

APPENDIX O

Legal and Regulatory Position Reference

Three-Pillar Legal Architecture — Regulatory Position — Contractual Liability — Data Protection Posture

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EXECUTIVE LEGAL POSITION

DCXchange.net is a subscription-based online marketplace platform. It is a venue. Its sole function is to provide verified participants with a structured, searchable, organized environment in which sellers can list real estate-backed financial instruments and buyers can discover them, communicate with sellers through an internal messaging system, and arrange transactions privately between themselves. DCXchange.net does not originate instruments. It does not negotiate transactions. It does not execute trades. It does not hold, transfer, or touch the proceeds of any transaction. It does not receive any compensation based on whether a transaction occurs, what price a transaction closes at, or what instrument is involved. It charges flat-fee subscription access. Nothing more.

This structural commitment — flat-fee subscription, zero transaction involvement, zero transaction-based revenue — is the single most important legal and regulatory design decision in the platform's architecture. It is the reason DCXchange.net operates outside the regulatory perimeters that constrain every transaction-percentage competitor in this market. It is the reason the platform is not a broker, not a dealer, not a lender, not a settlement service provider, not a money transmitter, and not an investment adviser.

The platform's legal position rests on three structural pillars. Each pillar is independent. Each reinforces the others. Together they produce a legal architecture that has been designed from the ground up to withstand regulatory scrutiny, protect the platform from liability for participant conduct, and demonstrate to any counterparty — regulatory or commercial — that DCXchange.net knows exactly what it is and what it is not.

Pillar	Name	What It Does
1	Regulatory Position	Establishes that DCXchange.net falls outside every financial intermediary regulatory framework applicable to this market. No broker-dealer registration. No mortgage broker license. No RESPA exposure. No money transmission license. Section 230 immunity confirmed by the Supreme Court.

2	Contractual Liability Architecture	The Terms of Service framework that governs the platform's legal relationship with every participant. Venue-only declaration, warranty disclaimers, aggregate liability caps, indemnification, and participant responsibility for regulatory compliance.
3	Data Protection Posture	The platform's current and future-state approach to participant data security. Encryption at rest and in transit by design. End-to-end client-side encryption architecturally available as a future enhancement deployable without changes to core platform infrastructure.

PILLAR

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Regulatory Position — The Platform Is Outside Every Applicable Regulatory Framework

PILLAR 1 SUMMARY

Regulatory Framework	Position	Basis
Federal Broker-Dealer Registration Exchange Act § 3(a)(4)	Not required	Platform does not effect transactions in securities for the account of others. Flat subscription fees only. No custody of funds or instruments. Does not bind any party to any transaction. Does not receive transaction-based compensation of any kind.
Mortgage Broker Licensing SAFE Act / State Statutes	Not applicable	Platform does not originate, negotiate, place, or process any mortgage loan or note transaction. Secondary market listing infrastructure only. Flat subscription fees with no nexus to any transaction. No brokerage activity of any kind.
RESPA Section 8 — Referral Fee Prohibition 12 U.S.C. § 2607	Not triggered	Platform does not operate as a settlement service provider. Does not receive compensation tied to referral of settlement services. Does not participate in mortgage origination, title, escrow, appraisal, or any RESPA-covered settlement service activity.
Investment Adviser Registration Investment Advisers Act of 1940	Not required	Platform does not provide investment advice, manage client assets, or receive compensation for recommending any specific instrument. All investment decisions are made exclusively by individual participants.
National Securities Exchange Act § 3(a)(1)	Not applicable	Platform does not list, trade, or clear securities in the Exchange Act sense. Whole real estate-backed notes secured by real property are generally not securities under the Reves family resemblance test. Platform is a listing venue, not an execution venue for securities transactions.
State Money Transmission Licensing	Not required	Platform does not transmit, hold, process, or control funds of any kind. All financial transactions occur directly between buyers and sellers outside the

