

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – Section 144(1), 75(1) and 75(2) of the *Securities Act* (Alberta) – Relief from registration requirement for dealers and advisers – Filer providing software to create and sell structured notes with crypto currency exposure – Filer managing portfolio of crypto derivatives – Relief granted, with a limit of 60 investors, \$100,000 per investor, and accredited investors only.

Applicable Legislative Provisions

Securities Act (Alberta) sections 75(1)(a), 75(1)(b), 75(2)(a), 75(2)(b) and 144(1)

Blanket Order 91-507, section 2, “qualified party”

CSA Staff Notice 21-352 *Monthly Suppression of Terrorism and Canadian Sanctions Reporting Obligations*

National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, section 1.1 “qualified custodian” and 31-103 F1 *Calculation of Excess Working Capital*

National Instrument 45-106 *Prospectus Exemptions*, section 1.1 “accredited investor”; and

National Instrument 45-110 *Start-Up Crowdfunding Registration and Prospectus Exemptions*, 45-110 F2 *Risk Acknowledgment*

Citation: Re Volatility Labs Inc. (Fig Investments), 2023 ABASC 138

Date: 20230922

In the Matter of
the Securities Legislation of
Alberta
(the **Jurisdiction**)

and

In the Matter of
the Process for Exemptive Relief Applications
in Multiple Jurisdictions

and

In the Matter of
Volatility Labs Inc. (the **Filer**)

Decision

Background

In 2022, the Filer's co-founders received a grant from Alberta Innovates for developing a blockchain-based protocol (the **On-Chain Settlement Protocol**) for settling bilateral, over-the-counter option contracts on crypto assets (**Crypto Options**). The Filer's long-term goal is to launch the On-Chain Settlement Protocol on one or more public blockchain networks and to encourage the adoption of on-chain settlement for Crypto Options and other types of derivatives.

The Filer has applied for time-limited exemptive relief to allow for pilot testing of a novel trading business that will include investment software and an associated web application developed by the Filer (the **Filer's Platform**) with a limited number of Accredited Investors (defined below) in the Exempting Jurisdictions (defined below) (the **Pilot Phase**). If the testing is successful, the Filer intends to register as an exempt market dealer (**EMD**) and portfolio manager (**PM**) in the Exempting Jurisdictions and in other provinces and territories of Canada prior to the expiry of the Pilot Phase.

The Alberta Securities Commission (the **Commission**) has received an application from the Filer for a decision under the *Securities Act* (Alberta) (the **Legislation**) exempting the Filer from:

- (a) the dealer registration requirement in sections 75(1)(a) and 75(2)(a) of the Legislation for the Filer and its individual employees and directors in respect of the development and operation of software algorithms which will generate Structured Notes (defined below) for investors; and
- (b) the adviser registration requirement in sections 75(1)(b) and 75(2)(b) of the Legislation for the Filer and its individual employees and directors in respect of the management and compilation of assets in which the Filer will trade using the proceeds of the Structured Notes.

(together, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and the Information Statement (attached to this decision as **Appendix A**) have the same meaning if used in this decision, unless otherwise defined.

For the purposes of this decision:

"**Accredited Investor**" has the meaning ascribed to it in NI 45-106.

"**ASC BO 91-507**" means ASC Blanket Order 91-507 *Over-the-Counter Trades in Derivatives*;

"**crypto asset**" means bitcoin (**BTC**) or ether (**ETH**);

"**CSA**" means the Canadian Securities Administrators;

"**Exempting Jurisdictions**" means Alberta and British Columbia;

"**Form 31-103F1**" means the NI 31-103 form titled *Calculation of Excess Working Capital*;

"**NI 31-103**" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"**NI 45-106**" means National Instrument 45-106 *Prospectus Exemptions*;

"**Form 45-106F9**" means the NI 45-106 form titled Form for Individual Accredited Investors; *and*

"**STCS Guide**" means the CSA Guide to Monthly Suppression of Terrorism and Canadian Sanctions Reporting.

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation incorporated under the laws of British Columbia with its principal and head office located in Edmonton, Alberta.
2. The Filer was incorporated and organized in April 2022 by Guanzhi Ma and Tony Qian, two Canadian co-founders who are residents of Alberta.
3. Mr. Ma and Mr. Qian each own approximately 50% of the issued and outstanding shares of the Filer.
4. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
5. The Filer is not in default of securities legislation in any jurisdiction of Canada.

The Filer's Platform

6. The Filer's Platform enables investors to create customized investment products that combine U.S. Treasury Bills (**U.S. T-Bills**) with limited exposure to the movement of the BTC and ETH markets.
7. To create an investment product on the Filer's Platform, an investor must make choices on seven parameters (**Investment Parameters**):
 - (a) crypto asset (BTC or ETH);
 - (b) the information sources which will be used to price the crypto asset (the **Index**);
 - (c) direction of price of the crypto asset (directional exposure - up or down);

- (d) investment period (duration);
 - (e) minimum and/or maximum price for the crypto asset during the investment period;
 - (f) principal amount of investment (**Principal Amount**); and
 - (g) percentage of Principal Amount that will be invested in U.S. T-Bills (**Fixed Return Percentage**), which is set by default at 100% of the Principal Amount but may be set by the investor as low as 70% of the Principal Amount.
8. The Filer's Platform applies an algorithm to the investor's specified Investment Parameters to determine an optimal mix of U.S. T-Bills and Crypto Options, with pricing and liquidity for all constituents of the portfolio (the **Underlying Portfolio**).
9. The Filer's Platform then generates a **Term Sheet** for a note to be issued to the investor by the Filer (a **Structured Note**). The Term Sheet sets out:
- (a) the investor's specified Investment Parameters;
 - (b) the **Participation Rate** that limits the investor's potential return, calculated based on the investor's specified Fixed Return Percentage and duration;
 - (c) minimum and maximum return on investment, based on the Participation Rate and Crypto Notional Exposure (defined below);
 - (d) all Underlying Portfolio constituents; and
 - (e) an **Origination Fee** of 0.05% payable to the Filer.
10. As shown in the Term Sheet, the terms of the Structured Note will reflect the investor's specified Investment Parameters in two ways:
- (a) the structure of the payout the investor will receive at the end of the investment period – the proportion of their Principal Amount that will be returned in full (the Fixed Return Percentage chosen in paragraph 7(g)) and the remainder that will be exposed to the volatility in the BTC or ETH market; and
 - (b) the Crypto Options that the Filer will have a contractual obligation to invest in (as principal) in order to generate any variable return the Filer must pay to the investor at the end of the investment period (chosen in 7(d)).
11. Once the Filer has delivered the Term Sheet, the investor can decide whether to confirm an order for a Structured Note based on the Term Sheet. If the investor confirms the order, the Filer will, subject to paragraph 19 below, fulfil the order for the Structured Note.

12. Upon the maturity of the Structured Note, the Filer will liquidate the Underlying Portfolio. The Filer will pay the investor an amount equal to the Fixed Return Percentage multiplied by the Principal Amount (**Fixed Return Amount**). Additionally, the Filer will pay the investor a variable return based on the amount by which the Final Index Level exceeds the value of the Index on the date of investment. The variable return component will be limited by the Participation Rate applicable to the Structured Note.
13. During the Pilot Phase, the Filer intends to execute over-the-counter trades in Crypto Options within each Underlying Portfolio.
14. During the Pilot Phase, the Filer intends to continue to develop and test the On-Chain Settlement Protocol using proprietary assets. No investor assets will be deployed to the On-Chain Settlement Protocol during the Pilot Phase.

Underlying Portfolios

15. The Underlying Portfolio for each Structured Note will be constituted as follows:
 - (a) U.S. T-Bills purchased at a discount from their par value. The par value received by the Filer upon maturity of the U.S. T-Bill will be used to repay the Fixed Return Amount of the Structured Note; and
 - (b) Crypto Options on BTC or ETH, purchased using the Principal Amount remaining after investment in the U.S. T-Bill.
16. The Crypto Options included in the Underlying Portfolio will be over-the-counter option contracts entered into by the Filer with counterparties selected by the Filer (each, an **OTC Counterparty**).

Structured Notes

17. During the Pilot Phase, the Structured Notes will have a maximum term of 12 months.
18. The Filer's Platform sets the default Fixed Return Percentage for all Structured Notes at 100% of the Principal Amount. Investors may customize the Fixed Return Percentage within the range of 70% to 100% of the Principal Amount.
19. Each confirmed order for a Structured Note will be subject to fulfillment on a best-efforts basis within 30 minutes of confirmation by the investor during the hours of 7:00 AM to 2:00 PM Mountain Time. During this time, the Filer will attempt to fulfill the order for the Crypto Options and U.S. T-Bills in the Underlying Portfolio. If the Filer determines that the prices for Crypto Options have moved against the investor, the Filer will mark the order as "Unfulfilled" and the investor will not be charged an Origination Fee. The Filer will then notify the investor that their order was unfulfilled due to changing market conditions. If Crypto Option prices are favourable (equal or better than specified in the relevant Term Sheet), the Filer will fulfill the order. Prior to fulfillment, the investor may cancel the order until the order status is marked as "Locked" on the Filer's Platform once the order is fulfilled. In addition, the Filer will maintain a capital reserve to mitigate the risk that the

U.S. T-Bill may be insufficient to pay out amounts owing to an investor at the maturity of a Structured Note which may arise due to losses, errors or unforeseeable risks such as default by the government of the United States of America or the OTC Counterparty.

20. The Term Sheets contemplate that the Filer will earn a "spread" on the Crypto Options in the Underlying Portfolio by providing indicative prices for the options which exceed prices quoted for such options on marketplaces for Crypto Options based outside of Canada (**Crypto Derivatives Marketplaces**). The actual spread earned by the Filer on each Crypto Option is determined when the order is fulfilled, and in some cases the Filer does not earn any spread on the Crypto Options included in an Underlying Portfolio. After the order is fulfilled and the Structured Note is issued, the investor's trade confirmation will indicate the spread earned by the Filer on the Structured Note, as both a dollar amount and as a percentage of the Principal Amount, calculated on an annualized basis.
21. The Filer will not earn any spread on U.S. T-Bills in the Underlying Portfolios.
22. Regardless of whether the investor receives any return on the crypto asset exposure component of the Structured Note, the investor will receive the Fixed Return Amount at the maturity of the Structured Note. The Filer will retain the Origination Fee, as well as any spread earned on the Crypto Options in the Underlying Portfolio.
23. If the Underlying Portfolio has a loss greater than the Fixed Return Amount, the investor will receive the Fixed Return Amount upon maturity of the Structured Note, and the loss on the Underlying Portfolio will be borne by the Filer. The Filer will retain the product Origination Fee.
24. The Filer's structuring algorithm will ensure that the Crypto Notional Exposure (defined below) of each Structured Note is limited to a maximum of 100% of the Principal Amount. "**Crypto Notional Exposure**" means the nominal or face amount of the underlying crypto asset that is used to calculate variable return payments on the Structured Note. Generally, the Filer expects that Crypto Notional Exposure for Structured Notes will be materially lower than 100% of the Principal Amount.
25. Holders of Structured Notes will not have redemption rights. Each note will be a bilateral obligation between the Filer and the investor. The Filer may consider the early redemption of a Structured Note upon request by an investor; however, the Filer will be under no obligation to provide an early redemption under any circumstances.
26. Each Structured Note will be documented by a Term Sheet (viewable by the relevant investor) and a general information statement (**Information Statement**) posted on the Filer's Platform. Both must be accepted by the investor before purchasing a Structured Note.
27. Either the Term Sheet for each investor or the Information Statement will clearly and explicitly disclose the following:

- (a) the terms and conditions that apply to all Structured Notes including that:
- the Filer owns the Underlying Portfolios;
 - the Filer is the counterparty to all Structured Notes;
 - the investor can expect a return of the Principal Amount only to the extent of the Fixed Return Amount;
 - in the event of any negligence or malfeasance, investors will only have a right of action against the Filer; and
 - under most circumstances, once executed, the Structured Note is not redeemable before maturity;
- (b) that the Filer is not registered under the securities laws of the Exempting Jurisdictions and the date of expiration of the Pilot Phase;
- (c) that neither the Commission nor the British Columbia Securities Commission (**BCSC**) are monitoring or overseeing the Filer's technology or the assets purchased in or for the Underlying Portfolios;
- (d) that the Filer is not qualified to and will not provide recommendations or advice to investors or conduct a trade-by-trade suitability determination for investors;
- (e) that the Filer does not offer margin or other leverage to investors;
- (f) the key risk factors relating to the Structured Notes and, more generally, the Filer's Platform, including:
- (i) the risks inherent with the OTC Counterparties who may be unregulated, located in a foreign jurisdiction or may go bankrupt and that if these counterparties default, the Principal Amount other than the Fixed Return Amount may be at risk; and
 - (ii) the degree of risk inherent in options in addition to the inherent risks of the crypto markets;
- (g) the significant differences between the Structured Notes and principal protected notes, including that the Filer is not a bank or regulated financial institution;
- (h) the custodial arrangements for the Underlying Portfolio;
- (i) the risks associated with those custodial arrangements, which are indirect to investors, but may affect the ability of the Filer to satisfy its obligations under the Structured Notes; and
- (j) that the Filer is not a member firm of the Canadian Investor Protection Fund (**CIPF**) and any assets in the Filer's custody do not qualify for CIPF coverage.

Confidential Investor Orders and Trade Information

28. The Filer has established and will maintain and apply policies and procedures to protect the confidentiality of investor information, including information relating to their investment activities.

