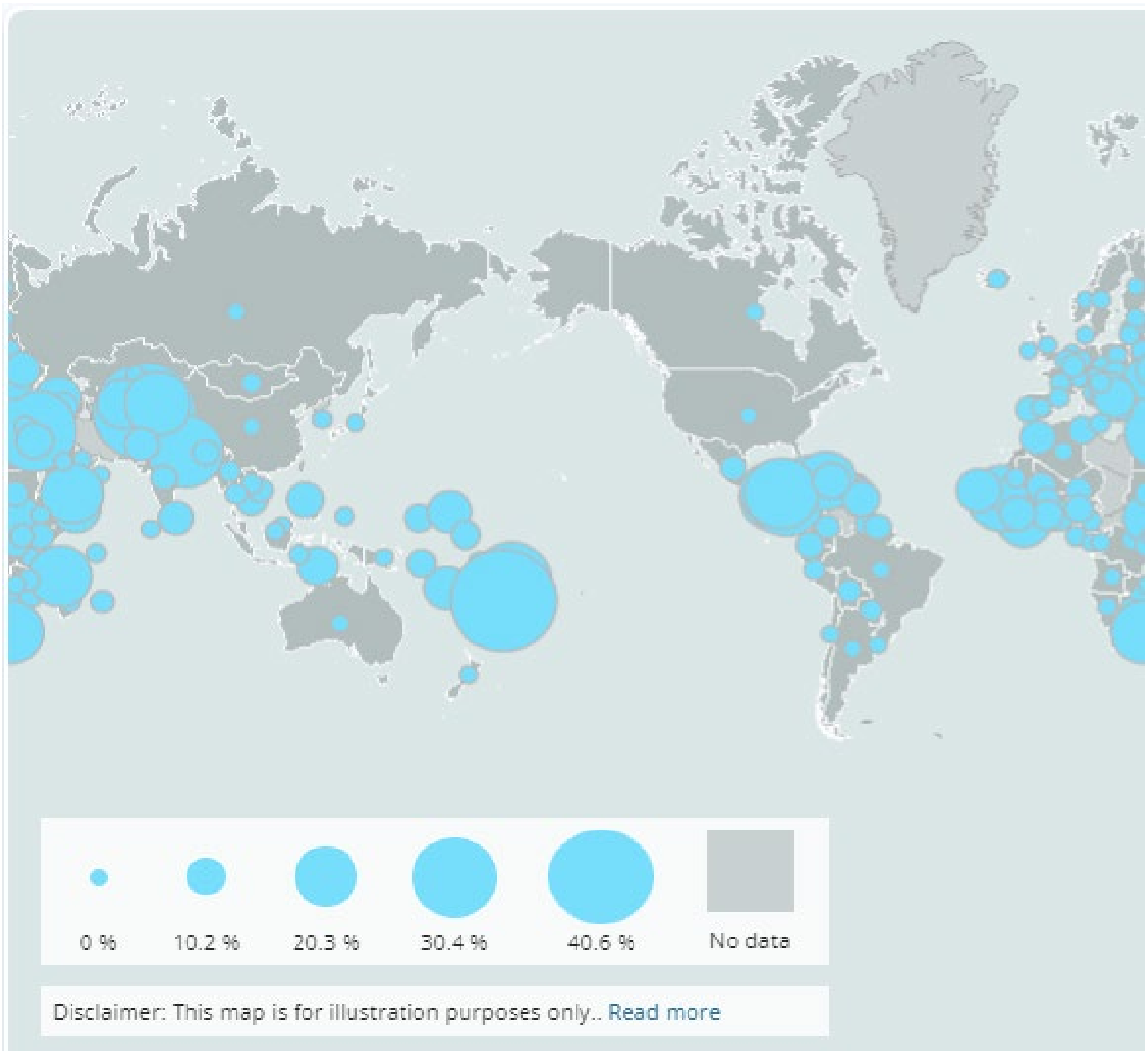
GSCX: REMITTANCE-BACKED INTERNATIONAL TRADE MULTILATTERAL TRADE FACILITY (MTF)



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Executive Summary

Objective: RACS International's Tradetech/Fintech/Insurtech venture (hereafter RACS, standing for Risk-averse Capital Stewardship) aims to launch a Remittance-backed Digital Exchange,[1] **GSCX –** a Multi-lateral Trading Facility **(MTF)**, to help **close the $2.5T trade finance gap** with Low- and Medium-Income Countries **(LMIC)**, while **semi-automating** the entire international trade cycle and **de-risking** it from **currency**, including **currency convertibility**, and **logistics risk-factors**, as a step toward the establishment of the next phase **Global Supply Chain Exchange.**

This MTF is to be licensed under the auspices of the **UAE's AGDM RegLab** startup **"sandbox,"** as part of the **Project Shield**, **UAE-Bermuda Regulatory Bridge**, and with a **Bermuda Class IGB Captive** wrapping the Bermuda **Class M Clearinghouse**[2] for capital efficiency and risk management, to graduate to permanent Classes IIBG and F, respectively, in due time.

