

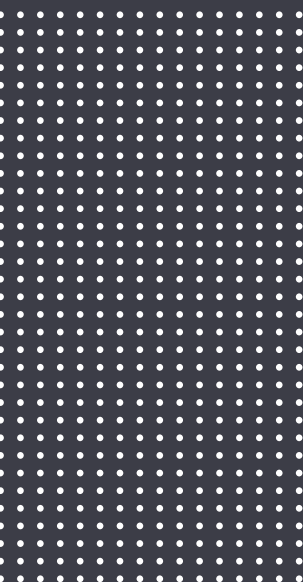
cryptium

The SME's Champion of Cash Flow and Capital Reserves

Cryptium White Paper version 3.0

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Purpose of Cryptium

While any individual or entity can participate with Cryptium, it was designed specifically for small and medium sized enterprises ([SMEs](#)) to participate safely in the crypto markets.

SMEs can leverage Cryptium to:

1. Enhance and augment existing cash flow; and
2. Provide a safe, accessible, and profitable store for capital reserves.



The Problems and the Cryptium Solutions

First Problem: Market Manipulators

'Pump & Dump', 'Poop & Scoop', 'Short & Distort' are part of several schemes intended to manipulate the value and certainly within the crypto markets. These manipulations only add chaos to an already volatile and shaky marketplace, whereas SMEs need stability.

First Cryptium Solution: The Anti-Market Manipulation

While it is not possible to stop and prevent market manipulators, it is however very much possible through the means of Smart Contract technologies, to limit the effects.

Smart contracts provide a foundation for programmable money and programmable payments which enables programmable value protection. One such protection that can be deployed on Cryptium using the smart contract protocols is to impose restrictions in the form of penalties or transfer fees to discourage dumping.

Cryptium incorporates transfer fees when market participants attempt to transfer more than 10% of their capital per month to a different participant. This is meant to significantly reduce "dumping" when a market participant sells large amounts of Cryptium tokens in a short time frame. These types of selloffs on exchanges typically cause the price to fall, and can even cause panic selling by other participants.

The transfer penalty, again through the programmable relationship of the smart contract, would then be redistributed to the remaining participants as a reward for holding their position. Thus, the bulk of value remains within the community of the Cryptium holders. Leaving the market manipulators and "dumpers" at a financial disadvantage.

Second Problem: Value Volatility

In this past year alone, the news has been filled with stories of high-profile individuals like Elon Musk and others tweeting or speculating on certain crypto assets. Many tried to join the bandwagon by purchasing these trending cryptos, pumping the price to new highs, only to see that same high-profile individual with a few elite groups sell off their new wealth leaving the typical investors having big losses.

Unfortunately, this is a typical and ongoing story in the crypto markets. This type of volatility is precisely why SMEs who are sitting on a few months' worth of reserves cannot embark in the crypto markets. One tweet could decimate their reserves in seconds.

These schemes are limited to insiders who know the timing of when to buy and sell. SMEs need stability and reliability when it comes to protecting their value of capital reserves and cash flow.

Second Cryptium Solution: Champion of Value Protection

Cryptium provides a unique concept - called an elastic supply mechanism, which offers value protection and stabilizes downward market movements and manipulations.

With an elastic supply mechanism coupled with smart contract capabilities, Cryptium is coded and designed to issue and mint new tokens when downturns occur, which protects long term holders. Although the price may drop, the value position is always protected.

Furthermore, with this elastic supply and with the programmable protection from the smart contract protocols, Cryptium can automatically recognize market movement and adjust accordingly. Thus, maintaining the value position, leaving [price volatility irrelevant](#).

It cannot be stressed enough how innovative and important the elastic supply concept is. It is now possible to enforce economic behaviour to prevent loss of value. If this proves to be as groundbreaking as believed, early adopters will be pioneers of this new financial paradigm shift.

Third Problem: No Real Economy, Just Empty Tokens

In the crypto markets there are thousands of speculative projects, but these projects lack any real economic value. This results in false hopes and vain aspirations from participants. These empty tokens further exacerbate an already hesitant and often uninformed buyer.