Books and Records

29. The Filer keeps books and records to accurately record its business activities, financial affairs and investor transactions, including but not limited to:
- (a) records of all investors that opened accounts on the Filer's Platform, and all prospective investors that were denied accounts on the Filer's Platform;
 - (b) daily trading summaries of all Structured Notes issued and all Underlying Portfolio assets traded, with transaction volumes and values;
 - (c) records of all orders and trades in Structured Notes and Underlying Portfolio assets traded, including the price, volume, times when orders are entered, filled, cancelled or rejected, and the identifier of the relevant investor's account and the relevant OTC counterparty;
 - (d) records of all Structured Notes and records of all un-invested funds held on behalf of investors, including the location of such assets, with cash assets regularly reconciled to the records of the relevant **Qualified Custodian** as defined in NI 31-103; and
 - (e) records of all Underlying Portfolio assets, including the location of such assets, with records of U.S. T-Bills regularly reconciled to the records of the relevant Qualified Custodian.

Decision

The Commission is satisfied that the decision satisfies the test set out in the Legislation for the Commission to make the decision.

The decision of the Commission under the Legislation is that the Exemption Sought is granted, provided that:

- A. Except as permitted by this decision, the Filer will fulfill all its obligations under securities law.
- B. The representations in paragraphs 12, 18, 20, 21, 23, 24, 27, and 28 remain true throughout the Pilot Phase.

Investors and Structured Notes

- C. The Filer will act and will take reasonable steps to cause each individual acting on its behalf to act fairly, honestly and in good faith with its investors.

- D. Structured Notes may only be purchased by:
- (a) residents of the Exempting Jurisdictions that qualify as an Accredited Investor and are at least 18 years of age; and
 - (b) investors akin to Accredited Investors in jurisdictions outside Canada in which the Filer is permitted to sell Structured Notes (**Eligible Foreign Jurisdictions**), provided that the Filer takes reasonable steps to confirm that all offerings of Structured Notes outside of Canada comply with local laws in the jurisdictions of such investors.
- E. Prior to accessing the Filer's Platform and making their choices on each of the customizable Investment Parameters, investors must be:
- (a) provided with an **Eligibility Note** indicating that:
 - (i) Structured Notes are only available in the Exempting Jurisdictions and any Eligible Foreign Jurisdictions;
 - (ii) investors in the Exempting Jurisdictions must qualify as an Accredited Investor in order to invest in Structured Notes; and
 - (iii) a clear description of the criteria in NI 45-106 to qualify as an Accredited Investor.

Investors must acknowledge the Eligibility Note before using the Filer's Platform.

- F. Before permitting an investor to purchase a Structured Note or receive a Term Sheet based on their specified Investment Parameters, the Filer must ensure the investor:
- (a) completes the Filer's know-your-client (**KYC**) process which satisfies the identity verification requirements applicable to securities dealers under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and its regulations (**Canadian AML/ATF Law**);
 - (b) confirms residency in one of the Exempting Jurisdictions or in an Eligible Foreign Jurisdiction;
 - (c) confirms that they are 18 years of age or older;
 - (d) is directed to, and confirms that they have read and understood the Information Statement;
 - (e) if they are resident in either of the Exempting Jurisdictions, completes Form 45-106F9; and

- (f) if they are resident in either of the Exempting Jurisdictions, confirms that their investments in Structured Notes represent less than 10% of their total financial assets.
- G. The investor's acceptance of the Term Sheet will contractually obligate the Filer to:
 - (a) pay the investor a return at the end of the investment period, with fixed and variable components; and
 - (b) invest the Principal Amount in the Underlying Portfolio. The Filer will make these investments as principal; the Underlying Portfolio is legally and beneficially owned by the Filer.
- H. Prior to the maturity of each Structured Note, the Filer must ensure that the investor holding the Structured Note provides instructions on the Filer's Platform regarding the account at a financial institution into which the investor's funds should be deposited. Upon maturity of the Structured Note, the Filer will comply with such instructions, subject to the requirements of Canadian AML/ATF Law.
- I. The Filer must not trade Structured Notes with more than 60 investors. The Filer will not allow any investor to purchase more than US\$100,000 in Structured Notes.
- J. The Filer must ensure that the aggregate Principal Amounts of all Structured Notes outstanding during the Pilot Phase does not exceed US\$2,500,000.
- K. While each investor holds any Structured Notes and for a reasonable period after the last Structured Note held by the investor matures, the Filer must provide the investor with continuous access to:
 - (a) the Eligibility Note;
 - (b) evidence of their Eligibility Certification;
 - (c) the Information Statement;
 - (d) Term Sheets for all their Structured Notes;
 - (e) if they are resident in either of the Exempting Jurisdictions, their completed Form 45-106F9; and
 - (f) if they are resident in either of the Exempting Jurisdictions, evidence of their certification that their investments in Structured Notes represent less than 10% of their total investible assets.
- L. The Filer must promptly update the Information Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the

Structured Notes and, in the event of any update to the Information Statement, must promptly notify each existing investor of the update, provide each client with a brief description of the changes made, and direct each investor to the updated Information Statement.

- M. The Filer must create and adhere to conflict of interest policies regarding the conflict of interest that will arise in its role as Calculation Agent in respect of the return payable to investors.
- N. The Filer will prohibit the secondary market trading of Structured Notes.

Underlying Portfolios

- O. The fixed income securities included in the Underlying Portfolio will consist of U.S. T-Bills which will be held on behalf of the Filer at a Qualified Custodian.
- P. The Filer must segregate its assets from un-invested investor assets and Underlying Portfolio assets. The Filer's working capital will be segregated from investor assets. The Filer will maintain a bank account for the Filer's funds and a separate bank account for un-invested investor funds, each with a Qualified Custodian.
- Q. The Filer must conduct initial and ongoing due diligence on each OTC Counterparty to verify, based on publicly available information and other information made available to the Filer from each OTC Counterparty, that the OTC Counterparty is a "qualified party" as defined in ASC BO 91-507, and is not listed on the investor alert list maintained by the CSA or any list of designated persons or designated entities maintained under Federal Provisions as defined in the STCS Guide.
- R. The Filer may use publicly available pricing information on Crypto Derivatives Marketplaces, provided that the Filer will not trade on any Crypto Derivatives Marketplaces when investing for the Underlying Portfolios or for any other purpose relating to the Structured Notes.
- S. The Filer may only engage in proprietary trading for two purposes:
 - (a) periodically testing the On-Chain Settlement Protocol using corporate assets (i.e. not investor assets); and
 - (b) purchasing Crypto Options for the Underlying Portfolios.
- T. The Underlying Portfolios will not include any crypto assets. Rather, all crypto asset exposure in the Underlying Portfolios will be obtained through trading in Crypto Options.
- U. Each Crypto Option purchase will be documented under an ISDA Master Agreement, schedule and confirmation entered into between the Filer and the OTC Counterparty.
- V. The Filer will trade and manage the Underlying Portfolios using the Filer's proprietary

algorithms and automated trading functionality, with robust manual oversight and supervision, including:

- (a) manual reviews of the terms of all Crypto Options prior to purchase;
- (b) twice daily manual review of all Underlying Portfolios, on a Structured Note-specific and aggregate basis;
- (c) twice daily manual price integrity checks on the Filer's instrument catalogue and pricing using statistical sampling;
- (d) daily system upgrades for stability improvements and bug fixes where required;
- (e) weekly stress testing of Underlying Portfolios for various market conditions;
- (f) ongoing manual due diligence of OTC Counterparties; and
- (g) ongoing maintenance of back-up transaction records for all proposed and transacted trades by the Filer for all Underlying Portfolio constituents.

Reporting Requirements

- W. The Filer must promptly inform the Commission, and the BCSC with respect to investors in British Columbia, in writing of:
 - (a) any material change in the business, activities, operations or financial results or condition of the Filer that would reasonably be expected to be material to the Filer's investors or the Commission or the BCSC;
 - (b) any material breach or failure of the system of controls or supervision of the Filer, or any of its Qualified Custodians, and the steps that have been taken by the Filer or by the relevant Qualified Custodian to address each such breach or failure; and
 - (c) any material change to the financial condition of any of the Filer's OTC Counterparties that would reasonably be expected to be material to the Filer's investors or the Commission or the BCSC.
- X. The Filer must complete and submit to the Commission unaudited financial statements and Form 31-103F1 for each calendar quarter within 30 days after the quarter-end.
- Y. For the purpose of completing Form 31-103F1, the minimum capital for the Filer is \$50,000.
- Z. The excess working capital of the Filer must be calculated in accordance with Form 31-103F1 and must not be less than zero for two consecutive days. If at any time the excess working capital of the Filer, as calculated in accordance with Form 31-103F1, is less than zero, the Filer must notify the Commission and the BCSC as soon as practicable.

- AA. The Filer must provide the following information to the Commission, and to the BCSC with respect to investors in British Columbia, within 30 days of the end of each March, June, September and December:
- (a) aggregate reporting of activity conducted on the Filer's Platform during the applicable calendar quarter including:
 - (i) number of Structured Notes issued in each month of the quarter;
 - (ii) Principal Amount, Fixed Return Percentage, the crypto asset that underlies the Crypto Options (BTC or ETH), Crypto Notional Exposure and duration of each Structured Note issued in each month of the quarter;
 - (iii) number of Structured Notes that matured in each month of the quarter and, for each note, the Fixed Return Amount and variable return amount paid to the investor; and
 - (iv) any shortfalls in Fixed Return Amounts and variable return amounts paid to investors upon the maturity of Structured Notes in each month of the quarter, the reason for such shortfall and the steps being taken by the Filer to address such shortfall.
 - (b) the details of any material investor complaints received by the Filer during the calendar quarter and how such complaints were addressed;
 - (c) the details of any fraudulent activity or cybersecurity incidents on the Filer's Platform during the calendar quarter, any resulting harms and effects on investors, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future;
 - (d) the names of the Qualified Custodians holding U.S. T-Bills on behalf of the Filer and holding un-invested investor funds, and the aggregate value of assets held at the end of the quarter in accounts with each Qualified Custodian, separate from the Filer's assets; and
 - (e) instances when Index Adjustments, Market Disruption Events or Extraordinary Events occurred during the quarter wherein the Filer, as the Calculation Agent, had to calculate the Final Index Level.
- BB. The Filer will provide, on a timely basis, and in a format acceptable to the Commission, any report, data, document or information, including any information about the Filer's Qualified Custodian(s) and the assets held by the custodian(s), that may be requested by the Commission from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in this decision.

CC. Upon request, the Filer will provide the Commission with aggregated and/or anonymized data concerning investor demographics and activity on the Filer's Platform that may be useful to advance the development of the Canadian regulatory framework for trading Crypto Options.

Time Limited Relief

DD. This decision expires on the date that is the earlier of:

- (a) 12 months from the date of this decision; and
- (b) the date on which the Filer registers as an EMD and PM in the Exempting Jurisdictions.

EE. Upon the expiry of the decision, if the Filer is not registered as an EMD and PM in the Exempting Jurisdictions or in such other registration category or categories as are acceptable to the Commission, the Filer will cease to offer Structured Notes or engage in any other registerable activities in the Exempting Jurisdictions and will:

- (a) unwind each Structured Note within one year of its formation, and distribute all funds to the respective investors; and
- (b) upon maturity of each Structured Note, return the Fixed Return Amount plus any variable return due to the investor.

FF. This decision may be varied by the Commission upon prior written notice to the Filer in accordance with applicable securities legislation.

For the Commission:

"original signed by"

Tom Cotter
Vice-Chair

"original signed by"

Kari Horn
Vice-Chair

APPENDIX A

12 Sept 2023

*This document (“**General Information Statement**”) does not constitute an offer or invitation by any person in any jurisdiction in which the offer or invitation is not authorized to be made and it does not constitute an offer or invitation to any person to whom it cannot lawfully be made. This General Information Statement is also not, and under no circumstances should it be construed as, a public offering of the Notes or a prospectus or advertisement in respect of the Notes. The distribution of this General Information Statement and the offering or sale of the Notes in some jurisdictions may be restricted by law or policies of Volatility Labs Inc. This General Information Statement constitutes an offering of the Notes only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and where not restricted by policies of Volatility Labs Inc., and then only through persons duly qualified to effect such sales. The Notes have not been, and will not be, qualified by prospectus for distribution to the public in Canada and may only be offered or sold in the Provinces of Alberta and British Columbia under an exemption from the prospectus requirement and the dealer registration requirement of applicable securities laws. The Notes have not been, and will not be, registered with the U.S. Securities and Exchange Commission and may only be offered or sold in the United States under an exemption from registration.*

No securities commission or similar authority has in any way passed upon the merits of the Notes nor has any commission or similar authority passed on the accuracy or adequacy of this General Information Statement and any representation to the contrary may be an offense.

Price per Note: \$10,000

Minimum Purchase: \$20,000 (2 Notes)

General Information Statement Dated [September 15], 2023 VOLATILITY LABS INC.

Fig Investments Structured Notes Maturity Times Within One Calendar Year from [September 15], 2023 Bitcoin or Ethereum Index Linked - Upside Capture

This General Information Statement relates to the distribution of structured notes (“**Notes**”, and each a “**Note**”) issued by Volatility Labs Inc. d/b/a/ Fig Investments (“**Fig Investments**”) on a date and time (the “**Issue Time**”) which is within one calendar year from **[September 15]**, 2023. The Notes are United States dollar denominated notes linked to the performance of a price index (the “**Index**”) for the Crypto Asset bitcoin (**BTC**) or Ether (**ETH**). The terms of each Note will be customized by its holder (“**Noteholder**”) and set out in a term sheet (“**Note Term Sheet**”) generated on the Fig Platform <https://fig.investments>.

