MiCA White Paper

Rails (RAILS)

Version 1.0

2025-12-11

White Paper in accordance with Markets in Crypto Assets Regulation (MiCAR) for the European Union (EU) & European Economic Area (EEA).

Purpose: seeking admission to trading in EU/EEA

This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

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01 Date of notification

2025-12-11

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This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

03 Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114

This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 of the European Parliament and of the Council and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

04 Statement in accordance with Article 6(5), points (a), (b), (c), of Regulation (EU) 2023/1114

The crypto-asset referred to in this crypto-asset white paper may lose its value in part or in full, may not always be transferable and may not be liquid.

05 Statement in accordance with Article 6(5), point (d), of Regulation (EU) 2023/1114

The utility token referred to in this white paper may not be exchangeable against the good or service promised in this white paper, especially in the case of a failure or discontinuation of the crypto-asset project.

06 Statement in accordance with Article 6(5), points (e) and (f), of Regulation (EU) 2023/1114

The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council or the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

SUMMARY

07 Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114

Warning

This summary should be read as an introduction to the crypto-asset white paper.

The prospective holder should base any decision to purchase this crypto–asset on the content of the crypto-asset white paper as a whole and not on the summary alone.

The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.

08 Characteristics of the crypto-asset

Rails (RAILS) is a MiCA-classified utility token used exclusively within the Rails perpetual trading ecosystem. The token provides access to platform features such as trading-fee discounts, participation in evaluation programmes, enhanced reward tiers, and specific functionality within Rails Play. Its purpose is to enable interaction with Rails platform services and does not confer ownership, profit rights, governance over a legal entity, or any claim against the issuer’s assets. All rights arise from the token’s technical design and its integration within the Rails protocol.

Token holders do not receive dividends, profit-shares, revenue rights, or returns generated by the platform or institutional vaults. Any token reductions, including burns linked to system processes, operate solely at protocol level and do not constitute a financial entitlement. Governance rights available to holders are limited to signalling preferences on platform features, markets, and allocation of certain reward budgets; these do not carry corporate governance or decision-making authority.

The functionality of the token depends on continued availability of the Rails platform and its underlying smart-contract infrastructure; use is not guaranteed in the event of project failure or discontinuation. RAILS is freely transferable, subject to standard network requirements.

The maximum supply of RAILS is 100 000 000 tokens, allocated as follows:

Category	Tokens	Percentage
User rewards	40 000 000	40%
Investors + Team	30 000 000	30%
Token sale	15 245 000	15.25%
Foundation	14 755 000	14.75%

09

The RAILS token provides access to platform functionality and preferential service tiers within the Rails ecosystem. Token-enabled utilities include:

- **Trading-fee reductions:** Holders and stakers may access tiered fee discounts on Rails Pro.
- **Evaluation programme benefits:** Evaluation purchases made using RAILS may be lower-priced than those purchased in stablecoins, and successful evaluation outcomes may receive enhanced in-app rewards.
- **Rails Play participation:** Tokens can be used for entry into platform challenges and for accessing boosted reward structures.

- **Institutional vault coordination:** Certain vault mechanisms utilise RAILS in system processes that may reduce circulating supply; these mechanisms do not grant rights to revenue, performance fees, or profit distributions.
- **Community governance:** Holders may signal non-binding preferences on market listings, product features, and allocation of specific user-reward pools.

These goods and services are limited to the operational scope of the Rails platform. Token availability and functionality depend on the continued operation of the platform and associated smart contracts; they are not guaranteed in the event of discontinuation.

Transferability:
RAILS is freely transferable on Ethereum, subject only to technical requirements of the network. The issuer does not impose lock-ups or restrictions on secondary transfers, except where required by law or by platform-level security controls (e.g., anti-fraud or compliance measures).

10 Key information about the offer to the public or admission to trading

No offer of Rails (RAILS) tokens is made to the public in connection with this disclosure. There is no new issuance, subscription period, fundraising, target subscription goal, issue price, or subscription fee.

The admission to trading of Rails (RAILS) on Payward Europe Solutions Limited (Kraken) is not linked to any new or ongoing discounted purchase arrangements, pre-sales, or staged offerings. Admission is sought solely to provide market access, liquidity, and regulated availability for eligible users in the European Economic Area.

No crypto-asset service provider has been appointed to place the token on a firm commitment or best effort basis. Use of the trading platform is subject to the terms and conditions of Payward Europe Solutions Limited (Kraken), with fees set independently by the platform.

Field	Information
Offer to the public	No offer to the public.
Total offer amount	Not applicable
Total number of tokens to be offered	Not applicable
Subscription period	Not applicable
Minimum and maximum subscription goals	Not applicable
Issue price	Not applicable
Subscription fees	Not applicable
Prospective holders	Not applicable
Offer phases	Not applicable
CASP placing the token	Not applicable
Form of placement	Not applicable
Admission to trading	Admission to trading is sought for Rails (RAILS), to trade on Payward Europe Solutions Limited (Kraken) - a trading platform operating in the EEA.

Part A - Information about the offeror or the person seeking admission to trading

A.1 Name

Rails ServicesCo (BVI) Ltd.

A.2 Legal form

BVI Business Company (BC)

A.3 Registered address

Campbells Corporate Services (BVI) Limited, Floor 4, Banco Popular Building, Road Town, Tortola VG1110, British Virgin Islands

A.4 Head office

Not applicable - same as registered address

A.5 Registration date

2024-08-13

A.6 Legal entity identifier

Not applicable

A.7 Another identifier required pursuant to applicable national law

2155671

A.8 Contact telephone number

13459360807

A.9 E-mail address

sarah@marfire.co

A.10 Response time (Days)

001

A.11 Parent company

Rails Foundation

A.12 Members of the management body

Name	Business address	Management Function
S Wheeler	Campbells Corporate Services (BVI) Limited, Floor 4, Banco Popular Building, Road Town, Tortola VG1110, British Virgin Islands	Director

A.13 Business activity

The BVI entity and its parent entity (Foundation) supports the Rails platform and token, and helps to grow the ecosystem. Rails is a perpetual trading platform that integrates centralised order processing with on-chain custody within a unified platform. Rails Play, a complementary product, is a perpetuals

training ground where users pay a small fee to practise trading perpetuals without risking with their own capital.

