

Baptiste & Co. Law Firm Inc.

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15 May 2024

Capacity and Licensing | Saint Vincent and the Grenadines (“SVG”) Limited Liability Companies (“LLCs”)

TO WHOM IT MAY CONCERN

The name of that Vincentian entity is CoinDepo LLC 1065 LLC 2021 (the “Company”).

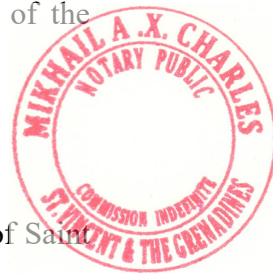
You are seeking formal advice relating to the treatment of the Company under SVG law in the following circumstances:

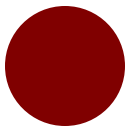
- *Whether the company needs to be licensed in respect of its business model (direct and indirect use of virtual assets)*

I provide this Opinion to assist you on specific matters of Saint Vincent and the Grenadines (“SVG”) law. By way of general or overall categorization, these are in consideration of the applicable state of the law in respect of various duties.

The Opinion:

1. My professional background and practice are that I am a Barrister and Solicitor of Saint Vincent and the Grenadines (“SVG”) admitted to the Roll as such in September 2013.
2. I am in independent practice at the SVG Bar. There is no LLP (or equivalent) in this jurisdiction. In respect of the relevant practice license, I hold a valid and unrestricted practice continuously since my admission in 2013.





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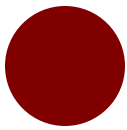
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3. I am an English lawyer (Barrister) by original training, and where I was called to the Bar by the Honourable Society of the Inner Temple on 22 November 2012 and being licensed to practice in 2022.
4. I have remained in continuous practice since first qualifying and am also admitted to practice in the following jurisdictions - in addition to SVG (in chronological order, with the applicable date showing in parenthesis) – and where I appear in court as needed:
 - a. *Grenada (2015)*
 - b. *Saint Lucia (2015)*
 - c. *British Virgin Islands (2018)*
 - d. *Saint Christopher (Kitts) and Nevis (2019)*
5. In respect of my admission and standing at the SVG Bar, I have a valid, current and unrestricted practicing certificate. As is permissible under applicable law, I have held practising certificates in SVG every year since 2013 even though I was resident outside of SVG for significant periods of time.
6. By way of summary of this Opinion:
 - a. *In respect of the virtual asset component of the Company's business this is regulated by the SVG FSA however the law (while passed) has not been commenced yet. As of this legal opinion's date no registration or license is needed – that will change once the law is commenced.*





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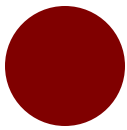
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7. In respect of virtual assets, the Virtual Assets Business Act 2022 (“the VABA”)¹, has been passed in 2022. The Act seeks to provide for the registration and supervision of virtual asset business in or from St. Vincent and the Grenadines and with persons in St. Vincent and the Grenadines and for related matters.
8. The SVG FSA is the Competent Authority tasked with regulating and supervising Virtual Asset Service Providers (VASPs). The VABA gives effect to a registration regime whereby all existing/ potential VASPs Virtual Assets Service Providers will be required to submit an application for registration of a virtual asset business to the FSA so as to conduct that virtual asset business activity legally within the jurisdiction.
9. The VABA has not yet commenced operation in SVG, so the Company can conduct its activities without license, bearing in mind that the SVG FSA may commence soon.²
10. Some of the key takeaways from VABA:
 - i. *Virtual Asset: A "virtual asset" is defined as a digital representation of value that can be traded or transferred digitally and can be used for payment or investment purposes. This does not include digital representations of fiat currency or securities.*
 - ii. *Virtual Asset Business: A "virtual asset business" is defined as an entity that conducts one or more of several activities on behalf of another person, including exchanges between virtual assets and fiat currency, exchanges between different forms of virtual*

¹ < <https://svgfsa.com/mdocs-posts/virtual-asset-act-2022/> > Accessed 1 May 2023

² < <https://svgfsa.com/wp-content/uploads/2023/02/NOTICE-TO-ALL-VIRTUAL-ASSETS-SERVICE-PROVIDERS-AND-PERSONS-SEEKING-TO-CONDUCT-BUSINESS-AS-A-VIRTUAL-ASSET-SERVICE-PROVIDER-1.pdf> > Accessed 1 May 2023





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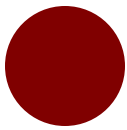
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assets, transfers of virtual assets, safekeeping or administration of virtual assets, and participating in and providing financial services related to an issue or sale of a virtual asset.