A Note does not provide coupon interest payments to the Noteholder. The Variable Return on the Note, if any, will be paid if the level of the Index at the Final Valuation Time (“**Final Index Level**”) is above the Initial Participation Price. No Variable Return will be payable unless the Final Index Level is greater than the Index level at Initial Valuation Time (“**Initial Index Level**”). The Variable Return will not in any case be less than zero. The Fixed Return Amount of the Note, together with any Variable Return, will be paid at the Maturity Time of the Note, subject to adjustments as set out in “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”. A Noteholder can customize their Fixed Return Percentage from 70% to 100% of the Principal Amount, provided that the Notes cannot be used to obtain leveraged exposure to a Crypto Asset. The default Fixed Return Percentage set by Fig Investments is 100% of the Principal Amount.

An investment in a Note is not equivalent to a direct investment in the Index and/or the Underlying Portfolio. As such, a Noteholder will not be entitled to the rights and benefits of a holder of the assets comprising the Index or the Underlying Portfolio.

All capitalized terms used and not defined on this face page and in the summary have the meanings given to them under “Definitions”.

This General Information Statement should be read in conjunction with the Note Term Sheet generated on the Fig Platform (<https://fig.investments>) and confirmed by the Noteholder prior to purchase. Noteholders can access their Note Term Sheet by logging into their Fig Platform Account, under the “Portfolio” section, or requesting a copy via email by contacting Fig Investments at support@fig.investments.

Fig Investments has taken all reasonable care to ensure that the facts stated in this General Information Statement in relation to the Notes are true and accurate in all material respects and that there are no other material facts in relation to the Notes the omission of which would make any statement herein, whether of fact or opinion, misleading. Where the information is from third-party sources, the information is from sources believed to be reliable, but Fig Investments has not independently verified any such information contained herein.

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FORWARD LOOKING INFORMATION

This General Information Statement contains certain statements or disclosure that may constitute forward-looking information under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Fig Investments anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, these forward-looking statements can be identified by words or phrases such as “future”, “may”, “might”, “will”, “expect”, “anticipate”, “believe”, “potential”, “estimate”, “enable”, “intend”, “plan”, “continue”, “contemplate”, “seek” or “predict”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking information contained in this General Information Statement is based (in whole or in part) upon certain assumptions and analyses made by Fig Investments based on information currently available to from third-party sources. Although Fig Investments believe that the assumptions are reasonable, they may prove to be incorrect, and we cannot assure that actual events during the Term of the Notes and upon maturity of the Notes will be consistent with this forward-looking information. We caution you that the following list of material assumptions is not exhaustive. The assumptions include, but are not limited to:

- the Index or a Successor Index is publicly available;
- Fixed Income Securities are available for investment of the Note proceeds in the Underlying Portfolio;
- Issuers of Fixed Income Securities (e.g. the U.S. government) will satisfy their obligations at the Maturity Time for each Note;
- Counterparties are willing to trade Crypto Options, generally, and with Fig Investments in particular;
- Counterparties will satisfy their obligations under Crypto Options at the Maturity Time for each Note; and
- Fig Investments will continue to have access to the financial services and technology services necessary to operate the Fig Platform and make payments to Noteholders as of the Maturity Time for each Note.

Fig Investments does not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.

SUMMARY

The following summary should be read in conjunction with the Note Term Sheet and more detailed information appearing elsewhere in this General Information Statement.

Issue:	Fig Investments Structured Notes - Maturity Times within one calendar year from [September 15], 2023 - Bitcoin or Ethereum Index Linked - Upside Capture												
Issuer:	Volatility Labs Inc. d/b/a Fig Investments, a corporation incorporated under the laws of British Columbia with its head office is located at 10008 32 Avenue NW, Edmonton, Alberta T6N1G7 CANADA. See “RELATED MATTERS – Fig Investments”.												
Credit Rating:	Not Rated.												
Note Issue Price:	\$10,000 per Note (the “ Principal Amount ”)												
Crypto Asset:	Bitcoin (BTC) or Ether (ETH), as specified on the Note Term Sheet.												
Fees and Expenses:	A one-time product origination fee of 0.05% is paid to Fig Investments upon Note issuance. Fig Investments also earns a spread on Crypto Options purchased for the Underlying Portfolio. See “FEES AND EXPENSES”.												
Issue Date:	Date on which Note is issued, as specified on the Note Term Sheet, in each case within one calendar year from [September 15], 2023 .												
Issue Time:	Time on the Issue Date which Note is issued, as stamped on the Note Term Sheet, in each case within one calendar year from [September 15], 2023 .												
Maturity Date:	Date on which Note matures, as specified on the Note Term Sheet.												
Maturity Time:	Time on the Maturity Date on which Note matures, as stamped on the Note Term Sheet.												
Term:	A maximum of 12 months, commencing at the Issue Time and ending at the Maturity Time. A Noteholder can specify their desired Term for the Note on the Fig Platform.												
Crypto Asset Index:	<p>Crypto Assets are priced based on the crypto asset index (“Index”) specified on the Note Term Sheet.</p> <p>Generally, the Index will be a composite price index for BTC or ETH maintained by DRB Panama Inc. d/b/a Deribit (“Deribit”), the largest cryptocurrency futures and options exchange in the world based by volume and open interest (https://www.deribit.com). Deribit maintains composite price indices for BTC and ETH comprised of spot trading price feeds from crypto asset trading platforms selected based on Deribit’s proprietary criteria (“Index Constituents”). Currently, Deribit’s Index Constituents and weightings are:</p> <table border="0"> <tr> <td>Bitcoin (BTC) Index</td> <td>Ethereum (ETH) Index</td> </tr> <tr> <td>20% Bitstamp</td> <td>20% Bitstamp</td> </tr> <tr> <td>20% Coinbase Pro</td> <td>20% Coinbase Pro</td> </tr> <tr> <td>20% Kraken</td> <td>20% Kraken</td> </tr> <tr> <td>20% LMAX Digital</td> <td>20% LMAX Digital</td> </tr> <tr> <td>20% Gemini</td> <td>20% Gemini</td> </tr> </table> <p>Fig Investments does not have any contractual relationship with Deribit relating to the provision of the index and therefore cannot be assured that Deribit will continue to provide the</p>	Bitcoin (BTC) Index	Ethereum (ETH) Index	20% Bitstamp	20% Bitstamp	20% Coinbase Pro	20% Coinbase Pro	20% Kraken	20% Kraken	20% LMAX Digital	20% LMAX Digital	20% Gemini	20% Gemini
Bitcoin (BTC) Index	Ethereum (ETH) Index												
20% Bitstamp	20% Bitstamp												
20% Coinbase Pro	20% Coinbase Pro												
20% Kraken	20% Kraken												
20% LMAX Digital	20% LMAX Digital												
20% Gemini	20% Gemini												

	<p>index throughout the term of any note, and/or continue to calculate the index using the same index constituents and weighting throughout the term. In the event that, during the Term, the Index specified in a Note Term Sheet ceases to be calculated or ceases to be a reliable pricing source in the reasonable opinion of the Calculation Agent (which is currently Fig Investments), the Index may be replaced by a Successor Index as described under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.</p> <p>Fig Investments does not trade Crypto Options or any other assets on Deribit for the Underlying Portfolios or for any other purpose. Fig Investments is under no obligation to, and does not, hold any interest in the Index, the Index Constituents or the Crypto Assets referenced in the Index.</p> <p>Index prices are pulled from Deribit via API on an “as is” basis and Fig Investments does not, and is under no obligation to, confirm the accuracy of Index prices at any time and provides no warranty to Noteholders regarding the accuracy of such Index prices. Notwithstanding the foregoing, Fig Investments takes reasonable steps to compare Index prices to other reliable pricing sources for Crypto Assets from time to time to confirm that the Index remains an appropriate pricing source for relevant Notes.</p> <p>See “CRYPTO ASSET INDEX”.</p>
<p>Fixed Return Amount:</p>	<p>Noteholder will determine what percentage of the Principal Amount to hedge (the “Fixed Return Percentage”), which will be specified in the Note Term Sheet.</p> <p>The default Fixed Return Percentage for Notes on the Fig Platform is 100% of the Principal Amount, and the minimum Fixed Return Percentage is 70% of the Principal Amount, or such higher minimum as may be required to ensure that the Notes do not provide leveraged exposure to Crypto Assets as described below under “DESCRIPTION OF THE NOTES -- Restriction on Leverage and Margin”.</p> <p>The Fixed Return Amount is an amount equal to the Principal Amount multiplied by the Fixed Return Percentage.</p>
<p>Payment of Fixed Return Amount:</p>	<p>By no later than 4 PM GMT on the third Business Day following the Maturity Date, Noteholder will be paid the Fixed Return Amount, and no interest will be paid in respect of such delay. A Noteholder can expect a return of the Principal Amount only to the extent of the Fixed Return Amount.</p>
<p>Payment of Variable Return:</p>	<p>By no later than 4 PM GMT on the third Business Day following the Maturity Date, Noteholder will be paid an amount calculated at the Final Valuation Time in accordance with the following formula (the “Variable Return”):</p> $\text{Variable Return} = \text{Fixed Return Amount} \times \text{Participation Rate} \times \text{Index Return}$ <p>and no interest will be paid in respect of such delay.</p> <p>No Variable Return will be payable unless the Final Index Level is greater than the Initial Participation Index Level. The Variable Return will not, in any case, be less than zero.</p> <p>Noteholder may not elect to receive the Variable Return prior to the Maturity Time.</p> <p>The Variable Return may not be payable if a Market Disruption Event or an Extraordinary Event occurs during the Term.</p> <p>See “CALCULATION OF PAYMENTS UNDER THE NOTES” and “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.</p>

No Coupon Payments:	Noteholder will not be paid coupon payments between the Issue Time and the Maturity Time.
Restriction on Leverage and Margin:	<p>The Fig Platform will not permit an investor to use Notes to obtain leveraged exposure to Crypto Assets. Consequently, the structuring algorithm on the Fig Platform ensures that the Crypto Notional Exposure of each Note is limited to a maximum of 100% of the Principal Amount by imposing filters on search results at the time when the Indicative Note Term Sheet is generated and implementing additional restrictions during the order fulfillment process.</p> <p>Fig Investments will not offer margin to investors for the purpose of investing in Notes or for any other purpose.</p> <p>See “DESCRIPTION OF THE NOTES – Restriction on Leverage and Margin”.</p>
Final Index Level:	Index Price at the Maturity Time.
Participation Rate:	<p>The amount of a Noteholder’s participation in any price appreciation of the Index during the Term of the Note, expressed as a percentage of the total price appreciation of the Index during the Term of the Note.</p> <p>Participation Rate is calculated based on the Fixed Return Percentage and Term of the Note and set out in the Note Term Sheet.</p> <p>See “CALCULATION OF PAYMENTS UNDER THE NOTES”.</p>
Initial Participation Index Level:	<p>The minimum Index Level that the Final Index Level must reach before Variable Return becomes payable, as specified on the Note Term Sheet.</p> <p>See “CALCULATION OF PAYMENTS UNDER THE NOTES”.</p>
Maximum Participation Index Level:	<p>The maximum Index Level, above which the Variable Return will remain constant, as specified on the Note Term Sheet.</p> <p>See “CALCULATION OF PAYMENTS UNDER THE NOTES”.</p>
Calculation Agent:	Fig Investments. See “RELATED MATTERS - Calculation Agent”.
Index Adjustments:	Upon the occurrence of certain events in respect of the Index, the Calculation Agent may be required to make certain adjustments and calculations in its discretion pertaining to the calculation of the Variable Return. See “DESCRIPTION OF THE NOTES - Adjustments and Exceptional Circumstances”.
Extraordinary Event:	<p>An Extraordinary Event may result in the determination of an Accelerated Return, if any, on the Fixed Return Amount of each Note in lieu of the Variable Return. In that event: (1) a Noteholder’s right to receive Variable Return will be extinguished; and (2) payment of the Fixed Return Amount of the Note will not be accelerated and will remain due and payable as of the applicable Maturity Time.</p> <p>See “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”</p>
Market Disruption Event:	<p>A Market Disruption Event in respect of the Index may make it difficult to calculate an accurate Index Return and, as a result, calculation and payment of the Variable Return may be delayed. The Variable Return, if any, will be calculated and paid on the third Business Day following the earlier of: (1) expiry of the Market Disruption Event; or (2) calculation of the Index Return and no interest will be paid in respect of such delay.</p> <p>See “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.</p>
No Early Redemption:	Noteholders will not have the right to redeem their Notes prior to the Maturity Time. Upon

	request by a Noteholder, Fig Investments may, in its sole discretion, permit an early redemption, subject to payment of the Early Trading Fee by the redeeming Noteholder.
Eligibility:	<p>The Notes are not qualified investments under the <i>Income Tax Act</i> (Canada).</p> <p>The Notes are not qualified by prospectus for distribution to the public in Canada and may only be purchased by an investor who qualifies as an Accredited Investor and satisfies other conditions, as described under “SUITABILITY FOR INVESTMENT” and “RELATED MATTERS – Plan of Distribution”.</p>
No Secondary Market:	<p>The Notes will not be listed on any exchange or marketplace. Fig Investments is under no obligation to source a secondary market for the Notes and does not intend, in normal market conditions, to do so. Fig Investments may source a secondary market for the Notes in its sole discretion and in compliance with applicable securities laws.</p> <p>Changes in laws and regulations may impact the ability of Fig Investments to source liquidity of any secondary market that may develop.</p> <p>A Noteholder who sells a Note to Fig Investments prior to the Maturity Time will receive sale proceeds equal to the bid price for the Note provided by Fig Investments, if available, determined at the time of sale, minus any applicable Early Trading Fee. See “NO SECONDARY MARKET” and “FEES AND EXPENSES”.</p>
Notes not CDIC or CIPF Protected:	<p>The Notes do not constitute deposits insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon insolvency of the Issuer.</p> <p>Fig Investments is not a member of, and the Fig Platform Accounts are not insured by, the Canadian Investor Protection Fund.</p>
Issuer not a Financial Institution:	The Notes are not issued by a bank or regulated financial institution and are, therefore, significantly different from, and riskier than, principal protected notes (“PPNs”) offered by banks and other regulated financial institutions.
Note Registration:	Records of ownership will be maintained using Fig Investments’ book-entry only system, displayed to Noteholder via an account interface on the Fig Platform as evidence of ownership of Notes.
Underlying Portfolio:	<p>Based upon the investment parameters specified by a Noteholder, the Fig Platform recommends an optimal mix of traditional fixed income securities (“Fixed Income Securities”) and option contracts on BTC or ETH (“Crypto Options”) which seek to provide the Noteholder with their desired investment exposure to BTC or ETH (the “Underlying Portfolio”). The Underlying Portfolio of each Note is specified in the Note Term Sheet.</p> <p>Fig Investments will invest the proceeds of each Note in its Underlying Portfolio for the sole purpose of hedging its payment obligations under the Note. Fig Investments owns the Underlying Portfolio, and a Noteholder does not have any direct or indirect ownership interest in, or entitlement to, the Underlying Portfolio for their Note.</p> <p>Fixed Income Securities are generally expected to be U.S. Treasury Bills. Fixed Income Securities are held in custody on behalf of Fig Investments by one or more Qualified Custodians.</p> <p>Crypto Options are bilateral OTC contracts entered into between Fig Investments and a Counterparty selected by Fig Investments. Crypto Options are cash settled and do not provide Fig Investments or Noteholder with any right to take delivery, or obligation to make delivery, of BTC or ETH.</p>