		platform. No money transmission activity occurs on the platform.
Truth in Lending Act / Regulation Z 15 U.S.C. § 1601 et seq.	Not applicable	Platform does not extend credit, originate loans, or facilitate loan origination. Platform facilitates secondary market assignment of existing instruments between private parties, which is outside the scope of TILA/Regulation Z.
CFPB Jurisdiction 12 U.S.C. § 5481 et seq.	Not triggered—monitor	CFPB 2023 Advisory Opinion on Digital Mortgage Comparison-Shopping Platforms addresses platforms that steer consumers and receive differential fees. DCXchange.net is a neutral listing service with flat subscription fees and no steering mechanism. The CFPB's stated concern does not reach this model.
State Auction Licensing	Monitor by state	Platform auction module is software-automated with no human auctioneer calling bids. Traditional auctioneer licensing statutes are written for physical auctions. Online financial instrument auctions operated by software are generally outside the scope of those statutes. Confirm in licensee operating jurisdiction.
47 U.S.C. § 230 — Section 230 CDA Interactive Computer Service Immunity	Applies — settled	Supreme Court confirmed broad platform immunity framework in <i>Gonzalez v. Google</i> , 598 U.S. 617 (2023). Platform is an interactive computer service. All listings, bids, messages, and due diligence materials are content provided by third-party information content providers. Platform is not the publisher or speaker of any participant-generated content under 47 U.S.C. § 230(c)(1).

SECTION 230 OF THE COMMUNICATIONS DECENCY ACT — THE SETTLED QUESTION

The Statute

47 U.S.C. § 230(c)(1): “No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”

The Supreme Court Has Settled This Question

In *Gonzalez v. Google LLC*, 598 U.S. 617 (2023), the Supreme Court of the United States declined to narrow the Section 230 immunity framework, leaving intact the broad platform immunity that has governed online marketplace liability since the Fourth Circuit established the foundational framework in *Zeran v. America Online, Inc.*, 129 F.3d 327 (4th Cir. 1997). The Court’s refusal to curtail Section 230 in *Gonzalez* — despite direct invitation to do so — represents the most authoritative modern confirmation that the broad immunity framework Congress established in 1996 remains fully operative.

The instrument listings on DCXchange.net are created entirely by sellers. The due diligence materials are uploaded by sellers. The bid amounts are submitted by buyers. The messages in the internal messaging system are written by participants. Every piece of content on the platform about any specific instrument is provided by a participant who is an “information content provider” under 47 U.S.C. § 230(f)(3). DCXchange.net does not create, modify, develop, or editorially alter any participant-submitted content. The platform provides the infrastructure through which participants create and publish content about instruments they own.

The Wisconsin Supreme Court's 2019 decision in *Armslist LLC v. Soto* directly addressed Section 230 immunity for an online marketplace listing platform dealing in private-party transactions with serious potential consequences. The court applied Section 230 immunity, finding that the claimed design flaws — search filters, lack of verification — were all related to how the platform published or structured third-party listings, which is precisely the type of claim Section 230 forecloses. The *Armslist* decision is the most directly analogous precedent to DCXchange.net's operating model.

DCXchange.net Position: The platform is an interactive computer service. All participant-generated content is third-party content to which 47 U.S.C. § 230(c)(1) immunity applies. The Supreme Court confirmed in 2023 that the broad Section 230 framework remains fully operative. Section 230 immunity is not a hoped-for protection — it is a settled legal position supported by the highest court in the country.

CFPB AND THE NEUTRAL LISTING SERVICE CARVE-OUT

The 2023 Advisory Opinion

CFPB Advisory Opinion (88 Fed. Reg. 9163, Feb. 13, 2023): Addresses Digital Mortgage Comparison-Shopping Platforms that enable consumers to comparison-shop for mortgages and other settlement services.