In addition, GSCX's onboarding, matching, logistics, settlement, and back-office workflows are to be integrated into an all-encompassing blockchain wrap within the **UAE-Bermuda MLETR Corridor**.

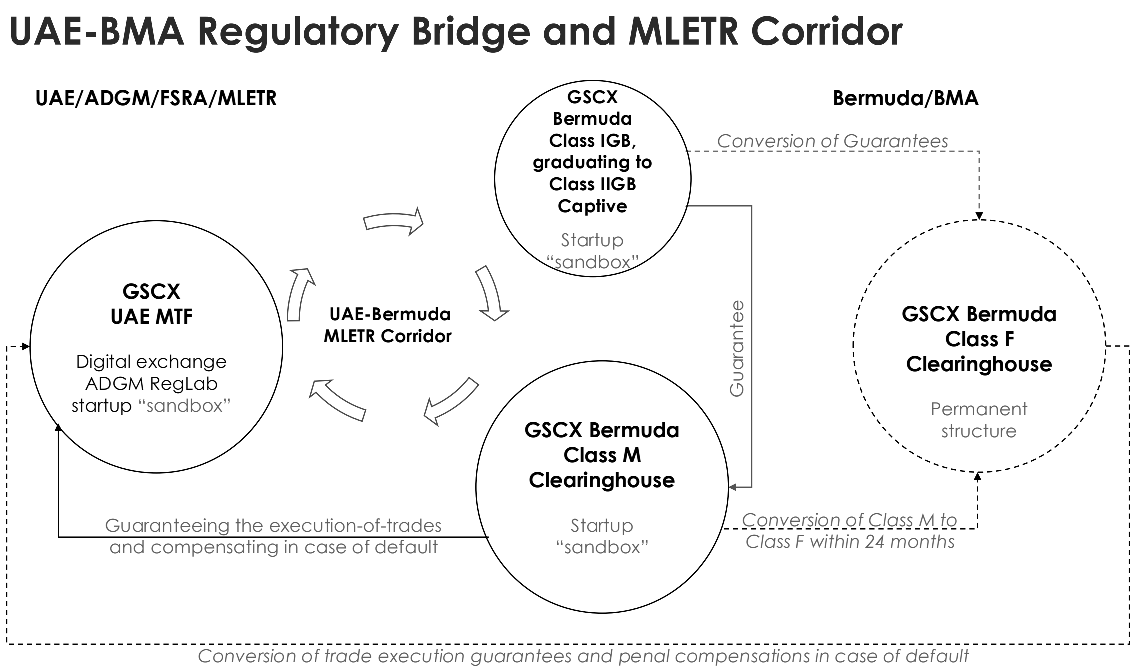

Fig. 1 GSCX's tri-level structural and regulatory setup

The Fig. 1structure above turns GSCX into a nearly **turnkey structural and regulatory construct** with a high potential for becoming an **institutional-grade infrastructure and platform.**

GSCX's technology rises on a blockchain- and Web4-based, and AI-enabled integrated foundation, all of which is owned by GSXC team members and affiliates.

It is designed for an integrated **Goods/Currency/Freight/Insurance MTF**, currently developed at a prototypical level, longing for legal and regulatory approval, and is construed to:

(i) **Match** GSCX member **HIC** exporters (HIC – High-income Country), **LMIC** importers (LMIC – Low- and Medium-income Country), HIC Remittance Aggregators/Transmitters, carriers and insurance companies, and possibly others, as participants of a basic UAE MTF transaction;

(ii) **Swap, take under custody and net** importers' non-readily convertible currency

[1] The venture is RACS's scaled-up response to an appeal for help from an African manufacturer. The problem transcends beyond Africa and is prevalent in Asian, Latin American and Caribbean LMIC countries.

