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# PRIVATE PLACEMENT MEMORANDUM

Issuer: (Name) (Symbol: XYZ)

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## 1 Securities Offered:

**Type:** ERC-3643 Security Token Shares (“Shares RWA”) – permissioned, on-chain Series Class Preferred Shares (real-world asset tokens).

**Authorized Volume:** 2,000,000 Units.

**Price:** \$1.00 per Share / \$100.00 per Unit (100 Shares per Unit).

## 2 Key Features of the Securities

**Permissioned Tokens:** These are not publicly traded common shares. They are programmable, permissioned tokens governed by ERC-3643 smart contracts.

**No Public Market Trading:** Tokens are not tradable on public secondary markets.

**Whitelisting:** Transfers are allowed only between wallets approved and placed on the Company’s Whitelist.

**Identity Registry:** All shareholders must be registered in a DB-AST (Distributed Blockchain-based Asset Storage and Transfer) system and have a verified ONCHAINID confirming Accredited Investor status.

**Transfer Restrictions:** Smart contracts will block transfers to non-whitelisted wallets. Tokens are subject to holding periods of:

- 6 months for OTCQB eligibility.
- 12 months for OTC Pink Limited eligibility.

**Subscription and Registration – Investor Steps:** To invest in the XYZ company working capital auction, investors must:

- Pre-Register: Execute the Company’s standard Transfer Agreement.
- Complete Vetting: Undergo KYC/AML checks and Accredited Investor verification.
- Wallet Whitelisting: Provide a compatible crypto wallet. Once approved, the wallet is added to the Whitelist and linked to DB-AST.
- Issuance: At closing, ERC-3643 tokens are minted or transferred to the investor’s whitelisted wallet.

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## 3 Key Risk Factors:

- Smart Contract/Technology Risk: Flaws in the ERC-3643 standard, the smart contracts, or the DB-AST system could cause loss, freezing, or misallocation of tokens.
- Custody and Private Key Risk: Tokens are held in whitelisted wallets. If private keys are lost, stolen, or compromised, or if the Whitelist registry is altered without authorization, the investment may be permanently lost.
- Regulatory Change Risk: Current U.S. federal guidance (including SEC and DTC positions as of 2026) imposes strict oversight on tokenized securities and custody. Changes to these rules may impact liquidity, transferability, or legal treatment of the tokens.

## 4 Regulatory Legends and Compliance:

- Securities Act Status: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. **They are offered under Regulation D exemptions only to “Accredited Investors.”**
- ICFR for Digital Assets: Issuers of tokenized securities must maintain effective internal controls over financial reporting (ICFR) for digital asset ledgers.
- 2026 Regulatory Updates Reflected in This PPM
- Whitelisted Wallets: The PPM aligns with updated SEC/DTC terminology that recognizes “whitelisted wallets” for screened participants.
- Custody Standards: The PPM reflects January 2026 SEC guidance permitting broker-dealers to claim “physical possession or control” over tokenized equities if they hold exclusive control of the private keys.
- Programmable Compliance: Language has been updated from traditional “common shares” to “permissioned tokens,” emphasizing that compliance rules are enforced via the smart contract itself.

## 5 General Disclaimers

- This reconstructed PPM is a 2026-standard draft prepared from the provided inputs. It must be reviewed and approved by qualified securities counsel before use.

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- The Company may accept or reject any subscription in its sole discretion for any reason described in this Memorandum.
- An investment in the Shares involves a high degree of risk.

## 6 INVESTORS SHOULD CAREFULLY REVIEW THE “RISK FACTORS” SECTION.

The Private Placement is offered only to Accredited Investors under Regulation D. The Securities and Exchange Commission and state regulators have not passed on or approved this offering or this Memorandum. Any statement to the contrary is unlawful.

