

VCX Design Corp. Venture Card Whitepaper

Version 3

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Abstract

This whitepaper proposes a new and revolutionary way to gain access to investment opportunities from venture capital and brokerage firms in unlisted, private and pre-Initial Public Offering (“pre-IPO”) companies that plan to go public within 6 to 12 months from the date of their current round as well as investment opportunities in early stage Web3 crypto currencies. By using non-fungible-tokens (“NFTs”), VCX Design Corp. (“VCX”) aims to democratize and decentralize access to exclusive investment opportunities through blockchain technology. VCX intends to enable individuals to invest relatively small sums of money (i.e., \$10,000) into pre-IPO, pre-Initial Coin Offerings (pre-ICOs), and pre-Initial Decentralized Exchange (“pre-DEX”) offerings, private companies through partner firms that have decades of experience. The NFTs are digital assets that come in the form of an access card (the “VCX Venture Card”) which allow cardholders to opt into transactions sourced by VCX and being offered by selected brokers directly to the cardholders.

The VCX Venture Card NFT is premised on alleviating the inequality between the ‘connected’ person and the ‘average’ person, by giving access to those people who are interested in investing in pre-IPO and pre-ICO companies, no matter who they are or where they are in the world. These opportunities are exclusive to those who own the NFT (i.e., ‘cardholders’). The VCX Venture Card is primarily focused on opportunities originated by several partners in North America who have demonstrated the ability to raise hundreds of millions of dollars for pre-IPO and pre-ICO companies. VCX does the research and analysis required to ‘get under the hood’ of these companies and source outstanding opportunities. VCX seeks to leverage the track record of its partners by sharing these exclusive opportunities with the rapidly developing international crypto and NFT communities.

Introduction

“Pre-IPOs are the lowest-risk, highest-reward ways I know to potentially turn tiny grubstakes into life-changing gains.”

- *Warren Buffett*

VCX believes its decentralized access card, the VCX Venture Card, will provide the average person with opportunities to invest relatively small sums of money into pre-IPO and pre-ICO companies from venture capital and brokerage firms in North America. It is VCX’s mission to give people who would not otherwise have access to these types of investments the chance to invest, directly through experienced brokers, in a wide variety of pre-IPO companies, especially those focused on the ‘digital economy’, and pre-ICO ‘digital economy’ companies.

With the rise of crypto-related assets, many investors have chosen to believe that they are presented with a trade-off: choosing to invest in stocks or choosing to invest in crypto. VCX believes that evaluating such trade-offs is not a prudent use of the average investor’s time. Rather, in the name of diversification, investors should seek to maintain holdings in both crypto assets and stocks. VCX strongly believes in the future of crypto markets from an investment and technological standpoint. On the other hand, VCX believes in the risk-reduction benefits achieved through the diversification of assets and believes that equity investments will remain an attractive place to invest for the long-term. In other words, optimism for the future of crypto need not coincide with pessimism in relation to the future of the stock market and vice versa. VCX’s goal is to bridge the divide between stocks and ‘crypto maximalists’, bringing these two large constituencies of investors under one ‘big tent’. Additionally, VCX has its sights set on bringing more awareness to ground-breaking technologies to crypto enthusiasts by providing them with the aforementioned, pre-IPO opportunities. VCX is one of the first Ethereum-based NFTs to partner with venture capital and brokerage firms to help the average person invest in exclusive opportunities to diversify their assets and invest in reputable companies, early on in those companies’ life cycles.

Venture Capital X

VCX has a vision of bringing two established communities together while, at the same time, decentralizing the opportunity to invest in companies before the general public. VCX is bringing opportunities to those interested in investing in private financing rounds for pre-ICO digital economy companies and pre-IPO companies in industries such as technology, mining, agriculture, entertainment, health sciences and crypto-related companies sourced through VCX’s network of established private offices, venture firms and brokerage houses. As outlined above, VCX intends to provide cardholders with the chance to invest in early-stage companies with a relatively small

sum of money and watch it grow, just as the world’s venture capitalists and ‘angel investors’ get comparable chances.

What is a VCX Venture Card?