[2] The Bermuda Class IIGB Captive and Class M Clearinghouse represent another startup "sandbox."

deposits/collaterals with $/€/£, or other international currency deposits/collaterals[3] at the UAE MTF, and take custody of both collaterals, by leveraging the, aiming at LMIC, estimated £500B[4] worldwide annual private remittances market;

(iii) **Clear and guarantee** the MTF transactions through GSCX's Bermuda Clearinghouse, guaranteeing the execution of all trades or orchestrating the payment of the appropriate Penal Amounts in case of default – all of this under MLETR, the UAE-advanced digitized corridor;

(iv) **Offer investment-grade infrastructure and platform** (IaaS and PaaS) extended to grandfathered**,** such as Western Union and MoneyGram, or newly incubated GSCX-member Remittance Aggregators/Transmitters, to promote improved worldwide remittance sourcing and aggregation, and transmission from **HIC residents** to their designated **LMIC residents**, by offering them cost-reducing **shared payment rails** through GSCX's payment gateway.

(v) **Extend International Banking as a Service** (BaaS) white-label front-end dropped-down platform from GSCX Clearinghouse to LMIC banks, with virtual back-end integration and **account settlement** support**.**

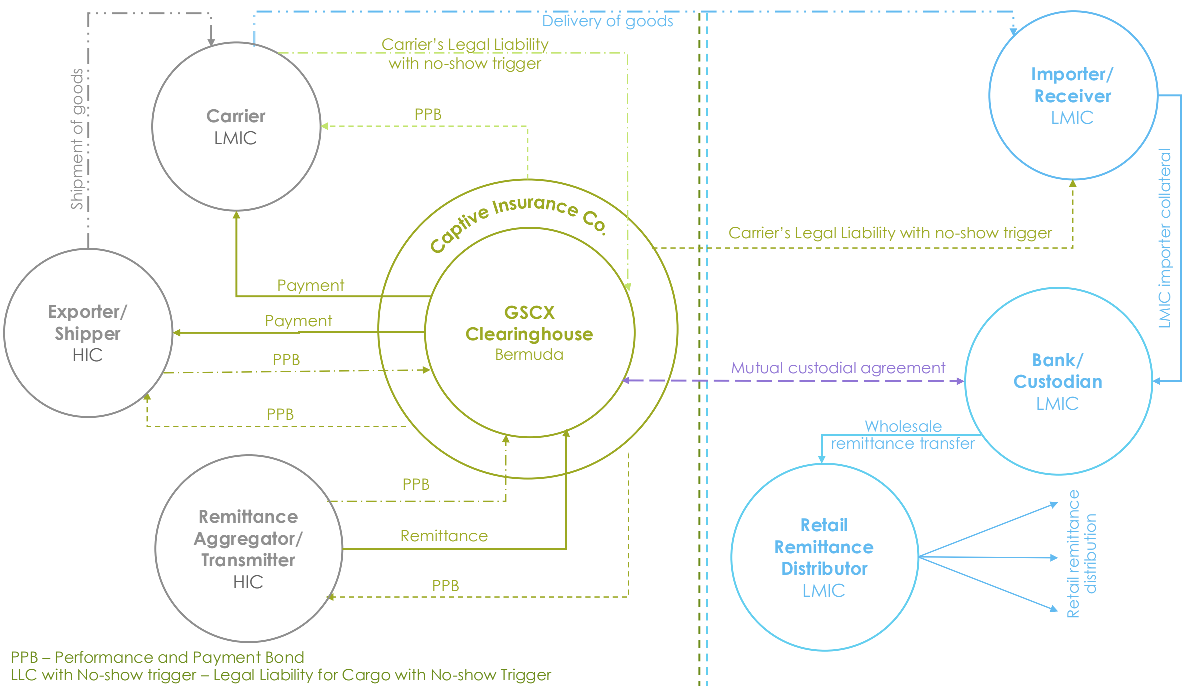

Fig. 2 GSCX MLETR Corridor with Captive's back-to-back insurance capitalization

Problem and Solution: In this phase of its development and implementation, GSCX strives offer a **tokenized, integrated, structured trade finance, and integrated logistics and insurance orchestration vehicle**, with an embedded and over-encompassing **blockchain-induced immutable data**, to alleviate the severe international trade problems, especially experienced by LMIC small and medium-sized enterprises (SMEs), in most of the African and Middle Eastern, South and Southeastern Asian, Latin American and the Caribbean countries. These problems are caused by the international currency shortages in these countries' banking systems, caused in turn by misaligned **Balance of Payments** (BoP), and legal, regulatory, and technological barriers yielding non-readily convertibility of their respective currencies.