A.14 Parent company business activity

Rails ServiceCo (BVI) Ltd, issues tokens to further the development and activities of the Rails platforms.

A.15 Newly established

true

A.16 Financial condition for the past three years

Not applicable

A.17 Financial condition since registration

Rails has raised $20M from Slow Ventures, CMCC Global, Round13 Capital, Kraken, and Quantstamp. Advisors include TraderMayne (Dylan Loomer) and Asheesh Birla (ex-Ripple GM, board member at Bitso, MoneyGram).

Part B - Information about the issuer, if different from the offeror or person seeking admission to trading

B.1 Issuer different from offeror or person seeking admission to trading

false

B.2 Name

Not applicable

B.3 Legal form

Not applicable

B.4 Registered address

Not applicable

B.5 Head office

Not applicable

B.6 Registration date

Not applicable

B.7 Legal entity identifier

Not applicable

B.8 Another identifier required pursuant to applicable national law

Not applicable

B.9 Parent company

Not applicable

B.10 Members of the management body

Not applicable

B.11 Business activity

Not applicable

B.12 Parent company business activity

Not applicable

Part C - Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

C.1 Name

Not applicable

C.2 Legal form

Not applicable

C.3 Registered address

Not applicable

C.4 Head office

Not applicable

C.5 Registration date

Not applicable

C.6 Legal entity identifier

Not applicable

C.7 Another identifier required pursuant to applicable national law

Not applicable

C.8 Parent company

Not applicable

C.9 Reason for crypto-asset white paper preparation

Not applicable

C.10 Members of the management body

Not applicable

C.11 Operator business activity

Not applicable

C.12 Parent company business activity

Not applicable

C.13 Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

C.14 Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

Part D- Information about the crypto-asset project

D.1 Crypto-asset project name

Rails

D.2 Crypto-assets name

Rails

D.3 Abbreviation

RAILS

D.4 Crypto-asset project description

Rails is a perpetual trading platform that integrates centralised order execution with on-chain custody to deliver fast, transparent, and secure derivatives trading for cryptocurrencies. The project combines the efficiency of centralised matching with the security and auditability of blockchain-based custody, enabling users to trade while retaining verifiable control over their assets. All custody functions are governed by audited smart contracts, ensuring that user funds remain segregated, transparent, and resistant to unilateral interference. The platform is designed to offer a seamless trading experience while maintaining high levels of operational integrity and trust.

D.5 Details of all natural or legal persons involved in the implementation of the crypto-asset project

Name	Function	Description
S Bambra (Natural Person)	Co-Founder & CEO	Manages overall company operations, strong background in crypto trading and software engineering.
M Bambra (Natural Person)	Co-Founder & CTO	Oversees technology development and implementation, with experience in high-profile tech leadership roles.
R Marini (Natural Person)	Co-Founder & COO	Responsible for company operations, strategy, and scaling, with a long history of successful business ventures.
B Vegliacich (Natural Person)	Co-Founder, General Counsel & CFO	Legal and financial management oversight focused on compliance and strategic growth.

D.6 Utility token classification

true

D.7 Key features of goods/services for utility token projects

The RAILS token provides access to specific platform utilities and service tiers within the Rails ecosystem. Core features include:

- **Trading-fee discounts:** Token holders and stakers may access tiered reductions on trading fees within Rails Pro.
- **Evaluation programme utility:** RAILS can be used to purchase evaluations at reduced cost and may unlock enhanced in-app reward structures upon successful completion.
- **Rails Play functionality:** Tokens enable participation in challenges, competitions, and reward-based events, offering users additional engagement and platform benefits.

- **Institutional vault coordination:** Certain vault mechanisms utilise RAILS for internal system operations, including protocol-level burn mechanics tied to performance fees or surplus insurance conditions. These features do not confer rights to earnings or returns.
- **Community governance:** Holders may participate in signalling-based governance over market listings, product priorities, and allocation of defined user-reward budgets, without any corporate governance rights.

Utilities relate exclusively to access and preferential treatment within the Rails platform and do not represent financial entitlements.

D.8 Plans for the token

Past milestones include the platform launch, integration with a layer 2 network for faster processing, and the creation of a trading challenge ecosystem. Future developments include expanding the trading options available on the platform, enhancing user interface capabilities, and strengthening security measures through continual smart contract audits.

D.9 Resource allocation

Resources allocated include proprietary technologies such as a sub-millisecond matching engine for trade execution, secure smart contract infrastructure for tracking funds, and the development of APIs for user integration. The technical team behind Rails brings extensive experience in high-volume trading solutions and software engineering.

D.10 Planned use of collected funds or crypto-assets

Collected funds and crypto-assets are planned for use in incentivising user participation through trading challenges, developing the ecosystem to support broader functionalities, maintaining liquidity and rewards systems, and covering operational costs related to ongoing platform administration. Rails has raised $20M from Slow Ventures, CMCC Global, Round13 Capital, Kraken, and Quantstamp. Advisors include TraderMayne (Dylan Loomer) and Asheesh Birla (ex-Ripple GM, board member at Bitso, MoneyGram).

Part E - Information about the offer to the public of crypto-assets or their admission to trading

E.1 Public offering or admission to trading

ATTR

E.2 Reasons for public offer or admission to trading

The admission to trading of Rails (RAILS) on Payward Europe Solutions Limited (Kraken) is intended to improve accessibility, liquidity, and utility of the token across regulated digital asset markets. There is no associated fundraising or primary issuance of tokens in connection with this listing. This disclosure is filed to enhance transparency, foster regulatory clarity, and support institutional confidence.