	See “DESCRIPTION OF THE NOTES – Counterparties to Crypto Options” and “RISK FACTORS – Inherent Risks associated with Options, and – Risks associated with Counterparties to Crypto Options”.
Risk Factors:	Notes are highly speculative investments which provide participation in any appreciation in market price of BTC or ETH during the Term. BTC and ETH are highly volatile Crypto Assets, the prices of which may not increase, and may decrease, during the Term. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your investment objectives and after reviewing all available information, including the risk factors described at “RISK FACTORS”.
Availability of Information:	Detailed information about the Notes, including a copy of this General Information Statement, can be found on the Fig Platform (https://fig.investments). Certain additional information will also be provided on the Fig Platform following the Issue Time, including the current Index Level and the last available measure(s) that would be used to determine the Variable Return.

FEES AND EXPENSES

The following fees and expenses relate to the Notes:

Product Origination Fee:	A product origination fee of 0.05% on Principal Amount is charged for each Note sold through Fig Platform for facilitating the structuring of the Notes.
Other Fees and Expenses of the Notes:	There are no additional fees or expenses of the offering directly payable by the Noteholders.
Spread on Crypto Options:	<p>Fig Investments expects to earn a “spread” on the cost of the Crypto Options included in the Underlying Portfolio of each Note.</p> <p>The Indicative Note Term Sheet provides indicative prices for the Crypto Options which exceed prices quoted for such options on Deribit or other marketplaces for options on Crypto Assets based outside of Canada. The actual spread earned on each Crypto Option is determined when the order is fulfilled. After the order is fulfilled and the Structured Note is issued, the Noteholder can see the spread earned by the Filer on the Structured Note, as both a dollar amount and as a percentage of the Principal Amount, calculated on an annualized basis.</p> <p>In current market conditions, total spreads earned by Fig Investments are expected to be in the range of 1% to 2% of the Principal Amount of a Structured Note with a Fixed Return Percentage of 100%, on an annualized basis, and in the range of 4% to 7% of the Principal Amount of a Structured Note with a Fixed Return Percentage in the range of 80 to 95%, on an annualized basis.</p>
Early Trading Fee:	An early trading fee of 0.50% of the Principal Amount is deducted from the sale proceeds of the Note if Fig Investments permits a Note to be redeemed prior to Maturity Time. Fig Investments does not guarantee or make any representation whatsoever that a Note may be redeemable prior to Maturity.

GLOSSARY

Capitalized terms used and not otherwise defined in this General Information Statement have the following meanings:

“**Accelerated Return**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

“**Accredited Investor**” means an “accredited investor” as defined in NI 45-106.

“**Airdrop**” means a distribution of a new Crypto Asset resulting from the ownership of a pre-existing Crypto Asset.

“**API**” means “application programming interface”, which is a way for two or more computer programs to communicate with each other.

“**Business Day**” means a day, other than a Saturday or a Sunday, on which commercial banks are open for business in Edmonton, Alberta. If any date on which any action is otherwise required to be taken in respect of the Notes is not a Business Day, the date on which such action shall be taken shall, except as otherwise indicated, be the next following Business Day and, if the action involves payment of any amount, no interest or other compensation will be paid as a result of any such delay.

“**Calculation Agent**” means the calculation agent for the Notes appointed by Fig Investments from time to time. The Calculation Agent initially will be Fig Investments.

“**Coupon**” means a periodic payment made by the issuer of a fixed income security to the holder of such security. Notes do not pay Coupons.

“**Counterparty**” means a financial institution or market maker that provides liquidity to a market by standing ready to buy or sell Crypto Assets, securities or other financial instruments and participating in a financial transaction or contract with another party, thereby assuming mutual obligations and responsibilities. A Counterparty is willing to buy or sell a Crypto Asset, security or other financial instrument at any time to facilitate trading in that Crypto Asset, security or instrument.

“**Crypto Option**” means an Option in respect of which the underlying asset is a Crypto Asset.

“**Crypto Asset**” means a digital representation of value based on (or built on top of) a cryptographic protocol of a computer network.

“**Crypto Notional Exposure**” means the nominal or face amount of the underlying Crypto Asset that is used to calculate Variable Return payments on the Note.

“**Crypto Options**” means option contracts on Crypto Assets entered into between Fig Investments and a Counterparty and included in the Underlying Portfolio.

“**CTP**” means “Crypto Asset Trading Platform”, also known as a “cryptocurrency exchange”, which is an online platform for the trading of Crypto Assets.

“**Deribit**” means DRB Panama Inc. d/b/a Deribit, the largest cryptocurrency futures and options exchange in the world based by volume and open interest (<https://www.deribit.com>) based in Panama City, Panama.

“**Fixed Income Securities**” means traditional fixed-income securities included in the Underlying Portfolio, which are generally expected to consist of U.S. Treasury Bills.

“**Early Trading Fee**” has the meaning given to it under “FEES AND EXPENSES”.

“**Entity**” has the meaning of a company, association, or organization, for-profit or non-profit that has legal meaning or recognition in a jurisdiction.

“**Exemption Order**” has the meaning given to it under “SUIABILITY FOR INVESTMENT”.

“**Extraordinary Event**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

“**Extraordinary Event Notification Date**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

“**Fig Platform Account**” means an account that each Noteholder has on the Fig Platform that is held in the name, or associated with the unique identifier of the Noteholder and is used for recording each Noteholder’s Notes and fiat balances, if any, and for the initiation of an order for a Note and for providing instructions to Fig Investments regarding payment of amounts due under the Note.

“**Fig Platform**” means the Crypto Asset investing platform operated by Fig Investments at <https://fig.investments>.

“**Final Index Level**” means the Index Level at the Maturity Time.

“**Final Note Term Sheet**” means the Note Term Sheet provided to clients after the execution of any trade on the Fig Platform.

“**Final Valuation Date**” means the Maturity Date, subject to the occurrence of a Market Disruption Event.

“**Final Valuation Time**” means the Maturity Time subject to the occurrence of a Market Disruption Event.

“**Fork Asset**” means a new Crypto Asset to which the holder of a pre-existing Crypto Asset may be entitled as a result of a change in the consensus rules of the underlying blockchain or network for the pre-existing Crypto Asset.

“**Index**” means the Crypto Asset price index specified in the Note Term Sheet, which is generally expected to be the composite price index for BTC or the composite price index for ETH maintained by Deribit.

“**Index Return**” has the meaning given to it under “CALCULATION OF PAYMENTS UNDER THE NOTES”.

“**Indicative Note Term Sheet**” means the Note Term Sheet provided to clients prior to the execution of any trade on the Fig Platform.

“**Initial Index Level**” means the Index Level at the Initial Valuation Time.

“**Initial Valuation Date**” means the Issue Date, as specified on the Note Term Sheet.

“**Initial Valuation Time**” means the Issue Time, as stamped on the Note Term Sheet.

“**Market Disruption Event**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Market Disruption Event”.

“**Material Index Change**” means any of the events described in items 2) and 3) of “DESCRIPTION OF THE NOTES – Index Adjustments”.

“**Maturity Date**” means the maturity date specified on the Note Term Sheet.

“**Maturity Time**” means the maturity time on the Maturity Date stamped on the Note Term Sheet.

“**Net Financial Assets**” means an investor’s financial assets less related liabilities, each as defined in NI 45-106.

“**NI 31-103**” means Canadian Securities Administrators’ National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

“**NI 45-106**” means Canadian Securities Administrators’ National Instrument 45-106 *Prospectus Exemptions*.

“**Note**” means any Fig Structured Upside Capture Note issued on the Fig Platform linked to the performance of a BTC or ETH Index with a Maturity Date within one calendar year from **[September 15]**, 2023.

“**Noteholder**” or “**Client**” or “**You**” means a holder of Notes.

“**Note Term Sheet**” means the document issued by Fig Investments on the Fig Platform that provides detailed information about each Note, as described under “RELATED MATTERS – Subscription Process” below.

“**Option**” or “**Options Contract**” is a financial derivative agreement between two parties, the buyer and the seller, which grants the buyer the right, but not the obligation, to buy or sell an underlying asset at a predetermined price on or before a specified expiration date. The Options included in the Underlying Portfolio are Crypto Options, with Fig Investments as the buyer and a Counterparty selected by Fig Investments as the seller.

“**Over the Counter**” or “**OTC**” refers to transactions in securities and other financial instruments which occur between two parties without the supervision or intermediation of a centralized exchange. OTC markets facilitate the trading of various assets, including stocks, bonds, commodities, and derivatives, such as options and swaps, that are not listed or traded on centralized exchanges.

“**Participation Rate**” has the meaning given to it under “CALCULATION OF PAYMENTS UNDER THE NOTES”.

“**Potential Adjustment Event**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

“**Pilot Test**” has the meaning given to it under “RELATED MATTERS – Fig Investments”.

“**Principal Amount**” means the original principal amount invested of \$10,000 per Note.

“**Qualified Custodian**” has the meaning given to it in NI 31-103.

“**Successor Index**” has the meaning given to it under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

“**Underlying Portfolio**” means the mix of Fixed Income Securities and Crypto Options recommended by the Fig Platform based on the investment parameters specified by a Noteholder, which is generally comprised of traditional Fixed Income Securities and Crypto Options which seek to provide the Noteholder with their desired investment exposure to BTC or ETH. A Noteholder does not have any direct or indirect ownership interest in, or entitlement to, the Underlying Portfolio for their Note.

“**Valuation Time**” means the Initial Valuation Time or the Final Valuation Time.

“**Variable Return**” has the meaning given to it under “CALCULATION OF PAYMENTS UNDER THE NOTES”.

“**\$**” means United States dollars, unless otherwise specified.

“**Fig Investments**” means Volatility Labs Inc., a Canadian private corporation incorporated in the provinces of British Columbia and intra-provincially incorporated in Alberta.

CALCULATION OF PAYMENTS UNDER THE NOTES

“**No Coupon**” means there are no periodic Coupon payments on the Note.

The Noteholder is entitled to receive the Fixed Return Amount at the Maturity Time.

The Noteholder is entitled to receive the Variable Return at the Maturity Time, in United States Dollars, equal to the greater of zero and the amount calculated by the Calculation Agent at the Final Valuation Time in accordance with the following formula:

$$\text{Variable Return} = \text{Fixed Return Amount} \times \text{Index Return} \times \text{Participation Rate}$$

“**Participation Rate**” means the amount of a Noteholder’s participation in any price appreciation of the Index during the Term of the Note, expressed as a percentage of the total price appreciation of the Index during the Term of the Note. Participation Rate is calculated based on the Fixed Return Percentage and Term of the Note and specified in the Note Term Sheet.

“**Index Return**” means the return on the Index over the Term, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Index Return} = \frac{\text{Min}(\text{Final Index Level}, \text{Maximum Participation Index Level}) - \text{Initial Participation Index Level}}{\text{Initial Participation Index Level}}$$

No Variable Return will be paid unless the Final Index Level is greater than the Initial Participation Index Level. The Variable Return will not, in any case, be less than zero.

SAMPLE CALCULATIONS

The examples set out below are hypothetical and are included for illustrative purposes only. The prices used in the examples are not estimates or forecasts of the Final Index Level at the Maturity Time for any Note. Fig Investments does not predict or guarantee any gains or particular Variable Return any Note.

Prospective Noteholders may also examine a Note’s Variable Return and pay off structure on Fig Platform.

