

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Texture Capital Inc.

On February 13, 2025, Crypto Task Force Staff met with representatives from Texture Capital Inc.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Texture Capital Inc. representatives provided the attached documents, which were discussed during the meeting.



TEXTURE CAPITAL

Texture Capital Inc.
59 Strong Place
Brooklyn NY 11231

January 28th 2025

Mr. Taylor Asher, Policy Advisor to Acting Chairman Mark Uyeda
U.S. Securities and Exchange Commission
100 F St NE,
Washington, DC 20549

Re: Texture Capital Inc. (SEC File number: 8-70310), Comments on Digital Asset Security regulatory policies.

Dear Mr. Asher,

Texture Capital Inc. has been a FINRA member (CRD#: 300853) since 2020. Recognizing the potential of blockchain technology to enhance capital markets through improved transparency, record-keeping, auditability, and transfer of value mechanisms, the firm was one of the first to apply to the SEC and FINRA for registration as a broker dealer to conduct primary Digital Securities Offerings and secondary trading via an ATS. Since then we have worked with dozens of issuers on digital securities offerings and continue to explore new ways to innovate and enhance markets with blockchain technology. In addition, the parent of Texture Capital Inc. has recently established a subsidiary, Texture Transfer Services LLC, which is an SEC-registered Transfer Agent.

In light of recent and upcoming changes at the SEC, we wanted to share with you our feedback and suggestions for policy enhancements based on 5 years' operating in the digital asset securities space. This letter includes five specific areas the SEC can address with policy that can improve market integrity, enhance customer protections, and foster innovation.

We appreciate the SEC's ongoing work to adapt regulatory frameworks to emerging technologies, including digital assets, which are critical to maintaining the United States' leadership in capital markets.

We welcome the opportunity to discuss these recommendations further and provide additional insights based on our experience as a registered broker-dealer operating in the digital asset securities space, plus decades of prior experience in traditional markets and engaging with securities regulators.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Johnson", with a long horizontal flourish extending to the right.

Richard Johnson
CEO – Texture Capital

1. Settling ATS trades with Stablecoins

Texture Capital is currently approved for the 4-step settlement process for ATS trades, and expects approval of a CMA to also allow 3 step settlement within the coming weeks.

As described in our Form ATS, Exhibit F, and in accordance with SEC guidance ([“ATS Role in the Settlement of Digital Asset Security Trades”](#)), in step 4 the buyer and seller are required to settle the trade bi-laterally. The SEC guidance also notes that “*a broker-dealer operator does not guarantee or otherwise have responsibility for settling the trade*” and also acknowledges that the “*four-step process described above increases operational and settlement risks*”. To mitigate these risks the guidance goes on to propose a 3-step settlement process, whereby the investors pre-notify custodians of orders, and the ATS is permitted to notify the custodians after a trade, allowing the custodians to settle the trades according to the conditional instructions.

It is our opinion that in practice it is difficult to implement the 3-step process. For example, we have observed that most investors in this market custody their cash with a retail bank. This makes pre-notification of orders impractical in most cases, as such banks are not able to accept pre-notification, and would not accept settlement instructions from a third party. Thus, in our opinion, the 3-step settlement process does little to mitigate settlement risk (although it can be beneficial in some scenarios).

Regardless of whether the trade is settled bi-laterally or via custodian notification, Texture is required to disclose personal information to the buyer or their custodian when instructing settlement of the cash leg – i.e. the name of the seller, their bank account number and the bank routing number.

In addition, as Texture is not involved in the settlement process, we have no direct visibility into whether a trade is being settled or not. Given this, per a meeting with the SEC in February 2021 in relation to our filing of the Form ATS initial operation report, it was suggested we include the following actions around settlement: “*Texture Capital will be in frequent contact with all parties to ensure that they understand the workflow procedures that are required of them and are able to carry out these procedures.*” Given these limitations, our Form ATS and ATS manual suggest a 10 day settlement cycle to ensure all parties have sufficient time to carry out their required tasks.