By aligning with the high disclosure standards of Regulation (EU) 2023/1114, Rails ServicesCo (BVI) Ltd. reinforces its commitment to operating a secure, compliant, and transparent trading environment. This initiative facilitates broader market access, supports responsible token adoption, and strengthens integration of Rails (RAILS) within the regulated financial ecosystem.

E.3 Fundraising target

Not applicable

E.4 Minimum subscription goals

Not applicable

E.5 Maximum subscription goals

Not applicable

E.6 Oversubscription acceptance

Not applicable

E.7 Oversubscription allocation

Not applicable

E.8 Issue price

Not applicable

E.9 Official currency or any other crypto-assets determining the issue price

Not applicable

E.10 Subscription fee

Not applicable

E.11 Offer price determination method

Not applicable

E.12 Total number of offered/traded crypto-assets

100 000 000

E.13 Targeted holders

ALL

E.14 Holder restrictions

Access to the token may be restricted in accordance with the terms and conditions of Payward Europe Solutions Limited (Kraken), including, but not limited to, individuals or entities located in OFAC-sanctioned jurisdictions or users prohibited under the eligibility requirements of third-party platforms where the token is made available.

E.15 Reimbursement notice

Not applicable

E.16 Refund mechanism

Not applicable

E.17 Refund timeline

Not applicable

E.18 Offer phases

Not applicable

E.19 Early purchase discount

Not applicable

E.20 Time-limited offer

Not applicable

E.21 Subscription period beginning

Not applicable

E.22 Subscription period end

Not applicable

E.23 Safeguarding arrangements for offered funds/crypto-assets

Not applicable

E.24 Payment methods for crypto-asset purchase

Purchases of Rails (RAILS) on Payward Europe Solutions Limited (Kraken) may be made using supported crypto-assets or other fiat-currencies, as per the available trading pairs on the platform.

E.25 Value transfer methods for reimbursement

Not applicable

E.26 Right of withdrawal

Not applicable

E.27 Transfer of purchased crypto-assets

Purchased Rails (RAILS) on Payward Europe Solutions Limited (Kraken) may be withdrawn by the user to a compatible external wallet address, subject to standard withdrawal procedures, network availability, and platform-specific compliance checks.

E.28 Transfer time schedule

Not applicable

E.29 Purchaser’s technical requirements

Purchasers may choose to hold Rails (RAILS) within their trading account on Payward Europe Solutions Limited (Kraken). Alternatively, holders can withdraw the asset to a compatible external wallet that supports the Rails (RAILS).

Users are responsible for ensuring their chosen wallet supports the withdrawal network used by Payward Europe Solutions Limited (Kraken), and for securely managing their private keys. Incompatible withdrawals may result in permanent loss of crypto-assets.

E.30 Crypto-Asset Service Provider (CASP) name

Not applicable

E.31 CASP identifier

9845003D98SCC2851458

E.32 Placement form

NTAV

E.33 Trading platforms name

Payward Europe Solutions Limited (Kraken)

E.34 Trading platforms Market Identifier Code (MIC)

PGSL

E.35 Trading platforms access

Investors can access the trading platform operated by Payward Europe Solutions Limited (Kraken) via its official website and user interface, subject to registration and compliance with applicable onboarding and verification procedures.

E.36 Involved costs

There is no cost to access the trading platform operated by Payward Europe Solutions Limited (Kraken). However, investors intending to trade may incur transaction-related fees. A detailed and up-to-date fee schedule is available on the official website of Payward Europe Solutions Limited (Kraken).

E.37 Offer expenses

Not applicable

E.38 Conflicts of interest

To the best knowledge of the person seeking admission to trading, no conflicts of interest exist in relation to the admission of Rails (RAILS) to trading.

E.39 Applicable law

Law of Ireland

E.40 Competent court

In case of disputes related to the admission to trading of Rails (RAILS) on Payward Europe Solutions Limited (Kraken), the competent court shall be the High Court of Ireland, and such disputes shall be governed by the laws of Law of Ireland, including applicable EU regulations.

Part F - Information about the crypto-assets

F.1 Crypto-asset type

Other Crypto-Asset

F.2 Crypto-asset functionality

The RAILS token provides access to specific utilities within the Rails trading ecosystem. Holders may use the token to participate in platform challenges, obtain trading-fee discounts, access enhanced evaluation features, and engage with reward programmes linked to user activity. The token functions as an access and coordination mechanism for features available on the Rails platform and does not grant any ownership, profit participation, or governance rights over any legal entity. All functionality is limited to the services made available within the protocol and associated applications.

F.3 Planned application of functionalities

The functionalities associated with the RAILS token are already active and accessible within the Rails platform. Users can utilise RAILS to interact with trading features, on-chain custody processes, and platform-based challenges using compatible Ethereum wallets. Additional utilities may be introduced through future protocol updates; however, no future functionality is guaranteed, and all use remains dependent on the continued operation of the platform and its smart-contract systems.

A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article

F.4 Type of crypto-asset white paper

OTHR

F.5 The type of submission

NEWT

F.6 Crypto-asset characteristics

RAILS is a fungible ERC-20 token operating on Ethereum and used to access defined utilities within the Rails ecosystem. Transactions involving the token are executed and recorded on-chain through audited smart contracts, supporting transparent and verifiable user interactions. The token is non-redeemable for monetary value, does not confer rights to issuer assets, and does not represent a claim against the issuer. Transfers are generally unrestricted but must comply with protocol-level and network-level technical requirements.

RAILS does not constitute an e-money token or an asset-referenced token under Regulation (EU) 2023/1114 and is therefore classified as an “other crypto-asset” (MiCA utility token). Its characteristics are strictly limited to protocol-defined utility and do not include any financial, ownership, or governance rights beyond those expressly described in the token’s functional design.