Example #1: Variable Return is positive with 100% Fixed Return Percentage

Index: Bitcoin (BTC) Index

Maturity Time: Fri Mar 29, 2024 8:00 UTC

Issue Date: July 01, 2023

Term: ~9 months

Principal Amount = \$100,000

Fixed Return Percentage = 100%

Fixed Return Amount = \$100,000

Initial Participation Index Level = 25,000

Maximum Participation Index Level = 30,000

Final Index Level = 32,000

Participation Rate = 35%

Index Return = $(30,000 - 25,000) / 25,000 = 20.00\%$

Variable Return = $\$100,000 \times 100\% \times 20\% \times 35\% = \$7,000$

There are no Coupons paid on the notes. The Variable Return of \$7,000 together with the Fixed Return Amount of \$100,000, totaling to \$107,000, would be payable to the Noteholder at the Maturity Time. Since the Final Index Level is higher than the Maximum Participation Index Level, the Maximum Participation Index Level is used to calculate the Index Return. The Note in this example yields an annualized

compounded rate of return of approximately 9.51% assuming the Variable Return paid is reinvested at the same rate of return as the Variable Return.

Example #2: Variable Return is zero with 100% Fixed Return Percentage

Index: Bitcoin (BTC) Index

Maturity Time: Fri Mar 29, 2024 8:00 UTC

Issue Date: July 01, 2023

Term: ~9 months

Principal Amount = \$100,000

Fixed Return Percentage = 100%

Fixed Return Amount = \$100,000

Initial Participation Index Level = 25,000

Maximum Participation Index Level = 30,000

Final Index Level = 10,000

Participation Rate = 35%

Index Return = $(25,000 - 30,000) / 25,000 = -20.00\%$

Since the Final Index Level is less than the Initial Participation Index Level, the Variable Return is equal to zero and only the Fixed Return Amount of \$100,000 is payable at the Maturity Time. The Fixed Return Amount is paid regardless of the performance of the Index.

Example #3: Variable Return is positive with 70% Fixed Return Percentage.

Index: Bitcoin (BTC) Index

Maturity Time: Fri Mar 29, 2024 8:00 UTC

Issue Date: July 01, 2023

Term: ~9 months

Principal Amount = \$100,000

Hedge Level = 70%

Fixed Return Amount = \$70,000

Initial Participation Index Level = 25,000

Maximum Participation Index Level = 75,000

Final Index Level = 52,000

Participation Rate = 112%

Index Return = $(52,000 - 25,000) / 25,000 = 108.00\%$

Variable Return = $\$100,000 \times 70\% \times 108.00\% \times 112\% = \$84,672$

There are no Coupons paid on the notes. The Variable Return of \$84,672 together with the Fixed Return Amount of \$70,000, totaling to \$154,672, would be payable to the Noteholder at the Maturity Time. Since the Final Index Level is higher than the Maximum Participation Index Level, the Maximum Participation Index Level is used to calculate the Index Return.

Example #4: Variable Return is negative with 70% Fixed Return Percentage.

Index: Bitcoin (BTC) Index

Maturity Time: Fri Mar 29, 2024 8:00 UTC

Issue Date: July 01, 2023

Term: ~9 months

Principal Amount = \$100,000

Hedge Level = 70%

Fixed Return Amount = \$70,000

Initial Participation Index Level = 25,000

Maximum Participation Index Level = 75,000

Final Index Level = 17,000

Participation Rate = 112%

Since the Final Index Level is less than the Initial Participation Index Level, the Variable Return is equal to (Fixed Return Percentage – 1) = -30% and capped at zero and only the Fixed Return Amount of \$70,000 is payable at the Maturity Time. The Fixed Return Amount is paid regardless of the performance of the Index.

Examples - Key and Summary Points

The following key points relate to the payment and calculation of Variable Return of the Notes as described in the examples above. All points are subject to change and adjustments that may be made as set out under “DESCRIPTION OF THE NOTES - Adjustments and Exceptional Circumstances”.

- The Variable Return will not, under any circumstances, be less than zero.
- The Note does not pay Coupon.
- The Variable Return will only be paid if the Final Index Level is greater than the Initial Participation Index Level.
- The Variable Return, if any, will be paid at the Participation Rate of the percentage change, if positive, in the Index Level between the Initial Valuation Date and Final Valuation Date.
- Payment of Fixed Return Amount will be made to Noteholders as of the Maturity Time regardless of performance of the Index, as described under “DESCRIPTION OF THE NOTES – Payment of Fixed Return Amount”.
- The minimum return on the Notes is (Fixed Return Percentage - 1) of the Principal Amount.
- The maximum return on the Note is capped at the Maximum Participation Index Level Return times by the Participation Rate. This means that if the Final Index Level is higher than the Maximum Participation Index Level, then the Maximum Participation Index Level will be used to calculate Variable Return.

SUITABILITY FOR INVESTMENT

A person should decide to invest in the Notes only after carefully considering, with his or her advisors, whether the Notes are a suitable investment in light of his or her investment objectives, investment horizon, risk tolerance, financial situation, the composition of their current investment portfolio, and the information set out in this General Information Statement, among other factors. No recommendation is made herein as to whether the Notes are a suitable investment for your investment purposes.

Fig Investments is not registered as a dealer under securities laws in any jurisdiction and is offering the Notes to investors in Alberta and British Columbia who: (1) qualify as Accredited Investors; and (2) represent to Fig Investments that the total Principal Amount of all Notes held by such investor represents 10% or less of the Net Financial Assets of such investor, pursuant to exemptive relief from the dealer registration requirement granted by the Alberta Securities Commission and the British Columbia Securities Commission and expiring on [September 15, 2024] (the “**Exemption Order**”). Neither the Alberta Securities Commission nor the British Columbia Securities Commission are monitoring or overseeing the Fig Platform or the assets purchased in or for the Underlying Portfolios.

During the Pilot Test, Fig Investments is not qualified to, and will not, provide recommendations or advice to investors or determine whether an investment or trade in Structured Notes is suitable for investors.

Fig Investments may also offer Notes to investors in other jurisdictions outside of Canada and in compliance with applicable securities laws in the jurisdictions of such investors.

The Notes are not conventional indebtedness in that they have an uncertain yield. The Fixed Return Amount of a Note will be repaid if the Note is held to maturity. The Variable Return, if any, on the Notes will be uncertain until the Final Valuation Date and will depend on the performance of the Index. It is possible that the Notes could produce no Variable Return at the Maturity Date and an investor may not receive anything more than the Fixed Return Amount. Accordingly, the Notes are not suitable investments for investors requiring or

expecting any yield or Coupon and who are not prepared to assume risks associated with a short-term investment whose return is based on the performance of the Index.

The Notes may be suitable investments for short term investors who are looking for additional diversity in their investment portfolio through exposure to the Index but who need the safety of principal hedging against price risk of Index. **The Notes are generally not suitable for investors who anticipate the need to sell them prior to maturity.**

CRYPTO ASSET INDEX

Crypto Assets are priced based on the crypto asset index (“**Index**”) specified on the Note Term Sheet.

All information contained in this General Information Statement regarding the Index, including its composition, is based on publicly available information. As the Crypto Asset industry is in its nascent stage, Index composition is subject to change. Fig Investments does not make any representations regarding the accuracy or completeness of the information below. Fig Investments is not responsible for the calculation, maintenance or publication of the Index.

Generally, the Index will be a composite price index for BTC or ETH maintained by Deribit. Deribit offers public API access to the Indices and does not charge licensing fees for access to the Index data. Deribit maintains composite price indices for BTC and ETH comprised of spot trading price feeds from crypto asset trading platforms selected based on Deribit’s proprietary criteria (“**Index Constituents**”).

Currently, Deribit’s Index Constituents and weightings are:

Bitcoin (BTC) Index

20% Bitstamp
20% Coinbase Pro
20% Kraken
20% LMAX Digital
20% Gemini

Ethereum (ETH) Index

20% Bitstamp
20% Coinbase Pro
20% Kraken
20% LMAX Digital
20% Gemini

Fig investments does not have any contractual relationship with Deribit relating to the provision of the index and therefore cannot be assured that Deribit will continue to provide the index throughout the term of any note, and/or continue to calculate the index using the same index constituents and weighting throughout the term. In the event that, during the Term, the Index specified in a Note Term Sheet ceases to be calculated or ceases to be a reliable pricing source in the reasonable opinion of the Calculation Agent (which is currently Fig Investments), the Index may be replaced by a Successor Index as described under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

Deribit states that it will not include CTPs in an Index that have invalid data or have delayed order book data. Deribit also states that all CTPs that are included in the Index calculation are benchmarked against the median price of the final sample and values that fall outside the +/-0.5% range of the median price are adjusted to the closes bandwidth price limit. Consequentially, the Index is calculated as the equally-weighted average of these values. According to Deribit, this mechanism ensures that even in the case of multiple erroneous values, the Index remains stable, as all outliers are automatically adjusted to the bandwidth price limits. In addition, the final Index is continuously measured against an external benchmark to ensure that the Index represents an accurate market price, which is particularly important when there are three or less Index Constituents and any irregularity in the final sample could cause a significant Index price deviation.

While Deribit has published general information regarding its Index calculation methodology at <https://insights.deribit.com/exchange-updates/new-deribit-index/>, the details of Deribit’s Index methodology are not publicly available. Therefore, Deribit may add new Index Constituents, or remove Index Constituents, in accordance with its own proprietary criteria that are not known to Fig Investments and Deribit may change its methodology for calculating the Index at any time.

FIG INVESTMENTS DOES NOT HAVE ANY CONTRACTUAL RELATIONSHIP WITH DERIBIT RELATING TO THE PROVISION OF THE INDEX AND THEREFORE CANNOT BE ASSURED THAT DERIBIT WILL CONTINUE TO PROVIDE THE

INDEX THROUGHOUT THE TERM OF ANY NOTE, AND/OR CONTINUE TO CALCULATE THE INDEX USING THE SAME INDEX CONSTITUENTS AND WEIGHTING THROUGHOUT THE TERM. In the event that, during the Term, the Index specified in a Note Term Sheet ceases to be calculated or ceases to be a reliable pricing source in the reasonable opinion of the Calculation Agent (which is currently Fig Investments), the Index may be replaced by a Successor Index as described below under “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

Fig Investments does not trade crypto options or any other assets on Deribit for the Underlying Portfolios or for any other purpose. Fig Investments is under no obligation to, and does not, hold any interest in the Index, the Index Constituents or the crypto assets referenced in the Index.

Index prices are pulled from Deribit via API on an “as is” basis and Fig Investments does not, and is under no obligation to, confirm the accuracy of Index prices at any time and provides no warranty to Noteholders regarding the accuracy of such Index prices. Notwithstanding the foregoing, Fig Investments takes reasonable steps to compare Index prices to other reliable pricing sources for Crypto Assets from time to time to confirm that the Index remains an appropriate pricing source for relevant Notes.

FIG INVESTMENTS DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. FIG INVESTMENTS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. FIG INVESTMENTS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING, WITHOUT LIMITATION, FOR THE PURPOSE OF CALCULATING THE VARIABLE RETURNS OF THE NOTES. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL FIG INVESTMENTS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE.

DESCRIPTION OF THE NOTES

ISSUE

Fig Investments Structured Notes - Maturity Times within one calendar year from **[September 15]**, 2023 - Bitcoin or Ethereum Index Linked - Upside Capture. Fig Investments reserves the right to issue the Notes in an aggregate number and in an aggregate Principal Amount as Fig Investments may determine in its absolute discretion.

Fig Investments is the issuer of, and counterparty to, all Structured Notes.

DENOMINATION

The Notes will be issued at a price of \$10,000 each, subject to minimum purchase of \$20,000 (2 Notes).

PAYMENT CURRENCY

All amounts owing under the Notes will be payable in United States Dollars.

MATURITY AND REPAYMENT OF FIXED RETURN AMOUNT

Subject to the occurrence of a Market Disruption Event or Extraordinary Event, by no later than 4 PM GMT on the third Business Day following the Maturity Date, Noteholder will be paid the Fixed Return Amount, and no interest will be paid in respect of such delay. A Noteholder can expect a return of the Principal Amount only to the extent of the Fixed Return Amount.

COUPONS

The Noteholder does and will not pay any Coupon.

VARIABLE RETURN PAYMENT

Subject to the occurrence of a Market Disruption Event or Extraordinary Event, by no later than 4 PM GMT on the third Business Day following the Maturity Date, Noteholder will be paid the Variable Return, and no interest will be paid in respect of such delay.

No Variable Return will be payable unless the Final Index Level is greater than the Initial Participation Index Level. The Variable Return will not, in any case, be less than zero.

Noteholder may **not** elect to receive the Variable Return prior to the Maturity Time.

Upon the occurrence of a Market Disruption Event affecting the calculation of the Variable Return, the Variable Return, if any, will be paid on the third Business Day following the determination of the Index Return and no interest will be paid in respect of such delay.

Upon the occurrence of an Extraordinary Event, Fig Investments at its sole discretion may elect to determine an Accelerated Return on the full Fixed Return Amount prior to the Maturity Time in lieu of the Variable Return, in which case the Noteholder's right to receive the Variable Return will be extinguished. In these circumstances, payment of any unpaid Fixed Return Amount of the Note will not be accelerated and will remain due and payable as of the Maturity Time. The Accelerated Return may be nil. See "ADJUSTMENTS AND EXCEPTIONAL CIRCUMSTANCES".

VARIABLE RETURN CALCULATION

The Variable Return will be determined by the Calculation Agent on the days and in accordance with the formula and related definitions set out under "CALCULATION OF PAYMENTS UNDER THE NOTES", subject to any adjustment as specified under "ADJUSTMENTS AND EXCEPTIONAL CIRCUMSTANCES".

