



ITZA TRADE

Principles-Based Disclosure Document

Token Presale Under the SEC Reg Crypto Startup Exemption Framework

Raise Target: Up to \$5,000,000

Instrument: Simple Agreement for Future Tokens (SAFT)

Issuing Entity: ITZA Trade Inc. (Texas)

Document Date: April 29, 2026

Version 1.0 - For Prospective Investors

IMPORTANT NOTICE: This document constitutes a voluntary principles-based disclosure prepared in anticipation of and in the spirit of the SEC's proposed Regulation Crypto Assets framework. The ITZATrade token has not been registered under the Securities Act of 1933 or under the securities laws of any state. This disclosure is provided for informational purposes to prospective investors and does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction where such offer or solicitation would be unlawful. Prospective investors should consult their own legal, tax, and financial advisors before making any investment decision. An investment in ITZATrade tokens involves substantial risk, including the possible loss of the entire investment.

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1. Executive Summary

ITZA Trade is a decentralized perpetual futures and spot trading platform built natively on the ITZA Blockchain, a full-stack Layer 0 protocol developed from first principles by ITZA Labs. ITZA Trade is designed to compete directly with Hyperliquid and other decentralized exchanges by delivering superior performance, genuine decentralization, multi-jurisdictional compliance, and a sustainable economic model based on real yield rather than token burns.

This document discloses material information regarding the presale of ITZA Trade tokens, conducted via Simple Agreements for Future Tokens (SAFTs) issued by ITZA Trade Inc., a Texas corporation and parent entity for the ITZA Trade ecosystem. The presale is structured as the first tranche of a broader capital formation strategy, raising up to \$5,000,000 under the anticipated SEC Reg Crypto Startup Exemption framework. Upon publication of the Reg Crypto proposal, ITZA Trade Inc. intends to file the required notice with the SEC and continue raising under the fundraising exemption.

Key Terms at a Glance: Total token supply: 1,000,000,000 | Presale allocation: 12% (120,000,000 tokens) | Base price: \$0.125 at \$125M FDV | Discount range: 5%-40% via the Deal Equalizer | Raise target (Tranche 1): Up to \$5,000,000 | Issuing entity: ITZA Trade Inc. (Texas) | Token delivery: At TGE, by ITZA Trade Inc. or designated affiliate

2. Regulatory Framework and Compliance Posture

This offering is structured in anticipation of the SEC's proposed Regulation Crypto Assets (Reg Crypto) framework, which SEC Chairman Paul Atkins unveiled on March 17, 2026, and confirmed on April 6, 2026, is currently at the White House Office of Information and Regulatory Affairs (OIRA) - the final procedural step before publication for public comment.

The Reg Crypto Framework

Reg Crypto is a tiered framework consisting of three distinct regulatory instruments. This offering is designed to comply with the first tier - the Startup Exemption - which creates a four-year fundraising window for early-stage crypto projects to raise up to \$5 million with principles-based disclosure, KYC/AML compliance, and anti-fraud protections. This disclosure document constitutes the principles-based disclosure contemplated by that exemption.

The second tier - the Fundraising Exemption - permits raises of up to \$75 million in any 12-month period with enhanced disclosures including financial statements and a discussion of the issuer's financial condition. ITZA Trade Inc. intends to transition to this exemption for subsequent tranches once the Reg Crypto rule is formally published.

Token Classification

The joint SEC-CFTC interpretive release of March 17, 2026, established a five-part token taxonomy: Digital Commodities, Digital Collectibles, Digital Tools, Payment Stablecoins, and Digital Securities. The ITZA Trade token functions as a Digital Tool - an access and utility token providing fee discounts, staking yield, governance participation, and liquidity incentives within the ITZA Trade platform. Four of the five token categories are excluded from full securities regulation under this taxonomy.

Notwithstanding the token's functional classification, ITZA Trade Inc. is treating this presale as a potential investment contract under the Howey framework and is providing this disclosure voluntarily to ensure maximum transparency and investor protection, regardless of the ultimate regulatory classification.

Compliance Commitments

ITZA Trade Inc. commits to the following: (1) filing the required notice with the SEC upon publication of the Reg Crypto proposal; (2) maintaining all investor records, communications, and transaction documentation; (3) publishing this disclosure document on its website for public access; (4) supplementing this disclosure with financial statements and financial condition discussion as required by the fundraising exemption; and (5) cooperating fully with any SEC inquiry or examination.

3. The Companies Behind This Offering

ITZA Labs is a Texas corporation that owns the ITZA Blockchain, all 70+ patent applications, the proprietary software stack, the ITZA brand and master trademarks, and the ITZACoin treasury. The company developed the entire full-stack Layer 0 protocol from first principles - no component was forked from an existing project.

ITZA Labs is the technology developer and licensor. It does not own any individual application built on the blockchain. ITZA Labs receives a 10% protocol license fee from every ITZApp that runs on the ITZA Blockchain, including ITZA Trade.

ITZA Trade Inc. (Texas) is the parent entity for the ITZA Trade ecosystem and the issuing entity for the SAFTs in this offering. ITZA Trade Inc. owns the ITZA Trade brand, the ITZATrade token treasury, the matching engine IP, and all commercial relationships and investor agreements. It licenses cluster operations to its subsidiaries (BVI offshore, U.S. compliant) and pays the 10% protocol license fee to ITZA Labs.

The company's first commercial application is ITZA Vault, an identity verification cooperative organized as a Colorado cooperative. ITZA Trade is the second application and the subject of this disclosure.

