

Entity-Level Collections

If EDGE196™ is required or elects under applicable law to pay any U.S. federal, state, local or foreign income tax on behalf of any member or any former member, EDGE196™ may pay those taxes from Fund funds.

That payment, if made, will be treated as a distribution of cash to the member on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, EDGE196™ may be required to treat the payment as a distribution to all current members. Payments by EDGE196™ as described above could give rise to an overpayment of tax on behalf of an individual member in which event the member would be required to file a claim in order to obtain a credit for the taxes paid by EDGE196™ or refund to the extent the tax withholdings exceed the member's tax liability amount.

Estimated Tax Payments

A member may be required to make estimated tax payments due to his liability for paying the taxes on his distributive share of EDGE196™'s taxable income. EDGE196™ does not anticipate withholding or making payments to any taxing authority on behalf of its members.

Nevertheless, there may be some circumstances under which EDGE196™ is required to withhold on behalf of a member. For further information regarding the tax consequences of EDGE196™'s right or obligation to withhold or make a payment on your behalf, please consult your tax advisor. See also "—Entity-Level Collections" above.

Tax Consequences of Disposition

Upon the sale, gift, transfer, assignment, or other disposition by a member of his or her digital assets, gain or loss recognized on a disposition of an interest in EDGE196™ will be determined by calculating the difference between the amount received (or deemed received) and the selling member's adjusted basis in the digital assets sold.

Gain or loss recognized by a member on the sale of digital assets will generally be taxable as capital gain or capital loss. Capital gain recognized by an individual on the sale of digital assets held for more than 12 months will generally be taxed at the U.S. federal income tax rate applicable to long-term capital gains.

However, a portion of this gain or loss, which could be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to assets giving rise to depreciation or depletion recapture or other "unrealized receivables" or to "inventory items" that EDGE196™ owns. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of a Class A DIGITAL ASSET and may be recognized even if there is a net taxable loss realized on the