In summary, it is our opinion that both the 3-step and 4-step settlement process for ATS trades:

1. Involve operational and settlement risks
2. Necessitate disclosure of PII to 3rd parties
3. Lack visibility increasing uncertainty in settlement process
4. Result in potentially lengthy settlement

In light of this we are proposing an enhancement to the cash-leg of the settlement process whereby buyer and seller may agree (at their option) to settle using stablecoins. For the purposes of this section, the term stablecoin refers to dollar-pegged stablecoins where the underlying assets are custodied at a regulated financial institution such as a Trust company or Bank.

For this scenario, assume a 4-step settlement process. Following a matched trade in the Texture ATS:

- i. Texture would notify the parties of the details of the trade, including price and quantity. Provide to the buyer, the stablecoin wallet address of the seller (which was previously provided to Texture).
 - ⇒ As the wallet address is a unique combination of letters and numbers, no PII is disclosed to 3rd parties.
- ii. The buyer would then initiate a transaction to send the required funds from their stablecoin wallet to the buyers.
 - ⇒ Triggering a stablecoin payment is simpler and faster than, say, initiating a wire (and often cheaper). And stablecoin settlement times are measured in minutes, not days. So, in this way, a stablecoin settlement process can help reduce the settlement cycle.
 - ⇒ When the buyer initiates the stablecoin payment to the seller, a transaction hash (tracking record) is generated which provides visibility to Texture and the custodians that the settlement of the cash leg is in progress / complete.

To address potential AML concerns, Texture would include provisions into the firm's existing AML policy to verify that any wallets involved in the settlement of trades on our ATS, have not been associated with bad actors or have not previously been involved in illicit transactions, in compliance with the Bank Secrecy Act.

Summary

Allowing investors to opt in to dollar-pegged stablecoin settlement for trades in a digital securities ATS can reduce settlement and operational risks, improve visibility and settlement times, and protect investors' data privacy. At the same time, AML risks can be mitigated through the use of commercially available tools. Texture Capital respectfully request that the Commission consider the use of stablecoins in settlement and look forward to discussing this topic further.

2. Settling ATS trades with Tokenized Treasury Products

An emerging trend in the digital asset space is the growth in tokenized treasury products – by this we mean tokenized money market funds, interval funds, notes, or private fund structures that primarily invest in treasuries or reverse repo¹. According to rwa.xyz² the AUM of this segment has grown from ~\$100M at the beginning of 2023 to ~\$4B now.

These types of products can be preferable to cash for banks and financial institutions as they are considered risk-free, like cash, but offer a yield. Indeed, all institutions currently have mechanisms that automatically sweep cash reserves into income generating securities; enabling settlement using tokenized treasury products can reduce the need for conversion to and from cash, and the associated costs and delay.

We believe that allowing investors to optionally settle the cash leg of ATS transactions using a tokenized treasury product could deliver similar benefits to those described above in the section “Settling ATS trades with Stablecoins”.

Key differences with settling ATS trades with tokenized treasury products vs settling vs stablecoins:

1. The tokenized Treasury products are classified as securities.
2. The tokenized Treasury products offer yield to investors.
3. Registered Transfer Agents can provide additional oversight and control in the settlement process.

As above, to address potential AML concerns, Texture would engage with a blockchain analysis company to verify that any wallets involved in the settlement of trades on our ATS, have not been associated with bad actors or have not previously been involved in illicit transactions.

Summary

Similar to item 1 above, we believe that allowing investors to optionally settle the cash leg of a digital securities transaction utilizing a tokenized Treasury product can reduce settlement and operational risks, improve visibility and settlement times, and protect investors’ data privacy, and additionally allow investors to more efficiently optimize return on capital. Registered Transfer Agents can add additional oversight and control into the settlement process.