The CFPB's 2023 Advisory Opinion on Digital Mortgage Comparison-Shopping Platforms addressed a specific category of concern: platforms that receive differential fees from settlement service providers and use those fees to provide non-neutral placement that steers consumers toward paying providers. The Advisory Opinion states that such non-neutral placement constitutes a referral under RESPA § 8 and triggers the kickback prohibition.

DCXchange.net is the opposite of the platform the CFPB was addressing. The platform charges flat subscription fees that are identical across all participants at the same tier. The platform does not receive differential fees from any participant based on their placement in search results. The platform does not steer buyers toward any specific seller or instrument. The search and filter results are determined entirely by participant-entered listing data and buyer-defined search criteria — not by any payment relationship between the platform and any participant.

A platform with uniform flat-fee pricing and no steering mechanism is the definition of a neutral listing service. The CFPB's Advisory Opinion contains no language that reaches a neutral listing service operating on flat-fee subscription terms. The concern the CFPB addressed — differential fees creating non-neutral placement — is structurally impossible on DCXchange.net because the revenue model does not permit differential fees of any kind.

DCXchange.net Position: The CFPB's 2023 Advisory Opinion addresses platforms that receive differential fees and steer consumers. DCXchange.net charges uniform flat-fee subscriptions and has no steering mechanism. The Advisory Opinion's concern does not reach this platform's model. RESPA § 8 is not triggered.

FEDERAL BROKER-DEALER ANALYSIS — EXCHANGE ACT § 3(A)(4)

A "broker" under Exchange Act § 3(a)(4) is any person engaged in the business of effecting transactions in securities for the account of others. The SEC has identified five primary indicators of broker status: (1) receiving transaction-based compensation; (2) actively soliciting investors; (3) providing investment advice or recommendations; (4) handling customer funds or securities; (5) binding parties to transactions. DCXchange.net satisfies none of these criteria.

The platform charges flat subscription fees wholly independent of whether any transaction occurs. The platform does not actively solicit investors on behalf of any instrument issuer. The platform does not provide investment advice or recommend any instrument to any participant. The platform never holds, transfers, or controls participant funds or instruments. The platform cannot and does not bind any participant to any transaction. Broker-dealer registration under Exchange Act § 15(a) is not required.

STATE MORTGAGE BROKER LICENSING — THE SECONDARY MARKET DISTINCTION

State mortgage broker licensing statutes regulate the origination side of the mortgage market — the process by which new mortgage loans are placed with borrowers. The instruments listed on DCXchange.net are existing, fully originated, already-deployed instruments being offered for secondary market assignment by their current holders. The platform does not participate in the origination, negotiation, or placement of any mortgage loan.

Even if any ambiguity existed about the platform's role, the compensation structure resolves it conclusively. State mortgage broker definitions require that the brokering activity be conducted for compensation or gain tied to the mortgage transaction. DCXchange.net's flat subscription fees are wholly independent of whether any transaction occurs. No state mortgage broker statute's definition of brokering for compensation reaches subscription fees paid for marketplace access.

STATE MONEY TRANSMISSION LICENSING

DCXchange.net does not transmit, hold, process, intermediate, or control the funds of any participant at any stage of any transaction. The platform's subscription billing is a direct charge for platform access — identical in character to any subscription software service. All financial consideration in any instrument transaction moves directly between the transacting parties through whatever payment method they negotiate outside the platform. No state money transmission licensing requirement is triggered by platform operations.

STATE AUCTION LICENSING — SOFTWARE-AUTOMATED VS. HUMAN AUCTIONEER

Traditional state auctioneer licensing statutes were enacted for the physical conduct of auctions — a human auctioneer who calls bids, announces a hammer price, and facilitates the physical transfer of property between parties at the moment of sale. DCXchange.net's Auction Services module is a software-automated, open ascending-bid system. The platform does not employ auctioneers. No human calls bids. No human announces a hammer price. The auction is conducted entirely by software in accordance with rules established by the seller at listing creation.

eBay's decades-long operation of an online auction marketplace without auctioneer licensing in any state established the dominant regulatory posture for software-automated internet auction platforms. DCXchange.net's auction module is architecturally identical in character to eBay's model — a software system that records bids and determines a winner, with all actual transfer of property or payment occurring between the parties outside the platform. Licensees should confirm the position in their specific operating jurisdiction, particularly in states with broadly written auctioneer statutes.