Each individual’s NFT purchase represents a VCX Venture Card with a specific limit the cardholder is permitted to invest. The more VCX Venture Cards the cardholder has in their wallet, the more money the cardholder can allocate towards their investment. By re-imagining the traditional access card NFT as one-of-a-kind digital artwork, VCX has come up with a unique art piece that differs from all other access or card themed NFTs the market currently has to offer. Each NFT secures you a place on an exclusive email list serviced by our top investment firm partners, which can then be used to set up personal dashboards and investment opportunities viewable from your own computer. VCX will also be offering other utilities, such as conferences with industry leaders and experts, regular market analysis for both stocks and crypto, pitch competitions (holders may be able to invest in the companies who are pitching), and more surprises that we will release down the road.

Minting Process

“Minting” an NFT refers to the process of distinctively publishing the ERC-721 token on the blockchain to make it purchasable in a non-fungible manner. It stores proof on the blockchain of ownership and the NFT’s transfer history. The NFT represents a one-of-a-kind object or unique right in the case of a functional NFT such as VCX Venture Cards, and minting gets it onto the blockchain. NFTs ensure characterization for your digital asset. It guarantees that the asset can be easily exchanged or bought in the NFT marketplace. NFTs also enable better tracking of possession and adaptability for resale or collection in the future. Ethereum is the most well-known blockchain for minting NFTs.

How it Works

Gen 1 (Black Card):

Having a fundamental understanding of the VCX Venture Card is imperative to understanding how this project and VCX’s partnerships work. VCX has created only one level of its Venture Card whereby a single card will grant the cardholder access to a maximum of USD \$10,000 per investment.

It is important to note that each cardholder who is an accredited investor, is permitted, but not obligated, to invest their respective allocation in every pre-IPO deal offered by the broker, however investing in each and every pre-IPO deal is *not required*. The same goes for investing in pre-ICO Web3 crypto deals however no KYC/accredited investor process is required.

Cardholders can specifically choose which investments to proceed with and how much they would like to invest in accordance with their card/cards' maximum allocation threshold. For example, cardholders who purchase a single VCX Venture Card may invest \$3,200 even though they are entitled to invest up to \$10,000. Additionally, cardholders who purchases more than one VCX Venture Card will be able to increase their allocation, along with a fifteen percent (15%) **bonus** given to all the cards owned. For example, a cardholder who owns 3 VCX Venture Cards will be allowed to invest \$30,000 USD plus an additional bonus of \$4,500 for a total of \$34,500 (i.e., \$11,500 + \$11,500 + \$11,500).

In the event that a pre-IPO deal is oversubscribed, meaning that the investment demand of VCX Venture Card holders exceeds the funding required, all cardholder allocations will be reduced proportionally. For instance, in the event of a 25% over-subscription, the maximum allocation for a single cardholder would be reduced to \$7,500 from \$10,000, and for an owner of 3 cards, the maximum allocation would be reduced to \$25,875 from \$34,500. Please note that such reductions will be managed by the brokerage firm running the deal, and additional information will be sent out to cardholders to ensure that this process occurs as transparently as possible.

As per our brokerage firm's request, minimum investment allocations must be implemented to ensure it is worth their time and effort to set up a brokerage account. Therefore, a \$2,500 minimum investment is required for each pre-IPO investment opportunity if a cardholder decides to invest, while keeping in mind that the cardholder can also choose to pass on any investment opportunity if they so choose.

On average, there will be 10-20 investment opportunities per year. Our partners spend an immense amount of time doing due diligence on companies, only electing to raise money for those that meet their strict investment criteria, including, but not limited to, high potential companies involved in fields such as digital economies, technology, entertainment, life sciences, and many more.

Over the past 40 years, our partners have helped more than 125 early-stage companies raise over \$500 million and assisted more than two dozen companies in going public. Several of their investment opportunities have had market capitalizations reach \$1 billion in value.

Gen 2 (Silver Card):

Gen 2 holders or Silver holders, will have similar benefits to Gen 1. Gen 2 holders may be required to pay a subscription fee later down the road, whereas Gen 1 holders will not. Gen 2 holders are not guaranteed access to invest in every deal presented as the ticket size may be filled before you have the chance to invest. Gen 2 cards will invest on a first come first serve basis, whereas Gen 1 holders are guaranteed access. There may

also be additional charges later down the road if VCX decides to implement more features and/or events.

Holder benefits: Why would I want to own multiple NFTs?

VCX was created to connect people to opportunities through NFTs in a way that was not thought possible even a few years ago. By purchasing a VCX Venture Card, holders will be able to invest \$10,000 in pre-IPO and pre-ICO opportunities. The more VCX Venture Cards a cardholder owns, the more they can invest.

