

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds digital assets, the tax treatment of a partner of such partnership will generally depend on the status of the partner and on the activities of the partnership. Prospective purchasers that are partnerships or partners in such partnerships considering an investment in EDGE196™ should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of digital assets.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE DIGITAL ASSETS. PURCHASERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF DIGITAL ASSETS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES SET FORTH IN THIS MEMORANDUM WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING ANY U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON. SUCH DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION AND MARKETING OF THE TRANSACTIONS DESCRIBED IN THIS MEMORANDUM. EACH PURCHASER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Partnership Status

EDGE196™ has been organized as a Delaware limited partnership, and intends to be classified as a partnership for U.S. federal income tax purposes. A partnership is pass-through entity for U.S. federal income tax purposes and incurs no U.S. federal income tax liability. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his U.S. federal income tax liability, regardless of whether cash distributions are made to him by the partnership.

Distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of cash distributed to the partner is in excess of the partner's adjusted basis in the partner's partnership interest.

Section 7704 of the Code provides that a partnership that is classified as a "publicly traded partnership" will, as a general rule, be treated as a corporation. However, an exception, referred to as the "qualifying income exception," exists with respect to publicly traded partnerships of which 90% or more of the gross income of every taxable year consists of "qualifying income" (generally, interest, dividends, real property rents, gain from the sale of real property, gain from the sale of capital assets and certain other items).