As part of its solution, GSCX Clearinghouse takes **custody** of **LMIC importer** non-internationalized currency collaterals, **swaps**, and **nets** them into international ones by utilizing the private remittances flowing into these countries, also **taking them under its custody,** placing them in an **investment-grade,** A- or better-rated, **credit-enhanced custodial vehicle** behind the swap and

[3] In contrast to conventional commodity exchanges, where the core transaction is between two parties – buyers and sellers – GSCX's basic transaction represents a trade between at least four parties, and can be for a non-commoditized merchandise, with two currencies, one of which – no-readily convertible.

[4] Industry experts believe that the actual size of this market is two-three times larger if to consider also the non-reported transactions.

netting, and orchestrating the MTF trade order flow by means of its algorithmic **Matching Engine and FX Plant**, and **Clearinghouse**.

GSCX's swapping and netting mechanism leads to the **currency de-risking** of the trade cycle with LMIC importers and improves their bankability. At the same time, it helps the HIC exporters, international investors, and international lenders participate in LMIC markets[5] with better risk management confidence, as it is not straightforward in these countries to extract payment for goods, periodic loan payments, or repatriate dividends and capital gains.

With the underlying blockchain-based **immutable data**, and managing the entire trade cycle in a closed ecosystem, as part of its value proposition and starting from the vetted-onboarding of the MTF members, GSCX also improves the integrity and security of operations, including its KYC awareness, and the management of Cybersecurity, Financial Fraud, and Crimes risks, and among these, AML/CFT and Screening.

Market size and share: The World Bank-estimated annual £500B LMIC reported private remittance market size establishes a benchmark for understanding GSCX's potential revenue streams.

Although RACS will compete for much larger than 1% market share, still, assuming only this little share in the private remittances flow through GSCX, and utilizing it to support the international trade-triggered reverse currency flow, where each remittance dollar generates a conservative 4% revenue from the netted round trip flows[6], almost £200M annual revenue will be generated from GSCX's currency swapping service alone. Just from utilizing 1% LMIC remittance market share and adding agency, logistics, and insurance policy intermediation commissions, along with International Banking as a Service, the GSCX revenue is estimated to surpass £300M.

Turning the Captive Insurance Company into a profit center would be another source of recurring remittances.

Parallel to rapidly increasing its market share in the LMIC private remittance market, GSCX will strive to capture it also in the corporate and not-for-profit remittance flows, which will magnify its revenue and profitability. At this stage, GSCX will strive to capture market share also in international trade between HIC, where the problems are not as acute as with LMIC, however efficiencies still can be introduced and monetized.

Expansion: The methodology transcends international trade and, in the MTF's next, Series B, phase, will lead to the creation of an institutional-grade Global Supply Chain Exchange (GSCX), while also monetizing the introduced efficiencies in the overall international banking cycle.

Among other things, the scheme can help structure and expand:

1. **Futures and options** for the, exhibiting commodity-like behavior, LMIC currencies;
2. **Investment Banking** services for **International investment banking (IB) and Foreign Direct Investment (FDI)** in LMICs;
3. **International crowdfunding (ICF)** for LMIC SMEs, while domesticizing the scheme's crowdfunding element and **legally bypassing** international crowdfunding barriers;
4. **Insurance Linked Securities (ILS)** tied to the supply chain, including the non-readily convertible illiquid LMIC currencies, and new classes of assets such as **Remittance Backed Securities (RBS)**.

Fundraising: In this phase, RACS strives for unicorn-manifesting rapid growth with the utilization of a variety of financing vehicles and positions itself to raise £6 million in Series A equity capital, needed to overcome legal and regulatory barriers, finalize its legal, IT, and compliance setup accordingly, run test-transactions, and demonstrate the GSCX MTF's utility to LMIC Central Banks, Commercial Banks and Importers, HIC Remittance Aggregators/Transmitters and Exporters, worldwide insurance companies and all other stakeholders in the resiliency of the global supply chain, with a 16-18-month path to Series B investment phase.

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[5] Without significant alterations, the mechanism can also offer a competitive solution for trade between developed countries.

[6] There are reasons to assume that this margin can be greater than 3%.

Additionally, RACS aims to rais about £4.5M million, structured and with a low probability of being triggered, regulatory line of credit, to capitalize the MTF, Captive, and Clearinghouse per the regulator's determination and request, with an understanding that its proposed Captive Insurance Company capitalization structure, with the utilization of the back-to-back bonds or sureties, and its usage as a guarantee-wrap over the GSCX Clearinghouse, leads to regulatory capital optimization and a near elimination of the "dead" regulatory capital.

RACS aims at a 5–7-year investor **exit through**:

- IPO at a well-suited exchange; or
- Full/partial sale of shares to one or more international investment banking and/or international trade strategic players;
- M&A of one shape or another.

Team: Key team members' professional bios are amended to the investor presentation.