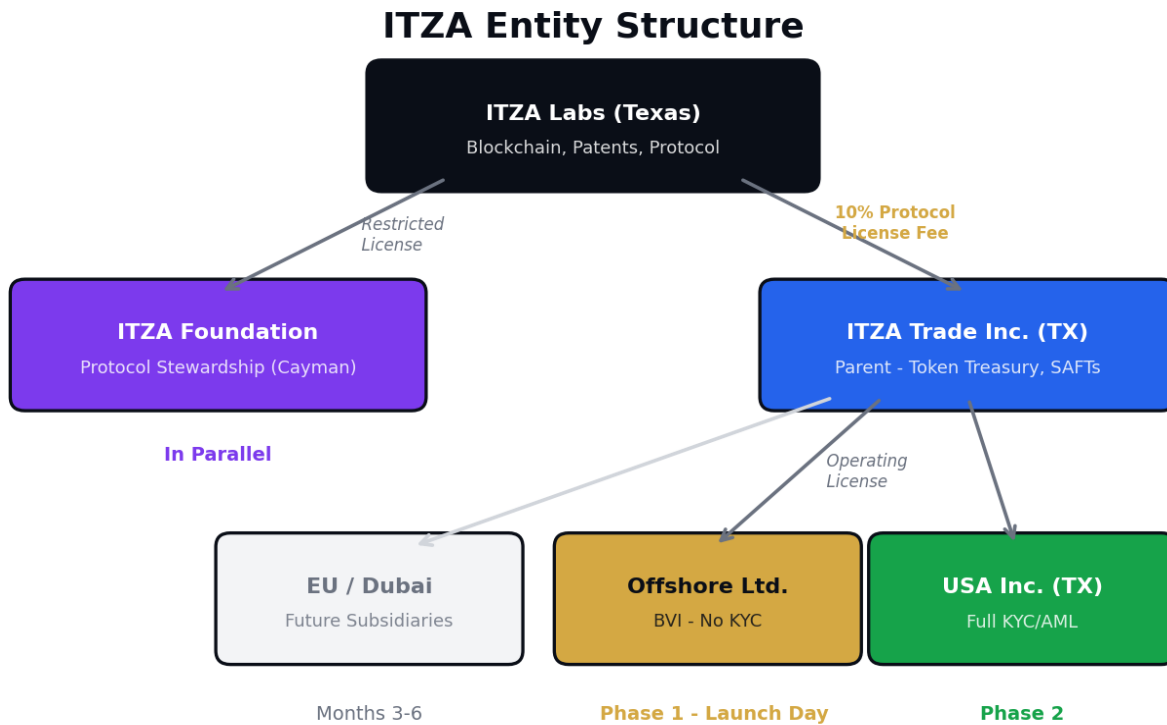
Attribute	Detail
Legal Name	ITZA Labs
Jurisdiction	Texas, United States
Role	Blockchain developer, patent holder, technology licensor
Website	itzalabs.com
Owns	The blockchain, all patents, proprietary software stack, ITZA brand, ITZACoin treasury
Does Not Own	Any individual application (not ITZA Trade, not ITZA Vault)
Protocol License Fee	10% of all application fees on the ITZA Blockchain
IP Portfolio	70+ patent applications across multiple jurisdictions
First Application	ITZA Vault (identity verification cooperative, Colorado)
Second Application	ITZA Trade (decentralized trading platform)

4. Entity Structure and Token Architecture

The ITZA ecosystem separates protocol-level assets from application-level assets. This separation is architecturally enforced and creates distinct investment and governance boundaries.

Entity Hierarchy

Entity	Owns / Controls	Role
ITZA Labs (Texas)	The blockchain, all 70+ patents, proprietary software stack, ITZA brand, cold storage infrastructure, ITZACoin treasury	Blockchain developer, patent holder, technology licensor. Receives 10% protocol license fee from every ITZApp. Does not own any individual application.
ITZA Foundation (Cayman Foundation Company)	Protocol governance framework, ecosystem development grants, limited ITZACoin treasury allocation	Protocol stewardship layer under restricted license from Labs. Does not operate any trading platform. Does not require VASP licensing. Independent directors with founder reserved powers.
ITZA Trade Inc. (Texas)	ITZA Trade brand, ITZATrade token treasury, matching engine IP, commercial relationships, investor agreements	Parent entity for the ITZA Trade ecosystem. Raises capital, designs token economics, manages token allocation. Licenses cluster operations to subsidiaries. Pays 10% protocol fee to Labs.
ITZA Trade Offshore Ltd. (BVI)	Operating license from ITZA Trade Inc. for the offshore cluster	Offshore cluster operator. No-KYC, high-leverage trading. Launches first. BVI provides regulatory accommodation and tax neutrality. Does not touch token treasury or control the protocol.
ITZA Trade USA Inc. (Texas)	Operating license from ITZA Trade Inc. for the U.S. cluster	U.S.-compliant cluster operator. Full KYC/AML, leverage caps, SEC/CFTC compliance. No connection to offshore cluster operations.



Ownership Separation

The blockchain does not own the trading platform. The trading platform does not own the blockchain. They are connected by a licensing relationship and a fee flow - not by equity ownership. This creates three distinct investment exposures:

ITZATrade token: Exposure to the trading platform's success. A claim on 55% of trading fees from ITZA Trade, governed by ITZA Trade Inc., operating across multiple jurisdictional clusters.

ITZACoin: Exposure to the entire ITZA ecosystem - every ITZApp, every cluster, every transaction across all applications on the blockchain.

ITZA Labs equity: Exposure to the IP portfolio, the 10% protocol license revenue stream from all applications, and the proprietary technology stack.

