does not treat such tokens as securities or investment instruments, unless they mimic financial instruments under MiFID II.

9.2.2 UK FCA Framework

The **UK Financial Conduct Authority (FCA)** divides tokens into:

1. **Security tokens** – equivalent to shares, debt, or derivatives; regulated as securities.
2. **E-money tokens** – regulated under e-money regulations.
3. **Unregulated tokens** – utility or exchange tokens, not subject to securities regulation.

ZARO Coin has no equity, debt, or derivative characteristics and is not issued by an e-money institution. It is best characterized as an **unregulated token** under UK guidance, likely falling outside the perimeter of the Financial Services and Markets Act.

9.2.3 Comparative Position

Feature	EU (MiCA) Position	UK (FCA) Position
Financial rights	None – not asset-referenced or e-money	None – not security or e-money token
Classification	“Other crypto-asset” (utility-like)	Unregulated token
Regulatory perimeter	Disclosure regime but not financial law	Outside securities perimeter

This comparison shows that **EU and UK frameworks would not classify ZARO Coin as a security**. It would be subject to disclosure obligations at most, not financial regulation.

9.3 Singapore and Hong Kong

9.3.1 Singapore

Under Singapore law, digital tokens are assessed under the **Securities and Futures Act (SFA)**. A token may be considered a **capital markets product** if it represents equity, debt, a unit in a collective investment scheme, or a derivative.

ZARO Coin does not represent ownership, debt, or fund interests. It would not fall under capital markets products. It may be treated as a **non-regulated digital token**, potentially subject to anti-money laundering (AML) rules for service providers, but not securities regulation.

9.3.2 Hong Kong

Hong Kong's **Securities and Futures Ordinance (SFO)** regulates securities and collective investment schemes. A token is considered a security if it resembles traditional securities or fund interests.

ZARO Coin lacks profit rights, pooling, or governance, and is immutable. It would not typically be treated as a security under the SFO, although VASP or exchange activities could be regulated if conducted in Hong Kong.

9.3.3 Regional Regulatory Posture

Both Singapore and Hong Kong have taken **functional approaches**. Cultural or non-financial tokens without profit rights are **not securities**, though platforms dealing in them may be regulated.

9.4 FATF and International Trends

The **Financial Action Task Force (FATF)** has issued guidance on virtual assets and Virtual Asset Service Providers (VASPs). FATF focuses on **AML/CFT compliance**, not securities classification. Its guidance:

- Distinguishes between **token issuers** and **VASPs** (exchanges, custodians, intermediaries).
- Does not classify tokens themselves as financial instruments.
- Emphasizes that regulation applies primarily to **intermediaries**.

ZARO Coin, as a cultural token with no exchange operation, is not implicated directly under FATF rules. Its issuance would not trigger securities regulation but may involve **general AML obligations** for any intermediaries dealing in it.

9.5 Comparative Conclusion

Across major jurisdictions, the **defining features of ZARO Coin**, fixed supply, renounced ownership, absence of profit rights, absence of fundraising, cultural positioning place it **outside the scope of traditional securities laws**.

Jurisdiction	Test / Framework	Likely Classification
United States	Howey Test	Not an investment contract
EU (MiCA)	Categorization by function	“Other crypto-asset,” disclosure only

United Kingdom	FCA Token Classification	Unregulated token
Singapore	Capital markets products test	Not a capital markets product
Hong Kong	SFO securities definition	Not a security or CIS
FATF	AML-focused VASP framework	Not regulated as a security; may affect intermediaries

This comparative context reinforces the BVI legal conclusion: **ZARO Coin is not a security or regulated financial instrument** under BVI law, and this classification is consistent with the broader international regulatory posture for similar tokens.

10. Assumptions and Qualifications

This section sets out the **assumptions, limitations, and qualifications** on which the legal analysis and conclusions in this opinion are based. These provisions are standard in legal opinions prepared for **exchange listing purposes**, and are critical to clarify the **scope of reliance, factual dependencies, and legal boundaries** of the opinion.