PILLAR

2

Contractual Liability Architecture — Terms of Service as the Primary Protection Layer

THE LEGAL BASIS

In addition to statutory protections, DCXchange.net's Terms of Service constitute the primary contractual framework governing the platform's legal relationship with every participant. No participant may access the platform without affirmatively agreeing to the Terms of Service as a condition of account creation. This click-wrap agreement model is consistently enforced by courts as a binding contract. See *Specht v. Netscape Commc'ns Corp.*, 306 F.3d 17 (2d Cir. 2002) (enforcing online terms

when users had reasonable notice and opportunity to review); *Nguyen v. Barnes & Noble Inc.*, 763 F.3d 1171 (9th Cir. 2014) (distinguishing enforceable click-wrap from unenforceable browse-wrap).

Core Contractual Protections

1. Venue-Only Declaration

The Terms of Service contain an unambiguous declaration that DCXchange.net is a marketplace venue only and not a party to any transaction between buyers and sellers. This declaration, prominently placed and affirmatively agreed to by all participants at account creation, establishes the contractual framework for all subsequent interactions and operates as a first line of defense against claims seeking to characterize the platform as a transaction participant. The platform is the floor. The transaction belongs to the parties.

2. Disclaimer of Warranties — UCC § 2-316

Under Uniform Commercial Code § 2-316, implied warranties of merchantability and fitness for a particular purpose may be disclaimed in a writing that is conspicuous and, for merchantability, specifically mentions the term. The Terms of Service contain a conspicuous, capitalized disclaimer of all implied warranties with respect to platform services, listing accuracy, instrument quality, participant verification sufficiency, and transaction outcomes. The platform makes no warranty that any listing is accurate, that any instrument is as described, that any participant is creditworthy or legally authorized to transact, or that any transaction will close successfully.

3. Limitation of Liability — Aggregate Cap

The Terms of Service limit the platform's maximum aggregate liability to any participant to the amount paid by that participant in subscription fees during the twelve months preceding the event giving rise to the claim. This cap, consistently enforced by courts when reasonably presented and not unconscionable, prevents enterprise-threatening claims arising from individual transaction disputes between participants. The Terms further exclude liability for consequential, indirect, special, incidental, and punitive damages arising from any cause, including participant-created content, transaction outcomes, instrument quality, counterparty conduct, and platform downtime.

4. Participant Indemnification

The Terms of Service require each participant to indemnify, defend, and hold harmless Toozilt LLC and the platform operator from any claims, losses, or expenses arising from the participant's listings, bids, or communications on the platform; the participant's transactions with other participants; the participant's violation of the Terms of Service; and the participant's violation of any applicable law. This provision shifts the cost of defending claims arising from participant conduct to the participant who created the risk.

5. Participant Responsibility for Legal Compliance

The Terms of Service expressly state that each participant is solely responsible for determining the legality of any instrument they list or acquire, for complying with all applicable federal and state laws governing the sale and acquisition of the relevant instrument type, and for obtaining whatever legal, financial, and tax advice they deem necessary. The platform provides infrastructure. It does not certify the legality, enforceability, or quality of any instrument listed by any participant.

6. Seller Certifications

Every listing requires the seller to affirmatively check four certification boxes before submission: (1) ownership and legal right to sell; (2) accuracy of all listing information; (3) no undisclosed liens or encumbrances; and (4) agreement to cooperate in buyer due diligence. These certifications create a direct contractual commitment from the seller to the platform and, by extension, to the buyer. They shift legal responsibility for listing accuracy to the seller and create a documented basis for indemnification claims against sellers who submit false listings.