Launch Sequence

Phase 1 - Offshore cluster via BVI entity. No KYC for the trading cluster, high leverage, direct Hyperliquid competition. BVI gives regulatory accommodation, tax neutrality, and speed to market. Cayman is explicitly excluded as the operating jurisdiction for the no-KYC cluster.

In parallel - Cayman Foundation operates concurrently as the protocol stewardship layer - not the exchange operator. The Foundation does not need VASP licensing because it is not operating a trading platform or providing virtual asset services. It is formed alongside the BVI entity, not sequentially after it.

Phase 2 - U.S. cluster launches via ITZA Trade USA Inc. (Texas), with full KYC, leverage caps, and SEC compliance under the self-custodial interface guidance.

Token Architecture - Two Distinct Tokens

ITZACoin is the native Layer 0 network token of the ITZA Blockchain. It is used for transaction fees, validator staking, and network governance. ITZACoin is **not** the subject of this offering.

ITZATrade token is an application-level utility token (a protocol-native alt-coin on the ITZA Blockchain, not a smart contract wrapper). It operates across all ITZA Trade clusters globally - compliant and non-compliant alike - and provides: staking yield (55% of all trading fees distributed to stakers), fee discounts for active traders, governance over platform parameters, and liquidity mining rewards. This token is the subject of this offering.

The SAFT states that tokens will be delivered at TGE by "ITZA Trade Inc. or a designated affiliate." This language preserves flexibility to route token issuance through the BVI entity or Cayman Foundation when those entities are formed, without requiring amendment to existing SAFTs.

5. The ITZA Blockchain - Underlying Technology

ITZA Trade is built natively on the ITZA Blockchain, a full-stack Layer 0 protocol designed and built from scratch. No component was forked from an existing project. The blockchain's architecture is purpose-built for the performance, compliance, and scaling requirements of real-world financial applications.

Consensus Mechanism - Proof of Deterministic Time (PoDT)

The ITZA Blockchain uses a proprietary consensus mechanism called Proof of Deterministic Time (PoDT), paired with quintile-based Proof of Stake. PoDT produces one hash per tick with deterministic replay, enabling extremely high throughput. The quintile system divides validators into five stake groups, each receiving exactly 20% of leadership blocks regardless of total stake - preventing validator cartels and guaranteeing recurring leadership for smaller validators.

Clustered Horizontal Scaling

The network scales through independent parallel clusters (up to approximately 65,536). Wallets are deterministically assigned to a cluster. Each cluster runs its own ledger, leader schedule, and PoDT stream. Throughput scales linearly with cluster count.

Configurable Block Time

Unlike every other blockchain, ITZA allows each cluster to configure its own block time at genesis. Trading clusters run at 50ms blocks for sub-150ms finality and approximately 28,000 TPS. Standard clusters run at 300ms blocks for 500ms finality and approximately 40,000 TPS. This configurability is a patented innovation that enables workload-specific optimization at the protocol level.

Verified Performance Benchmarks

Hardware	Configuration	TPS/Cluster	Signature
AMD Ryzen 9 9950X	30 clusters	~16,200	Ed25519
AMD Ryzen 9 9950X	30 clusters (aggregate)	487,000	Ed25519
Intel N305 (\$150 mini-PC)	Single cluster	14,000	Ed25519
Intel N305 (\$150 mini-PC)	Single cluster	9,200	ML-DSA-65 (PQ)

Additional Protocol Features

Smart Contracts: Both WASM (native) and EVM (Ethereum-compatible) execution environments with rent-based storage and deterministic replay.

Post-Quantum Readiness: Full cryptographic agility framework supporting NIST FIPS 203/204/205/206 algorithms with on-the-fly key rotation - no hard fork required.

Native Primitives: Tokens, NFTs, alt-coins, escrow with jury arbitration, KYC certificates (privacy-preserving hashes), social registrations, and ITZApp web-app containers - all protocol-level.

Data Archival: BitTorrent-based epoch archival enabling nodes to prune old data while ensuring full history remains recoverable and verifiable.

Cross-Cluster Settlement: Atomic two-phase commits across clusters for cross-cluster transactions.

Zero Inflation: No inflationary token issuance. All transaction fees are distributed to validators. Sustainability through on-ledger rent, not dilution.

6. ITZA Trade - The Platform

ITZA Trade is a decentralized perpetual futures and spot trading platform designed to compete directly with Hyperliquid, the current market leader in on-chain derivatives trading with approximately \$685 million in annual revenue. ITZA Trade is a separate entity from ITZA Labs.

Multi-Jurisdictional Cluster Architecture

ITZA Trade leverages the ITZA Blockchain's cluster architecture to deploy jurisdiction-specific trading environments at the protocol level. Each cluster can enforce its own compliance requirements - KYC levels, leverage limits, asset restrictions, and reporting obligations - while sharing the same ITZA Trade token and global liquidity.

Cluster	Jurisdiction	KYC	Leverage	Status
Offshore	BVI	None	Up to 50x	Launch Day
U.S.	Texas (USA)	Full KYC/AML	Per SEC/CFTC	Phase 2
EU	European Union	MiCA-compliant	Per MiCA	Months 3-6
Dubai	UAE / DIFC	VARA-compliant	Per VARA	Months 3-6

EU and Dubai clusters will be operated by additional subsidiaries of ITZA Trade Inc., formed in the relevant jurisdictions as those markets approach launch. Entity formation and licensing for those jurisdictions will be undertaken during Months 3-6 using proceeds from this offering.

