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Date: 31/07/2025

Legal Opinion on the Regulatory Status of Token Offering by Sustainable Digital Assets Inc.

To Whom It May Concern,

I, Shahid Jamal, a legal professional specializing in cryptocurrency and financial services regulation, have been retained by Sustainable Digital Assets Inc., a company incorporated under the laws of St. Kitts and Nevis, to issue a legal opinion on the regulatory treatment of its token offering and associated business model under applicable Nevis laws and relevant international compliance frameworks.

This opinion is based on documentation and representations provided by the client, including a clarification memorandum titled "*Nevis Regulated Activities*", and on my independent analysis of applicable local and international legal frameworks.

I. Background and Description of Activities

Issuer: Sustainable Digital Assets Inc. (the "Company")

Jurisdiction of Incorporation: Nevis

Token: Sustainable Digital Assets Token ("SDA")

Token Sale Structure:

- Phase 1: SDA offered as a utility token, the proceeds of which will be used to fund renewable energy infrastructure.
- Phase 2: Tokens may become convertible into equity or security tokens, subject to completion of licensing and regulatory compliance, including KYC/AML onboarding.

The Company has confirmed that:

- SDA tokens in Phase 1 carry no rights to profits, dividends, or ownership;
- The sale is structured as a utility token offering, not as an investment scheme;
- Funds received are not held on behalf of investors, but are recorded directly as business revenue on the Company's balance sheet.

II. Phase 1: Legal Status of Utility Token Sale in Nevis

After reviewing the Nevis Business Corporation Ordinance (NBCO), guidance issued by the Nevis Financial Services Regulatory Commission (NFSRC), and the Nevis VASP (Virtual Asset Service Provider) framework, it is my opinion that the Phase 1 offering of SDA tokens is not a regulated activity in Nevis, subject to the following qualifications:

1. Not a Security under Nevis Law

- The SDA token, in its current form, does not meet the definition of a security.
- It is not marketed as an investment opportunity, and does not promise returns, profit-sharing, or financial gain.
- The optional future conversion into equity or revenue-sharing is deferred to Phase 2 and contingent on licensing.

2. No VASP or Financial License Required

- The offering is private and not conducted via centralized exchanges.
- The Company is not engaged in custody, exchange, or asset management services on behalf of users.
- Therefore, the Company is not currently required to register as a VASP or obtain a financial services license in Nevis for Phase 1.

3. Funds Are Not Custodial

- Payments received during the pre-sale are not held in trust or escrow for customers.
- These amounts are classified as revenue and placed directly on the Company's balance sheet.
- This structure does not trigger financial intermediation regulation under Nevis law.

III. Phase 2: Licensing and Regulatory Compliance

Upon initiation of Phase 2, wherein SDA tokens may be converted into security tokens or equity interests, the Company will be required to:

- Register the token with the Nevis Financial Services Regulatory Commission as a security;
- Apply for a Virtual Asset Service Provider (VASP) license if offering custodial services, investment advice, or asset exchanges;

- Implement robust KYC/AML compliance, data protection standards, and international regulatory frameworks.

IV. International Compliance Obligations

Although Nevis law governs the offering, the Company has confirmed its intention to respect all applicable international laws, including:

- EU Prospectus Regulation (EU) 2017/1129:
The Company intends to restrict token sales in Europe to professional investors, and within applicable thresholds to avoid triggering full prospectus requirements.
- U.S. Regulation D, Rule 506(c):
In the United States, tokens may only be sold to verified accredited investors, and any such sales will comply with applicable SEC exemptions.
- AML/CTF obligations (FATF-aligned):
KYC and due diligence procedures will apply in Phase 2.
- GDPR and global data protection laws will be observed when processing personal data from affected jurisdictions.

V. Marketing Restrictions – EU and U.S. Consumer Exclusion

The Company has made it clear that:

- The SDA token will not be marketed, promoted, or offered to retail consumers in the European Union or the United States during Phase 1 or Phase 2.
- Any participation from these regions will be limited to professional investors (EU) and accredited investors (U.S.) under clearly defined legal exemptions.
- The Company will implement appropriate geofencing, legal disclaimers, and access restrictions to ensure regulatory compliance and avoid unauthorized solicitation in restricted jurisdictions.

VI. Conclusion

Based on the current project structure and applicable legal frameworks, I conclude that:

- The Phase 1 utility token offering by Sustainable Digital Assets Inc. is not a regulated activity in Nevis, and therefore does not currently require a VASP or financial services license;
- The Company's token sale, as described, does not involve the holding of customer funds, and the utility token structure is legally sound;
- Licensing and regulatory registration will be required prior to the commencement of Phase 2, when the token becomes convertible into a regulated financial instrument;

- The Company has taken adequate steps to exclude consumer participation from the EU and the U.S., and intends to comply with relevant laws when dealing with professional or accredited investors in those jurisdictions.

Sincerely,

Shahid Jamal

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