F.7 Commercial name or trading name

Rails (RAILS)

F.8 Website of the issuer

https://rails.xyz/

F.9 Starting date of offer to the public or admission to trading

2026-01-13

F.10 Publication date

2026-01-13

F.11 Any other services provided by the issuer

Not applicable

F.12 Language or languages of the crypto-asset white paper

English

F.13 Digital token identifier code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available

Not applicable

F.14 Functionally fungible group digital token identifier, where available

Not applicable

F.15 Voluntary data flag

false

F.16 Personal data flag

true

F.17 LEI eligibility

false

F.18 Home Member State

Ireland

F.19 Host Member States

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

Part G - Information on the rights and obligations attached to the crypto-assets

G.1 Purchaser rights and obligations

Purchasers of the RAILS token do not obtain any contractual rights, equity interests, or claims against Rails Limited as it is a decentralised token governed by smart contracts and network consensus. The token enables functionalities stipulated by the network rules such as participating in trading challenges and interacting with trading accounts.

G.2 Exercise of rights and obligations

There are no specific rights or obligations attached to the holding of Rails (RAILS) that require formal exercise. Any functionality or utility associated with RAILS is governed entirely by the protocol rules of the underlying decentralised network. These rules define what holders can do with their tokens - such as transferring, staking, or using them within applications - and are enforced by the consensus mechanism of the network.

As an open-source, decentralised system, the rules of the protocol may evolve over time through community-driven consensus upgrades. Users who choose to interact with or build upon the Rails network do so under the understanding that all capabilities, limitations, and conditions are determined by the network's current protocol at any given point in time.

G.3 Conditions for modifications of rights and obligations

As a decentralised protocol, any changes to the functional rules governing Rails (RAILS) - including those that may affect the capabilities or conditions of token usage - are determined by community consensus. Modifications may occur through network upgrades, typically initiated via improvement proposals, discussions among node operators, developers, and stakeholders, and subsequently adopted if a sufficient share of the network agrees. There is no central authority unilaterally controlling such changes; rather, the evolution of the protocol is subject to the collective agreement of the participants operating the network. Users are responsible for monitoring and adapting to these changes should they wish to remain aligned with the consensus version of the Rails protocol.

G.4 Future public offers

There are no planned future public offerings of Rails (RAILS) by the issuer. Any future increase in the circulating supply, if applicable, will occur in accordance with the protocol's predefined issuance schedule or through mechanisms determined by community governance. The issuer does not commit to or guarantee any future offering, distribution, or sale of RAILS.

G.5 Issuer retained crypto-assets

14 755 000

G.6 Utility token classification

true

G.7 Key features of goods/services of utility tokens

The RAILS token provides access to specific utilities and service tiers within the Rails trading ecosystem. Its core functions include:

- **Trading-fee discounts:** Holders and stakers may access tiered fee reductions on the Rails Pro platform.
- **Evaluation programme utility:** RAILS can be used to purchase evaluations at reduced cost and to access platform-defined benefits associated with successful completion, such as progression within the programme. These benefits are not financial returns.

- **Rails Play participation:** Tokens allow entry into challenges, competitions, and other engagement features within the platform. Any in-app rewards associated with these activities are non-financial and are limited to platform-level benefits.
- **Institutional vault coordination:** Certain vault mechanisms utilise RAILS for internal system processes, such as protocol-level token reductions. These mechanisms do not grant holders rights to performance fees, yields, or profits.
- **Community governance (non-binding):** Holders may signal preferences relating to market listings, product development priorities, and allocation of specific user-engagement budgets. These signals do not convey corporate governance or economic rights.

All goods and services enabled by the token exist solely within the Rails ecosystem. The token does not provide any financial entitlement and functions exclusively as an access and coordination mechanism under MiCA.

G.8 Utility tokens redemption

The RAILS token grants access to utilities within the Rails platform through functional use. Users redeem the utility of the token by spending or staking RAILS to access the corresponding platform features.

Examples of functional redemption include:

- **Trading-fee discounts:** Users apply (spend or stake) RAILS to obtain reduced trading fees.
- **Evaluation programme access:** RAILS may be used as payment for evaluations, enabling discounted entry into the programme.
- **Participation in Rails Play:** Tokens may be spent to join challenges or unlock enhanced reward tiers.
- **Governance signalling:** Token holdings may be used to participate in non-binding preference signalling for product and market features.

These forms of redemption operate solely within the Rails platform and are dependent on the continued availability of its services and smart-contract infrastructure. RAILS cannot be redeemed for monetary value or issuer assets, and no guaranteed right of redemption exists.

G.9 Non-trading request

true

G.10 Crypto-assets purchase or sale modalities

Not applicable

G.11 Crypto-assets transfer restrictions

There are no restrictions imposed on the transferability of Rails (RAILS) at the protocol level. The token may be freely transferred between users in accordance with the consensus rules of the decentralised network. Transfer functionality is determined by the underlying protocol and may be subject to standard technical conditions such as wallet compatibility, network fees, and block confirmation times. Any limitations that arise are typically due to external factors such as third-party exchange policies, jurisdictional regulatory requirements, or user-specific constraints.

The use of services provided by Payward Europe Solutions Limited (Kraken) may be governed by separate terms and conditions. These may include restrictions or obligations applicable to specific features, interfaces, or access points operated by Payward Europe Solutions Limited (Kraken) in connection with RAILS. Such terms do not alter the native transferability of the token on the decentralised network but may affect how users interact with services linked to it. Users should consult and accept the applicable terms of service before engaging with these services.

This disclosure pertains solely to the transferability of Rails (RAILS) as admitted to trading on Payward Europe Solutions Limited (Kraken). Vesting schedules, lock-up arrangements, or other contractual

restrictions related to private sales or early-stage allocations are considered out of scope for this section, as they apply only to specific counterparties and do not affect the native transferability of the token at the network level.

G.12 Supply adjustment protocols

false

G.13 Supply adjustment mechanisms

Rails (RAILS) does not implement any supply adjustment mechanisms that respond automatically to changes in market demand. The protocol does not feature dynamic monetary policies such as algorithmic rebasing, elastic supply adjustments, or demand-linked token issuance or burning. Any changes to the total or circulating supply, if applicable, occur according to fixed issuance schedules or protocol rules that are independent of short-term demand fluctuations. Supply remains determined by predefined parameters or community governance, not by automated responses to market conditions.