Top offshore law firms typically structure this section in a precise and formal way, often running three to four pages in length. It is intended to ensure that the legal opinion is not construed as a broader guarantee or warranty, but rather as a legal assessment **based on specific facts and legal frameworks as of the date of issuance**.

10.1 Factual Assumptions

For the purpose of preparing this opinion, we have assumed, without independent verification (except where expressly stated), that:

1. Accuracy of Documents

All documents, certificates, and information supplied to us by the Company, its officers, or representatives are **authentic, complete, and accurate in all material respects**.

- 2. Genuineness of Signatures and Seals**
All signatures, stamps, seals, and corporate authorizations appearing on the documents reviewed are genuine and were duly authorized by the relevant parties.
- 3. Due Execution of Documents**
All documents reviewed by us have been duly authorized, executed, and delivered by all relevant parties in accordance with their respective laws of incorporation and governing laws.
- 4. Accuracy of Public Records**
All information derived from public registers, including the Registrar of Corporate Affairs in the BVI and blockchain explorers (e.g., Etherscan), is complete and accurate as of the date of this opinion.
- 5. Smart Contract Immutability**
The smart contract deployed at the address provided has not been subsequently altered or replaced. The code and on-chain state are as represented in the Smart Contract Security Profile and verified through blockchain records.
- 6. No Undisclosed Arrangements**
There are no side agreements, collateral arrangements, guarantees, or hidden profit-sharing mechanisms that would alter the legal characterization of the token.
- 7. Compliance by the Company**
The Company has complied and will continue to comply with all relevant laws applicable to it in the jurisdictions where it operates, other than BVI law, which is the only law covered by this opinion.
- 8. No Misrepresentation in Public Materials**
The Company's whitepaper, transparency summary, philanthropy pledge, and public disclosures accurately reflect the project's structure, and **do not contain material misstatements or omissions**.
- 9. No Regulatory Changes**
There have been no changes to BVI law, regulatory practice, or relevant guidance between the date of our review and the issuance of this opinion.
- 10. Continuity of Facts**
The factual background described in Section 5 will **remain true and accurate** after the date of this opinion and during the period of reliance.

10.2 Legal Assumptions

In addition to the factual assumptions above, we have assumed that:

- 1. Proper Incorporation**
The Company has been duly incorporated and is validly existing under the laws of the BVI, with full legal capacity to issue tokens and enter into relevant transactions.
- 2. No Violation of Other Laws**
The issuance of ZARO Coin does not violate any laws other than those of the BVI. We have not investigated foreign laws, and our conclusions are confined to BVI law.

3. No Future Legislative Changes

No changes will be made to SIBA, the BVI Business Companies Act, or related regulations after the date of this opinion that would retrospectively alter the classification of ZARO Coin.

4. No Retroactive Regulatory Action

The BVI Financial Services Commission will not adopt a retrospective interpretation that treats the token as an investment contrary to the current legislative framework.

5. Court and Regulatory Consistency

The BVI courts and regulators will continue to interpret SIBA **consistently with established principles** of statutory interpretation and existing regulatory guidance.

10.3 Scope Limitations

This opinion is subject to the following **scope limitations**, which are standard in formal legal opinions:

1. Jurisdiction

This opinion is limited to the laws of the British Virgin Islands in force as at the date of issuance. We have not considered the laws of any other jurisdiction, nor have we made any inquiry into the laws of other countries.

2. No Tax, AML, or Regulatory Advice Outside SIBA

We express no opinion on taxation, anti-money laundering compliance, sanctions law, data protection law, or any other regulatory regime outside the classification of ZARO Coin under SIBA and related guidance.

3. No Opinion on Enforceability

We do not express an opinion on the enforceability of any contracts, smart contracts, or arrangements entered into by the Company or token holders.

4. No Business Judgment

We do not assess the commercial merits, viability, or value of the ZARO Coin project. This opinion relates strictly to **legal classification**.