ADJUSTMENTS AND EXCEPTIONAL CIRCUMSTANCES

Index Adjustments

- 1) If, during the term of one or more Notes: (a) the Index ceases to be calculated; (b) the Index Constituents and/or methodology for Index calculation changes and, as a result of such change, the Index no longer provides an accurate composite benchmark price for BTC or ETH, as applicable, then the Calculation Agent will seek to identify a successor index that uses, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as had been used in the calculation of the Index (the "**Successor Index**"), and such Successor Index will be deemed to be the Index for the purposes of all Notes outstanding at the time of such change.
- 2) If, during the term of one or more Notes, the Index ceases to be calculated and the Calculation Agent is not able to identify an acceptable Successor Index, then in connection with its calculation of the Index Return, the Calculation Agent will determine all relevant values required for such calculation in accordance with the formula for and method of calculating the Index last in effect prior to such cessation, and the Calculation Agent will calculate the Final Index Level and the Index Return under the Notes.

Notwithstanding these alternative arrangements, cessation of the calculation and publication of the Index by Deribit may adversely affect the value of, and trading in, the Notes.

- 3) If, during the term of one or more Notes, the method of calculating the Index or a Successor Index is changed or modified in any material respect, or if the Index or a Successor Index is in any other way modified such that the Index or Successor Index does not, in the opinion of the Calculation Agent, fairly represent the level of the Index or such Successor Index had such changes or modifications not been made, then, for purposes of calculating any relevant value hereunder or making any other determinations as of or after such time, the Calculation Agent, acting diligently, in good faith and in a commercially reasonable manner, will make such calculations and adjustments as may be necessary in order to arrive at a market price for BTC or ETH,

as applicable, comparable to the Index or such Successor Index, as the case may be, as if such changes or modifications had not been made, and calculate all relevant values with reference to the Index or a Successor Index, as adjusted.

Each of the events described in 2) and 3) above constitutes a “**Material Index Change**”. Upon the occurrence of any Material Index Change and the making of any such adjustment, the Calculation Agent shall promptly give notice and brief details to Fig Investments and the Noteholders. If the Calculation Agent has elected not to calculate the Variable Return pursuant to the Index adjustments outlined above, the Calculation Agent may, in its sole discretion, deem the relevant Material Index Change to be an Extraordinary Event subject to the provisions of “Extraordinary Event” below.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of the Index has occurred or is continuing on a Final Valuation Date then the Variable Return will be calculated (and the applicable Final Index Level will be determined) on the basis that such Final Valuation Date will be postponed to the next Business Day on which there is no Market Disruption Event in effect in respect of the Index. However, if on the fifth Business Day following the date originally scheduled as a Final Valuation Date, such Final Valuation Date has not occurred, then despite the occurrence of any Market Disruption Event:

- 1) Such fifth Business Day shall be the Final Valuation Date in respect of the Index, and
- 2) The Final Index Level for the Index on such Final Valuation Date at the Final Valuation Time used in the calculation of the Variable Return will be a value equal to the estimate of the Calculation Agent for the level of the Index as at such Final Valuation Time reasonably taking into account all relevant market circumstances.

A Market Disruption Event may delay the determination of a Final Index Level at the Final Valuation Time and consequently the calculation of the Variable Return payable. Payment of the Variable Return, if any, is scheduled for the Maturity Time, but the Calculation Agent may delay such payment until no later than 4 PM GMT on the third Business Day following the determination of the Index Return and no interest will be paid in respect of such delay.

“**Market Disruption Event**” means, in respect of the Index, any event, circumstance or cause beyond the reasonable control of Fig Investments or any person that does not deal at arm’s length with Fig Investments which, in the determination of the Calculation Agent, has or will have a material adverse effect on the ability of Fig Investments or market participants generally to place, maintain or modify hedges of positions in respect of the Index.

A Market Disruption Event may include, without limitation, any of the following events:

- a) any suspension or limitation imposed on trading of the relevant Crypto Asset by one or more Index Constituents representing, in aggregate, 51% or more of the total value of the Index;
- b) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the relevant Crypto Asset, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Crypto Asset;
- c) the Final Index Level and the information necessary for determining the Final Index Level is impossible to calculate due to factors outside the control of Fig Investments or the Calculation Agent at the Final Valuation Time;
- d) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which would make it unlawful or impracticable for Fig Investments to perform its obligations under the Notes or for CTPs or Counterparties generally to place, maintain or modify hedges of positions in the relevant Crypto Asset and/or Crypto Options or other derivative contracts based on the relevant Crypto Asset;

- e) the taking of any action by any governmental, administrative, legislative or judicial authority or power of any country, or any political subdivision thereof, which has a material adverse effect on the Canadian or global market for the relevant Crypto Asset; or
- f) any occurrence of a natural or human-made disaster, armed conflict, act of terrorism, riot, labour disruption, global pandemic or any other circumstance beyond Fig Investments' control which has or would have a material adverse effect on the ability of Fig Investments to perform its obligations under the Notes or of Counterparties generally to place, maintain or modify hedges of positions with respect to the Index or a material and adverse effect on the economy of Canada, or the trading of the relevant Crypto Asset generally on reputable CTPs globally.

Extraordinary Event

If on any day (i) a Market Disruption Event in respect of the Index has continued for at least five consecutive Business Days, (ii) a Material Index Change has occurred and the Calculation Agent has elected not to calculate the Variable Return pursuant to the index adjustments outlined above under "Index Adjustments", or (iii) the Calculation Agent determines that there has been any change in regulation, taxation, regulatory or taxation practice or policy or administration, or there exists or has occurred any state of facts caused by circumstances not within the control of Fig Investments, including, without limitation, the failed performance of any third party hedge providers, as a result of which it would be illegal or financially disadvantageous, or disadvantageous from a regulatory or operational perspective, to, among others, Fig Investments or its affiliates and agents, to allow the Notes to remain outstanding on their original terms (each, an "**Extraordinary Event**"), then Fig Investments may in its sole discretion, upon providing notice to Noteholders on a Business Day on which such Extraordinary Event has occurred or is continuing (the "**Extraordinary Event Notification Date**"), elect to determine an amount in lieu of the Variable Return, by requiring the Calculation Agent to determine an amount per Note (the "**Accelerated Return**"), if any, equal to the present value of the Noteholder's right to receive the Variable Return. The Accelerated Return will be determined by the Calculation Agent, acting reasonably and in good faith, taking into consideration the value of the Index at such time, and any other relevant market circumstances, including but not limited to the performance of the Index since the Initial Valuation Date, volatility in the level of the Index, prevailing interest rates, and the time remaining to the maturity of the Notes.

If elected, payment of the Accelerated Return, if any, will be made by no later than 4 PM GMT on the fifth Business Day following the Extraordinary Event Notification Date. Upon determination of the Accelerated Return, if any, the Noteholder's right to receive any Variable Return as of the Maturity Time will be extinguished. In these circumstances, payment of any unpaid Fixed Return Amount per Note will not be accelerated and will remain due and payable as of the Maturity Time. The Accelerated Return may be nil.

For the avoidance of doubt, if Fig Investments elects not to determine an amount in lieu of the Variable Return by requiring the Calculation Agent to determine the Accelerated Return notwithstanding the occurrence or continuance of an Extraordinary Event, Noteholders will retain their right to receive the Variable Return, if any.

FORM AND REGISTRATION

Purchasers of beneficial interests in the Note will not be entitled to receive Notes in definitive form. Rather, the Notes will be represented by book-entry form only and viewable in the Noteholder's Fig Platform Account on the Fig Platform under "Portfolio". Fig Investments will keep or cause to be kept an electronic register in which will be recorded registrations and transfers of Notes. Such a register will be kept on data servers maintained by Fig Investments with a third party internet cloud service provider, and used to populate the "Portfolio" sections of Fig Platform Accounts on the Fig Platform.

Timestamped, electronic records of all Notes issued by Fig Investments will be maintained by Fig Investments and viewable by Noteholders in their Fig Platform Accounts on the Fig Platform. Upon request, Noteholders may export their Final Note Term Sheets and the related General Information Statement for each Note outside of the Fig Platform and save such documents electronically on their own devices or software storage systems and/or print out hard copies of such documents.

NO EARLY REDEMPTION

Noteholders will not have the right to redeem their Notes prior to the Maturity Time. Upon request by a Noteholder, Fig Investments may, in its sole discretion, permit an early redemption, subject to payment of the Early Trading Fee by the redeeming Noteholder.

PAYMENT

The Fixed Return Amount and any Variable Return payable under the Note on any due date will be made available by Fig Investments through Fig Platform. Payments will be made at the times described under “MATURITY AND REPAYMENT OF HEDGED PRINCIPAL AMOUNT” and “VARIABLE RETURN PAYMENT” above. Unless otherwise agreed with a Noteholder, payment of the Fixed Return Amount and any Variable Return will be made directly to the Noteholder’s account at a third party financial institution specified in payment instructions provided by the Noteholder using the Fig Platform. All Noteholders will provide such payment instructions to Fig Investments through the Fig Platform at the time of opening their Fig Platform Account or, in any event, prior to paying the Principal Amount for their Note. A Noteholder may update their payment instructions for amounts payable under their Notes at any time in their Fig Platform Account on the Fig Platform.

STATUS

The Notes will be issued on an unsubordinated basis and will constitute direct unconditional obligations of Fig Investments.

RESTRICTION ON LEVERAGE AND MARGIN

The Exemption Order provides that the Fig Platform will not permit an investor to use Notes to obtain leveraged exposure to Crypto Assets. Consequently, the structuring algorithm on the Fig Platform ensures that the Crypto Notional Exposure of each Note is limited to a maximum of 100% of the Principal Amount. The structuring algorithm on the Fig Platform will ensure that the Crypto Notional Exposure of each Note is limited to a maximum of 100% of its Principal Amount by imposing filters on search results at the time when the Indicative Note Term Sheet is generated, and implementing additional restrictions during the order fulfillment process.

Fig Investments will not offer margin to investors for the purpose of investing in Notes or for any other purpose.

LIMITATION ON INTEREST BY APPLICABLE LAW

Notes will be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. Canada has a Criminal Code which prohibits the receipt of “interest” at a “criminal rate” (namely, an effective annual rate of interest in excess of 60%). Accordingly, the provisions for the payment of any Variable Return or Accelerated Return in excess of the Fixed Return Amount of the Notes may not be enforceable if the provision provides for the payment of “interest” in excess of an effective annual rate of interest of 60%.

NOTIFICATION

If notice regarding the Notes is required to be given to Noteholders, such notice will be valid and effective if such notice is given; (1) electronically in the Noteholder’s Fig Platform Account on the Fig Platform; and (2) by email to the address specified by each Noteholder at the time of opening their Fig Platform Account, as updated by the Noteholder from time to time using the Fig Platform.

AMENDMENTS TO THE NOTES

The terms of the Notes may be amended by Fig Investments without the consent of the Noteholders if, in the reasonable opinion of Fig Investments, the amendment would not: (1) materially and adversely affect the interests of the Noteholders; or (2) breach any applicable law, including the Exemption Order.

NO SECONDARY MARKET

The Fixed Return Amount of the Notes and the Variable Return are only repayable at maturity. A Noteholder cannot elect to receive the Fixed Return Amount of the Notes or the Variable Return prior to the Maturity Time. The Notes will not be listed on any exchange or marketplace.

Fig Investments is under no obligation to source a secondary market for the Notes and does not intend, in normal market conditions, to do so. Fig Investments may source a secondary market for the Notes in its sole discretion and in compliance with applicable securities laws. Changes in laws and regulations may impact the ability of Fig Investments to source liquidity of any secondary market that may develop.

A Noteholder may be able to sell the Note to Fig Investments, in its sole discretion. A Noteholder who sells a Note to Fig Investments prior to the Maturity Time will receive sales proceeds (which may be less than the Fixed Return Amount of the Note and less than the Variable Return that would otherwise be payable if the Note was maturing at such time) equal to the bid price for the Note provided by Fig Investments, if available, determined at the time of sale, minus any applicable Early Trading Fee of 0.5% of Principal Amount. A Noteholder should consider consulting with his or her advisors concerning whether it would be more favourable to the Noteholder to sell the Note or hold the Note.

Any bid price for the Notes provided by Fig Investments will be determined by Fig Investments in its sole discretion and may be affected by a number of interrelated factors including, among others, the performance of the Index, volatility in the level of the Index, prevailing interest rates, the yields, if any, of the Crypto Assets comprising the Index, the time remaining to the Maturity Time, and whether there is demand for the Note from other existing or prospective clients of Fig Investments. In addition, any bid price of the Notes will reflect the recognition over time by Fig Investments of its estimated revenue from the Notes (which may or may not be realized), Fig Investments' cost of hedging the Notes and the amortization by Fig Investments of the costs incurred by Fig Investments in creating, distributing and issuing the Notes. The relationship among these factors is complex and may also be influenced by various political, economic, regulatory, and other factors that can affect any bid price of the Notes.

Any valuation price for the Notes appearing in the "Portfolio" section of a Noteholder's Fig Platform Account on Fig Platform will likely be before the deduction of any applicable Early Trading Fee and may be greater than the sales proceeds that a Noteholder may receive for his or her Notes from Fig Investments. Any bid price of the Notes during the period in which an Early Trading Fee is applicable will generally be reduced, at the time and in an approximately equivalent amount, that the Early Trading Fee is reduced.

UNDERLYING PORTFOLIO

Fig Investments hedges its payment obligations for each Note by investing in an Underlying Portfolio of traditional Fixed Income Securities and Crypto Options, as set out in the Note Term Sheet. Fig Investments will invest the proceeds of each Note in its Underlying Portfolio for the sole purpose of hedging its payment obligations under the Note. Fig Investments owns the Underlying Portfolio, and a Noteholder will not have any direct or indirect ownership interest in the Underlying Portfolio at any time.

CUSTODY OF FIXED INCOME SECURITIES

Fixed Income Securities are generally expected to be U.S. Treasury Bills. Fixed Income Securities are held in custody on behalf of Fig Investments by one or more Qualified Custodians. Fig Investments selects Qualified Custodians based on various factors, including but not limited to their expertise, financial stability, and reputation in the industry.