### 6.1 Bank and Escrow Information Placement Agent:

THE CORPORATE LAW GROUP

Wire Instructions – Client

**Trust Account Bank Name:**

**Name of Bank):**

**The Corporate Law Consult Address:**

Street Address

City, State, and Zip

**Type of Account:** IOLTA

**Client Trust Account No.:** Number

**Wire ABA:** (number) Electronic

**ABA:** (number)

**Bank Address:**

Street Address,

City, State, and Zip

**SWIFT:** (CODE)

(These instructions may be duplicated in the underlying source word-processing file; any repeated block should be treated as identical wiring instructions.)

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## 7 Offering Terms:

**Date of Confidential Memorandum:** \_\_\_\_\_, 2018 (to be updated as appropriate).

**Maximum Offering:** 2,000,000 Units.

**Price:** \$100 per Unit (100 Shares per Unit) – aggregate subscription price per Unit: USD 100.

**Minimum Subscription:** 1 Unit (USD 100).

**Maximum per Investor:** 5 Units (USD 500) unless the Company, in its discretion, sets a different limit.

**Company Discretion:** The Company may (x) accept subscriptions for fewer than 1 Unit (if it so determines), and (y) limit the number of Units sold to any subscriber.

## 8 Offering Period and Closings:

- Initial Offering Period: Begins on the date of this Memorandum and lasts for 180 business days.
- Extension Period: The Company and Placement Agent may extend the Offering Period for up to 30 additional business days (or a shorter period) at their sole discretion.
- “Offering Period”: Collectively, the Initial Offering Period plus any Extension Period.

### 8.1 Escrow and Closings:

- Escrow Agent: Southern Trust Securities, Inc. (the “Escrow Agent”), at an address to be designated.
- Escrow: All subscription funds will be held in escrow and will not accrue interest for subscribers.
- Initial Closing: Occurs once the Company has received subscription funds equal to at least 1 Unit (\$100). On the Initial Closing Date, the Escrow Agent releases funds to the Company (net of amounts payable to the Placement Agent and others for offering expenses).

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**Subsequent Closings:** The Company may accept additional subscriptions in one or more

- subsequent closings, each for at least 1 Unit, except for the Final Closing.
- Final Closing: Occurs on the last day of the Offering Period or earlier if subscriptions reach the Maximum Offering (100 Units at an aggregate Subscription Price of USD 100.00 as specified; this numeric example should be conformed to the actual maximum). The Company will not accept subscriptions in excess of the maximum number of Units or the stated aggregate maximum Subscription Price.
- Subscription Mechanics: The full subscription amount is due upon submission of a completed, dated, and executed Subscription Agreement, plus any other required documents as described under “Subscription Procedures.”

## **8.2 Subscriber Acknowledgments Prospective subscribers must understand and agree that:**

- They are relying on their own review of the Company and the terms of the Private Placement, including its merits and risks.
- No federal or state securities regulator has recommended or approved the Units or the Shares or confirmed the accuracy of this Memorandum.
- The Units and underlying Shares are subject to strict transfer and resale restrictions. They may only be transferred as permitted under the Securities Act of 1933 and applicable state laws, and only pursuant to registration or an available exemption.
- They may need to hold this investment for an indefinite period and bear the risk of total loss.

## **8.3 Confidentiality and Offering Restrictions:**

**8.3.1 This offering relies on exemptions from registration under the Securities Act. Those exemptions require that:**

- The Units will not be offered via general solicitation or general advertising, and
- This Memorandum is to be treated as confidential by all recipients.

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- This Memorandum constitutes an offer only if the recipient is named on the cover page. No other person may treat it as an offer, and no subscription from any other person will be accepted without the Company's consent.
- Any reproduction, distribution, or disclosure of this Memorandum, in whole or in part, to anyone other than the named recipient or that recipient's purchaser representative(s), without the Company's written consent, is prohibited.
- The Company reserves the right to reject any subscription in whole or in part.

## 8.4 Suitability and Risk Tolerance:

- The Units are speculative and involve a high degree of risk. Only people who can afford to lose their entire investment should consider an investment.

