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**REGULATIONS AND RISKS**

## REGULATION

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SVX.US operates as a broker dealer via Bequia Securities, LLC, a FINRA registered U.S. Broker Dealer located in Arlington, MA. Bequia Securities is registered with the Securities and Exchange Commission and is a member of FINRA and SIPC.

The investment opportunities posted on this portal have not been reviewed or approved in any way by a securities regulatory authority or regulator. They are risky and may result in the loss of all or most of your investment. You may receive limited ongoing information about an issuer or an investment made through this portal.

SVX supports investments under various prospectus exemptions available to companies raising capital, including:

1. **Reg A+ (Tier 1 and 2)**
2. **Reg D**
3. **Rule 147 and Rule 147A**

## RISKS

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The main objective of these issuers is not to maximize returns to investors and you should invest in issuers whose offerings are posted on the SVX platform only if you are prepared not to receive any return on your investment and to lose your investment in its entirety. There are significant risks associated with the offerings posted on the SVX platform, including the severe illiquidity (including that there is no market for resale of securities issued through the offerings) and potential volatility of the investment.

The following are some risks of exempt securities:

### Transparency:

- exempt securities are not subject to the reporting issuer regime, they provide less information to their investors, and the information provided is not subject to the oversight of the regulators
- not every exempt security will reveal their portfolio
- it may be difficult for the client to ascertain whether the issuer is actually doing what it says it will do (i.e. whether it is adhering to its investment mandate, risk control process, trading discipline, and compliance processes)

### Related Issuer

- where the broker dealer and the agent are related parties, there is a conflict of interest
- the broker dealer cannot recommend a trade in a security issued by it or an affiliate unless they disclose the nature and extent of the relationship or connection between the broker dealer and the issuer

### Independent Review Committee

- there is no Independent Review Committee (IRC) for non-public investment funds

### Liquidity Risks

- most exempt securities are subject to resale restrictions
- there is no secondary market for exempt securities
- the only means for liquidation may be through the issuer and if there is no redemption feature, the client will not be able to liquidate the securities at all
- even exempt securities which offer redemption features often do so on a limited basis and, in most cases, the issuer also has the option to suspend redemptions

### Valuation Risk

- the accuracy and integrity of valuations can give rise to concerns which include:
  - conflicts of interest
  - accuracy of valuations

### Investor Rights

- investors in exempt securities are not afforded the same legal rights that are available to investors who purchase prospectus-based investments
- there are no statutory rights for damages including:
  - right of rescission
  - right of withdrawal
  - secondary market civil liability

### Investment Risk

- there is increased investment risk with exempt securities for the following reasons:
  - the risk of smaller businesses including those in the start-up phase pose higher risks
  - there is a higher risk of fraud due to the lack of transparency
  - the possibility that the client may lose some or all of the principal invested