See "RISK FACTORS – Underlying Portfolio Custody Risk".

COUNTERPARTIES TO CRYPTO OPTIONS

Crypto Options are bilateral OTC contracts entered into between Fig Investments and a Counterparty selected by Fig Investments. Crypto Options are cash settled and do not provide Fig Investments or Noteholder with any right to take delivery, or obligation to make delivery, of BTC or ETH.

Fig Investments conducts initial and ongoing due diligence on each Counterparty. Fig Investments verifies, based on publicly available information and other information made available to it during its onboarding process with each Counterparty, that the Counterparty is in compliance with the laws of its home jurisdiction, is a “qualified party” as defined in Alberta Securities Commission Blanket Order 91-507 *Over-the-Counter Trades in Derivatives* and is not listed on any investor alert list maintained by a member of the Canadian Securities Administrators or any list of designated persons or designated entities maintained under Federal Provisions as defined in the Canadian Securities Administrators *Guide to Monthly Suppression of Terrorism and Canadian Sanctions Reporting*.

Crypto Options will be documented under an ISDA Master Agreement, schedule and confirmation entered into between Fig Investments and the Counterparty. Each of Fig Investments and the Counterparty will maintain an electronic copy of this documentation, which will constitute the custodial arrangements for the Crypto Options.

Counterparties to Crypto Options are generally located in foreign jurisdictions and may not be subject to registration or licensing requirements in their home jurisdiction.

See “RISK FACTORS – Underlying Portfolio Custody Risk and – Risks associated with Counterparties to Crypto Options”.

RELATED MATTERS

FIG INVESTMENTS

Fig Investments is a technology start-up based in Edmonton, Alberta with no operating history. Fig Investments is not registered as a dealer or adviser under securities laws or regulated under any financial services licensing regime under any jurisdiction. Fig Investments obtained the Exemption Order to permit it to offer Notes to a limited number of purchasers for the purpose of beta testing the Fig Platform (the “**Pilot Test**”). Under the Pilot Test, Fig Investments may offer Notes to a maximum of 60 investors, each of which will invest a minimum of \$20,000 and a maximum of \$100,000 in Notes and will comply with the eligibility requirements described below under “Plan of Distribution”.

If the Pilot Test is successful, Fig Investments intends to register as a dealer and adviser under securities laws in Canada and to offer, or continue to offer, Notes in jurisdictions outside of Canada in compliance with local law in such jurisdictions.

During the Pilot Test, Fig Investments is not qualified to, and will not, provide recommendations or advice to investors or determine whether an investment or trade in Structured Notes is suitable for investors.

CALCULATION AGENT

Fig Investments is the Calculation Agent of the Notes. Whenever the Calculation Agent is required to act, it will do so in good faith and in a commercially reasonable manner, and its determinations and calculations will be binding in the absence of manifest error. So long as Fig Investments and the Calculation Agent are the same person, the Calculation Agent may have economic interests adverse to those of the Noteholders, including with respect to certain determinations that the Calculation Agent must make in determining the amount of any Variable Return and in determining whether a Potential Adjustment Event or Market Disruption Event has occurred and in making certain other determinations with regard to the Index. The divergent economic interests between Fig Investments and Noteholders, may constitute a material conflict of interest (as described in NI 31-103) under applicable securities laws.

Nothing in the Notes shall create a fiduciary relationship between the Calculation Agent and the Noteholder and the Calculation Agent shall owe no fiduciary duties or obligations to the Noteholder in connection with the performance of its duties and/or exercise of its discretion pursuant to the Note. Notwithstanding the foregoing disclaimer of fiduciary relationship, Fig Investments will resolve all material conflicts of interest (as defined in NI 31-103) arising from its role as Calculation Agent in the best interest of the Noteholders.

PLAN OF DISTRIBUTION

Each Note will be issued at 100% of the Principal Amount thereof. The Notes will be offered from time to time by Fig Investments through Fig Platform to:

- (a) residents of Alberta and British Columbia that: (1) qualify as Accredited Investors; and (2) represent to Fig Investments that the total Principal Amount of all Notes held by such investor represents 10% or less of the Net Financial Assets of such investor; and
- (b) high net worth and institutional investors in jurisdictions outside of Canada, provided that Fig Investments has taken reasonable steps to confirm that all offerings of Notes outside of Canada comply with local laws in the jurisdictions of such investors.

Fig Investments will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part.

The Notes may not be offered or sold in any jurisdiction outside of Canada where such offering or sale is restricted by law or by policies of either Fig Investments or its affiliates. Fig Investments require persons into whose possession this General Information Statement comes to inform themselves of and observe any and all such restrictions. More particularly, the Notes have not been, and will not be, registered with the U.S. Securities and Exchange Commission and are being offered or sold in the United States under an exemption from registration.

SUBSCRIPTION PROCESS

To purchase a Note, an investor must open a Fig Platform Account. Fig Investments' account onboarding process ensures that all investors comply with the eligibility criteria described under "Plan of Distribution".

Investors can set their investment parameters by selecting from choices presented on the Filer's Platform, including: Crypto Asset (BTC or ETH), Index, direction of price (up or down), time horizon (duration), minimum and/or maximum price for the Crypto Asset during the Term, Principal Amount and Fixed Return Percentage. The Fig Platform applies an algorithm to determine the optimal Underlying Portfolio, without permitting the Note to offer leveraged exposure to Crypto Assets.

The Fig Platform generates an Indicative Note Term Sheet which sets out the following information: maturity date, underlying Crypto Asset (BTC or ETH), return on investment ("ROI") range, annual percentage yield ("APY") range, Principal Amount, Fixed Return Percentage, Participation Rate, Initial Participation Index Level, Maximum Participation Index Level, Product Origination Fee and indicative prices for Crypto Options. An investor can accept the Indicative Note Term Sheet by confirming their purchase on the Fig Platform and transferring the purchase price (Principal Amount plus Product Origination Fee) to the Fig Platform.

Each Note will be subject to fulfillment by Fig Investments on a best-efforts basis within 30 minutes of confirmation by the investor during Canadian business hours. During this time, Fig Investments will attempt to fulfill the order for the Crypto Options and Fixed Income Securities in the Underlying Portfolio. If Fig Investments finds that the prices for Crypto Options have moved against the investor, Fig Investments will mark the order as "Unfulfilled" on the Filer's Platform. Fig Investments will then notify the investor that their order was unfulfilled due to changing market conditions and the investor will be refunded the Principal Amount and Product Origination Fee. If Crypto Option prices are favourable (equal or better than the Underlying Portfolio which was detailed in the Indicative Note Term Sheet at the time of the investor's order), Fig Investments will fulfill the order. Prior to fulfillment, the investor may cancel the order until the order status is "Locked", which appears on the Fig Platform when the order is fulfilled. When the order is Locked, the investor receives the Final Note Term Sheet, which displays the same information as the Indicative Note Term Sheet, with the final prices for Crypto Options.

Noteholders can find their Final Note Term Sheet in the "Portfolio" section of their Fig Platform Account, and can request a copy by email to support@fig.investments.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This General Information Statement is a summary of a general nature only and is not intended to be, nor should it be relied upon as, legal or tax advice to any Noteholder. Noteholders should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Notes, based on their particular circumstances. Noteholders should consult their tax advisors as to whether they will

hold the Notes as capital property for purposes of the *Income Tax Act* (Canada), which determination should take into account, among other factors, whether the Notes are acquired with the intention or secondary intention of selling them prior to the Maturity Time, and as to whether the Noteholder is eligible for and should file an irrevocable election under subsection 39(4) of the *Income Tax Act* (Canada) to treat every “Canadian security” owned by the Noteholder, including the Notes, as capital property.

RISK FACTORS

The Notes provide opportunities but may pose risks. You should carefully consider the risks involved in purchasing Notes before reaching a decision and you should discuss with your advisors the suitability of purchasing Notes in light of your particular investment objectives and after reviewing all available information, including the following:

SUITABILITY OF THE NOTES FOR INVESTMENT

A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of investment objectives and the information set out in this General Information Statement. An investment in the Notes is suitable only for investors prepared to assume risks with respect to a return linked to the performance of the Index. The Notes are designed for investors who are prepared to hold the Notes to maturity. An investment in the Notes is not suitable for an investor looking for a guaranteed return.

Fig Investments is not registered as a dealer or adviser under securities laws and therefore is not authorized to make a recommendation as to the suitability of the Notes for your investment purposes. Under the terms of the Exemption Order, Fig Investments must confirm that you are eligible to purchase the Notes by confirming that: (1) you are an Accredited Investor; and (2) the aggregate Principal Amount of all Notes purchased by you represents less than 10% of your Net Financial Assets. See “RELATED MATTERS – Fig Investments”.

Neither the Alberta Securities Commission nor the British Columbia Securities Commission are monitoring or overseeing the Fig Platform or the assets purchased in or for the Underlying Portfolios.

NOTES DIFFER FROM CONVENTIONAL INVESTMENTS

The Notes are not conventional notes or debt instruments in that they have an uncertain yield. Noteholders will not be able to determine the amount of the Variable Return, if any, that they will receive on the Notes prior to the Final Valuation Date.

LIMITED UPSIDE PARTICIPATION BY THE NOTES

The return on the Notes is limited. Even if Final Index Level exceeds Maximum Participation Index Level before or at the Maturity Time, the Final Index Level used to calculate the Note’s Variable Return is capped at the Maximum Participation Index Level as illustrated in the calculation of Variable Return in “CALCULATION OF PAYMENTS UNDER THE NOTES”. This means that the Note’s Variable Return is capped at a maximum amount.

THE VARIABLE RETURN MAY NOT BE PAYABLE

The amount, if any, of the Variable Return payable on the Notes is uncertain in that the Notes could produce no Variable Return at all. The amount of Variable Return payable under the Notes is linked to the price performance of the Index and the Participation Rate. The level of the Index has experienced significant movements in the past and it is impossible to know the future direction. The Note will not yield any return unless the Final Index Level is greater than the Initial Participation Index Level. See “CALCULATION OF PAYMENTS UNDER THE NOTES”.

AN INVESTMENT IN THE NOTES IS NOT AN INVESTMENT IN CRYPTO ASSETS

The Notes are not equivalent to a direct investment in BTC or ETH. Noteholders will not be entitled to the rights and benefits of holding an underlying Crypto Asset, including any right to participate in voting or staking of such Crypto Assets or to receive any Airdrop or Fork Asset that owning the Crypto Assets may bestow. The Notes are subject to different risks than a direct investment in Crypto Assets

any return payable under the Notes will not be identical to the return associated with the Crypto Assets comprising the Index. The performance of the Index will be measured on a price return basis and will not take into account any staking rewards or Airdrops or Fork Assets to which holders of the Crypto Assets comprising the Index may be entitled.

NO SECONDARY MARKET

The Fixed Return Amount of the Notes is only repayable at maturity. The Notes will not be listed on any exchange or other marketplace, and no secondary market is expected to develop. While Fig Investments may agree, in its sole direction, to purchase your Note prior to the Maturity Time, such purchase may be subject to an Early Trading Fee of up to 0.50% of Principal Amount per Note. See “FEES AND EXPENSES”. Consequently, you may have to sell your Notes at a substantial discount from the original Principal Amount and you may as a result suffer a substantial loss. The Notes are generally not suitable for an investor who requires liquidity prior to the Maturity Time. A Noteholder should consider consulting with his or her advisors concerning whether it would be more favourable to the Noteholder to sell the Note or hold the Note. See “NO SECONDARY MARKET”.

MARKET DISRUPTION EVENT MAY DELAY PAYMENT OF THE VARIABLE RETURN

If a Market Disruption Event occurs or is continuing at the Final Valuation Time, the determination of the Index Return (and any subsequent payment of the Variable Return) may be delayed. Fluctuations in the level of the Index may occur in the interim. See “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

EXTRAORDINARY EVENT MAY FORCE EARLY RECEIPT OF A RETURN

An Extraordinary Event may result in the determination of an Accelerated Return, if any, on the Fixed Return Amount of each Note in lieu of the Variable Return. In that event, a Noteholder’s right to receive any Variable Return will be extinguished and payment of any unpaid Fixed Return Amount per Note will not be accelerated and will remain due and payable as of the Maturity Time. The Accelerated Return may be zero. See “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

CALCULATION AGENT MAY MAKE ADJUSTMENTS

Upon the occurrence of certain events, such as the cessation of the calculation of the Index or a change in the Index Constituents and/or methodology for Index calculation which results in the Index no longer providing an accurate composite benchmark price for BTC or ETH, the Calculation Agent may make certain calculations and adjustments in respect of the Index. See “DESCRIPTION OF THE NOTES – Adjustments and Exceptional Circumstances”.

NOTES ARE NOT CDIC INSURED

The Notes do not constitute deposits insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon insolvency of the deposit-taking institution.

FIG INVESTMENTS IS NOT A FINANCIAL INSTITUTION

The Notes are not issued by a bank or regulated financial institution and are, therefore, significantly different from, and riskier than, principal protected notes (“PPNs”) offered by banks and other regulated financial institutions.

FIG INVESTMENTS IS NOT A REGISTERED DEALER AND HAS NO OPERATING HISTORY

Fig Investments is a technology start-up and is not currently registered under securities laws. Although the principals of Fig Investments have experience in the traditional financial markets and in the technology sector, Fig Investments has no experience operating the Fig Platform or otherwise offering financial services. Fig Investments is not a member of the Canadian Investment Regulatory Organization or Canadian Investor Protection Fund. Because Fig Investments is not registered under securities laws, investors in Notes will not have access to the dispute resolution services of the Ombudsman for Banking Services and Investments and in the event of alleged negligence or malfeasance by Fig Investments, a Noteholder will only have a legal right of action against Fig Investments.

