Recovery Value USD (“rvUSD”) Token Issuance Whitepaper

Terms and conditions

rvUSD is a token issued by Liquidity Technologies Ltd. ("CoinFLEX") related to an outstanding debt owed by a certain high net worth individual (the "Individual") to CoinFLEX.

Background

The Individual is a long time customer of the CoinFLEX platform and during the recent market volatility his account went into negative equity. In normal circumstances, we would auto-liquidate a position that runs low on equity at prices that are prior to the zero-equity price.

In this case, the Individual had a non-liquidation recourse account, a condition that means they will not be liquidated in exchange for personally guaranteeing their account equity in writing. Manual margin and credit lines are common practices with institutional-sized traders in the crypto and traditional markets. Notably, the Individual had consistently met every margin call before this incident.

The Individual is a high integrity person of significant means, experiencing temporary liquidity issues due to a credit (and price) crunch in crypto markets (and even non-crypto markets) who has significant shareholdings in several unicorn private companies and a large portfolio.

Recovery Value USD (rvUSD) Token Issuance Terms

Issuance price
1 USDC for 1 rvUSD

Expected Issuance period
June 28, 2022 - July 1, 2022

Maximum amount being issued
47,000,000 rvUSD

Eligible investors
Only Non-US resident Sophisticated Investors are eligible.

Sophisticated investors must:

- Have an annual income of at least US$200,000;
- Have a net worth of US$1 million or more, either individually or together with a spouse, but excluding the value of a primary residence; and
- Be fully KYC'ed on: CoinFLEX.com

Minimum subscription
100,000 USDC

Incentives

a. **Early subscribers**
Will get an increased balance of rvUSD per $1 of USDC invested by 0.94c, 0.96c, 0.98c for the first three tranches of $11.75m each. The final tranche will be raised at par ($1)

b. **Interest Rate**
20% APR accrued and paid daily in rvUSD

c. **FLEX component**
2.5M units of FLEX Coins from the existing CoinFLEX Treasury will also be set aside for this issuance. Upon the Individual repaying the full amount, rvUSD holders will receive 2.5M FLEX distributed pro rata across all holders. Similarly in the case of partial repayments, rvUSD holders will be partially paid these FLEX pro rata based on the amount repaid. FLEX paid out will be over an 8 month period following the recovery or partial recovery.

Primary Exit Mechanism

Proceeds from the repayment of the debt/ recovery of assets from the Individual will be converted into USDC. rvUSD holders will be able to convert their tokens into USDC on a pro-rata basis based on the amount of these repayments/recoveries from time to time.

Additional Exit Mechanisms

rvUSD holders have the option to be exited by CoinFLEX directly should CoinFLEX not fully recover outstanding liabilities from the Individual within 15 months from the expected closing of the Issuance Period (1 October 2023). In such a situation, CoinFLEX will have the right to repay such rvUSD holders exercising such right with a conversion into either:

a. USDC, paid from CoinFLEX's balance sheet; or

b. a mixture of USDC and FLEX Coins from the existing CoinFLEX Treasury (taken based on 110% of the 20 day TWAP price of FLEX coins (up to a maximum of 11.75 million units).

rvUSD holders will have the option not to convert via this method and wait for a full USDC repayment from the Individual. Holders also have the option to partially (rather than fully) redeem via this exit mechanism by CoinFLEX.

Subject to final terms at time of subscription opening.

Further Terms & Conditions to this Whitepaper can be found here.