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Legal Opinion – Issuance of Private Equity Tokens via the Raizer.fi Protocol

Date : 19TH May 2025
Issuer : ChainRaizer Lab SPC Ltd – SPC registered in the British Virgin Islands (BVI)
Associated Legal Counsel : Loeb Smith Attorneys, BVI
Subject : Analysis of legal and regulatory compliance for the issuance of tokens backed by unlisted shares, via the Raizer.fi protocol

1. Introduction

This legal opinion is issued with the purpose of confirming, in a firm and reasoned manner, the legal compliance of the proposed operation of issuing digital tokens backed by unlisted shares, within the framework of the Raizer.fi protocol, operated by ChainRaizer Lab SPC Ltd, a company registered in the British Virgin Islands (BVI) as a Segregated Portfolio Company (SPC).

The objective of this opinion is to demonstrate the regulatory feasibility of the issuance, in strict compliance with the legal and prudential framework applicable in this jurisdiction, and to evaluate potential risks of requalification, illegality, or extraterritorial infringement.

The issuer is under the supervision of the Financial Services Commission (FSC) of the BVI, the competent authority for regulating financial services, including digital asset issuance activities, private placement, portfolio management, and the provision of crypto-asset related services.

This opinion has been structured and validated in close connection with Loeb Smith, a law firm internationally recognized for its expertise in structuring entities and issuing digital assets in offshore jurisdictions, particularly in the BVI.

It relies specifically on the following elements :

- The Legal Framework - Protocol Raizer, transmitted and examined as part of this opinion;

- Laws and regulations in force in the BVI, including:
    - the Securities and Investment Business Act, 2010 (SIBA);
    - the Virtual Assets Service Providers Act, 2022;
    - the BVI Electronic Transactions Act, 2021;
    - the BVI Business Companies Act, 2004, for SPC constitution rules;
    - the Code of Practice on Anti-Money Laundering and Terrorist Financing, as amended in 2022;

- Guidelines issued by the FSC (2023) on ICOs, Digital Asset Businesses, AML/KYC obligations applicable to digital asset issuers, as well as principles for analyzing token qualification (utility/security/hybrid);

- Recommendations from the Financial Action Task Force (FATF) regarding digital assets and VASP (Virtual Asset Service Providers);

- The current state of law and practice regarding tokenization of unlisted assets in comparable jurisdictions.

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2. General Framework of the Proposed Operation

The legal operation analyzed consists of structuring a mechanism for tokenizing economic rights linked to shares of unlisted companies (Private Equity), through the Raizer.fi protocol, developed and published by ChainRaizer SAS, a company registered in France, and operated by ChainRaizer Lab SPC Ltd, a company registered in the British Virgin Islands as a Segregated Portfolio Company (SPC).

2.1. Objective of the Issuance

The objective is to allow qualified investors, via a decentralized infrastructure based on smart contracts, to acquire indirect economic exposure to unlisted assets held in an isolated portfolio, without entailing a legal transfer of ownership of the underlying shares.

The token thus acts as a digital instrument for accessing rights to information, governance, monitoring, and economic participation without any consideration of patrimonial rights or automatic income

2.2. Legal Structure of the Issuer

The issuer, ChainRaizer Lab SPC Ltd, is constituted as an SPC in accordance with the BVI Business Companies Act, 2004. This legal form allows for a strict separation between different portfolios (segregated portfolios), with each portfolio able to :
- hold assets independently,
- issue tokens backed by its own rights or economic exposures,
- guarantee statutory protection against inter-portfolio contamination (ring-fencing).

2.3. Holding of Underlying Shares

The shares of unlisted companies subject to the operation are held by:
- either a dedicated portfolio of the SPC (direct structure).
- or a SPV (Special Purpose Vehicle) legally distinct but controlled by the SPC (indirect structure).

In both cases, the legal ownership and control of the shares remain centralized at the issuer level, without transmission to the final token holder.