¹ Blackrock’s BUIDL fund is the most well-known, but others include funds by Franklin Templeton, Superstate, Arca and others. A more complete list can be found at rwa.xyz.

² <https://app.rwa.xyz/treasuries>

3. Permitting Smart Contracts to facilitate DvP Settlement

To truly unlock the benefits of blockchain, Texture Capital believes that the SEC should establish a framework for transfer agents to use smart contracts to automate settlement thereby decreasing error costs and risks in the settlement process. (A smart contract is a computer program that runs directly on blockchain rails and is able to execute pre-programmed commands.)

Therefore, as a further enhancement to the previous two proposals, we encourage the Commission to allow the use of smart contracts to facilitate delivery vs payment trade settlement.

This scenario would work as follows:

1. An investor enters an order to sell a digital security into an ATS, and agrees to use a smart contract for settlement
 - a. A smart contract would lock the securities (without changing the ownership of the securities, the quantity 'locked' would be prevented from moving out of the investor's wallet) until the order is cancelled or a match occurs.
2. An investor enters an order to buy the digital security into an ATS and agrees to use a smart contract for cash settlement via stablecoin or tokenized security.
 - a. A smart contract would lock the cash leg asset until the order is cancelled or a match occurs.
3. Investors may cancel their orders at any time and their assets would be unlocked.
4. In the event that a match occurs the orders would be automatically settled by the smart contract, with the digital security being transferred to the buyer's wallet and the cash leg asset being transferred to the seller's wallet.³

We understand that the SEC has been concerned that allowing smart contracts to automatically move cash or securities could introduce risks into the system. For example, the smart contract could be subject to hacking as has occurred with many permissionless crypto projects. In addition we understand that 'locking' of securities or cash raises concerns around possession and control of customer assets. However, by allowing smart contracts to perform the functions described, could offer significant, transformative benefits to US capital markets (beyond the DvP settlement scenario contemplated here).

³ It is sometimes suggested that instantaneous settlement is not desirable in certain circumstances; for example, in the event of a technical error or market-wide disruption. This can be handled simply by inserting, say, a one hour, delay before settlement such that an ATS can assess whether a Clearly Erroneous Trade has occurred.

To control for these risks, we suggest that:

- i. The cash leg of the automatic smart contract settlement process be limited initially to tokenized cash-like securities such as the tokenized Treasury products described above.
- ii. The tokenized Treasury products are issued in a security token contract standard such as ERC 1400 or ERC 3643, which allow for reversal of fraudulent transactions.
- iii. The settlement smart contract be controlled by a SEC-Registered Transfer Agent, who has conducted a comprehensive due diligence review of the smart contract code.

Summary:

The use of smart contracts to facilitate delivery vs payment (DvP) trade settlements represents a significant opportunity to enhance the efficiency, security, and automation of financial transactions in the U.S. capital markets. By leveraging blockchain technology, smart contracts can ensure that digital securities and cash leg assets are securely available and seamlessly transferred upon matching orders, mitigating counterparty risk. Although concerns exist regarding potential vulnerabilities such as hacking or asset control issues, these risks can be managed through measures like using tokenized cash-like securities, adopting robust security token standards, and involving Registered Transfer Agents for oversight. Ultimately, this approach could unlock transformative benefits while maintaining necessary safeguards. We are happy to engage further with the Commission on this topic.

4. Trading of Non-Security Crypto Assets

The Securities and Exchange Commission (SEC) should consider permitting FINRA member broker-dealers to engage in the trading of non-security crypto assets. Such an approach could provide a robust, efficient, and federally cohesive regulatory framework for an evolving asset class that currently operates in a fragmented and complex environment.