- iii. *Control: "Control" refers to the power of a person to influence the business and affairs of a virtual asset business, whether alone or with affiliates or others, directly or indirectly.*
- iv. *Fiat Currency: "Fiat currency" refers to currency issued by a central bank and is the official legal tender of a country or group of countries.*
- v. *Applicability: The Act applies to any person who offers or operates a virtual asset business in or from Saint Vincent and the Grenadines, whether before or after the Act's commencement.*
- vi. *Registration: Any person who wants to offer or operate a virtual asset business in or from Saint Vincent and the Grenadines must be registered under this Act.*
- vii. *Register: The Authority is responsible for maintaining a register of registered, suspended, and revoked virtual asset businesses, which includes information such as the name and address of the registrant, type of virtual asset business conducted, date of registration, status of registration, and details of suspension or revocation.*





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Background

11. The Company does not hold bank accounts in SVG (as these are not available) but funds are processed by and held in top-tier bank accounts held outside of SVG.

12. The Company maintains as is required by SVG law a local registered agent.

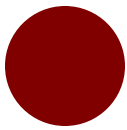
13. The Company does not offer its services to SVG resident individuals or companies.

14. The governing law in respect of the Company is found in the Limited Liability Company Act Cap. 151 of the Revised Laws of Saint Vincent and the Grenadines.

Business Model

15. The business model of the Company is a digital asset service, also often referred to as a platform that enables users to buy, store, sell, earn digital assets or cryptocurrencies like Bitcoin, Ethereum, and many others.





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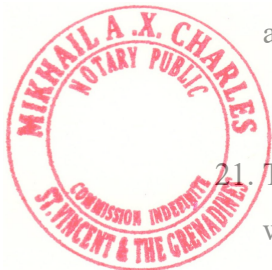
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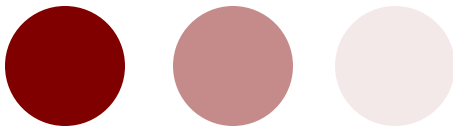
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16. The operations of digital asset platform can include storing large amounts of cryptocurrencies, handling user accounts, processing transactions and ensuring the security of the platform.
17. After completing KYC procedures, clients are able to deposit funds to their accounts and use different instruments on their own accord to manage and invest their portfolio.
18. VABA specifically describes "virtual asset business" activities, which includes "exchange between a virtual asset and fiat currency" and "exchange between one or more forms of virtual assets." These activities are typically what a digital asset platform does, so such platforms would indeed fall under this regulatory framework.
19. Notwithstanding the above as VABA has not commenced the Company can carry on its activity under the Laws of the State of Saint Vincent and the Grenadines.
20. The actions of the end user clearly show that the Company would only be an intermediary at all material times (except if the client choose to get investment management services).
21. The applicable governing corporate regime for Limited Liability Companies ("LLC") within Saint Vincent and the Grenadines is The Limited Liability Companies Act, Chapter 151 of the Revised Laws of Saint Vincent and the Grenadines and its associated regulations within the Revised Laws of Saint Vincent and the Grenadines, 2009 Edition.





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22. These laws can be accessed online through the Financial Services Authority webpage at:

- a. <http://svgfsa.com/mdocs-posts/limited-liability-companies-act-cap151/>
- b. <http://svgfsa.com/mdocs-posts/financial-services-authority-act/>
- c. <http://svgfsa.com/mdocs-posts/financial-laws-miscellaneous-amendments-act-2014/>

The Company's Constitution

23. I have examined the constitutional documents of the Company, i.e., its Articles of Formation, and confirm that there are no restrictions³ placed upon the Company's corporate capacity as to the types of business activity in which the Company may lawfully engage, save where there is a directive from the Financial Services Authority or other licensing requirement as a pre-requisite⁴.

24. In general, an LLC has full legal and regulatory capacity to undertake and engage in any form of business, commercial, investment or trading activity in which a general commercial company may lawfully engage.