G.14 Token value protection schemes

false

G.15 Token value protection schemes description

Not applicable

G.16 Compensation schemes

false

G.17 Compensation schemes description

Not applicable

G.18 Applicable law

British Virgin Islands Law

G.19 Competent court

There is no single competent court with jurisdiction over the decentralised Rails (RAILS) protocol, which operates globally on a permissionless blockchain network. However, where users interact with services, platforms, or tools operated by Rails ServicesCo (BVI) Ltd. , any disputes arising from such interactions shall be subject to the jurisdiction and competent Courts of the British Virgin Islands. Users are advised to review the applicable terms of service to understand the legal forum governing any service-related engagement.

Part H – information on the underlying technology

H.1 Distributed Ledger Technology (DLT)

RAILS is an ERC-20 token issued and transferred on the Ethereum blockchain, which serves as the primary distributed ledger on which token balances and transfers are recorded. Ethereum provides decentralised transaction processing and smart-contract execution, ensuring that token transfers are verifiable, immutable, and independent of the Rails platform's off-chain infrastructure.

Rails' trading platform interacts with Ethereum-based smart contracts to enable on-chain custody and settlement functions. While order execution occurs off-chain within the platform's matching engine, custody-related transactions and collateral movements are recorded on Ethereum through audited smart contracts.

H.2 Protocols and technical standards

The RAILS token conforms to the ERC-20 token standard, enabling interoperability across Ethereum wallets, tooling, and smart-contract environments. All smart contracts associated with custody, collateral management, or other operational functions are written in Solidity and executed on the Ethereum Virtual Machine (EVM).

The token is issued on the Ethereum mainnet. As an ERC-20 token, it inherits Ethereum's standardised transaction formats, EVM execution semantics, and commonly used token-interaction interfaces. While the broader platform may interface with EVM-compatible scaling networks for operational purposes, the issuance and core technical properties of the token remain native to Ethereum.

The ERC-20 token contract can be viewed at the following Ethereum address:
0x19645c760aFfDD9caC0b805A80De227cbe506538

H.3 Technology used

The Rails trading platform uses a hybrid architecture combining:

1. **Off-chain trade execution systems**, which process orders and match trades with low latency; and
2. **On-chain smart contracts**, which safeguard user collateral and record authorised state transitions on Ethereum.

This architecture allows users to retain verifiable, on-chain control over funds while the platform delivers high-performance order processing off-chain. Smart contracts governing custody and collateral management have undergone external security review, and the platform continues to develop and monitor its infrastructure to address operational and security risks inherent in distributed systems.

H.4 Consensus mechanism

RAILS operates on Ethereum, which uses a Proof-of-Stake (PoS) consensus mechanism. Ethereum PoS validators are responsible for proposing, validating, and finalising blocks that contain ERC-20 token transfers and contract interactions.

The Rails platform does not operate its own layer-one network and does not implement its own consensus protocol. All final settlement and token-transfer validation occur within Ethereum's existing decentralised consensus framework.

H.5 Incentive mechanisms and applicable fees

The RAILS token does not provide consensus-layer incentives and is not used for block rewards or validator compensation. Incentives associated with the token relate exclusively to platform-level utilities, such as participation in trading challenges, access to user-engagement features, and eligibility for programme-defined non-financial benefits.

Standard Ethereum network fees (“gas”) apply to all on-chain token transfers and interactions with Rails smart contracts. These fees are paid in ETH and are determined by network conditions, independent of the issuer. Additional platform-specific fees may apply to services such as trade execution, evaluations, or collateral management, as described in the service documentation.

H.6 Use of DLT

false

H.7 DLT functionality description

Not applicable

H.8 Audit

true

H.9 Audit outcome

A third-party security audit of the Rails Rollup smart contract was performed by Quantstamp between 6–7 February 2025. The review assessed the contract’s architecture, access controls, and implementation security through manual code inspection, automated analysis, and comprehensive testing. Quantstamp reported two findings (one medium severity and one low severity), both of which were fully remediated by the development team. All recommended best-practise improvements - such as safe transfer handling, event indexing, and the adoption of a two-step ownership pattern - were also implemented.

The auditors highlighted centralisation risk relating to the contract owner role. In response, Rails deployed a strengthened operational security framework based on AWS Key Management Service (KMS) using an asymmetric secp256k1 key. This ensures that the private key cannot be accessed by any individual and that all privileged operations require controlled, multi-step authorisation, reducing the likelihood of key compromise or misuse.

The auditors confirmed that all identified issues were resolved and that recommended safeguards were implemented. As with all security audits, the review represents a point-in-time assessment of the codebase. Future updates, modifications, or integrations may introduce new risks that were not within the scope of the audit. Users should not interpret the audit as a guarantee of the platform’s ongoing security.

Part I – Information on risks

I.1 Offer-related risks

Rails (RAILS) is already in public circulation and the current action relates to its admission to trading, rather than a new offer to the public. Nevertheless, risks associated with the admission process include:

Market Volatility: Crypto-assets, including Rails (RAILS), are subject to significant price fluctuations due to market speculation, regulatory developments, liquidity shifts, and macroeconomic factors.

Information Asymmetry: Due to the decentralised and open-source nature of Rails (RAILS), not all market participants may have access to the same level of technical understanding or information, potentially leading to imbalanced decision-making.

Listing Risk: Admission to trading on specific platforms does not guarantee long-term availability, and trading venues may delist the asset due to internal policy, regulatory enforcement, or liquidity thresholds.

Jurisdictional Restrictions: The regulatory treatment of crypto-assets varies between jurisdictions. Traders or investors in certain regions may face legal limitations on holding or transacting Rails (RAILS).