Performance Advantage

Metric	Trading Cluster	Standard Cluster
Block Time	50ms (configurable)	300ms (configurable)
Finality	Sub-150ms	~500ms
TPS	~28,000	~40,000
Architecture	Clustered horizontal scaling	Clustered horizontal scaling

Decentralized Front-End

ITZA Trade's user interface is delivered via ITZApp containers served directly from validator nodes. There is no centralized website to censor or block. Every node in the network serves the full trading interface. This architecture aligns with the SEC's April 13, 2026, DeFi front-end safe harbor for Covered User Interface Providers.

7. The ITZATrade Token

The ITZATrade token is a protocol-native alt-coin on the ITZA Blockchain. It is not a smart contract wrapper or an ERC-20 derivative. It exists at the protocol level with the same first-class status as native tokens.

Token Utility

Staking Yield: 55% of all trading fees across all clusters are distributed directly to ITZATrade token stakers as real yield. This is not a burn mechanism - it is direct revenue distribution.

Fee Discounts: Active traders who hold and stake ITZATrade tokens receive discounted trading fees, scaling with the amount staked.

Governance: Token holders participate in governance over platform parameters including fee rates, leverage limits, new market listings, and cluster deployment decisions.

Liquidity Mining: Tokens are used as incentives for liquidity providers who supply depth to the order book.

Token Supply

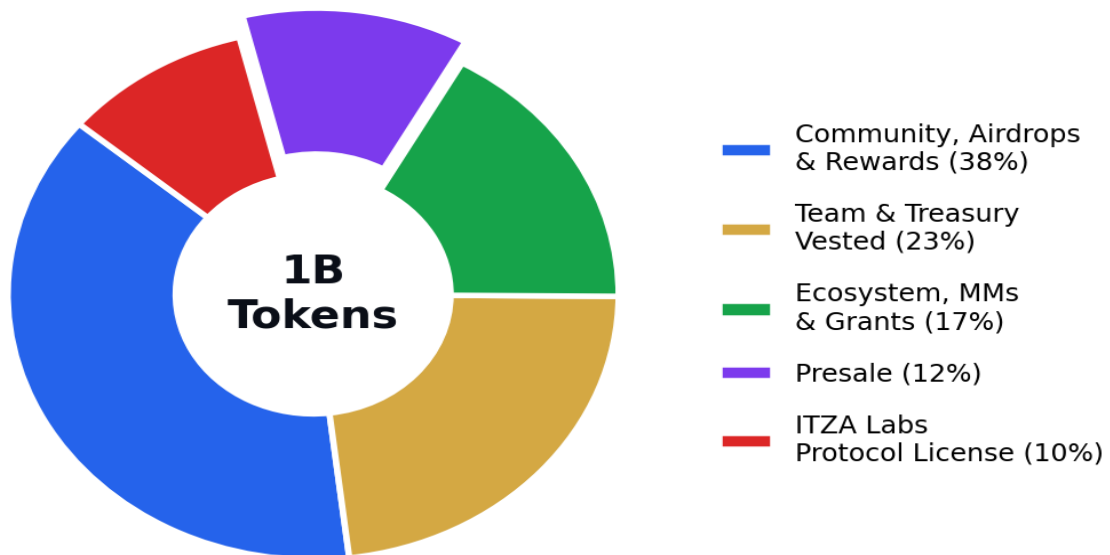
Parameter	Value
Total Supply	1,000,000,000 ITZATrade tokens
Presale Allocation	12% (120,000,000 tokens)
Fully Diluted Valuation	\$125,000,000 at base price
Base Token Price	\$0.125 (reference listing price)
Investor Price Range	\$0.075 to \$0.119 (via Deal Equalizer discounts of 5%-40%)
Maximum Raise (Tranche 1)	\$5,000,000
Vesting	Configurable per investor via Deal Equalizer

Token Supply Allocation

The full 1,000,000,000 ITZATrade token supply is allocated across five categories. These allocations are defined at TGE and enforced at the protocol level:

Category	Allocation	Tokens	Notes
Presale	12%	120,000,000	Sold via SAFT through the Deal Equalizer at 5%-40% discount from base price
Community, Airdrops, and Rewards	38%	380,000,000	Staking rewards, trading incentives, airdrops, liquidity mining, and community programs
Team and Treasury (vested)	23%	230,000,000	Subject to vesting schedule. Funds ongoing development, operations, and team compensation
Ecosystem, Market Makers, and Grants	17%	170,000,000	Market maker incentives, ecosystem development grants, strategic partnerships
ITZA Labs Protocol License	10%	100,000,000	Allocated to ITZA Labs as the protocol license holder for the ITZA Blockchain

ITZATrade Token Supply Allocation



8. Tokenomics and Fee Distribution

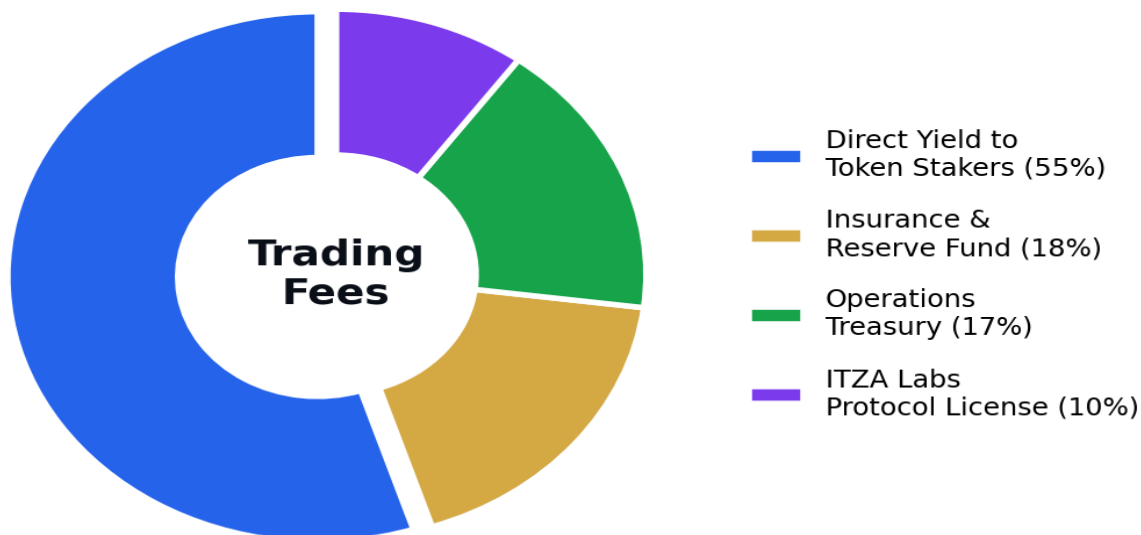
ITZA Trade's economic model is built on real yield - direct fee distribution to stakeholders - rather than the reflexive token burn model used by competitors. Every dollar of fee revenue is allocated transparently across defined categories.