Erratic market movements spurred by manipulators, combined with valueless speculations, are preventing significant adoption from retail, institutional and especially the SME markets.

At the moment, there doesn't seem to be any viable options for SMEs to participate within the crypto markets safely and profitably.

Third Cryptium Solution: It's All About the Cash Flow

At the core of Cryptium is a growing ecosystem that combines cash flow and capital reserves from participating SMEs, along with matching funds from Cryptium's Investment Fund. This combination of transactions provides real economic value that supports the financial performance of Cryptium and its community. Thus, when SMEs or anyone participates with Cryptium, they are actually emerging into an entire ecosystem of SMEs and their respective cash flows.

As each participating SME leverages their cash flow through Cryptium, each transaction creates pressure on the price as well as the buying and selling volume, which in turn, creates sustainability to the overall community of Cryptium. This aspect continues to reoccur month after month, as SMEs continue to operate within the Cryptium ecosystem. Hence, the financial growth of Cryptium is directly linked to the collective growth of the SMEs.

Additionally, portions of the Cryptium tokenomics have been allocated specifically to invest into SMEs cash flows. This is a revolutionary approach that is poised to disrupt traditional venture capital models that focus on equity rather than the cash flow.

After a vetting period and once approved, the SME that wants to participate in a 1 to 1 matching fund with Cryptium will enter a contractual obligation to maintain an agreed percentage of their cash flow within Cryptium. Thus, as an SME's cash flow increases or decreases there remains a consistent participation from the SME. In turn, the more an SME holds Cryptium, the more Cryptium can augment and supplement their cash flow to sustain their business endeavours.



How Cryptium Works

Features

The Cryptium token utilize two mechanisms to protect participants against downward volatility:

Anti-Market Manipulation: Price Protection

Price Protection – Vesting and Transfer Fees:

Applying vesting periods as well as transfer fees will discourage massive selloffs of Cryptium, thus providing protection or restriction on price volatility.

Every time Cryptium is transferred to a new wallet address, there may be a structured Transfer Fee on any unvested tokens of Cryptium along the following:

- a. Up to 10% of total Cryptium value in wallet is allowed to be transferred with no restrictions or fees for every 30 day period increment. Meaning every 30 days, 10% of the total supply in the wallet is vested and can be transferred without any restrictions.
- b. Transfers above the 10% vested amount will incur a transfer fee or a penalty (Transfer Fee = q / Q , where q is the quantity of token transferred divided by the total Quantity currently held in the wallet).

For example, if a participant tries to sell 500 tokens on a total quantity held of 1000 tokens, and if they have not vested for 30 days, they will suffer a 50% penalty on their supply of Cryptium. However, if after vesting for 30 days, with 1000 tokens, and they want to transfer 500 tokens, then 100 tokens or 10% of the 1000 tokens can be transferred with no restrictions, but the remaining 400 tokens would receive a 50% transfer fee.

- c. Of the total of Transfer Fees collected, they will be allocated in the following:
 - i. 10% sent to a wallet address owned by AuDeFi to finance operational activities.
 - ii. 10% burned to reduce the total supply of Cryptium in circulation.
 - iii. 80% available to be claimed by current holders of Cryptium according to their proportional ownership of Cryptium, which excludes the supply of Cryptium held in the unallocated collective cash flow for business wallet.



Champion of Value: Value Protection

Value Protection/ Elastic Supply:

When the last 3 day moving average price of Cryptium dips, any holders are eligible to claim additional Cryptium to compensate for the loss of value. Value of assets = quantity * price, as such this further prevents potential loss of value in a way to ensure there will never be panic selling causing a major crash of Cryptium.

An Ecosystem of SME Cash Flow

Leveraging SME's combined cash flows in Cryptium to cover SME operations

There will be an allocation of 70% of the total supply (1.5B tokens) of Cryptium to the custody of Dragon's Vault PTE. LTD., a Singapore holding and investment firm that will professionally manage this supply of tokens for SMEs and businesses all over the world, with a matching investment model.