As mentioned above, VCX is offering a **bonus** allocation to any cardholder who purchases multiple VCX Venture Cards. For each additional card, the 15% **bonus** will be applied to the cardholder's maximum permitted allocation (unless in the event of oversubscription; see above *'How it Works'* section).

Signing up

To participate in any of the investment opportunities offered by VCX, those interested will need to own a VCX Venture Card NFT. To purchase a VCX Venture Card, those interested will have to mint a card on the mint date (which will be announced over social media) or will otherwise have to purchase a card on the secondary market. Once purchased, cardholders must connect the wallet holding the NFT to the VCX dashboard found on the VCX website. The VCX smart contract will indicate whether or not the NFT is in the wallet that the holder has connected. Once a cardholder's wallet is verified and the smart contract indicates that their wallet holds the VCX NFT, cardholders will be led to the next page which will ask for their email address. Cardholders must then enter their email address to be added to the list, which is where the brokers will be able to see if they are verified. Brokers will also communicate with cardholders via email to relay information on how to invest in upcoming investment opportunities.

Dashboard

Once the smart contract has verified that the cardholder's wallet contains the NFT and the cardholder has provided their email address, cardholders will be referred to the dashboard. The dashboard is a space where all of VCX's investment opportunities will be listed. To view more information about a prospective investment, cardholders can click on the "view" button, which will then display a pop-up that provides cardholders with further information on the company associated with the investment opportunity. If this opportunity is of interest to a cardholder, they can click on the "Request more Information" button. Cardholders will then automatically be emailed more information about the company, its financials and other important details to help guide them in determining whether to proceed with investing or not. This email will also lay out next steps for investing through the broker, what personal know-your-client ("KYC")

information will be required from the VCX Venture Cardholder, if any, and more information explaining how that process works.

Selling or Moving the VCX NFT

By selling your VCX NFT or otherwise transferring it to another wallet without reinitiating the sign-up process, cardholders will automatically be prevented from accessing the dashboard and will be removed from the email list. The smart contract is designed to identify those who presently hold a VCX NFT and can detect when cardholders no longer own a VCX NFT. Any cardholder who wishes to transfer their VCX NFT to another wallet may do so by connecting their new wallet to the dashboard and reinitiating the sign-up process. Selling or otherwise moving the VCX NFT will not affect any pre-existing investments made through the broker by former cardholders. Additionally, past cardholders will still be able to contact the brokerage with any inquiries and will continue to receive emails containing updates on the company or companies they have invested in. Former cardholders will also still have access to their shares and information off-chain and through the broker.

Additionally, there will be an expiry date provided on every deal indicating when the opportunity is no longer available i.e., ‘the books are closed’. This means that if cardholders would like to invest in a particular company, they must do so by the given expiry date. Cardholders who buy their VCX NFT from an individual who already invested in a particular company and then proceeded to sell their VCX NFT may potentially miss out on the most recent company listing(s) depending on when the VCX NFT was sold and when the expiry date for said company(ies) is/was.

For example, say a particular company is raising \$10,000,000 and the books close on November 30, 2022. This means that all investments must be completed through the broker by this expiry date.

Example; On December 1, 2022, Cardholder A sells his VCX NFT to Cardholder B using the Opensea.io exchange. Cardholder B would not be able to invest in the aforementioned company because the books will already be closed for this opportunity.

Depending on market conditions, an annual renewal fee may be applied to all cardholders.

How we protect your privacy

VCX values customer privacy to the utmost extent. VCX is solely responsible for providing cardholders and partnered brokers with the opportunity to mutually benefit by providing an email list built on a smart contract to provide access to investment opportunities. VCX does not process or facilitate any transactions other than those concerning VCX Venture Card NFTs that are bought and sold on Opensea.io and other

partnering marketplaces. VCX will never release a cardholder's wallet ID to any third party. The only information VCX or the broker can view is the cardholder's email address and which NFT or NFTs are owned by the cardholder (in terms of NFT quantities). VCX asks for the cardholders' email addresses so that our brokers and partners can send information to cardholders pertaining to financings for each investment opportunity. VCX understands the desire to be '*incognito*', however pre-IPO financings and share issuance must follow rules prescribed by securities regulators and stock exchanges. Accordingly, the broker requires an email address to contact its customers and to help customers set up their accounts.