7. 1031 Exchange Disclaimer

The platform's 1031 Note-to-Note Exchange interface facilitates the discovery of potential exchange partners. It does not constitute, and shall not be construed as, tax advice, legal advice, or a representation that any exchange facilitated through the platform qualifies for IRC Section 1031 like-kind exchange treatment. The platform is not a qualified intermediary under Treasury Regulation §1.1031(k)-1. All exchange terms are negotiated and executed by the parties privately outside the platform. Each participant is solely responsible for consulting qualified tax counsel to determine whether IRC Section 1031 treatment applies to their specific exchange transaction.

DCXchange.net Position: Every participant affirmatively agrees to the Terms of Service as a condition of platform access. The Terms contain six layers of contractual protection: venue-only declaration, UCC § 2-316 warranty disclaimers, aggregate liability caps, consequential damage exclusions, participant indemnification, and seller certifications. These contractual protections operate independently of and in addition to the statutory protections in Pillar 1.

Contractual Protection	Legal Function and Enforceability
Venue-Only Declaration	Establishes the platform’s legal character as a marketplace infrastructure provider, not a transaction participant. First line of defense in any claim seeking to characterize the platform as a party to participant transactions.
Warranty Disclaimer (UCC § 2-316)	Eliminates implied warranties of merchantability and fitness for purpose with respect to platform services and listing content. Must be conspicuous and mention merchantability by name. Reduces exposure for listing inaccuracies and instrument quality disputes.
Aggregate Liability Cap	Limits maximum platform liability to 12 months of subscription fees paid by the claimant. Prevents enterprise-threatening claims from individual participant disputes. Consistently enforced by courts in commercial contexts.
Consequential Damage Exclusion	Eliminates liability for lost profits, business interruption, and indirect damages. Limits any successful claim to direct, provable, subscription-related damages only.
Participant Indemnification	Shifts defense costs and liability for claims arising from participant conduct back to the participant who created the risk. Essential protection for a platform that hosts participant-generated content and facilitates participant transactions.
Seller Certifications	Creates documented contractual commitments from sellers regarding listing accuracy, ownership authority, and disclosure completeness. Supports indemnification claims against sellers who submit materially false listings.

PILLAR 3 Data Protection Posture — Current State and Future Enhancement Architecture

CURRENT DATA SECURITY ARCHITECTURE

DCXchange.net’s data security architecture reflects the same deliberate design philosophy that governs the platform’s regulatory and contractual structure: build the strongest defensible position into the architecture from the beginning, not as an afterthought. The current data security implementation satisfies every applicable legal obligation for personal data protection, provides multiple layers of encryption protection, and creates a documented audit infrastructure that supports both regulatory compliance and litigation defense.

Transport Security — TLS Throughout

All data transmitted between any client — web browser, iOS application, or Android application — and the platform API layer is encrypted using Transport Layer Security (TLS 1.2 or higher). HTTP requests are permanently redirected to HTTPS at the infrastructure level before reaching the application. There is no unencrypted data path in the platform under any operating condition. This satisfies the data-in-transit encryption requirements of every applicable data security framework including GLBA, CCPA, and standard contractual cybersecurity obligations.

Encryption at Rest

The SQL Server database is encrypted at rest using Transparent Data Encryption (TDE) at the database engine level. Blob storage containing due diligence documents is encrypted at rest using storage-level encryption with platform-managed keys. Personally identifiable information fields — including contact information and identity verification data — are encrypted at the column level using SQL Server Always Encrypted, ensuring that the data is decryptable only by authorized application processes with the correct encryption certificates.

Authentication and Session Security

Passwords are processed through a cryptographic one-way hashing algorithm — bcrypt or Argon2 — before storage. Passwords are never stored in any readable form anywhere in the system. Session tokens are cryptographically signed JSON Web Tokens with defined expiration windows, stored in the iOS Keychain for iOS clients, the Android Keystore for Android clients, and HttpOnly secure cookies for web clients. Biometric authentication on native apps delegates all biometric processing to the device’s native secure enclave. No biometric data is ever transmitted to or stored on any platform server.