Fee Distribution Model

A trade happens on any ITZA Trade cluster. The trading fee is collected. That fee splits the same way regardless of which cluster the trade occurs on - the offshore cluster and the U.S. cluster both contribute to the same fee pool:

Allocation	%	Recipient	Hyperliquid
Direct Yield to Stakers	55%	ITZA Trade token stakers	0% (no direct yield)
Insurance and Reserve Fund	18%	Platform insurance pool and reserves	0%
Operations Treasury	17%	ITZA Trade Inc. (development, operations, team, marketing)	0% (no retained revenue)
ITZA Labs Protocol License	10%	ITZA Labs (Texas)	N/A
Token Buyback and Burn	0%	N/A	97-99% (entire fee base)

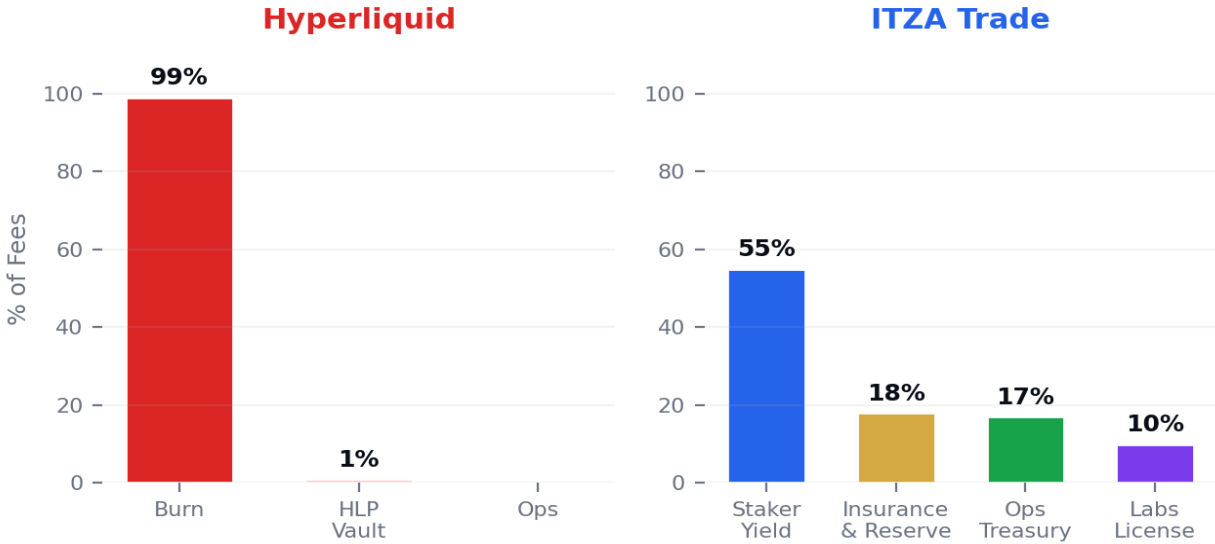
Fee Distribution Model



Why Real Yield, Not Burns

Hyperliquid burns 97-99% of all trading fees. Token holders benefit only from price appreciation driven by reduced supply. Zero revenue is retained for operations - the team is funded entirely by a depleting token allocation. This model is inherently unsustainable: when the team allocation runs out, there is no recurring revenue to fund compliance, expansion, or operations.

Fee Model Comparison: Burn vs Real Yield



ITZA Trade distributes 55% of fees as real yield directly to token stakers while retaining 17% for operations and 18% for insurance and reserves. At Year 3 base case revenue of \$694 million, ITZA Trade stakers would receive \$382 million annually - \$0.38 per token. At a 5% yield expectation, this implies a token price of \$7.64 (a 61x return from the \$0.125 base price). At a 3% yield target comparable to Hyperliquid's implied 3.8%, the implied price is \$12.73 (a 102x return).

Yield Comparison: At equivalent revenue levels, ITZA Trade delivers comparable or superior implied returns to Hyperliquid, with a sustainable operating model underneath. The yield is modelable, comparable to dividends, and attractive to institutional investors who require quantifiable returns.

How Revenue Flows

The fee split is the same regardless of which cluster the trade happens on. The offshore cluster and the U.S. cluster both contribute to the same fee pool. The ITZA Trade token accrues value from all clusters - that is why it is one token across all jurisdictions, and why the token purchase is through ITZA Trade Inc. (the parent), not through any individual cluster operator.