During the Pilot Test, Fig Investments is not qualified to, and will not, provide recommendations or advice to investors or determine whether an investment or trade in Structured Notes is suitable for investors.

Neither the Fig Platform Accounts nor the Crypto Options in the custody of Fig Investments are insured by the Canadian Investor Protection Fund.

See “RELATED MATTERS – Fig Investments”.

NOTES ARE SUBJECT TO THE CREDIT RISK OF FIG INVESTMENTS

Fig Investments is the issuer of, and counterparty to, all Structured Notes. The obligation to make payments under the Notes is an obligation of Fig Investments. The likelihood that Noteholders will receive payments owing to them under the Notes will depend on the financial health and creditworthiness of the Fig Investments. During the Pilot Phase of the Fig Platform, the aggregate Principal Amounts of all Structured Notes outstanding may not exceed \$2.5 million.

Prospective purchasers should consider, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on Fig Investments’ business, financial condition or results of operations. Fig Investments is not rated by any credit rating agencies from any jurisdiction.

UNDERLYING PORTFOLIO CUSTODY RISK

Fig Investments is the issuer of, and counterparty to, each Note and the owner of the Underlying Portfolio. Noteholders are indirectly exposed to custody risk associated with the Underlying Portfolio, because Fig Investments’ ability to satisfy its payment obligations at the Maturity Time will depend on its ability to liquidate the Underlying Portfolio and pay the proceeds to the Noteholder.

The Fixed Income Securities in the Underlying Portfolio will be held with one or more Qualified Custodians. Although each Qualified Custodian will be regulated as an investment dealer, bank or trust company under the laws of its home jurisdiction, there is a risk that a Qualified Custodian may become bankrupt and Fig Investments may not have access to the Fixed Income Securities in the Underlying Portfolio for a Note and may therefore be unable to satisfy its obligation to repay the Fixed Return Amount at the Maturity Time.

Crypto Options are bilateral OTC contracts entered into between Fig Investments and a Counterparty selected by Fig Investments. Crypto Options are cash settled and do not provide Fig Investments or the Noteholder with any right to take delivery, or obligation to make delivery, of BTC or ETH. Each of Fig Investments and the Counterparty will maintain an electronic copy of the OTC documentation, which will constitute the custodial arrangements for the Crypto Options. In the event that a Counterparty goes bankrupt or otherwise defaults in its payment obligations under a Crypto Option, Fig Investments may have difficulty satisfying its related obligation to pay a Variable Return under the relevant Note. See “Risks Associated with Counterparties to Crypto Options”.

INHERENT RISKS ASSOCIATED WITH OPTIONS

Fig Investments hedges its obligation to pay the Variable Return by investing a portion of the Principal Amount in Crypto Options. Specifically, for each Underlying Portfolio, Fig Investments purchases and sells call options. A call option is an agreement that gives the buyer the right, but not the obligation, to buy an underlying instrument (in this case, a Crypto Asset) within a certain time period, at a specified price.

A call option is not a direct investment in the underlying Crypto Asset. Call options traded by Fig Investments are subject to counterparty risk, which is the risk that the Counterparty will not fulfill its contractual obligation. Counterparty risk for OTC options is generally higher than that for options traded on an exchange or through a clearing house. A risk of Fig Investments’ use of options is that the fluctuations in their values may not correlate perfectly with the value of the underlying Crypto Asset. The possible lack of a liquid secondary market for OTC options and the resulting inability of Fig Investments to sell or otherwise close options positions could expose Fig Investments to losses and could make it difficult for Fig Investments to fulfil its obligations to pay Variable Return on the relevant Note.

Fig Investments could also suffer losses related to its Crypto Options positions as a result of unanticipated market movements, which losses are potentially unlimited. Fig Investments seeks to minimize potential losses by ensuring its net position in Crypto Options is long only. However, there is no guarantee that these measures will achieve this objective, and Fig Investments may suffer losses related to its Crypto Options positions.

The impact of Canadian and global regulation of derivatives generally and derivatives on Crypto Assets in particular, may make Crypto Options more costly, may limit the availability of Crypto Options, may delay or restrict the exercise by Fig Investments of termination rights or remedies upon a Counterparty default (which could result in losses), or may otherwise adversely affect the value or performance of the Crypto Options. In addition, the Fig Investments' use of options may expose Fig Investments to risks related to potential operational issues, such as documentation and settlement issues, systems failures, inadequate controls and human error. Options may also involve legal risks, including insufficient documentation, insufficient capacity or authority of a Counterparty, and legality and enforceability of a contract.

RISKS ASSOCIATED WITH COUNTERPARTIES TO CRYPTO OPTIONS

OTC Counterparties are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes Fig Investments to the risk that a Counterparty will not settle a Crypto Option in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a loss to Fig Investments. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Fig Investments has concentrated its transactions with a single or small group of Counterparties. Fig Investments is not restricted from dealing with any particular Counterparty or from concentrating any or all of its transactions with one Counterparty.

Counterparties to Crypto Options are generally located in foreign jurisdictions and may not be subject to registration or licensing requirements in their home jurisdiction. If the Counterparty to a Crypto Option becomes bankrupt and defaults on its obligation to pay Fig Investments upon maturity of the Note, the Principal Amount other than the Fixed Return Amount may be at risk.

In circumstances where a Counterparty defaults in its payment obligations under a Crypto Option, Fig Investments will continue to be liable for payment of the Variable Return on the relevant Note. If Fig Investments cannot satisfy its obligation to pay the Variable Return on the Note, the Noteholder will have a right of action for breach of contract against Fig Investments.

POTENTIAL CONFLICTS OF INTEREST MAY EXIST IN CONNECTION WITH THE NOTES

Fig Investments is the issuer of the Notes and the Calculation Agent. From each issuance of Notes, Fig Investments earns the product origination fee and earns the spread on Crypto Options described under "FEES AND EXPENSES". As the Calculation Agent, Fig Investments may have to exercise judgment and discretion from time to time to make certain calculations, adjustments and determinations in relation to the Notes, as described under "RELATED MATTERS – Calculation Agent". Fig Investments may buy Notes prior to maturity for a price determined by Fig Investments in its sole discretion.

THERE MAY BE CHANGES IN LEGISLATION, REGULATORY OR ADMINISTRATIVE PRACTICES THAT ADVERSELY AFFECT THE NOTEHOLDERS

There can be no assurance that income tax, securities and other laws or the administrative practices of any government agency (such as the Canada Revenue Agency) will not be amended or changed in a manner which adversely affects Noteholders.

NOTES ARE SUBJECT TO GENERAL INVESTMENT RISK FACTORS

The value of all investments, including Crypto Assets, is affected by changes in general market conditions. These changes may be caused by various factors, including corporate developments, changes in interest rates, changes in the level of inflation, and other political and economic developments. These changes can affect the price of securities, commodities, Crypto Assets, and instruments which can move up or down, without any predictability. Because the Variable Return on the Notes is linked to the price performance of Crypto Assets, Adverse price movements of Crypto Assets may adversely affect the value of the Notes. Markets are subject to temporary distortions or

other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators, and government regulation and intervention. These circumstances could adversely affect the market price of the relevant futures and forward contracts, options, securities, swaps or other instruments and, therefore, the value of the Notes. Market prices of the Crypto Assets may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; trade; fiscal, monetary and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; weather; technological developments and changes in interest rates as well as the rapidly changing regulatory environment. In addition, recently, the coronavirus infection has caused volatility in the global financial markets and threatened a slowdown in the global economy. These and other factors may affect the value of the Notes in varying ways causing the value of the Crypto Assets, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates. Potential Noteholders should undertake an independent investigation of the Crypto Asset underlying their Note (BTC or ETH) to allow them to make an informed decision with respect to an investment in the Notes.

NOTES ARE SUBJECT TO SPECIFIC RISK FACTORS RELATING TO CRYPTO ASSETS (BTC AND ETH)

Speculative and Volatile Nature of Crypto Assets

The prices of Crypto Assets are subject to significant volatility. The Crypto Asset markets are sensitive to new developments, and any significant changes in market sentiment (by way of sensationalism in the media, business collapses in the crypto asset sector, or otherwise) can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the value of the Notes.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the public, accounts for anticipated future appreciation in value. Momentum pricing of Crypto Assets has resulted, and may continue to result, in speculation regarding future appreciation in the value of Crypto Assets, inflating such values and making them more volatile. As a result, Crypto Assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation, which could adversely affect the value of the Notes.

Speculative and Volatile Nature of Blockchain Technology

The participation and investment in blockchain technology (including the Bitcoin Network and the Ethereum Network) and Crypto Assets are speculative activities as these are relatively new sectors involving a high degree of financial risk. The price and value of blockchain technologies and Crypto Assets have historically been subject to dramatic fluctuations and are highly volatile. If industry participants and prospective participants determine that the Bitcoin Network or the Ethereum Network is not an effective protocol, due to security risks or other shortcomings, or if another technology emerges which is superior to BTC or ETH, then it is highly likely that the value of Notes linked to the performance of BTC or ETH, respectively, will fall materially.

Underlying Value Risk

Crypto Assets are new forms of digital value that are not tied to any direct physical world assets or backing. The value of Crypto Assets is generally speculative and based on the assumption that the relevant blockchain ledger (e.g. Bitcoin or Ethereum) will act as the dominant global distributed ledger for various assets and activities. Should there be a lack of interest or ability to use public blockchain ledgers for physical world use-cases, it is likely the value of Crypto Assets will decline. Just as oil is priced by the supply and demand of global markets, as a function of its utility to, for instance, power machines and create plastics, so too are Crypto Assets priced by the supply and demand of global markets for its utility as the gas necessary to confirm transactions on the relevant blockchain ledger.

Regulation of Blockchain & Digital Assets

The regulatory and legal regimes governing blockchain technologies and Crypto Assets across the globe are uncertain and evolving, and new regulations, protocols or policies, including a change of laws, potential bans or restrictions on the trading of digital assets, may impact the demand for Crypto Assets and adversely affect the value of the Notes.

As Crypto Assets have grown in popularity and in market size, governments, regulators and self-regulators (including law enforcement and national security agencies) around the world are examining the operations of crypto asset issuers, customers and platforms. To the extent that any Canadian or other government or quasi-governmental agency imposes additional substantial regulation on any part of the Crypto Asset industry in general, the issuance of Crypto Asset, and trading and ownership of and transactions involving the purchase and sale or pledge of Crypto Assets, the value of the Notes could be adversely affected,

The legal status of Crypto Assets varies substantially from jurisdiction to jurisdiction and is still undefined and changing in many of them. Likewise, various government agencies, departments, and courts have classified and continue to classify Crypto Assets differently. For example, regulatory agencies could shut down or restrict the operation of CTPs, using digital assets or blockchain-based technologies, providing certain services with respect to the foregoing, or otherwise limit the use of Crypto Asset. This, and any other changes in laws, regulations, policies and practices, could negatively impact the value of the Notes. Furthermore, various jurisdictions may, in the near future, adopt laws, regulations or directives that affect Crypto Assets, the related markets and CTPs and the ability to use, trade and hold Crypto Asset. Such laws, regulations or directives may conflict with one another and may negatively affect the acceptance of Crypto Asset by customers, merchants and service providers and may therefore impede the growth or sustainability of the Crypto Asset economy in Canada, the United States or other locations and globally, or otherwise negatively affect the value of Crypto Assets.

Uncertainty Regarding the Growth of Blockchain Technologies

The further development and use of blockchain technologies and Crypto Assets are subject to a variety of factors that are difficult to evaluate and predict. The slowing of or stopping of the development or acceptance of blockchain networks, specifically the Bitcoin Network and/or the Ethereum network, and their native Crypto Assets would have a material adverse effect on the Company. Furthermore, blockchain technologies may never be implemented to a scale that provides identifiable economic benefit holders of Crypto Assets.

Crypto Assets have a limited history. Due to this short history, it is not clear how all elements of Crypto Assets will unfold over time, specifically with regard to governance between miners, stakers, developers and users, as well as the long-term security models for blockchain networks. The history of open source software development would indicate that vibrant communities are able to change the software under development at a pace sufficient to stay relevant. The continuation of such vibrant communities is not guaranteed, and insufficient software development or any other unforeseen challenges could have an adverse impact on the value of the Crypto Assets and the Notes.

Potential Decrease in Global Demand for Crypto Assets

As a cryptocurrency, BTC and ETH are each intended to be used as a means of exchange, store of value, and unit of account. Many people using BTC and ETH as money-over-internet-protocol do so with it as an international means of exchange. Speculators and investors using BTC and ETH as a store of value then layer on top of means of exchange users, creating further demand. If consumers stop using Crypto Assets as a means of exchange, or their adoption therein slows, then Crypto Asset prices may suffer, adversely affecting the value of the Notes.

There is no assurance that Crypto Assets will maintain long-term value in terms of purchasing power in the future or that the acceptance of Crypto Assets for payments by mainstream retail merchants and commercial businesses will continue to grow. As relatively new products and technologies, Crypto Assets have yet to become widely accepted as a means of payment or as a technology layer for activities outside of crypto native blockchain activities.

Financial Institutions may refuse to Support Transactions involving Crypto Assets

In the uncertain regulatory climate for Crypto Assets, regulated financial institutions may cease to support transactions involving Crypto Assets, including the receipt of cash proceeds from sales of Crypto Assets. Should this occur, the value of Crypto Assets, and consequently the value of the Notes, could be materially adversely affected.