Community

Holding a VCX Venture Card provides cardholders with an exclusive pass to access unique investment opportunities from our partners. VCX is an organization that prioritizes excellence in every sense of the word. VCX aims to bring long-term value to every VCX cardholder around the world. VCX's experience, passion, and broad base of resources is what makes VCX different from any other project that has entered into the NFT space, and our team is committed to constantly innovating and building out its long-term vision and goals.

Discord

VCX values its community. VCX firmly believes that success in the NFT and equities markets is predicated on the alignment of goals and can be maximized based on the formation of strong relationships between the founding team and its community. Like other NFT projects, a Discord server is an integral aspect of internal communication. Team announcements, investment deals, partnerships, giveaways and whitelist opportunities will all be featured on the Discord. It is therefore incredibly important to stay up to-date with your community, the founding team, and the investment firms we've partnered with. Not only is it important for the community to hear from the founding team, but we also want to hear from you - reciprocal communication is vital to the success of any NFT project.

Social Media



Mint:

Due to the uncertainty of the market, mint details will be released closer to the release of the NFT. Stay up to date with the discord and Twitter for more details.

Initial Supply:

1,888 VCX Venture Cards

Stipulations to investing in the transactions offered by the brokers:

- * In the event of oversubscription, allocations will be reduced proportionately*
- * Minimum investment: USD \$2,500 per transaction*
- * All investors must abide by their country's laws and regulations regarding investments in different stock exchanges*
- * Due to the complex nature of securities laws, VCX might not allow certain individuals to participate based on regional, or personal criteria (as a whole, or for specific transactions)*
- * All investors must be 'accredited investors' as defined by the U.S. Securities Exchange Commission ("SEC") and/or as defined by the jurisdiction of the offering broker*

Requirements for Investment

For equity investments, VCX cardholders require access to formal financial services (*i.e.*, a bank account and an investing account) which will be set-up between the VCX cardholder and the broker. Upon purchasing VCX Venture Cards, each cardholder must connect their wallet and provide a small amount of information, including their first and last name and their email address. Please understand that such information is required by law to purchase securities from the brokers.

Once cardholders provide their personal information in the dashboard, they will receive an email containing the details for upcoming pre-IPO transactions directly from the brokerage or transaction provider. Interested cardholders can respond to the email notifying them of listings and the broker will be in touch to help set-up an account and make an investment in the company.

All listing-related information and questions can be referred to the brokers facilitating the deals and raising money for the respective companies included within the listings. Please note that cardholders' personal information will be confidential and only the brokers will have access to it, as they require this information to set up each cardholder's investment account. Participation in a given pre-IPO opportunity will entirely depend on the cardholder's country of residence, and those countries' laws surrounding investments in companies going public on exchanges such as the NASDAQ, NYSE, TSX, CSE & HKSE.

Types of Equity Investments

Pre-IPO: A pre-initial public offering (IPO) is a private placement sale of blocks of shares before a stock is listed on a public exchange. Typically, the buyers are accredited retail investors, high net worth (HNW) individuals, private equity firms, hedge funds and institutional investors. Due to the lack of liquidity involved in these pre-public securities, the buyers in a pre-IPO placement usually get a discount from the expected IPO price. The purchase is typically made without a prospectus and with no guarantee that the public listing will occur, but the discounted price and guaranteed allotment is generally more than enough compensation for this uncertainty.

IPO: An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance. Companies must meet requirements by exchanges and the securities commissions to hold an IPO. IPOs provide companies with an opportunity to obtain capital by offering shares through the primary market. Companies usually hire investment banks to market, gauge demand, set the IPO price and date, etc.

Secondary Offering: The term secondary offering refers to the sale of shares owned by an investor to the general public on the secondary market. These are shares that were already sold by the company either prior to going public or in an initial public offering (IPO). The proceeds from a secondary offering are paid to the stockholders who sell their shares rather than to the company. Some companies may offer 'follow-on' offerings, which may also be called secondary offerings. These offerings can take on two different forms: dilutive which results in an increase in shares, or non-dilutive, where new shares are not created.