9. Presale Terms and the Deal Equalizer

Investment Instrument

Investments are made via Simple Agreement for Future Tokens (SAFT), a widely-used instrument in the digital asset industry. The SAFT defines the token delivery trigger (Token Generation Event), the price per token, the allocation, and the conversion mechanics. SAFTs are issued directly by ITZA Trade Inc. - no platform, no intermediary, no percentage cut.

The Deal Equalizer

ITZA Trade does not use a static SAFT where every investor receives the same terms. Instead, a dynamic pricing engine called the Deal Equalizer determines each investor's token price based on the terms they bring to the table. The core insight is that not all investors bring the same value, take the same risk, or accept the same terms - so they should not get the same price.

How the Deal Equalizer Calculates Price

The calculator takes inputs across several categories and normalizes them into scores (0-100), then applies configurable weights to produce a discount percentage within a defined band of 5% minimum to 40% maximum off the base token price.

Investment factors: Capital amount and funding speed measured in days. Money that arrives in 7 days during the build phase is worth more than money that arrives in 90 days when the product is nearly done.

Commitment factors: Vesting period, cliff period, lockup strength, unlock frequency. An investor who accepts 36-month vesting with a 6-month cliff and annual unlocks is making a fundamentally different commitment than one who wants 12-month vesting with monthly unlocks.

Position factors: Round role (lead investor, co-lead, strategic, follow-on, passive) and round entry timing. Entry timing is auto-calculated from actual pool state - how much has been funded, how much is in escrow - not manually estimated.

Strategic factors: Industry expertise, distribution reach, credibility/signal value, business development potential, regulatory/compliance expertise, and committed trading volume. Each factor is scored individually and requires written justification, making the strategic assessment auditable rather than arbitrary.

Policy Caps

Hard rules override the formula to prevent commercially irrational deals. No discount above 25% unless vesting is at least 24 months. No discount above 30% unless the cliff is at least 6 months. No single investor can take more than a defined percentage of the pool. These caps are non-negotiable and ensure discipline even when the formula might technically allow a larger discount.

On-Chain Escrow

When an investor accepts the terms, the calculated number of tokens at the calculated price are placed into ITZA's native protocol escrow. A countdown begins (for example, 14 days). If the investor's funds arrive within that window, the project confirms receipt and the escrow releases the tokens to the investor's wallet. If funds do not arrive in time, the escrow expires and the tokens return to the pool automatically.

Because the escrow is protocol-native (built into the ITZA Blockchain's escrow system, not a third-party smart contract), every lock-in, every countdown, every release or expiration is on-chain and auditable. This solves a real problem in fundraising: price certainty. The investor knows exactly what they are getting, and the terms cannot shift between handshake and wire.

Relationship to the SAFT

The Deal Equalizer does not eliminate the SAFT. Instead, it changes what the SAFT contains. With a traditional SAFT, the price is a negotiation outcome. With the Deal Equalizer, the price is computed from inputs that both parties can see. The SAFT references the calculator's output: "Investor receives X tokens at \$Y per token, calculated by the Deal Equalizer based on the following inputs." The full calculation - including scores, weights, policy caps applied, and rationale - becomes an exhibit to the agreement.

This is stronger from a regulatory standpoint. Under the March 2026 SEC/CFTC token taxonomy, demonstrating that token pricing is systematic, documented, and policy-governed - rather than arbitrary or based on sweetheart deals - strengthens the argument that the process is fair and transparent. Every investor's discount is explainable.

Example Deal Scenarios

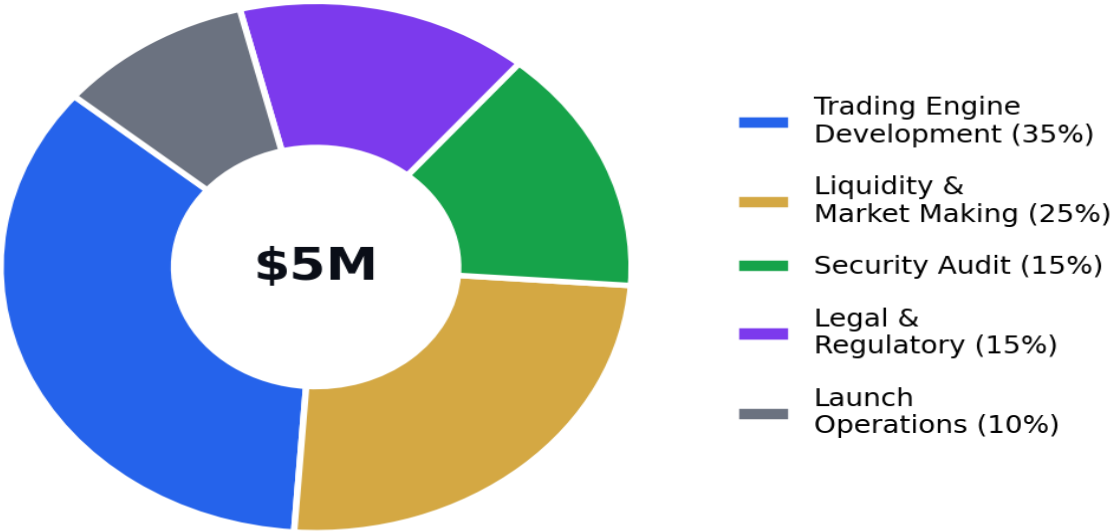
Investor Type	Investment	Discount	Price	Tokens
Strategic (market maker, long lockup)	\$500,000	40%	\$0.075	6,666,667
Institutional (fund, 12-month vest)	\$250,000	25%	\$0.094	2,659,574
Community (standard terms)	\$10,000	5%	\$0.119	84,034

10. Use of Proceeds

Proceeds from this offering will be used to complete the development and launch of the ITZA Trade platform. The trading engine is currently approximately 50% complete, with an estimated 8-12 weeks to launch on infrastructure that is already built and tested.