For example, when a company wants to raise capital to finance their operations (which a due diligence must be completed and be accepted by Dragon's Vault), they will be able to buy Cryptium and receive an additional 1 for 1 matching allocation of Cryptium from the investment fund. In exchange for this matching allocation, the SMEs will enter into a contractual obligation (similar to the Purdue Research Foundation's Income Share Agreement model) to maintain a specific ratio or percentage of Cryptium in their cash flow for a specific time period. This means that as the SME grows, and their cash flow grows, they will have to buy more Cryptium from the market, increasing buying pressure and the value of Cryptium for everyone.

This system, renders Cryptium a non-speculative proxy to the community of SMEs combined cash flow, so they can rely on it for their financial operations.

Cryptium is the first crypto asset that leverages on the smart contract protocols, with SME cash flows, driving an ecosystem of real economics and value. Most crypto assets are entirely speculative with value that only exist in the belief of the community trading on these tokens. Therefore, Cryptium will have more predictable growth potential based on the financial performance of SMEs and other businesses in the ecosystem.

Cryptium Tokenomics & Allocation

Token Pool	Quantity	Percentage
Pre-Sale: \$CRPTA	60M	3%
Public: \$CRPTP	27M - 300M	15%
OTC: \$CRPTO	10M - 240M	12%
Operations	60M	3%
Investment Fund	1,340,000,000	67%
Total - \$CRPT	2B	100%

Summary of the Terms of OTC Sales & Allocation

- KYC/AML
- Maximum allocation of 10M CRPTO per investor
- Mutually agreed discount and introducer fees on publicly traded price on lynch
- Token locked until fully functional token is released with staking platform and then swapped (automatically staked on FatStack for 12 months with monthly vesting at the Staggered Annual Percentage Yield at the time of the staking (circa 30% APY)

Indicative Terms: Investment Fund

- Qualified entities that passed due diligence can request a matching investment in Cryptium for up to \$1 million per entity.
- Type of Entities targeted: Small and Medium Enterprises (SME)
- Co-Investment: \$1 matching for every \$1 with 12-months' stake having monthly vesting of the annuity

The Time is Now: Laying the Foundation for Cryptium

An Economic Overview

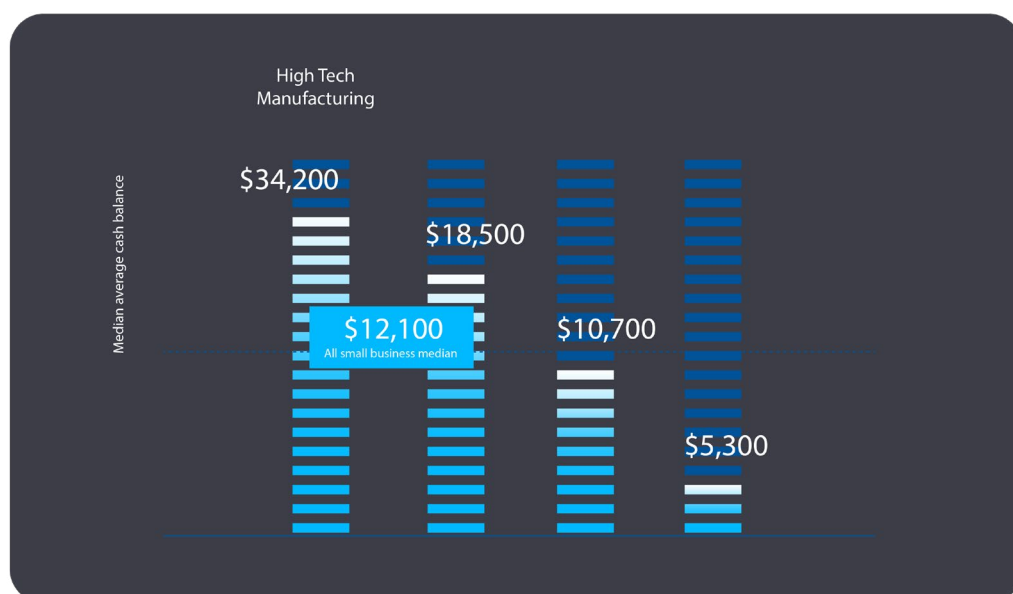
According to the [World Bank](#) and the [World Economic Forum](#), there is an estimated \$1 trillion to \$4 trillion in capital reserves globally, just sitting in business war chests as undeployed assets. Unfortunately, most of these [capital reserves](#) earn little to nothing in interest; and, in light of recent [inflationary reports](#), these reserves are on a trajectory for massive loss in buying power and value.

