

Strategy Memo: Compliance Strategy for ART

Date: January 11th, 2024

Subject: Compliance Strategy for ART (Funding Portal)

I am pleased to provide you with an overview of our robust compliance strategy for Artist Royalty Tokens (ART), a revolutionary platform for intellectual property to create markets through Regulation Crowdfunding (Reg CF).

1. Reg CF Compliance Focus: We are committed to full adherence to Title III of the JOBS Act. We developed an in-depth understanding of all aspects of Reg CF, especially those pertinent to the operation of a funding portal. This includes limits on fundraising, disclosure requirements, and investor solicitation rules.

2. FINRA and SEC Registration: We are committed to register with the Financial Industry Regulatory Authority (FINRA) and the U.S. Securities and Exchange Commission (SEC), demonstrating our commitment to regulatory compliance. This registration (not application) is foundational to our operations, ensuring we meet all legal obligations as a funding portal.

3. Issuer Due Diligence and Compliance: We have established comprehensive due diligence outlines for issuers to ensure that they meet Reg CF eligibility criteria. Our platform will mandate accurate and complete information disclosure from issuers, aligning with SEC requirements. Knowing the issuer is foundational to the platform and the reputations of creators who will be successful.

4. Ongoing Legal Compliance and Updates: We are committed to regularly auditing our platform and staying abreast of regulatory changes.

5. Engagement with Legal Counsel: We have partnered with specialized legal counsel experienced in securities, crowdfunding, and digital assets. This collaboration ensures that our operations are always within legal bounds.

I personally have experience as a strategist at Kraken and have interacted with one of the industry's leading legal departments for numerous potential and real products. I also have a law degree and a long running interest in this market.

In conclusion, this strategy is built on a foundation of legal compliance, transparency, and ethical practices. I'm confident in our ability to navigate the complexities of the Regulation Crowdfunding market, providing a secure and compliant platform for investors and creators alike.

I look forward to discussing this strategy further and answering any questions you may have.

Sincerely,

Nolan Bauerle

ART Inc.