2.4. Nature of the Issued Token

The issued tokens:
- confer no corporate rights (voting at general meetings, dividends, shareholding) over the underlying company ;
- give access to no regular flow (income, coupon, yield, automatic buyback) ;
- are designed as purely utilitarian, with :
  - a governance role within the Raizer protocol and/or the DAO specific to the operation;
  - internal functionalities (priority access to investment opportunities, fee reduction, access to modules or strategic votes);
  - possible secondary valuation linked to a structuring event (e.g., IPO, acquisition, voluntary liquidation by the DAO).

2.5. FSC Regulatory Framework and Issuance Compliance

The operation falls within the framework of the Digital Assets Business Guidelines issued by the FSC, and respects notably the following conditions:
- Absence of public offering in the BVI or in any other regulated jurisdiction without prior local authorization;
- Clear and documented issuance structure: complete whitepaper, token purchase agreement, risk disclosure statement, governance framework;
- Strict implementation of KYC/AML procedures, in compliance with the Proceeds of Criminal Conduct Act (1997) and the Anti-Money Laundering Regulations (2015, amended 2022);
- Absence of mechanisms assimilable to a regulated activity (investment fund, collective management, issuance of financial securities).

2.6. Technical Infrastructure Specificities

The protocol is based on a technical architecture built around audited smart contracts, structured as follows:
- Whitelist Contract: defines the users who are pre-authorized to participate in the sale of these assets.
- Sale Contract: sets the rules and monitors user investments during the event.
- Ownership Contract: defines the fundamental rules regarding issuance, governance, minting, and burning (when authorized).
- Governance Contract: governs the quorums and voting procedures available to holders of voting power.

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2.7. Principle of Economic and Legal Dissociation

The protocol is based on a clear separation between :
- the centralized legal holding of underlying assets, kept in a dedicated portfolio or by a controlled SPV;
- and the digital representation of indirect economic rights via tokens, without creating a link of debt, guarantee, or unilateral legal commitment.

This model allows avoiding any reclassification as a financial security, while respecting the standards for structuring virtual assets issued in the form of utility tokens.

3. Legal Analysis by Component

3.1. Issuer and Legal Structure

The issuer of the tokens is ChainRaizer Lab SPC Ltd, a company registered in the BVI as a Segregated Portfolio Company (SPC), in accordance with the BVI Business Companies Act, 2004

The SPC structure allows for a rigorous legal separation between different asset portfolios. Each portfolio is considered a distinct entity on the patrimonial level, thus ensuring that :
- risks are compartmentalized;
- underlying assets are legally isolated;
- commitments made on behalf of one portfolio do not engage the others.

The administration of the company is subject to the supervision of the Financial Services Commission (FSC), with the following obligations :
- designation of an approved administrator in the BVI;
- mandatory annual audit;
- periodic reporting relating to portfolios;
- compliance with the AML Code of Conduct in force.

3.2. Legal Nature of Issued Tokens

The tokens issued by Raizer are legally qualifiable as "utility tokens", within the meaning of the FSC guidelines. They do not meet the definition of "security" under the Securities and Investment Business Act (SIBA), insofar as they :
- do not confer any legal rights over a company (no general meetings, no dividend, no access to corporate governance);
- involve no creditor-debtor relationship;
- give right to no automatic distribution of return;
- are backed by no promise of guaranteed capital.

Analysis under SIBA }

According to Section 2(1) of SIBA, an instrument is a "security" if it constitutes :
- a participation in a fund or company;
- a debt ;
- a financial instrument giving right to payment.

In this case, the tokens do not fall into any of these categories, since :
- the value depends solely on exceptional events;
- there is no contractual commitment on the part of the issuer ;
- the token is intended for functional use in a protocol (governance, utility, access to deals, etc.).

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3.3. Share Holding and Tokenization Mechanism

The shares of unlisted companies are held by :
- a dedicated portfolio of the SPC, or
- a SPV legally distinct but entirely controlled by the SPC.