Even with optimistic views on global job reports, and potential increases in global gross domestic product (GDP), the inflationary pressures are outpacing any positive economic outlook. Businesses, especially in the small and medium sized enterprise (SME) markets, are increasing their search to find safe havens, not only from traditional tax burdens but also from the silent tax thief and inflation that robs SMEs cash coffers.

At present, only the largest enterprises are able to afford diversification into the longer term and potentially risky hedging in leveraging their excessive cash flow and capital reserves. The media news outlets are replete with stories after stories of the Amazon, Tesla, FaceBook etc., and their large investment [into DeFi and cryptos](#). These same cryptos provide tempting, quick and high returns, but also quick demise to the ill-timed or undercapitalized.

Yet, these large enterprises have the reserves which can sustain the volatility of a bear run. The fact of the matter is, many of these corporate giants have revenues that far exceed the GDP of some countries. This allows them to patiently wait out for the next bull market..

However, as seen in the SMEs according to a [study by JP Morgan](#), SMEs are sitting on an average of \$12K in reserves on any given day. This insufficient reserve does not have the same staying power compared to their corporate counterparts.



SMEs need accessibility and stability when it comes to their reserves. They simply cannot afford the risk, wait out on the volatility in the crypto market. Cryptium's anti-market manipulation and value protection features can provide the accessibility as well as the stability SMEs need.

Options SMEs Have Had – They don't work, not really

Traditional Banking:

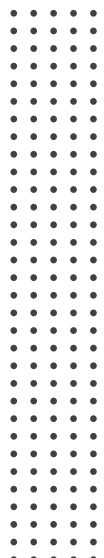
SMEs can look to their banking partners for lines of credit, loans, and a variety of other products to cover shortages. These banking products can be useful and beneficial. Yet, at the core of these products, they would not protect against losses, shield inflation, or provide a profit to the businesses. Conversely, banks are incentivized to lend and encourage debt because the bank profits from the borrower.

Leveraging debt, when done correctly, has its place in strategy. It can allow an SME to live to see another day. If properly deployed, it can leverage additional wealth. However, as a whole, the main concern here is that bank policies are made to benefit the bank, not businesses.

Traditional Investors:

SMEs can look to investors. However, more and more [studies](#) are revealing the dark underbelly that investment money, particularly traditional Venture Capital, are causing more harm than good. This includes [75% of funded Venture Capital](#) investments that lead to failure.

This is quite alarming, but SMEs wearing rose-coloured glasses cannot help but try to imitate the few unicorns that often give false hope in pursuing another series of funding rounds. Many have forgotten that recent success stories of funding came after bootstrapping and organically reached levels of profitability before the Venture Capital partners came knocking on the door of opportunity.



More Than a Movement: DeFi and Blockchain – The Future of Finance

With the rise of cryptos and NFTs, cryptocurrencies have certainly shown the potential for decentralised finance (DeFi) to become a crucial part of the future and our way of life. However, the world of finance has been missing a key ingredient to fully take advantage of this trend.

This brings us to Satoshi Nakamoto, who [introduced blockchain technology](#) with the world's first crypto asset – Bitcoin (BTC).