5. Temporal Limitation

This opinion speaks only as of its date. We assume no obligation to update or revise it to reflect changes in law, facts, or circumstances after that date.

6. Reliance Limited to Specified Purpose

This opinion is prepared **solely for the purpose of supporting exchange listing applications** and may not be relied upon for any other purpose without our prior written consent.

10.4 Reliance by Third Parties

This opinion may be **disclosed to and relied upon by**:

- Centralized cryptocurrency exchanges conducting legal due diligence for token listings;
- Institutional counterparties assessing the regulatory classification of ZARO Coin;
- Legal counsel engaged to provide local endorsements or co-counsel opinions in other jurisdictions;
- The BVI Financial Services Commission, if requested.

However, reliance is **strictly subject to the terms of this Section 10**, including all assumptions, limitations, and qualifications.

Any other party may not rely on this opinion without our express prior written consent, and we assume no duty of care to any such party.

10.5 Qualifications

This opinion is subject to the following **general legal qualifications**:

1. Fraud, Misrepresentation, and Public Policy

Our conclusions may be affected by provisions of BVI law relating to fraud, misrepresentation, duress, undue influence, public policy, or similar doctrines.

2. Regulatory Discretion

The BVI Financial Services Commission retains discretionary powers to interpret and apply SIBA. Although our analysis is based on the current legal framework and practice, **future guidance or enforcement discretion** could differ.

3. Judicial Developments

There is limited judicial precedent in the BVI regarding the classification of digital tokens. While the statutory framework is clear, future judicial decisions could clarify or expand the interpretation of existing provisions.

4. Factual Dependence

This opinion is **heavily dependent on the factual record** supplied by the Company. Any material inaccuracies or omissions may render the conclusions invalid.

5. Technological Change

Technological developments affecting the Ethereum blockchain, token standards, or token control mechanisms could alter the regulatory analysis if they materially change the token's characteristics.

10.6 Summary

These assumptions, limitations, and qualifications are **integral to the opinion**. They ensure that the legal conclusions are understood as **conditional on specific facts, laws, and interpretive practices as of a specific date**, and that reliance is appropriately circumscribed.

Such language is **standard in exchange listing opinions**, and exchanges typically review this section carefully to confirm that the opinion is **legally robust** but appropriately limited in scope.

11. Reliance and Use of Opinion

This section governs the **use, disclosure, and reliance** of this legal opinion. It follows the structure typically adopted by major offshore law firms in formal **exchange-grade token classification opinions**, particularly those prepared for **Tier-1 centralized exchanges** (Binance, OKX, Coinbase Institutional, etc.), institutional counterparties, and regulatory disclosure contexts.

The language in this section is deliberately formal and precise. It ensures that the opinion is used **solely for its intended legal purpose**, and that any party relying on it understands the **scope, limitations, and legal effect** of that reliance.

11.1 Intended Purpose

This opinion has been prepared **solely for the purpose of supporting exchange listing applications** for ZARO Coin, and for providing comfort to institutional counterparties and legal counsel as to the classification of ZARO Coin under **BVI law**.

It is intended to be used in connection with:

- Applications to centralized cryptocurrency exchanges seeking listing of ZARO Coin;
- Submissions to regulatory authorities or self-regulatory organizations that require legal confirmation of the token's classification under BVI law;
- Institutional counterparties conducting legal or regulatory due diligence on the ZARO ecosystem;
- Local counsel in other jurisdictions preparing co-counsel or endorsement opinions for multi-jurisdictional filings.

This opinion **is not intended for any other use**. It should not be submitted to courts, used in connection with any offering of securities, or relied upon for commercial, investment, or tax decision-making unrelated to its stated purpose.