Convertible Debenture: A convertible debenture is a type of long-term debt, often with a 2-year maturity, issued by a company that can be converted into shares of equity stock after a specified period. Convertible debentures are usually unsecured bonds or loans, often with no underlying collateral backing up the debt. These debt securities pay interest returns to the bondholder like any other bond. The unique feature of convertible debentures is that they are exchangeable for stock at specified times at specific terms, such as a discount to the share price of a future equity round or at a maximum share price known as a 'cap'. This feature gives the bondholder some security that may offset some of the risks involved with investing in unsecured debt.

RTO Concurrent Offering: A reverse takeover (RTO) is a process whereby private companies can become publicly traded companies without going through an initial public offering (IPO).

To begin with, a private company negotiates with the management and shareholders of a publicly traded company to buy enough shares to control that company. The private company's shareholders then exchange their shares in the private company for shares in the public company. At this point, the private company has effectively become a publicly traded company. An RTO is also sometimes referred to as a reverse merger or a

reverse IPO. RTOs are less expensive and faster to execute than IPOs, and foreign companies sometimes use RTOs to gain access and entry to the U.S. and Canadian marketplaces. A concurrent offering occurs when an equity financing closes at the same time as the combined company begins to trade on an exchange.

Tax Break Down

Withholding taxes will be determined based on the cardholder's residency, corporate structure, jurisdiction of the broker's offering and personal tax situation. Please contact a tax professional for advice on reporting profit and losses from securities trading. This will greatly differ depending on each customer's tax situation and country of residence. Additionally, it is not VCX's responsibility to report VCX cardholders stock purchases, profits or losses. VCX acts solely as a middleman between the brokers and the cardholders.

Networking Events & Pitch Competition

Every year VCX will have 1-2 networking events located in Miami and other US cities at unique rented venues. These networking events and their associated afterparties will host an array of speakers including but not limited to brokers, investment bankers, family offices, NFT founders, crypto founders, NFT traders, and other company founders in related fields. Additionally, VCX will hold online conferences with guest speakers to ensure every holder gets access to our special events. Holders of the VCX NFT will have the opportunity to pitch their companies for cash prizes generated from the sale of VCX NFTs as well as potential future funding from some of our Venture and Angel investor partners at the discretion of the VCX founding team. Community members will vote for the top 3 companies to win cash prizes and each NFT will act as 1 common vote.

It is our goal to encourage innovation, build connections, and fund companies that our community wants to support.

Collective Intelligence Reports

VCX analysts will regularly send a report via discord indicating upcoming NFT projects and crypto projects, equity deals, and other opportunities for the community to view. We will be collaborating with VCX holders who are passionate about both crypto and public stock markets and who are willing to share their insights. It is still early, but those who participate in these communal reports will be rewarded commensurately.

Provenance and Historical Audit

Blockchains track and monitor all transactions from their first block to the current block, along with any other transfer, sale and/or exchange history of an NFT. Blockchain does this with unparalleled data encryption. This process ensures a strong tracking of ownership and a complete history of NFT purchases. There is no mystery as to the origin or history of NFTs, as everything is accounted for in the blockchain and completely transparent.

Technology: NFT's are being introduced into countless real-world use cases

The blockchain-based NFT was created to give digital assets a unique marker. NFTs also provide a cross-border clearing and settlement platform, enabling non-fungible digital assets to be mapped 'onto the chain' for exchanging.

NFTs are valuable because they are authentic, transferable and prove ownership. Statistics reveal that in the global NFT market the top three NFT applications are art collections, metaverse, and utility-based. These applications respectively accounted for 48%, 43% and 4% of the global NFT market as of Q1 2021, with respective market sizes of \$960 million, \$860 million, and \$800 million. We at VCX believe this is only going to get more prominent. NFTs are entering the mainstream - especially those attributed to real-world use cases and assets.

Legal Disclaimers

VCX is not responsible for reporting taxes regarding NFTs, or security sales/purchases. Nothing in this whitepaper is an offer to sell, or the solicitation of an offer to buy any NFTs or any securities. VCX is publishing this whitepaper solely to present its model and gain both feedback and understanding from interested parties. All information posted in this whitepaper is subject to change. The official mint date for VCX Venture Cards will be announced through various social media platforms.

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VCX's NFT plan as outlined in the whitepaper has been created by its founders and partners and is believed to be appropriate for the market at the time of its writing, however, as development progresses VCX acknowledges that factors outside of VCX's control may require changes to this whitepaper and the associated NFT.

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