Audit Infrastructure

The platform maintains an append-only audit log of all significant events. Audit records cannot be modified or deleted through any standard application operation. The application service account has INSERT permission only on the audit table — no UPDATE or DELETE permissions exist. This technical constraint, not policy alone, enforces the immutability of the audit record and supports both regulatory examination and litigation discovery.

The One Remaining Obligation

The platform’s legal posture across all ten regulatory frameworks documented in Pillar 1 is clean. The one area requiring active ongoing attention is the protection of participant personal information — specifically, the obligations that arise from collecting and storing participant identity, contact, and financial information in connection with account verification and subscription billing. Standard data security practices — the TLS, TDE, and column-level encryption described above — satisfy current legal obligations. The platform’s ongoing obligation is to maintain those practices, update them as standards evolve, and respond appropriately to any regulatory inquiry about data handling practices.

DCXchange.net Position: Current data security architecture satisfies all applicable legal obligations for data protection. TLS in transit, TDE and column-level encryption at rest, cryptographic password hashing, secure session token storage, and an immutable audit log are all implemented by design. The one remaining ongoing obligation is maintenance of these practices as the regulatory and technical environment evolves.

END-TO-END CLIENT-SIDE ENCRYPTION — FUTURE ENHANCEMENT ARCHITECTURE

The platform is architecturally designed to support end-to-end client-side encryption of listing content and participant communications as a future enhancement. In this architecture, listing data would be encrypted in the participant’s browser or native application before transmission. The encrypted payload would be stored in the database. Full listing detail — financial terms, due diligence materials, contact information — would be encrypted with participant-held keys and decrypted only on the authenticated participant’s device. The platform server would store ciphertext and would never be able to read listing content.

This architecture would strengthen the platform’s legal position in three specific ways. First, it would reinforce Section 230 immunity at an architectural level — a platform that cannot read its own listings cannot be characterized as a publisher or speaker of that content, eliminating even the theoretical basis for a content-based publisher liability claim. Second, it would eliminate the CFPB steering argument entirely — a platform that cannot read listing content cannot steer based on content. Third, it would materially reduce the data security obligation with respect to listing content — a breach of encrypted data where the platform holds no decryption keys is a fundamentally different event than a breach of readable personal information.

This enhancement is not being implemented at launch. The platform’s current legal and regulatory position is sufficiently strong without it, and the implementation creates design constraints for the analytics infrastructure that require additional architectural work before deployment. The enhancement is documented here as a future capability that can be deployed in response to specific regulatory requirements, licensee operational needs, or market developments without changes to the core platform infrastructure. No timeline commitment is made. No regulatory requirement currently compels it.

DCXchange.net Position: End-to-end client-side encryption of listing content and participant communications is architecturally feasible and would technically reinforce the Section 230 immunity and data privacy positions. It is not implemented at launch. It is documented as a future enhancement deployable without changes to core platform infrastructure, in response to specific regulatory requirements or licensee operational needs, when those requirements arise.

STRUCTURAL OPERATIONAL PROTECTIONS — ARCHITECTURE THAT ENFORCES THE LEGAL POSITION

The following structural commitments are not merely policy statements. They are architectural realities built into every layer of the platform’s design. Their consistent implementation is the evidence base against which any regulatory challenge to the platform’s legal position would be evaluated.

Structural Commitment	Legal Significance
Zero Transaction-Based Revenue	Eliminates the primary indicator of broker, dealer, or lender status under every applicable regulatory framework. No commission. No spread. No contingent fee. No percentage of any transaction at any tier for any instrument type.
No Custody of Funds or Instruments	Eliminates money transmission licensing requirements and broker-dealer custody rules. The platform never touches participant funds or instruments at any stage of any transaction.
Buyer-Initiated Contact Only	The platform does not solicit buyers on behalf of sellers. Buyers initiate contact. This is architecturally enforced, not merely a policy. Eliminates the active solicitation indicator of broker status.

