

minimum tax credit is refundable in an amount equal to 50% (100% for tax years beginning in 2021) of the excess of the credit for the tax year over the amount of the credit allowable for the year against regular tax liability. Prospective purchasers should consult their tax advisors as to the possible AMT consequences of purchasing in EDGE196™.

### Transferor/Transferee Allocations

EDGE196™ may allocate items of income, gain, loss, deduction and credit using a monthly or other convention, whereby any such items recognized in a given month by EDGE196™ are allocated to the holders of our digital assets as of a specified date of such month. As a result, if a member transfers digital assets, such member may be allocated income, gain, loss and deduction realized by EDGE196™ after the date of transfer. Similarly, if a member acquires additional digital assets, such member may be allocated income, gain, loss, and deduction realized by EDGE196™ prior to such member's ownership of such digital assets.

Although Section 706 of the U.S. Internal Revenue Code generally provides guidelines for allocations of items of partnership income and deductions between transferors and transferees of partnership digital assets, the IRS could disagree with EDGE196™'s conventions and contend that EDGE196™'s taxable income or losses must be reallocated among the members. If such a contention were sustained, the members' respective tax liabilities would be adjusted, possibly to their detriment.

### Tax Shelter Registration and Reportable Transactions

The Code imposes disclosure and list maintenance obligations for persons that participate in listed and reportable transactions. In general, listed and reportable transactions are those that the IRS views as having substantial potential for tax avoidance or evasion. By category, reportable transactions include listed transactions, confidential transactions, transactions with contractual protection, transactions that result in substantial losses, and transactions of interest. The Treasury Regulation Section 1.6011-4(b)(1) defines "transaction" as including "all of the factual elements relevant to the expected tax treatment of any purchase, entity, plan, or arrangement, and includes any series of steps carried out as part of a plan." If an investment in EDGE196™'s digital assets or EDGE196™'s purchase in a specific asset or group of assets were considered to be a reportable transaction, then EDGE196™'s members would be required to adequately disclose such transactions on their income tax return and EDGE196™ would be required to disclose such transactions on its information return. EDGE196™ does not expect that, under current Treasury Regulations, an investment in EDGE196™'s digital assets or EDGE196™'s purchases in assets will constitute reportable transactions.