Challenges with the Current Regulatory Landscape

The regulatory landscape for non-security crypto assets is currently fragmented, requiring companies to obtain Money Services Business (MSB) licenses in up to 50 states or, in some cases, pursue a Special Purpose Trust license or Bitlicense. This patchwork approach:

1. **Imposes Substantial Costs:** Companies must navigate differing state requirements, creating duplicative compliance burdens.
2. **Reduces Efficiency:** State-level regulation lacks the uniformity necessary for consistent oversight and operational predictability.
3. **Limits Innovation:** The compliance challenges deter innovation and participation from firms that could otherwise contribute to a more mature and transparent market.
4. **Distorts Markets:** Investors in certain states are prevented from participating in another state from participating in crypto activities.

A federal regulatory regime would provide a more streamlined and cohesive approach, reducing these inefficiencies while enhancing investor protection.

Leveraging the Broker-Dealer Framework

The broker-dealer regulatory regime, governed by the SEC and overseen by FINRA as a self-regulatory organization (SRO), offers a well-established framework that could be adapted to oversee non-security crypto asset trading. This framework includes:

1. **Robust Customer Protections:** Broker-dealers are subject to strict rules regarding safeguarding customer assets, disclosures, and fair dealing.
2. **Effective Oversight:** FINRA provides comprehensive supervision, including routine examinations and enforcement of compliance standards.
3. **Proven Infrastructure:** The broker-dealer regime has evolved over decades to effectively oversee a wide range of financial instruments, demonstrating its adaptability to new asset classes.

Building on this established regime would ensure that investors in non-security crypto assets benefit from the same protections and oversight as those in traditional financial markets, fostering greater trust and market stability.

A Faster and More Pragmatic Solution

Developing an entirely new regulatory framework for non-security crypto assets would be time-consuming and resource-intensive. By contrast, leveraging the broker-dealer framework offers a faster path to achieving:

1. **Regulatory Clarity:** Firms would have clear guidance and rules for operating in the crypto market.
2. **Enhanced Market Integrity:** Investors would benefit from a transparent and accountable system.
3. **Streamlined Adoption:** Building on existing infrastructure allows for quicker implementation and compliance by market participants.
4. **Consistency:** Investors expect consistency of regulation across different asset classes, which promotes trust and confidence in the market.

Benefits for Investors

Permitting FINRA member broker-dealers to trade non-security crypto assets would also deliver significant benefits to investors:

- I. **Customer Protection:** Crypto investors will benefit from an existing rulebook, regulatory regime, and oversight framework.
- II. **Enhanced Transparency and Protections:** Integrating non-security crypto assets into the broker-dealer framework would ensure these assets are traded with the same levels of transparency and similar regulations as traditional securities.
- III. **Improved Market Access:** A federally regulated framework could provide investors with broader access to non-security crypto assets through familiar and trusted channels.
- IV. **Portfolio Integration:** Non-security crypto assets are increasingly held in investor portfolios alongside traditional securities. A cohesive regulatory framework ensures these assets are subject to consistent oversight.
- V. **Facilitated Arbitrage Opportunities:** Investors may wish to more easily arbitrage between crypto ETFs and the underlying asset, a process that would be simplified under a unified regulatory regime.

Additional Considerations

- VI. **Global Competitiveness:** A unified federal framework would enhance the competitiveness of U.S. markets by providing clarity and efficiency, attracting more participants and capital.
- VII. **Mitigation of Risks:** Adapting the broker-dealer model would ensure that firms trading non-security crypto assets meet rigorous standards for anti-money laundering (AML), cybersecurity, and operational resilience.

VIII. **Facilitating Innovation:** A clear and supportive regulatory environment would encourage innovation while ensuring appropriate safeguards are in place.

Summary

We believe that adapting the broker-dealer framework to include non-security crypto assets offers a practical, effective, and timely solution to the regulatory challenges in this emerging market. While some modification of rules will be necessary to reflect the specific characteristics of this asset class, the basic pillars of the securities regulatory regime should apply to crypto also. We respectfully urge the SEC to consider this approach, leveraging the existing strengths of the broker-dealer regime and FINRA's oversight to create a unified, efficient, and investor-protective regulatory framework. Texture Capital welcomes further discussion with the Commission on these ideas.