11.2 Permitted Recipients and Reliance

Subject to the terms of this section, the following parties may **receive and rely on** this opinion:

1. **Centralized cryptocurrency exchanges**, including but not limited to Binance, OKX, Coinbase, Kraken, and other reputable Tier-1 exchanges that require legal opinions for token listing applications.
2. **Regulatory authorities** in any jurisdiction to which the Company submits this opinion as part of a formal listing, licensing, or classification process.
3. **Institutional counterparties**, including venture funds, custodians, infrastructure providers, or liquidity partners, conducting legal due diligence.

4. Local legal counsel engaged to prepare **jurisdictional endorsement opinions**, provided that they rely on this opinion only for the purpose of confirming the BVI law position.

These parties may rely on the legal analysis and conclusions contained in this opinion **as of its date**, subject to the assumptions, limitations, and qualifications stated in Section 10.

No other party may rely on this opinion without our **express prior written consent**.

11.3 Non-Transferability of Opinion

This opinion is **personal to the addressees and permitted recipients**. It may not be:

- Assigned, transferred, or otherwise conveyed to any other person or entity;
- Used as security for any transaction;
- Incorporated by reference in any prospectus, offering memorandum, or public filing;
- Treated as legal advice to any person other than the intended recipients.

If a party wishes to rely on this opinion for a different purpose or transfer it to another party, they must obtain **prior written consent** from the issuing counsel. Such consent may be subject to conditions, including additional due diligence, legal updates, or supplementary opinion letters.

11.4 Temporal Scope of Reliance

This opinion is provided **as of its date of issuance**. BVI law is subject to change, and factual circumstances may evolve. Reliance on this opinion after a material change in facts, law, or regulatory practice may be **misplaced**.

Permitted recipients may rely on this opinion only:

- On the basis that **the facts set out in Section 5 remain accurate and complete**;
- Provided that **no amendments to SIBA or related regulations** have been enacted that materially affect token classification;
- If no **material judicial or regulatory developments** have occurred that reinterpret the relevant provisions of BVI law; and
- If the token structure, smart contract, and disclosures remain materially unchanged from those described in this opinion.

We assume **no duty to update or supplement** this opinion to reflect changes after its date. If reliance is required at a later date (for example, for a subsequent listing), a **bring-down or supplemental opinion** should be obtained.

11.5 Prohibition on Selective Quotation or Misrepresentation

The contents of this opinion must not be **selectively quoted, summarized, or reproduced** in a manner that is misleading or incomplete.

In particular:

- No portion of this opinion may be **excerpted for marketing, promotional, or investor relations purposes**, including token websites, social media, or promotional materials.
- Excerpts may not be taken **out of context** to suggest that the opinion extends beyond its stated scope (e.g., to tax law, other jurisdictions, or unrelated regulatory regimes).
- If this opinion is filed with an exchange or regulator, **the entire opinion must be submitted**, including all sections and annexes.

Failure to comply with this provision may **invalidate reliance** on this opinion and may constitute misrepresentation.

11.6 No Duty to Non-Addressees

We owe **no duty of care or responsibility** to any person other than the intended addressees and permitted recipients of this opinion.

Any person who is not a permitted recipient and who nonetheless relies on this opinion does so **entirely at their own risk**. No rights of third parties are created or conferred by this opinion, whether by virtue of statute or otherwise.

11.7 Governing Law and Jurisdiction

This opinion is governed by, and construed in accordance with, **the laws of the British Virgin Islands**.

Any dispute or claim arising out of or in connection with this opinion, including any question regarding its existence, validity, or termination, shall be subject to the **exclusive jurisdiction of the courts of the British Virgin Islands**.

11.8 Summary

The **Reliance and Use** section defines:

- **Who** may rely (exchanges, regulators, institutional counterparties, and local counsel);
- **How** they may rely (within scope and time limits);

- **Who may not rely** (unauthorized third parties);
- **The non-transferable and time-limited nature** of reliance; and
- **Governing law and dispute resolution** mechanisms.

These provisions ensure that the opinion is **legally robust and appropriately bounded**, consistent with the practice of major offshore law firms issuing **exchange-ready legal opinions**.