Exchange Risk: While Payward Europe Solutions Limited (Kraken). implements robust operational, cybersecurity, and compliance controls, no exchange is immune to operational disruptions, cyber threats, or evolving regulatory constraints. Users should be aware that exchange-level risks - such as service outages, wallet access delays, or changes in platform policy - may impact the ability to trade or withdraw Rails (RAILS). Furthermore, while Payward Europe Solutions Limited (Kraken) adheres to applicable regulatory standards, legal and technical developments may affect the platform's capacity to continue offering certain assets, including Rails (RAILS). Users should ensure they have read the terms of service before engaging with any service provided by Payward Europe Solutions Limited (Kraken).

Market participants should conduct their own due diligence and consider their risk tolerance prior to engaging in the trading of Rails (RAILS).

I.2 Issuer-related risks

Information accuracy: Information published by the issuer, including on websites or technical materials, may be incomplete, inaccurate, or out of date. Misstatements or omissions can lead to incorrect assumptions about Rails (RAILS) and may expose holders to unexpected losses.

Governance and oversight: The issuer's governance arrangements may be limited or highly centralised. Weak oversight or concentrated decision-making can lead to poor strategic choices or inconsistent project direction, and conflicts of interest may arise where insiders hold significant positions or influence outcomes.

Conduct and integrity: Individuals involved with the issuer may engage in misconduct, including mismanagement, diversion of funds, or false representations. Such behaviour may negatively affect the development, viability, or perception of Rails (RAILS) and may leave holders with limited recourse.

Technical and implementation risk: The issuer may be responsible for development, deployment, or maintenance of technology supporting Rails. Errors in design, implementation, upgrades, or security practises may affect functionality or lead to loss of assets, and new or untested technology may not perform as intended under all conditions.

Operational resilience: The issuer may rely on internal systems and external providers for essential functions. Service disruptions, security incidents, or failures of operational processes may impair access to information or supporting services relevant to Rails (RAILS).

Regulatory exposure: The issuer is subject to changing legal and regulatory requirements across jurisdictions. Compliance failures or regulatory action may restrict the issuer's activities or the availability of RAILS, and divergent regulatory interpretations may create uncertainty for users and market participants.

Financial viability: The issuer may experience financial difficulties, including reduced funding, liquidity constraints, or insolvency. Limited financial resources may affect the issuer's capacity to support ongoing work or maintain operations relating to Rails.

Dependence on individuals and third parties: The issuer may rely on a small number of key people or specialised service providers. Loss, withdrawal, or underperformance of such individuals or providers may disrupt project continuity and affect the development or maintenance of Rails (RAILS).

Investor protection limitations: Holding RAILS generally does not grant rights or protections associated with traditional financial instruments. Holders may have no claim over issuer assets and no access to compensation schemes in the event of losses or issuer failure.

Unforeseen risks: Additional risks may arise that cannot be identified in advance, including those stemming from technological developments, market conditions, regulatory changes, or internal circumstances. Such risks may affect the issuer's operations or the use and perception of Rails.

I.3 Crypto-assets-related risks

Volatility risk: Crypto-assets are subject to significant price volatility, which may result from market speculation, shifts in supply and demand, regulatory developments, or macroeconomic trends. This volatility can affect the asset's value independently of the project's fundamentals.

Liquidity risk: The ability to buy or sell the crypto-asset on trading platforms may be limited by market depth, exchange availability, or withdrawal restrictions, potentially impairing the ability of holders to exit positions efficiently or at desired prices.

Regulatory risk: The evolving global regulatory landscape may impose new restrictions, classifications, or disclosure requirements that could impact the legal treatment, availability, or use of the crypto-asset. Changes in regulation may also affect the token's classification or trigger enforcement actions.

Exchange-related risk: The crypto-asset may rely on third-party trading platforms for liquidity and price discovery. These platforms are subject to operational, custodial, or legal risks, including suspension of trading, delistings, or platform failure, which may adversely affect access to the asset.

Custody and private key risk: Holders of crypto-assets are typically responsible for managing private keys or access credentials. Loss, theft, or compromise of these keys may result in irreversible loss of the associated assets without recourse or recovery.

Market manipulation risk: The crypto-asset may be susceptible to pump-and-dump schemes, wash trading, or other forms of market manipulation due to limited oversight or fragmented market infrastructure, which can distort price signals and mislead participants.

Perception and reputational risk: Public sentiment, media narratives, or association with controversial projects or exchanges may influence the perception of the crypto-asset, affecting its adoption, market value, and long-term viability.

Forking risk: Blockchain networks may undergo contentious upgrades or forks, potentially resulting in duplicate tokens, split communities, or compatibility challenges that affect the asset's continuity or utility.

Legal ownership risk: Depending on jurisdiction and platform terms, holders may not acquire legal ownership or enforceable rights with respect to the crypto-asset, which could affect recourse options in the event of fraud, misrepresentation, or loss.

Network usage risk: A decline in activity or utility on the associated network may reduce the economic relevance of the crypto-asset, diminishing its value and undermining its role as a medium of exchange or utility token.

Compliance risk: Holders may be subject to local obligations related to tax reporting, anti-money laundering (AML), or sanctions compliance. Failure to meet these obligations could result in penalties or legal consequences.

Cross-border risk: Transactions involving the crypto-asset may span multiple jurisdictions, creating uncertainty around applicable laws, conflict-of-law issues, or barriers to enforcement and regulatory clarity.

Incentive misalignment risk: The crypto-asset's economic model may depend on incentives for participants such as validators, developers, or users. If these incentives become insufficient or distorted, network participation and security may decline.

Token distribution concentration risk: A disproportionate concentration of token supply in the hands of a small number of holders ("whales") may enable price manipulation, governance capture, or coordinated sell-offs that impact market stability and community trust.

Misuse risk: The crypto-asset may be used for illicit purposes (e.g., money laundering, ransomware payments), exposing the project to reputational harm or regulatory scrutiny, even if such activity is beyond the issuer's control.

Utility risk: The expected utility of the token within its ecosystem may fail to materialise due to low adoption, under-delivery of promised features, or technical incompatibility, undermining its value proposition.