5. Reducing the \$250k minimum net capital requirement for 3-Step ATS Trades

In December 2020 the SEC released guidance that would permit FINRA Member broker dealers to facilitate the settling of ATS trades by notifying custodians that a matched trade has occurred, and that they in turn, should carry out the conditional instructions previously provided by their customers. This was conditioned on the broker dealers adhering to 4 requirements including:

- (1) The broker-dealer operator maintains a minimum of \$250,000 in net capital;
- (2) The agreements between the broker-dealer operator and its customers clearly state that the broker-dealer operator does not guarantee or otherwise have responsibility for settling the trades;

Texture Capital is requesting that the SEC revisit requirement 1), maintaining a minimum of \$250k in net capital. This represents the highest level of minimum net capital is typically only required by clearing broker dealers who hold funds and/or securities on behalf of customers⁴. A summary of the different activities a clearing broker dealer and a 3-step broker dealer can participate in for the same level of minimum net capital is shown below:

	Clearing Broker Dealer	3-Step Broker Dealer
Minimum Net Capital	\$250,000	\$250,000
Activities the broker dealer can participate in:		
Receiving and holding investor cash	✓	X
Receiving and holding investor securities	✓	X
Maintaining customer accounts	✓	X
Prime brokerage activities	✓	X
Proprietary trading	✓	X
Facilitate margin trading and securities lending activities	✓	X
Market Making	✓	X
Sending settlement instructions following pre notification by investor	✓	✓

Rule 15c3-1 of SEA also lays out lower levels of minimum net capital for different types of activities including:

⁴ <https://www.law.cornell.edu/cfr/text/17/240.15c3-1>

	Activities the broker dealer can participate in:	Minimum Net Capital:
Dealer	Options writing; limited proprietary trading	\$100,000
Introducing broker dealers that receive securities	Receiving but not holding customer securities	\$50,000
Brokers or Dealers Engaged in the Sale of Redeemable Shares of Registered Investment Companies and Certain Other Share Accounts	Receiving funds and securities pending prompt transmission / delivery in connection with securities transactions	\$25,000

In our opinion, the \$250,000 minimum net capital requirement is highly disproportionate to the responsibility that 3-step broker dealers are given. In addition, it significantly increases the burden on small firms such as Texture, creates an uneven playing field, and discriminates against innovation.

Finally, we find it counterintuitive that the SEC would place an additional regulatory burden on activities that, by its own statements, are designed to reduce settlement and operational risk.

Summary

A \$250,000 net capital requirement for a 3-step digital securities ATS, is disproportionate, punitive, unnecessary relative to the scope of the activity permitted, and discourages adoption of a process designed to reduce settlement and operational risk. We respectfully request that the Commission lower the minimum net capital requirement for settling of 3-step ATS trades, appropriate for the level for risk and responsibility.

Policy Proposals to SEC Crypto Task Force

Texture Capital is a FINRA Member and SEC registered broker dealer licensed for digital securities primary offerings and secondary trading via an Alternative Trading System. We are hereby sharing five suggestions for policy enhancements based on our experience operating in the digital asset securities space.

1. Settling ATS trades with Stablecoins

- The SEC should clarify that it is acceptable for parties to a securities transaction in an ATS to opt in to cash-leg settlement via stablecoin
- Benefits include reduced settlement and operational risks, improved visibility and settlement times, and increased data privacy.
- AML risks can be mitigated through the use of commercially available tools

2. Settling ATS trades with Tokenized Treasury Products

- The SEC should clarify that it is acceptable for parties to a securities transaction in an ATS to opt in to cash leg settlement via tokenized treasury products
- In addition to the benefits highlighted in #1 above, this will allow investors to more efficiently optimize their return on capital.
- Registered Transfer Agents can add additional oversight and control into the settlement process.