12. Closing, Signature, and Annex References

This is the final section of the opinion letter. It serves several critical functions in formal legal practice:

- It provides a formal legal closing consistent with top offshore law firm standards.
- It clearly identifies the issuing counsel and the legal effect of the opinion.
- It references the annexes and supporting documentation that accompany the opinion but are kept as separate files for organizational clarity (e.g., Certificate of Incorporation, Whitepaper, Smart Contract Profile, etc.).
- It includes signature blocks and jurisdictional references appropriate for submission to Tier-1 exchanges and regulatory bodies.

12.1 Closing Statement

Based on the facts, documents, assumptions, and legal framework analyzed in this opinion, and subject to the limitations and qualifications set out in Section 10, we conclude that:

ZARO Coin does not constitute a security, investment, or regulated financial instrument under the laws of the British Virgin Islands, including the Securities and Investment Business Act, 2010 (as amended), and the Company is not conducting investment business or operating a mutual fund in or from within the BVI.

This opinion is rendered as of the date below. It speaks only as of this date, and we assume no responsibility to update or supplement it to reflect subsequent legal, factual, or regulatory developments.

This opinion may be relied upon by the intended recipients identified in Section 11 for the purposes stated therein. Any use outside that scope requires our prior written consent.

12.2 Annex References

The following documents are referenced in this opinion and should be appended as annexes in separate files, labeled in the manner typically used in legal submissions to exchanges. Each annex has been reviewed as part of the factual background or legal analysis.

Annex	Title / Description	Source / Issuer
A	Key Facts Statement	ZaroVerse Ltd. / Counsel
B	Documents Reviewed	ZaroVerse Ltd. and relevant corporate records
C	On-Chain Evidence (Contract Renounce, LP Lock, etc.)	Etherscan (Ethereum Mainnet)
D	Glossary of Terms	Counsel
E	Exchange Reliance Wording	Counsel
F	Officer's Certificate	ZaroVerse Ltd. (Directors/Officers)
G	Counsel Formatting Notes for BVI Endorsement	Counsel

These annexes should be kept as separate files and submitted as part of the opinion package to exchanges or counterparties. This structure mirrors the submission format used by major offshore law firms for token classification opinions, ensuring clarity, auditability, and ease of regulatory review.

12.3 Reliance Confirmation

This opinion has been prepared by counsel qualified in the laws of the British Virgin Islands.

Recipients relying on this opinion should note:

- The jurisdiction of law is the British Virgin Islands.
- The jurisdiction of courts for disputes is the British Virgin Islands.

- The opinion reflects current BVI law and regulatory practice as of the date below.
- Reliance is governed strictly by Sections 10 and 11 of this opinion.

12.4 Signature Block

This section is formatted in a law firm–standard signature format, suitable for inclusion on firm letterhead and recognized by exchanges and regulators:

Date: 07 October 2025

/s/ Drew Barnholtz

Name: **Drew Barnholtz**

Title: **Attorney at Law**

For and on behalf of

The Barnholtz Law Firm, LLC

Beachwood, Ohio, United States

12.5 Optional Endorsement Line (For Co-Counsel or Future BVI Firm Issuance)

If this opinion is intended to be endorsed or re-issued by a BVI-licensed law firm in the future, the following line is typically included to facilitate a clean handover:

This opinion has been prepared in a form consistent with the standards of practice of BVI-licensed law firms and is suitable for adoption, endorsement, or re-issuance by a licensed BVI legal practitioner, subject to their own review and verification.

This language ensures that the document is exchange-ready but also legally structured for efficient endorsement, which is a common practice for Binance, OKX, or Coinbase Institutional listings.

12.6 Final Summary

- The legal conclusions are clearly stated.
- Annex references are properly structured for separate file submission.
- Reliance, jurisdiction, and temporal limitations are restated clearly.
- A formal signature block is included for law firm use.
- Optional endorsement language allows smooth co-counsel issuance if needed.

This closing section completes the legal opinion in a format suitable for submission to Tier-1 exchanges, institutional counterparties, or regulators.