Blockchain Foundation: Transforming Money

Before blockchain, who would have guessed money, or the concept of money, was about to be turned upside down? Money or the transaction of value could now be represented in a digital way. The value of money is measured because it is fungible, but how would money be made digital, fungible, and incorruptible? The answer is that Blockchain provides a foundation.

In Blockchain every transaction is traceable. Most importantly, with constant verification of the network it is virtually impossible to be hacked. If someone generates a fake transaction, it would fail to generate

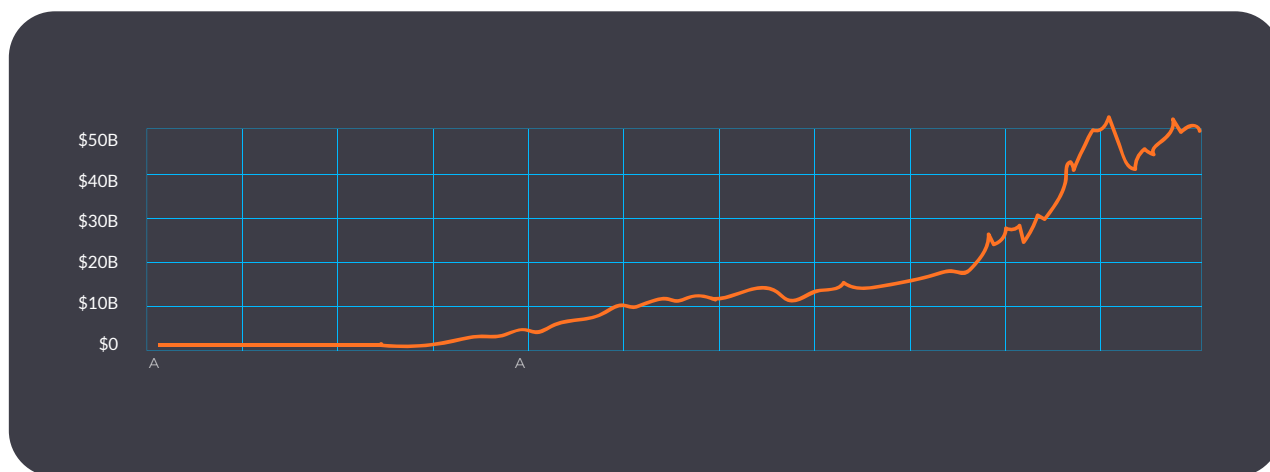


Decentralised Finance: the Final Piece of the Digital Money

Bitcoin, as a native digital currency, turned into a massively successful proof of concept. It continues to onboard institutional investors and large corporations from MicroStrategy to Tesla, both as a hedge against inflation and as a [payment method](#).

What if the entire financial infrastructure, from banks to clearinghouses and exchanges, can also be digitised in a decentralised manner? Although blockchain technology made digital money possible, not all blockchains are created equal. Bitcoin's blockchain was designed as secure and conservative, while others are more flexible and experimental.

Ethereum is one of them, launched in 2015 by a community of eager engineers, such as [Vitalik Buterin](#). While Ethereum's native cryptocurrency (token) – ETH – does not have a hard capitalization supply like Bitcoin, its value proposition is in its utility. Due to its programmable blockchain, Ethereum hosts almost the entirety of [dApps](#) – smart contracts that are executed when conditions are triggered. This makes it possible to create programmable money, programmable payments, programmable protections and programmable economics, and most importantly – DeFi – Decentralised Finance.



Total locked value (TLV) in DeFi, as of March 22, is \$43.35 billion. (Source: DeFipulse.com)

Old Meets New: Converting Financial Products & Services into Cryptos

The scandal involving Citadel hedge fund and Robinhood trading app demonstrated in no uncertain terms the challenges of a financial system dependent on the middleman.

For example, Robinhood is free, in large part, because it sells its order flow and data to hedge funds. On the other hand, Citadel represents a major source of income for Robinhood. Lastly, Robinhood prevented the trading of GameStop (GME) stock at the same time as retail investors short squeezed Citadel, most of which were using Robinhood ironically as a stock trading app for the little guy.