No ownership break occurs. The token represents only :
- an indirect economic exposure to the potential value of these shares;
- a protocol access (governance, access to functions, etc.);
- no enforceable, transmissible, or opposable right to the issuer or the underlying company.

Steps of the Tokenization Process }
1. Acquisition of shares (direct or via SPV)
2. Placement of securities in a segregated portfolio
3. Creation of associated smart contracts (core + governance)
4. Issuance of tokens
5. Publication of documents (whitepaper, risk statement, KYC policy)

3.4. Decentralized Governance - DAO

The tokens acquired through this event grant governance rights over a specific contract, segregated from others and comparable to a DAO (Decentralized Autonomous Organization): a purely technical structure with no legal personality.

It enables token holders to participate in collective decision-making through on-chain voting.

The votes are governed by dedicated governance contracts.

The protocol includes a multisig wallet for sensitive actions (pause, upgrade, reallocation).

The legal effects remain attached to the issuer, meaning that:
- any legal liability in case of misconduct or failure lies with ChainRaizer Lab SPC Ltd;
- decisions made by the DAO are contractually linked to the SPC structure and are enforceable only if they fall within the scope defined by the smart contracts and the whitepaper.

3.5. Tokens (Ex : SpaceX)

- Thematic tokens linked to a particular strategy or asset
- Exposure to a tokenized target asset (e.g., SpaceX participation)
- Minting conditioned on an exposure threshold (e.g., 80%) to the underlying
- Specific functions of governance, trigger, priority access

This distinction is essential to segment responsibilities, rights, and risks, and to allow tokenization compliant with BVI law.

3.6. Comparison with Other Jurisdictions

United States ? Howey Test , SEC«

Criteria:
1. Investment of money ✅
2. In a common enterprise ✅
3. Expectation of profit ✅
4. Dependent exclusively on the efforts of a third party ❌

The fourth criterion is not met because :
- governance over the underlying asset portfolio is decentralized (DAO);

- any potential profits are tied to collective management through voting and market dynamics, not to a promise of active management.

Recommendation : strict exclusion of US Persons

European Union ‹ MiCA

Risk of reclassification as an Asset-Referenced Token (ART) if:
- the token's value depends on an asset or basket of assets ;
- there is an implicit promise of stability or value return.

The Raizer model avoids this reclassification by :
- absence of explicit collateral;
- no guaranteed redemption mechanism;
- no yield distribution.

3.7. Compliance Summary Table

Element	Status
Issuer	BVI SPC BVI compliant with BVI Companies Act
Supervision	FSC (no license required for private issuance)
Token nature	Utility Token (non-security)
Corporate rights	None
Income distribution	None
Shareholding	Indirect, via SPV/SPC
DAO Governance	Technical, non-personified
AML/KYC Compliance	Mandatory before any subscription
Juridictions at risk	Excluded (US, China, Iran…)

3.8. Complementary Provisions

05.8–Contract Security
- External audit required before deployment
- Formal verification of the Core Contract
- Activated bug bounty
- Integrated timelock and pause mechanisms

05.9 –Evolving Documentation
- Any modification of the whitepaper or contractual rules requires :
    o a vote of the DAO;
    o an on-chain timestamp;
    o a guarantee of non-retroactivity.

0-5-0-Absence of Guarantee or Preference
- No preferential right over assets
- No guaranteed capital, nor promise of repurchase
- Integral risk assumed by the holder

4. **Compliance Conditions and Limitations**

4.1. Local Regulatory Compliance (BVI)

The structure operated by ChainRaizer Lab SPC Ltd, as an SPC registered in the British Virgin Islands, complies with applicable provisions, including :
- the BVI Business Companies Act, 2004;
- the Securities and Investment Business Act (SIBA), 2010;
- the Virtual Assets Service Providers Act, 2022;
- the Code of Practice on AML and Terrorist Financing
- the Guidelines on Digital Assets Business published by the FSC.

The token issuance is covered by regulatory exemptions (private offering, utility token safe harbor), and does not constitute a regulated activity as long as: :
- the tokens are not securities within the meaning of SIBA;
- no investment service is rendered to third parties;
- access is restricted to qualified investors, in a non-advertising logic.