No Investment Advice or Recommendations	Eliminates Investment Advisers Act registration requirements. The platform never recommends any instrument to any participant. Search and filter tools are neutral. Results are determined by listing data and buyer criteria, not platform editorial judgment.
Uniform Flat-Fee Subscription Pricing	Transparent, published pricing wholly independent of transaction outcomes. Eliminates the nexus between platform revenue and transaction activity required to trigger financial intermediary regulations. Defeats the CFPB's differential fee concern entirely.
Immutable Auction Parameters After First Bid	Demonstrates that the platform exercises no discretion over auction outcomes. Once a bid is received, auction parameters are locked by architecture. The platform has no ability to manipulate auction outcomes, reinforcing its status as a neutral venue.
No Transaction Closing, Escrow, or Settlement Function	The platform has no role in the closing, settlement, funding, or transfer of title in any transaction. Parties arrange closing entirely outside the platform. Eliminates RESPA settlement service provider status.
Participant Verification as Access Condition	Demonstrates good faith screening obligations. Does not make the platform responsible for participant conduct but demonstrates the platform's effort to maintain a legitimate marketplace environment, supporting Section 230 good faith and general regulatory credibility.
Seller Certification Required at Listing Submission	Creates a documented contractual commitment from every seller at the moment of every listing. Provides an indemnification basis and demonstrates that the platform imposes participant conduct standards, not that it vouches for listing accuracy.

RECOMMENDED ONGOING LEGAL AND COMPLIANCE ACTIONS

Action	Priority and Rationale
Qualified Legal Review of Terms of Service	HIGH PRIORITY. The Terms of Service are the platform's primary contractual protection. Review by a licensed attorney experienced in platform marketplace law, financial services regulation, and online commerce before platform launch and annually thereafter.
Jurisdiction-Specific Auction Licensing Opinion	HIGH PRIORITY for licensees. Before operating the auction module in any state, obtain a written legal opinion from counsel licensed in that state regarding the applicability of state auctioneer licensing statutes to an automated online financial instrument auction platform.
GLBA Privacy and Security Compliance Assessment	MEDIUM PRIORITY. Assess GLBA applicability and implement a written information security program (WISP) appropriate to the sensitivity of participant financial data. Implement privacy notice procedures regardless of conclusive GLBA coverage determination.
Annual Regulatory Monitoring	ONGOING. Monitor CFPB guidance on secondary market platforms, SEC staff positions on online financial instrument marketplaces, state-level regulatory developments regarding online auction platforms, and Section 230 legislative activity. Engage regulatory counsel for an annual update.
Data Breach Response Protocol	MEDIUM PRIORITY. Establish and test a documented data breach response protocol compliant with state breach notification statutes (all 50 states and D.C. have breach notification laws) before platform launch.

**Encryption
Enhancement
Evaluation**

LOW PRIORITY — FUTURE. Evaluate the end-to-end client-side encryption architecture described in Pillar 3 as a response to specific regulatory requirements, licensee operational needs, or market developments. No immediate action required. Architecture is documented and deployable when needed.

This appendix is a legal and regulatory position reference document prepared for informational and business planning purposes by Toozilt LLC. It does not constitute legal advice. No attorney-client relationship is created by this document. This analysis reflects the regulatory environment as of the document preparation date and is subject to change as laws, regulations, judicial decisions, and regulatory guidance evolve. Toozilt LLC makes no representation that the legal positions described herein are correct, complete, or applicable to the specific circumstances of any licensee, operator, or acquirer. All parties relying on this appendix for any legal, regulatory, or business purpose are strongly encouraged to obtain independent legal advice from qualified counsel licensed in the relevant jurisdiction before taking any action.

The Platform Is the Floor. The Transactions Belong to the Parties. The Law Supports That Position.

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