Whether to trade large market capitalization such as [blue-chip stocks](#) or questionable stocks like GME, such platforms do not inspire confidence if its primary objectives are to manipulate markets by pulling hidden levers.

However, with the help of smart contracts – dApps – decentralised finance has the potential to eliminate such risks. This means that profit can be earned by:



- Earning interest rates by lending staked tokens – Yield Farming ([Maker](#), [Compound](#), and [FatStack](#))
- Borrow assets against collateral
- Trade cryptocurrencies on decentralized exchanges ([Uniswap](#))
- Trade in non-fungible tokens (NFTs) – artworks and digital collectibles

Constant innovation in linking traditional finance to the new digital or crypto finance is primary to DeFi. For example, [the Synthetix platform](#) made it possible to connect traditional assets like stocks and equities to the DeFi ecosystem. In the coming months, assets such as synths or synthetic stocks will start to become more common.



The growth of Bitcoin (BTC) is accompanied by many utility altcoins serving DeFi. (Source: TradingView)

Such bridging assets means that one could start trading with stocks on a DeFi protocol, and even engage in shorting. This was made possible by Chainlink (LINK) – a decentralised oracle protocol that provides smart contracts with off-blockchain data, including those from the banks and traditional stock markets.

Beyond Traditional

DeFi with its blockchain technology and its smart contract protocols will continue to cross-pollinate into every financial market. There will be a rise in the number of assets and platforms such as those being developed by AuDeFi, like DeFi Pension Plans, Crypto-Annuities, and more unique and creative solutions, again, like that of Cryptium and FatStack.

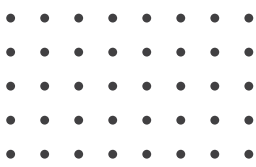
DeFi Cautions and Outlook

Given that DeFi exploded in value since last summer, it would be more accurate to frame DeFi's current flaws as growing pains. Much of it stems from security issues – hackings and exploits. CipherTrace estimated that the DeFi market lost \$2.7 billion last year due to security breaches.

This largely originates from Ethereum's flexibility as a programmable blockchain. Like smart contracts, it is entirely open source, which is good for the growth of the space. It allows viable alternatives to emerge, such as Polkadot being one of the more rapidly growing ones. Although all major smart contracts are regularly audited by professional security companies, they, too, can miss exploits, as seen with Yearn.Finance.

Outside of these technical issues, DeFi has all it takes to fully tokenize and decentralize the world's financial system, if it is allowed to evolve. This may collide with governmental interests, but if 1.7 billion unbanked adults are taken into account, and the growing threat of deplatforming, this should serve as a strong force to drive DeFi across the new threshold.

Taking those aspects into consideration, not buying more crypto within the threshold would be highly recommended. Despite the tremendous growth potential, crypto assets are still experimental and risky. Proper understanding is highly advisable before committing significant sums of money.



DeFi Industry: Paving Crypto Adoption

With more than [\\$4 billion in assets](#) locked up in DeFi projects, the industry is certainly well on its way to a successful and bright future. Currently, the DeFi industry is growing by nearly half a billion dollars per week as investors and entrepreneurs find refuge in a financial system that is not tied to any government or corporation.

Arguably, what is more interesting is the movement of institutional investors and traditional finance professions to DeFi as a way to break free from what is often considered to be an [outdated and insular financial system](#). The DeFi movement is in large part powered by Ethereum, which offers an open and permissionless system that is easily available to everyone. This helps scale products easily, leveraging innovations in the industry.

As the industry matures, more resources will be allocated to build DeFi solutions like that of Cryptium, and retail investors and SMEs will be keeping DeFi on their radar as the industry matures and continues to attract significant capital investment and returns.

SME Opportunities: Useful Cases of Cryptos and Cryptium

Think about it: crypto in large is not regulated, making them a significantly risky investment. Still, it is difficult to ignore the growth in bitcoin, which has gained massive mainstream attention. However, this begs the question: why should any business get into the crypto market?