3. Permitting Smart Contracts to facilitate DvP Settlement

- To truly unlock the benefits of blockchain, Texture Capital believes that the SEC should establish a framework for transfer agents to use smart contracts to automate settlement thereby decreasing error costs and risks in the settlement process.

4. Trading of Non-Security Crypto Assets

- For too long, there has not been a comprehensive federal regulatory regime laying out how US companies can facilitate crypto transactions, while protecting investors.
- The framework of such a regulatory regime already exists – regulated broker dealers.
- Adapting the broker dealer regulatory regime for crypto fast-track approach to regulatory clarity, enabling fair and orderly markets and enhancing customer protections.

5. Reducing the \$250k minimum net capital requirement for 3-Step ATS Trades

- The SEC should update its no-action guidance regarding the ATS Role in the Settlement of Digital Asset Security Trades and reduce the minimum net capital requirement.
- The \$250,000 net capital requirement is disproportionate, punitive, unnecessary relative to the scope of the activity permitted, and discourages adoption of a process designed to reduce settlement and operational risk.



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Texture Capital

Crypto Task Force Meeting

February 13th 2025

CONFIDENTIAL

AGENDA



Suggestions for policy enhancements based on our experience operating in the digital asset securities space.

1. Settling ATS trades with Stablecoins
2. Settling ATS trades with Tokenized Treasury Products
3. Permitting Smart Contracts to facilitate DvP Settlement
4. Trading of Non-Security Crypto Assets
5. Reducing the \$250k minimum net capital requirement for 3-Step ATS Trades

SETTLING ATS TRADES WITH STABLECOINS



In our opinion that both the 3-step and 4-step settlement process for ATS trades:

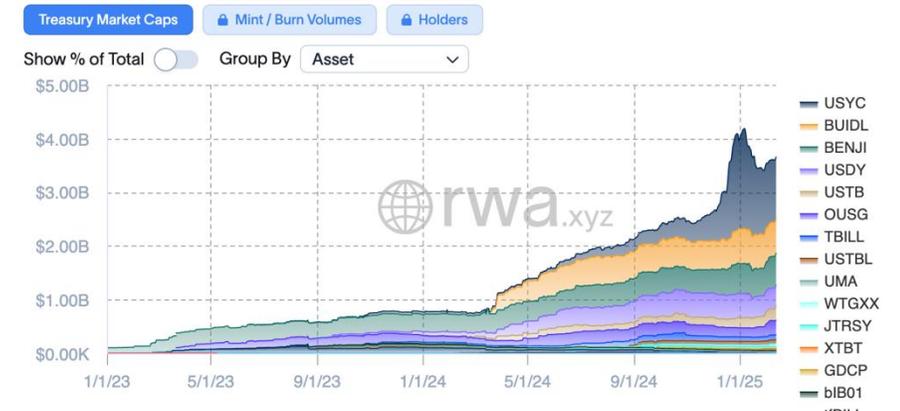
1. Involve operational and settlement risks
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 3. Lack visibility increasing uncertainty in settlement process
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-
- The SEC should clarify that it is acceptable for parties to a securities transaction in an ATS to opt in to cash-leg settlement via stablecoin
 - Benefits include reduced settlement and operational risks, improved visibility and settlement times, and increased data privacy.
 - AML risks can be mitigated through the use of commercially available tools

SETTLING ATS TRADES WITH TOKENIZED TREASURIES



- Tokenized treasury products (funds or notes that primarily invest in US Treasuries) are rapidly increasing in popularity.
- The CFTC will likely permit acceptance of tokenized treasury products as collateral on exchanges they regulate.
- Tokenized treasury products are securities, regulated by the SEC, and rely on transfer agents.

Treasury Product Metrics



Download

- The SEC should clarify that it is acceptable for parties to a securities transaction in an ATS to opt in to cash leg settlement via tokenized treasury products
- Allows investors to more efficiently optimize their return on capital.
- Registered Transfer Agents can add additional oversight and control into the settlement process.