Inflation or deflation risk: The token's supply mechanics (minting, burning, vesting, etc.) may introduce inflationary or deflationary dynamics that affect long-term holder value and purchasing power within the network.

Secondary market dependence risk: The ability of users to access, trade, or price the token may depend entirely on secondary markets. If such platforms restrict or delist the asset, liquidity and discoverability may be severely impacted.

Taxation risk: The treatment of crypto-assets for tax purposes may vary by jurisdiction and change over time. Holders may face unanticipated tax liabilities related to capital gains, income, or transaction activity.

Bridging risk: If the crypto-asset exists on multiple blockchains via bridging protocols, vulnerabilities in those bridges may lead to de-pegging, duplication, or irrecoverable losses affecting token integrity and user balances.

Incompatibility risk: The crypto-asset may become technically incompatible with evolving wallets, smart contracts, or infrastructure components, limiting its usability and support within the broader crypto ecosystem.

Network governance risk: If governance decisions (e.g., protocol upgrades, treasury usage) are controlled by a limited set of actors or are poorly defined, outcomes may not align with broader user interests, leading to fragmentation or disputes.

Economic abstraction risk: Users may be able to interact with the network or ecosystem without using the crypto-asset itself (e.g., via gas relayers, fee subsidies, or wrapped tokens), reducing demand for the token and weakening its economic role.

Dust and spam risk: The crypto-asset may be vulnerable to dust attacks or spam transactions, creating bloated ledgers, user confusion, or inadvertent privacy exposure through traceability.

Jurisdictional blocking risk: Exchanges, wallets, or interfaces may restrict access to the crypto-asset based on IP geolocation or jurisdictional policies, limiting user access even if the asset itself remains transferable on-chain.

Environmental or ESG risk: The association of the crypto-asset with energy-intensive consensus mechanisms or unsustainable tokenomics may conflict with emerging environmental, social, and governance (ESG) standards, affecting institutional adoption.

I.4 Project implementation-related risks

Development risk: The project may experience delays, underdelivery, or changes in scope due to unforeseen technical complexity, resource constraints, or coordination issues, impacting timelines and stakeholder expectations.

Funding risk: The continued implementation of the project may depend on future funding rounds, revenue generation, or grants. A shortfall in available capital may impair the project's ability to execute its roadmap or retain key personnel.

Roadmap deviation risk: Strategic shifts, pivots, or reprioritization may result in deviations from the originally published roadmap, potentially leading to dissatisfaction among community members or early supporters.

Team dependency risk: The project's success may be heavily dependent on a small number of core contributors or founders. The departure, unavailability, or misconduct of these individuals could significantly impair execution capacity.

Third-party dependency risk: Certain components of the project (e.g., infrastructure providers, integration partners, oracles) may rely on external entities whose performance or continuity cannot be guaranteed, introducing operational fragility.

Talent acquisition risk: The project may face challenges recruiting and retaining qualified professionals in highly competitive areas such as blockchain development, AI engineering, security, or compliance, slowing implementation or reducing quality.

Coordination risk: As decentralised or cross-functional teams grow, internal coordination and alignment across engineering, product, legal, and marketing domains may become difficult, leading to delays, errors, or strategic drift.

Security implementation risk: Insufficient diligence in implementing security protocols (e.g., audits, access controls, testing pipelines) during development may introduce critical vulnerabilities into the deployed system.

Scalability bottleneck risk: Architectural decisions made early in the project may limit performance or scalability as usage grows, requiring resource-intensive refactoring or redesign to support broader adoption.

Vendor lock-in risk: Reliance on specific middleware, cloud infrastructure, or proprietary tools may constrain the project's flexibility and increase exposure to price shifts, service outages, or licencing changes.

Compliance misalignment risk: Product features or delivery mechanisms may inadvertently breach evolving regulatory requirements, particularly around consumer protection, token functionality, or data privacy, necessitating rework or geographic limitations.

Community support risk: The project's success may rely on active developer or user participation. If the community fails to engage or contribute as anticipated, ecosystem momentum and resource leverage may decline.

Governance deadlock risk: If project governance (e.g., DAO structures or steering committees) lacks clear decision-making processes or becomes fragmented, the project may face delays or paralysis in critical strategic decisions.

Incentive misalignment risk: Implementation plans may fail to maintain consistent alignment between stakeholders such as developers, token holders, investors, and users, undermining cooperation or long-term sustainability.

Marketing and adoption risk: Even with timely technical delivery, the project may fail to gain market traction, user onboarding, or brand recognition, reducing the effectiveness of its deployment.

Testing and QA risk: Inadequate testing coverage, staging environments, or quality assurance processes may allow critical bugs or regressions to reach production, causing service degradation or user loss.

Scope creep risk: Expanding project objectives without adequate resource reallocation or stakeholder alignment may dilute focus and overextend the development team, compromising quality or deadlines.

Interoperability risk: Implementation plans involving cross-chain or cross-platform integration may encounter compatibility issues, protocol mismatches, or delays in third-party upgrades.

Legal execution risk: If foundational legal structures (e.g., entities, IP assignments, licencing) are not finalised or enforceable across key jurisdictions, the project may face friction during scaling, partnerships, or fundraising.

I.5 Technology-related risks

Smart contract risk: The crypto-asset may rely on smart contracts that, if improperly coded or inadequately audited, can contain vulnerabilities exploitable by malicious actors, potentially resulting in asset loss, unauthorised behaviour, or permanent lock-up of funds.

Protocol risk: The underlying blockchain protocol may contain unknown bugs, suffer from unanticipated behaviour, or experience edge-case failures in consensus, finality, or synchronisation, leading to disruptions in network operation.

Bridge risk: If the crypto-asset is deployed across multiple chains via bridging infrastructure, the underlying bridge may be vulnerable to exploit, misconfiguration, or oracle manipulation, threatening asset integrity across networks.