Cryptos for SMEs

Just like any new technology and growing trend, blockchain has its skeptics as well; people who are just waiting to see if the interest around the technology was just a fraud or a power with longevity. Unsurprisingly, the overwhelming interest with cryptocurrencies hitting an all-time high is still visible today.

There are many other opportunities, which SMEs can leverage in the crypto market. A common misconception is that bitcoin and other cryptocurrencies are only for investment. Most are unaware of the day-to-day transactions and use cases of cryptos in general. SMEs and businesses in general have a lot more options for getting involved in cryptos than individuals do. Here are a few use cases of cryptos and Cryptium.

Crypto Payments

Using cryptocurrencies for payments is one of the obvious use cases for SMEs. For example, [PundiX](#) can accept bitcoin and other cryptocurrencies and convert the payments automatically into traditional currency. Thereby, the business remains secure from the price volatility, which has been a concern.

M&A

Established businesses that are serious about getting into blockchain and cryptocurrency markets can look to acquire or merge with a developing startup. Above all, most blockchain startups can benefit from an already existing operation. SMEs can benefit immensely from such emerging markets.

For example, [Dragon's Vault, the parent company of AuDeFi, acquired Macchiato](#) not only for a strategic alignment, but also to enhance and grow the Cryptium community.

Crypto Products or Services

SMEs with extra funds to invest can develop a crypto product or service. Maybe even provide financial and investment services to people who want to get into cryptocurrencies. Offering new products that truly add value to consumers financially will be key to stabilizing and growing the DeFi market as a whole.

Ideally, the best case scenario for SMEs with extra funds would be to diversify their assets with Cryptium.

Loyalty and Reward Programs

Blockchain and crypto are changing loyalty programs. Crypto offers a unique advantage compared to loyalty points. These loyalty tokens can be traded on an exchange for fiat, which tremendously adds value to the token, while simultaneously providing flexibility to the customer. Additionally, tokens and crypto are receiving hype, this will create a perceived value to the consumers, which will [keep them coming back](#).

Consortiums and Communities

Established sectors, such as the finance and banking industries, are adopting blockchain technologies. This adoption is due to the inherent benefits that a firm can enjoy from blockchain infrastructure.

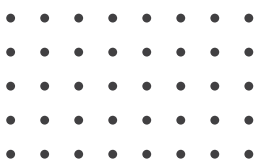
To investigate the technology further, banks, insurance companies, tech firms, and more, have joined consortiums or online communities to promote further development of blockchain. For example, the National Bank of Canada and JP Morgan, are working on the [Quorum blockchain project](#) for debt issuance transactions.

Other examples include the online communities such as Reddit groups and Discord groups like those of Cryptium and AuDeFi, that provide SMEs a chance to stay informed and to learn of developing trends within the markets.

Token Creation

Contrary to what people think, ICOs are not dead. [Initial coin offerings](#) (ICOs) primarily work as crowdfunding campaigns these days, which allow SMEs to raise capital. SMEs can use ICO to fund development of new markets and promote investment. SMEs can create digital currencies in this manner, and their clients can then use the currencies to purchase the SME's products and services.

For example, AuDeFi's launch of Cryptium does the same with their OTC sale, but rewards participants with a 30% discount from the market price of Cryptium for 1inch.



Cryptos Salaries

Receiving a salary in cryptos is becoming a reality for many businesses. With ETH and Bitcoin, this is becoming a common occurrence and certainly within blockchain-based startups. If employees themselves are users, they will be more open to accepting getting paid in cryptos.

For example, the entire Cryptium team are all compensated in Cryptium per the Cryptium tokenomics.

Start a Crypto or Blockchain Project with real world utility

Following Bitcoin and Ethereum success, there have been several projects which have emerged to try and solve many problems. Starting a project can be an option for SMEs in any sector. Many cryptocurrencies and blockchain projects are coming up from multiple industries, from finance, delivery services, healthcare, insurance, gaming and many more.

All these projects are working on solving a problem or developing a real world application for the technology.