## 9 Subscribers will be required to:

### 9.1.1 Represent their net worth and income level;

- Confirm they can bear the economic risk of this investment, including illiquidity;
- Confirm they understand the terms and risks of the Private Placement, including transfer restrictions.
- Use and Limitations of this Memorandum:
- This Memorandum is provided solely for evaluating the Private Placement and may not be used for any other purpose.
- Any action contrary to these restrictions may violate applicable "blue sky" (state securities) laws.
- The Company will make management available to answer questions and provide additional information (to the extent reasonably obtainable without undue effort or expense) necessary to verify the accuracy of the information in this Memorandum.

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## 10 Advice and Independent Review:

- Nothing in this Memorandum, or any communication from the Company, its affiliates, directors, officers, employees, or professionals, should be taken as legal, tax, or financial advice.
- Each prospective subscriber should consult their own legal, tax, accounting, and financial advisors to determine:
- The legal, tax, and economic consequences of investing; and
- Whether an investment in the Units is suitable in light of their particular circumstances.

## 11 No Unauthorized Representations; Jurisdictional Limits:

- No offering literature or advertising other than this Memorandum (or materials authorized by Company management) may be used in connection with this Private Placement.
- No person is authorized to provide information or make representations about the Units other than as set forth in this Memorandum.
- This Memorandum does not constitute an offer or solicitation in any jurisdiction where such offer or solicitation is not authorized.

## 12 Documents and Agreements:

- Reference must be made to the exhibits, supporting documents, and additional information provided with this Memorandum for the complete terms of the Parties' rights and obligations.
- Any summaries of agreements in this Memorandum are qualified in their entirety by the actual documents.
- The sale of Units is governed by a Subscription Agreement containing specific representations, warranties, terms, and conditions. Prospective investors should review that agreement carefully before investing.
- A form of Subscription Agreement is attached as Exhibit A.
- Potential subscribers may be required to execute non-disclosure agreements before accessing sensitive or proprietary information.

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**NASAA Uniform Legend IN MAKING AN INVESTMENT DECISION, PROSPECTIVE SUBSCRIBERS SHOULD RELY ONLY ON THEIR EXAMINATION OF THE ISSUER AND THE TERMS OF THE PRIVATE PLACEMENT, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH AUTHORITY HAS CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN AVAILABLE EXEMPTION. PURCHASERS MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.**

## **13 Amendments and Available Information:**

- This Memorandum may be amended or supplemented as appropriate.
- Any description of contracts, agreements, or other documents may be incomplete; where such documents are attached, those descriptions are qualified in their entirety by the full documents.
- The Company will provide, at no charge, copies of any documents referred to in this Memorandum (excluding exhibits to such documents unless specifically incorporated by reference) upon request. Requests should be directed to the Company at the address to be designated (TBD).

## **14 Forward-Looking Statements:**

- This Memorandum contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.
- Forward-looking statements involve risks, uncertainties, and other factors that may cause actual results to differ materially from those expressed or implied.
- Such statements are based on the Company’s current expectations, recent operating results, and current industry conditions.

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- Words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “opportunity,” “plan,” “potential,” “project,” “proposed,” “should,” “will,” and similar expressions identify forward-looking statements.

## **15 Key risk factors affecting forward-looking statements include, without limitation:**

- The success of the Company’s business strategies and future operations.
- General economic conditions in the United States and globally.
- Industry-specific economic conditions in the sectors where the Company operates or intends to operate.
- The competitive environment in the Company’s target industries.
- Market acceptance and sales volumes for the Company’s products and services.
- The Company’s ability to raise additional capital, if required.
- Changes in laws, regulations, or enforcement priorities affecting the Company’s products, services, suppliers, or target customers.
- The Company’s ability to obtain and maintain cooperative or funding arrangements for research and development.
- The Company’s ability to attract and retain key management, research, and technical personnel.
- Other risks and factors are described elsewhere in this Memorandum and in the exhibits.

**Readers should carefully evaluate these risks and uncertainties.**

**The Company undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events, or otherwise.**