Finality risk: Some blockchains may exhibit probabilistic or delayed finality, making transactions theoretically reversible within short windows. This can lead to issues in cross-chain settlements or operational reliability.

Node centralization risk: If the network depends on a small number of validators or infrastructure providers to maintain consensus or data availability, it may be susceptible to downtime, censorship, or coordinated manipulation.

Data integrity risk: In decentralised environments, reliance on off-chain data (e.g., oracles or external feeds) introduces the possibility of incorrect or manipulated information entering the system and triggering undesired outcomes.

Versioning and upgrade risk: Protocol upgrades, forks, or version mismatches between nodes and clients can introduce compatibility issues or destabilise service availability, particularly if coordination or governance processes are insufficient.

Storage and archival risk: The technical infrastructure supporting the crypto-asset may be vulnerable to data loss or corruption, particularly in cases involving third-party storage solutions, partial nodes, or decentralised file systems.

Interoperability risk: Integration with third-party tools, blockchains, or application layers may rely on APIs, SDKs, or interfaces that change without notice or suffer from inconsistencies, potentially breaking user functionality or asset movement.

Scalability risk: The underlying technology may not scale effectively under high usage conditions, leading to network congestion, transaction delays, fee spikes, or degraded user experience.

Cryptographic risk: The system relies on current cryptographic standards for key generation, digital signatures, and hashing. Advances in computing (e.g., quantum computing) or undiscovered flaws may undermine these protections in the future.

Permissioning or access control risk: If token behaviour or network features are governed by privileged roles (e.g., admin keys, multisigs), improper key management, role abuse, or governance capture could impact fairness or security.

Decentralization illusion risk: Despite being labelled “decentralised,” critical components (e.g., governance, token distribution, node operation) may be technically or operationally centralised, concentrating risk and reducing resilience.

Latency and synchronisation risk: Distributed networks may experience propagation delays, inconsistent state views, or latency in consensus confirmation, introducing unpredictability in transaction ordering and agent coordination.

Frontend dependency risk: End users may rely on centralised interfaces (e.g., websites, wallets, APIs) to interact with the asset, which if compromised or taken offline, can block access despite the network itself being operational.

Misconfiguration risk: Errors in smart contract deployment, token configuration, permission settings, or network parameters can result in unintended behaviour, including frozen assets, incorrect balances, or bypassed restrictions.

Monitoring and observability risk: Insufficient logging, alerting, or metrics may prevent the timely detection of technical issues, exploits, or usage anomalies, limiting the project's ability to respond to emergent threats.

Software dependency risk: Core components may depend on open-source libraries or packages that are unmaintained, vulnerable, or deprecated, exposing the asset to cascading failures or inherited security flaws.

Time drift and clock sync risk: Distributed ledgers that rely on timestamping may face issues if nodes do not maintain consistent system time, impacting consensus, block ordering, or event sequencing.

Blockchain immutability risk: Once deployed, certain design flaws or oversights may be difficult or impossible to correct due to the immutable nature of smart contracts or protocol rules, necessitating workarounds or forks.

I.6 Mitigation measures

Risk mitigation measures implemented by the project include:

- **Independent security audits:** The smart contracts supporting custody and collateral functions have undergone third-party security assessment, with all identified issues remediated (see audit report: https://rails.xyz/audit-report/). Regular reviews are planned to address risks arising from continued development or codebase changes.
- **Hardened key-management controls:** Privileged contract operations are executed through an asymmetric key managed within AWS Key Management Service (KMS). This approach prevents direct private-key access by individuals and requires controlled, multi-step authorisation for administrative actions.
- **Secure smart-contract architecture:** The custody and collateral contracts utilise established Ethereum standards (ERC-20, EVM-compatible Solidity code) and adopt best-practise patterns such as safe transfer handling, two-step ownership transfer, and restricted owner operations.
- **Operational safeguards and monitoring:** Platform-level systems monitor contract interactions, withdrawal constraints, and fee-handling logic to reduce operational and misuse risks. Limits on certain contract inputs (e.g., withdrawal batches) mitigate denial-of-service vectors identified during audit.
- **Open-source transparency:** Core contracts are publicly accessible, allowing independent verification of code behaviour and supporting community-driven identification of potential vulnerabilities.
- **Dependence on Ethereum security guarantees:** Token issuance and transfers rely on the security and consensus properties of the Ethereum Proof-of-Stake network, reducing reliance on proprietary infrastructure for settlement finality.

These measures reduce - but do not eliminate - the risks associated with distributed systems, smart contracts, and operational processes. As with all blockchain-based systems, residual security, operational, and technology risks remain, and no measure can guarantee complete protection against all vulnerabilities.

Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

J.1 Adverse impacts on climate and other environment-related adverse impacts

Mandatory Information on principal adverse impacts on the climate

S.1 Name

Rails ServicesCo (BVI) Ltd.

S.2 Relevant legal entity identifier

BVI Business Company (BC)

S.3 Name of the crypto-asset

Rails

S.4 Consensus Mechanism

See H.4

S.5 Incentive Mechanisms and Applicable Fees

See H.5

S.6 Beginning of the period to which the disclosure relates

2025-12-11

S.7 End of the period to which the disclosure relates

2026-12-11

S.8 Energy consumption

0.14143 kWh / a

S.9 Energy consumption sources and methodologies

www.archax.com/dlt-sustainability-assessment

The number of validated transactions associated with the relevant token contract was obtained from Ethereum blockchain-explorer data for the preceding 12-month period. This total was divided by the number of transactions processed on the Ethereum network over the same period to derive a proportional transaction-share ratio.

This ratio was applied to publicly reported estimates of Ethereum's annual energy consumption, producing an estimated share of network-level energy use attributable to interactions with the token contract.

This proportional-allocation method assumes that (i) all Ethereum transactions have equivalent average energy usage, and (ii) published network energy-consumption estimates accurately reflect post-Proof-of-Stake resource requirements.

Supplementary Information on the principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

As the project is under the 500,000 kWh threshold for energy consumption, this section is not required.