Category	%	Description
Trading Engine Development	35%	Complete matching engine, order book, liquidation engine, and risk management systems
Liquidity and Market Making	25%	Market maker commitments, initial liquidity provisioning, and trading pair seeding
Security Audit	15%	Independent security audit of smart contracts and protocol-level trading infrastructure
Legal and Regulatory	15%	Legal structuring, regulatory filings (SEC Reg Crypto notice), entity formation (Cayman Foundation, BVI entities), compliance infrastructure
Launch Operations	10%	Initial marketing, community building, offshore cluster deployment, validator onboarding

Use of Proceeds



11. Development Status and Roadmap

What Is Already Built

ITZA Blockchain (complete): Full-stack Layer 0 protocol including PoDT consensus, quintile PoS, cluster architecture, WASM/EVM execution, native primitives, post-quantum cryptography, BitTorrent archival, cross-cluster atomic commits.

Testnet (live): Launched March 2026. Performance benchmarks verified on production hardware.

Configurable block time (complete): 50ms to 500ms per cluster at genesis - patented innovation.

ITZA Trade cluster (deployed): The trading cluster is already launched. TGE can occur at any time.

Native escrow system (complete): On-chain escrow with countdown timers, used by the Deal Equalizer for investment locking.

ITZApp container system (complete): Decentralized front-end delivery from validator nodes.

Residential node network (operational): Approximately 65,000 clusters across the network.

What Remains to Be Built

Trading engine (approximately 50% complete): Matching engine, order book depth aggregation, liquidation engine, risk management, margin system. Estimated 8-12 weeks to completion.

Security audit: Independent audit of trading infrastructure. Timing dependent on completion of trading engine.

Market maker integration: Onboarding of professional market makers for initial liquidity.

Launch Timeline

Phase	Timeline	Milestones
NOW	Current	Complete trading engine, security audit, investor raise
Weeks 1-8	Post-funding	Finish build, onboard market makers, BVI offshore cluster launch
Months 3-6	Post-launch	Compliant clusters (US, EU, Dubai), regulatory filings
Months 6-12	Growth	Additional trading pairs, RWA integration, volume scaling

12. Competitive Landscape

The decentralized exchange market is large and growing. DEX market share has reached approximately 26% of total crypto trading volume. The primary competitive target is Hyperliquid, which generates approximately \$685 million in annual revenue and operates at approximately \$18 billion fully diluted valuation.

Head-to-Head: ITZA Trade vs. Hyperliquid

Dimension	Hyperliquid	ITZA Trade
Finality	200-400ms observed	Sub-150ms (configurable per cluster)
Validators	16 Foundation-controlled	~65,000 clusters, quintile-fair PoS
Source Code	Closed source	Open protocol specification
TPS Claims	200K (unverified)	487K verified (AMD Ryzen 9)
U.S. Access	Blocked (17.32% VPN traffic)	Native compliant cluster planned
Post-Quantum	Not addressed	NIST FIPS 203/204/205/206 ready
Fee Model	97-99% burn, \$0 retained	55% real yield, 17% ops, 18% insurance, 10% Labs
Market Intervention	JELLY incident: unilateral halt	Protocol-level risk mgmt, no override
Smart Contracts	Custom (proprietary)	WASM + full EVM compatibility
IP Protection	None (closed source)	70+ patent applications

Hyperliquid spent \$29 million on lobbying in 2025-2026, reflecting its awareness that regulatory scrutiny is increasing. ITZA Trade's native compliance architecture - jurisdiction-specific clusters with built-in KYC, escrow, and arbitration - is designed to render lobbying unnecessary by building compliance into the protocol.

13. Team

Eli Traitel - Founder and CEO

Entrepreneur since age 12. Started his first company (EliTe Computech Ltd) at 16 - New Zealand's first mobile computer repair company. Acquired his former employer (Second Byte Ltd) at 17 and a competitor (Metro Computer Systems Ltd) shortly after. Won a bidding war to acquire AB Computers Ltd at 18. Sold the combined business at a profit and moved to Australia to enter telecommunications. Founded TraiTel Telecommunications in 2003 - the first internet-based telecom to offer VoIP, eFax, and SMS in one platform. TraiTel at its peak served over 25,000 customers in Australia and over 350,000 users of its software (TTMessenger) worldwide. Founded ITZA in 2022 and architected the full-stack Layer 0 blockchain from first principles, securing 70+ patent applications.

Alain Lapalme - Chief Technology Officer

Programming since age 8. Studied Software Engineering at the University of Ottawa with a Nortel Networks scholarship. 20+ year partnership with Eli - CTO since 2004. Built TraiTel's entire telecom platform from scratch. Core engineer of the ITZA Blockchain - implemented PoDT consensus, cluster architecture, WASM/EVM execution environments, cryptographic agility framework, configurable block timing, and native protocol primitives. Proficient across C, C++, C#, Java, Python, PHP, Perl, JavaScript, and assembly, with deep expertise in Linux, distributed systems, and high-performance computing.

Two people built an entire Layer 0 blockchain from first principles. The same team is now approximately 50% through building the trading engine. The blockchain is built. The cluster is deployed. The engine is the remaining deliverable.

Planned Hires (Post-Funding)

VP Engineering: Will lead ITZA Trade matching engine and trading infrastructure development.

Head of Compliance: Will oversee multi-jurisdictional regulatory strategy and manage KYC/AML infrastructure across all regional trading clusters.

14. Intellectual Property

ITZA Labs holds a portfolio of 70+ patent applications across multiple jurisdictions covering the core innovations of the ITZA Blockchain. This patent portfolio represents a significant moat against competitive replication.