4.2. Extraterritorial Risks

Any issuance of digital assets is likely to produce legal effects in third-party jurisdictions, depending on the location of investors. The areas of vigilance are as follows :

United States , SEC«
- Risk of reclassification as an "investment contract" under the Howey Test
- Recommendation: strict exclusion of U.S. Persons (contractual, technical, KYC)
- Recommended implementation of enhanced geofencing and exclusion clause in T&Cs

European Union , MiCA«
- Entry into force of the regulation planned for late 2024 - early 2025
- Risk of classification as an Asset-Referenced Token (ART) if the token's value is linked to a determined asset
- Recommendation: do not explicitly back the token with collateral or promise stability or repurchase

Prohibited Jurisdictions
- AML China, India, Iran, North Korea, Syria, Cuba, Crimea: complete prohibition of access.
- Sanction lists (OFAC, UN, EU) integrated into AML screening.

4.3. AML/KYC Compliance

In accordance with the regulatory framework of the British Virgin Islands (BVI), ChainRaizer Lab SPC Ltd is required to implement a comprehensive Anti-Money Laundering (AML) and Know Your Customer (KYC) compliance program. This program includes, but is not limited to, the following measures:
- Formal identification of all investors prior to any primary market subscription, based on investment thresholds:
  - Below USD 1,000: No KYC required.
  - From USD 1,000: Liveness verification via selfie.

- o From USD 10,000: Enhanced KYC including liveness selfie, valid passport copy, and verification of the source of funds.
- Verification of identification documents for authenticity and consistency ;
- Screening of all investors against international sanctions lists, Politically Exposed Persons (PEPs) databases, and adverse media sources ;
- Implementation of a written AML policy, including :
  - o Designation of a Money Laundering Reporting Officer (MLRO);
  - o Staff training;
  - o Logging of risk activities;
  - o Notification of Suspicious Activity Reports (SARs) to the FSC in case of doubt;
  - o Data retention for a minimum of 5 years.
- Compliance with the BOSS (Beneficial Ownership Secure Search) System, ensuring accurate and up-to-date reporting of all ultimate beneficial owners of the SPC.

ChainRaizer Lab SPC Ltd remains committed to full regulatory compliance and to upholding the integrity of its operations by implementing industry best practices in AML/CFT procedures.

4.4. Operational Best Practices

To ensure compliance over time and anticipate regulatory changes, the following actions are recommended :
- Mise Annual update of the whitepaper and legal disclosures;
- Timestamped archiving of successive versions in an on-chain register or via IPFS;
- Maintenance of a register of DAO decisions and executed votes;
- Regular audit of contracts and AML processes;
- Integration of explicit disclaimers in all interfaces (DApp, site, mobile app);
- Bug bounty to improve the robustness of the protocol.

4.5. Legal and Operational Limits of the Model

Despite its compliance with BVI law, the structure presents certain intrinsic limitations :
- DAOs do not have legal personality in most jurisdictions ;
- In case of dispute, users can only take action against the issuer (and not against the DAO or voters);
- The immutable nature of smart contracts limits the ability to correct a post-deployment error;
- The absence of uniform recognition of utility tokens can lead to legal insecurity in certain countries;

4.6. Scope of Issuer Responsibility

The issuer acts as a technical facilitator and regulatory operator. It guarantees :
- neither the financial performance of the token,
- nor the liquidity of the secondary market,
- nor the sustainability of the protocol.

Any loss related to market volatility, misuse of the wallet, or external event (hack, network crash) falls under the responsibility of the user, except in case of proven gross or intentional fault of the issuer.

4.7. Distinction Between Qualified / Non-Qualified Investors

Jurisdictions generally distinguish between :
- qualified investors (institutional, professional, high net worth), who can access private offerings under conditions of enhanced KYC;
- non-qualified investors, whose access is restricted or even prohibited.