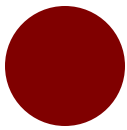
25. However, no such capacity exists where:

- a. *Such activities or operations are limited by the company's own constitution;*

³ Clause 7, Articles of Formation dated 22 December 2023

⁴ Registrar's Notice from the FSA dated 6 January 2023.





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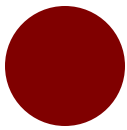
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- b. Such a company intends to undertake an activity for which a licence is required to be obtained from the SVG regulators, and the company has not yet acquired such licence.*
- c. Such a company intends to provide its goods or services to persons fiscally resident in SVG;*
- d. Such a company is owned or directed by aliens (i.e. foreigners) and the company intends to acquire an interest in SVG real estate but has not yet acquired the relevant Alien Land Holding Licence.*

26. An LLC will require a licence from the SVG regulators if it proposes to engage in any of the following activities:

- a. If it intends to conduct business which is tantamount to operating as a bank; i.e. the acceptance of deposits from customers in return for a debt obligation, making such customers creditors of the company.
- b. If it intends to conduct business which is tantamount to operating a collective investment scheme; i.e. it will accept subscriptions for shares from prospective shareholders on the understanding that such shares will be redeemable (by investors) on demand, or it will act as investment manager or administrator to such scheme.
- c. If it intends to conduct business which is tantamount to operating as an insurer; i.e. it will accept the responsibility for underwriting certain insurable risks and perils as either a provider of general insurance or long-term insurance services.





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d. If it engages or intends to engage in any activity which is tantamount to acting as registered agent or registered trustee in the business of Offshore Representation.

e. If it engages in any of the activities under VABA for which a license is required.

27. It is clear that the proposed business activities and its associated and incidental activities of the Company; will require a license when VABA has commenced.

28. It is my Opinion that as currently constituted the Company will be fully compliant with the laws of Saint Vincent and the Grenadines if it engages in the activities set out above under "Business Model".

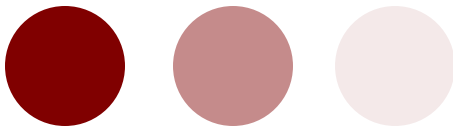
29. This Opinion is based upon the laws of SVG currently in effect and is given only as to the circumstances existing on the date hereof.

Yours Faithfully;



Mikhail Alexei Xavier Charles

Barrister | Solicitor | Notary Public | Mediator



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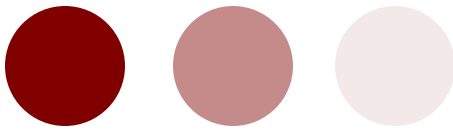
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SCHEDULE 1 ASSUMPTIONS

1. This opinion does not address provisions of laws from jurisdictions outside of St. Vincent and the Grenadines (SVG).
2. All Company directors have disclosed any interest in the Business Model as specified in the Resolutions.
3. The Company's managers, acting with honesty and in good faith, believes the Business Model aligns with the Company's best interests.
4. In undertaking the Business Model, the Company will remain solvent. This assumes the Company can settle its debts, will not face unresolved statutory demands as per SVG's insolvency laws, and no judgements against any Company remain unsatisfied.
5. Any property transactions involved in the Business Model are not considered gifts but are made in good faith. If the transaction value is deemed significantly less than the consideration provided by the Company, it should still be in the Company's best interest.
6. The Business Model does not jeopardize the Company's creditors. If such an event is the case, it's understood these transactions are part of routine business.





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7. Regarding credit provisions related to the Business Model, terms will not demand unreasonable payments or blatantly breach fair trading standards.
8. The constitutional documents referenced are the memorandum and articles of association for the Company and remain effective as of now.
9. Apart from documents I've reviewed, there are no other records, agreements, or documents which may influence the Business Model or restrict the Company manager's authority in a manner impacting the conclusions herein.
10. No resolutions have been passed to appoint a voluntary liquidator for the Company, as allowed by the constitutional documents.
11. No payments or transactions related to the Business Model are associated with proceeds from criminal activities as per SVG's anti-money laundering laws.
12. Any asset dispositions by the Company under the Business Model does not exceed 50% of the Company's value outside their regular business activities. If it does:
 - (a) It has the endorsement of the Company's managers and members; and
 - (b) The Company members have approved it through a resolution, with full disclosure on the disposition, regardless of their voting entitlement.