Patent Coverage Categories

- Proof of Deterministic Time (PoDT) consensus mechanism
- Quintile-based Proof of Stake validator selection
- Clustered horizontal scaling architecture
- Configurable block time per cluster
- Cross-cluster atomic two-phase commit protocol
- Cryptographic agility framework (post-quantum key rotation)
- Native escrow and arbitration system
- ITZApp decentralized front-end container system

The window for building novel blockchain infrastructure is closing. ITZA Labs has already walked through it - and filed the patents behind them.

15. Risk Factors

An investment in ITZATrade tokens involves substantial risk, including the possible loss of the entire investment amount. Prospective investors should carefully consider the following risk factors before making an investment decision.

Regulatory Risk

The Reg Crypto framework is not yet finalized. The proposed startup exemption may be modified, delayed, or withdrawn during the rulemaking process. The final rule may impose requirements different from those anticipated in this disclosure. State-level securities laws may impose additional requirements. Changes in regulatory posture - including potential shifts in SEC leadership following the 2026 midterm elections - could adversely affect the token and the platform.

Pre-Filing Risk

This offering is being conducted prior to the formal publication of the Reg Crypto rule. While ITZA Trade Inc. is voluntarily providing disclosure consistent with the proposed framework, there is no currently effective exemption specifically covering this offering. ITZA Trade Inc. intends to file the required notice immediately upon publication of the Reg Crypto proposal.

Technology and Development Risk

The ITZA Trade trading engine is approximately 50% complete. There is no guarantee that development will be completed on schedule or at all. Unforeseen technical challenges, security vulnerabilities, or performance issues could delay or prevent the platform launch. The underlying ITZA Blockchain, while tested, has not been deployed in a high-volume production trading environment.

Competition Risk

Hyperliquid is an established competitor with significant revenue, market share, and network effects. Other competitors may emerge with superior technology or more favorable market positioning. There is no guarantee that ITZA Trade will achieve meaningful market share or revenue.

Liquidity Risk

There is currently no public market for the ITZATrade token. There is no guarantee that a liquid market will develop after TGE. Token prices may be volatile and may decline significantly below the presale price.

Key Person Risk

The project is currently dependent on two key individuals - Eli Traitel and Alain Lapalme. The loss or unavailability of either individual could materially impair the project's ability to complete development and launch.

Token Classification Risk

While the SEC's March 2026 taxonomy classifies utility tokens as Digital Tools outside full securities regulation, this classification is based on an interpretive release and could be revised. The ITZATrade token could be reclassified as a security, which would subject it to more onerous regulatory requirements.

Smart Contract and Protocol Risk

The ITZA Blockchain and ITZA Trade platform involve complex software. Bugs, exploits, or vulnerabilities in the protocol, smart contracts, or trading infrastructure could result in loss of funds, platform downtime, or other material adverse outcomes.

Market and Macroeconomic Risk

The cryptocurrency market is highly volatile and subject to macroeconomic conditions, regulatory changes, and market sentiment shifts that are outside the control of ITZA Labs or ITZA Trade. Broad market declines could adversely affect token value regardless of platform performance.

Entity Structure Risk

The planned entity structure involves multiple jurisdictions (Texas, Cayman Islands, BVI) and multiple entities. This structure involves legal complexity and cross-jurisdictional regulatory risk. The Cayman Foundation and BVI entities have not yet been formed.

Concentration Risk

Proceeds from this offering may constitute a significant portion of ITZA Trade's available capital. Misallocation of funds or unexpected cost overruns could jeopardize the project's ability to reach launch.

16. Financial Condition of the Issuer

ITZA Labs is a development-stage company. The company has not generated material revenue from its blockchain technology to date. ITZA Trade Inc. is a newly formed entity. Development has been funded by the founder and through internal resources. Neither entity has material debt obligations.

ITZA Labs' primary assets are its intellectual property portfolio (70+ patent applications), the ITZA Blockchain technology stack, and the development work completed to date. ITZA Trade Inc.'s primary assets are the ITZA Trade token treasury, the matching engine IP under development, and the commercial relationships established to date.

Financial statements for ITZA Trade Inc. and ITZA Labs will be provided as a supplement to this disclosure in accordance with the requirements of the Reg Crypto fundraising exemption upon its publication. Prospective investors may request current financial information directly from the issuer.

Note: Under the proposed Reg Crypto Startup Exemption, financial statements are not required for raises up to \$5 million. ITZA Trade Inc. intends to provide financial statements voluntarily and will supplement this disclosure with audited or reviewed financials as appropriate when transitioning to the Fundraising Exemption for subsequent tranches.

17. Additional Information

Where to Find More Information

ITZA Labs: itzalabs.com - full technical whitepaper, protocol documentation, and company information.

ITZA Trade: Platform website (under development) - trading interface previews, documentation, and investor materials.

Investor Briefing Deck: Available upon request from ITZA Labs. Includes detailed financial projections, competitive analysis, and the complete Hyperliquid comparison.

Valuation Model: A detailed financial model including revenue projections, token valuation scenarios, and fee distribution analysis is available upon request.

Deal Equalizer: The interactive pricing tool will be made available to qualified prospective investors during the investment process.

Contact

For inquiries regarding this offering, prospective investors should contact ITZA Trade Inc. directly through itzalabs.com or the ITZA Trade platform website.

This document was prepared by ITZA Trade Inc. in connection with the presale of ITZATrade tokens. This document is not legal advice and does not constitute an opinion of counsel. Prospective investors should consult their own advisors regarding the legal, tax, and financial implications of any investment.

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