It is the responsibility of each user to verify the legality of their subscription in their jurisdiction of residence. The protocol integrates contractual and technical filtering, but does not replace local legal advice.

4.8. Procedures in Case of Incident or Dispute

In case of critical flaw, the protocol provides an emergency plan :
1. Activation of the "pause function" by multisignature;
2. Notification to users via official channels;
3. Internal audit + support from an external cybersecurity firm;
4. Emergency vote of the DAO to determine the resolution;
5. Transparent publication of an incident report..

In case of legal dispute, the contractual clauses provide for exclusive arbitration before the London Court of International Arbitration (LCIA), in accordance with the Terms & Conditions of the protocol.

5. **Final Opinion**

At the end of our in-depth analysis of the legal, regulatory, and technical framework applicable to the issuance of tokens via the Raizer.fi protocol, we are of the opinion that :

The planned operation can be legally implemented by ChainRaizer Lab SPC Ltd[as a Segregated Portfolio Company , SPC«registered in the British Virgin Islands[in strict compliance with the law in force in the BVI[and subject to the maintenance of the conditions and assumptions deĀned hereafter–

5.1. Foundations of the Opinion

1. The issuer is a company registered in the BVI, operating under the supervision of the FSC, in compliance with the BVI Business Companies Act and the rules relating to segregated portfolios;
2. The issued tokens confer no ownership rights or financial rights over the underlying shares, and are qualifiable as utility tokens, not falling within the scope of application of the Securities and Investment Business Act (SIBA);
3. No distribution of dividend, interest, return, or guarantee is associated with the tokens, which only give right to an indirect economic exposure, without contractual financial flow;
4. The protocol is structured around a decentralized governance (DAO), operated via auditable and immutable smart contracts, without its own legal personality, and governed by pre-established rules inscribed in Core Contracts;
5. KYC/AML compliance is ensured before any subscription, in line with the requirements of the AML Code of Practice, the VASP Act 2022, and the Proceeds of Criminal Conduct Act (1997);
6. The operation does not constitute a public offering of securities, neither in the BVI, nor in any other jurisdiction, as long as access is restricted to private subscriptions, under conditions of geofencing, KYC, and contractual acceptance.

5.2. Suspensive Conditions and Limits of Application

This opinion is rendered subject to the express condition :
- That no functionality assimilable to an automatic return (interest, dividend, contractual flow) is introduced after the issuance ;
- That the protocol maintains a strict separation between the holding of assets and the digital representation of economic rights ;
- That any substantial evolution of the functioning (minting, burning, governance rights, exit triggers) be subject to :
  - a prior external audit;
  - a valid vote of the DAO;
  - and a formal update of the legal documents (whitepaper, Terms of Use);

- That AML/KYC processes are operational, audited, and comply with FSC requirements, including in terms of documentation, filtering, reporting, and retention ;
- That no active solicitation is made to investors from restricted jurisdictions (United States, China, India, etc.) without local legal advice or compliant alternative structuring ;
- That the validity of this opinion be reassessed in case of modification of the local legal framework or the Raizer protocol.

5.3. Scope Limitations

This opinion :
- Is rendered exclusively with regard to the law in force in the British Virgin Islands, at the date of signature;
- Does not constitute investment advice, nor a commercial or fiscal guarantee;
- Should not be interpreted as an implicit validation or authorization by a foreign authority (SEC, FCA, ESMA, VARA, etc.);
- Is not intended to be transposed to other jurisdictions, except to be the subject of a separate opinion in the concerned country.

5.4. Executive Summary – External Use

The issuance of tokens within the framework of the Raizer.fi protocol, as structured and framed at the date of the present, is legally feasible in the jurisdiction of the British Virgin Islands, insofar as :
- it relies on a compliant and regulated SPC structure;
- the tokens are purely utilitarian, without financial flow or ownership rights;
- no public offering of securities is carried out;
- AML/KYC obligations are fully respected;
- geographical exclusion and liability clauses are integrated;
- and the governance of the protocol is transparent, traceable, and immutable.