PERMITTING SMART CONTRACTS TO FACILITATE DVP SETTLEMENT



- To truly unlock the benefits of blockchain, Texture Capital believes that the SEC should establish a framework for transfer agents to use smart contracts to automate settlement thereby decreasing error costs and risks in the settlement process.
 1. Sell order entered into ATS
 2. Smart contract locks order
 3. Buy order entered into ATS
 4. Smart contract locks order
 5. Smart contract automatically transfers security to buyer and cash to seller in event of an execution

OTHER CONSIDERATIONS

- The cash leg of the automatic smart contract settlement process be limited initially to tokenized cash-like securities such as the tokenized Treasury products described above.
- The tokenized Treasury products are issued in a security token contract standard such as ERC 1400 or ERC 3643, which allow for reversal of fraudulent transactions.
- The settlement smart contract be controlled by a SEC-Registered Transfer Agent, who has conducted a comprehensive due diligence review of the smart contract code.

BROKER DEALERS SHOULD BE ABLE TO TRADE NON-SECURITY DIGITAL ASSETS



- The regulatory regime for trading of crypto in the US is opaque and fragmented
- Crypto is establishing itself as an investible asset class – 27% of Americans own crypto.
- Investors should be able to manage their portfolio easily across stocks, bonds and crypto, and expect a consistent regulatory regime.

Leveraging the Broker-Dealer Framework

1. **Robust Customer Protections:** Broker-dealers are subject to strict rules regarding safeguarding customer assets, disclosures, and fair dealing.
 2. **Effective Oversight:** FINRA provides comprehensive supervision, including routine examinations and enforcement of compliance standards.
 3. **Proven Infrastructure:** The broker-dealer regime has evolved over decades to effectively oversee a wide range of financial instruments, demonstrating its adaptability to new asset classes.
- Some modifications to existing rules will be required, for example around custody and ‘qualification’ of assets

REDUCE THE NET CAPITAL REQUIREMENT FOR 3-STEP ATS TRADES



- The SEC should update its no-action guidance regarding the ATS Role in the Settlement of Digital Asset Security Trades and reduce the minimum net capital requirement.
- The \$250,000 net capital requirement is disproportionate, punitive, unnecessary relative to the scope of the activity permitted, and discourages adoption of a process designed to reduce settlement and operational risk.

	Clearing Broker Dealer	3-Step Broker Dealer
Minimum Net Capital	\$250,000	\$250,000
Activities the broker dealer can participate in:		
Receiving and holding investor cash	✓	X
Receiving and holding investor securities	✓	X
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Prime brokerage activities	✓	X
Proprietary trading	✓	X
Facilitate margin trading and securities lending activities	✓	X
Market Making	✓	X
Sending settlement instructions following pre notification by investor	✓	✓

IMPORTANT RISK DISCLOSURES



All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

Texture Capital Holdings Corp., and its affiliates do not make recommendations regarding the appropriateness of any particular investment opportunity for any particular investor. We are not investment advisers and we do not provide investment advice or monitor, endorse, analyze, or recommend any securities. You should be aware that the value of investments in private securities may be impacted by limited disclosure of financial and other company information, and of transaction reporting; they may be less-liquid than comparable public-market securities and that private securities holdings are often subject to additional trading restrictions which may impact your ability to sell. You should consult your business adviser, accounting adviser, and/or attorney with respect to price, value, risk or other aspects of your security or investment, prior to entering into a transaction.

Investors should also consider the risks associated with digital securities and private investment opportunities. Blockchain is a new technology and unproven in financial markets. There is no guarantee that tokenization will enable any secondary market liquidity in the future and your investment may remain illiquid. There is a risk that trades matched in the ATS may fail to settle. Private securities offerings are not registered with the SEC and are considered highly speculative. An investment in private securities may result in the loss of your entire capital contribution. We recommend you consult an investment advisor before investing.

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THANK YOU