Partner with AuDeFi

If as a SME with new ideas and would like to take advantage of DeFi, but do not have the resources or expertise to know where to begin. Then, partnering with AuDeFi is certainly an option. AuDeFi is constantly looking for long term relationships. Contact us to discuss more.

Finder's Fees

Cryptium offers a unique [Cryptium Referral Program](#) for participants that want to receive additional rewards. There is no need to own any Cryptium to benefit from this referral program.

For example, referrers can receive 3% of the buying volume of the referred, and the referred party can receive a 1% bonus.

Utility or Security: A Legal Consideration of Cryptium

Given that AuDeFi, the issuer of Cryptium, is an entity incorporated in Singapore, it is subject to full compliance of laws of Singapore. Therefore, issuance of Cryptium being a security needs to be analysed under the laws of Singapore.

Issuance of securities in [Singapore is governed](#) by the [Securities and Future Act](#) (the "SFA"). It considers securities as one of the "capital markets products"; and describes the latter as "any securities, units in a collective investment scheme, derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and such other products as the Authority may prescribe as capital markets products".

Is Cryptium a Security?

No, Cryptium is not a security. To fully understand this answer, the following considerations have been amalgamated to reach this conclusion.

Security Interests

The SFA defines security as shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership and debentures.

Cryptium does not grant any legal and/or beneficial equity (ordinary or preferred shares) or quasi-equity (convertible notes, SAFEs, KISSes) or other security interests (bonds, options) rights and/or claims in an entity - whether a partnership, private limited company, limited liability partnership, trust or other forms of corporation. Thus, a holder of Cryptium can never claim a legal and/or beneficial right or interest or claim against an entity because of holding Cryptium.

Even when Dragon's Vault would be receiving equity, it would be receiving the equity against in-kind consideration (Cryptium). Hence, Cryptium, in itself, does not represent an equity, quasi-equity or security interest in an entity.

Debt

Cryptium does not hold evidence or constitute the indebtedness of AuDeFi in respect of any money that is or may be lent to AuDeFi. Thus, Cryptium does not represent a debt owed by a party; and, hence, it is not a debenture, loan, credit facility, line of credit, undertaking/guarantee of repayment.

Derivative Contract

As per the SFA, a derivative contract is a contract or arrangement which requires a party to discharge all or any of its obligations under the said contract or arrangement at some future time and the value of the contract or arrangement is determined (whether directly or indirectly, or whether wholly or in part) by reference to, is derived from, or varies by reference to, either the value or amount of one or more underlying assets and/or fluctuations in the values or amounts of one or more underlying assets.

Cryptium does not have an underlying asset or property. It does not relate to ownership of, or a security or other interest over AuDeFi's (or any third party's) assets or property. Thus, its value is not related to an underlying asset or property.



Spot Foreign Exchange Contract

The SFA defines a “spot foreign exchange contract” as a spot contract of which the underlying thing is a currency. The term currency is defined by the Currency Act as currency notes and coins which are legal tender in Singapore. As far as “foreign currency” is concerned, the Exchange Control Act describes it as any currency and any notes of a class which are or have at any time been legal tender in any territory outside of Singapore and it includes a right to receive foreign currency in respect of any credit or balance at a bank.

Given that Cryptium is not a legal tender in Singapore or another country (i.e., it has not been issued or endorsed by the government or central bank of Singapore or another country), it is neither a currency nor a foreign currency and thus, it would not be a sport foreign exchange contract.

Collective Investment Scheme

In Singapore, as per the SFA and the Code on Collective Investment Scheme, the first requirement for a collective investment scheme is to have an arrangement in respect of any property or asset and the second requirement is management of the property by a manager. Given that the issuance of Cryptium is neither an arrangement in respect of any property or asset, it would not be a collective investment scheme.

Summary

Going by the aforementioned, Cryptium is not a security as per the laws of Singapore. Protection against loss of value feature of Cryptium would not make it a security since first of all, it does not satisfy the criteria of a security under the SFA and secondly, securities do not have a protection against loss of value.

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