White Paper

Merlin Chain(MERL) Whitepaper

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MERL +4,62 %

CRYPTO-ASSET WHITE PAPER - [MERL]

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I. DATE OF NOTIFICATION

The Date of Notification of this Crypto-Asset White Paper is [2025-11-20].

II. STATEMENTS

A. This Crypto-Asset White Paper has not been approved by any Competent Authority in any Member State of the European Union. OKX Europe Limited is solely responsible for the content of this Crypto-Asset White Paper.

B. This Crypto-Asset White Paper complies with Title II of the Regulation (EU) 2923/1114, to the best of the knowledge of the management body, the information presented in the Crypto-Asset White Paper is fair, clear, and not misleading and the Crypto-Asset White Paper makes no omission likely to affect its import.

C. The Crypto-Asset White Paper provides that MERL may not be transferable, or liquid, or lose its value, in part or in full.

D. The Utility Token referred to in this Crypto-Asset White Paper may not be exchangeable against the good or service promised in the Crypto-Asset White Paper, especially in the case of a failure or discontinuation of the Crypto-Asset Project. This statement is TRUE.

E. The Crypto-Asset referred to in this Crypto-Asset White Paper is not covered by the investor compensation schemes under the Directive 97/9/EC of the European Parliament and of the Council.

F. The Crypto-Asset referred to in this Crypto-Asset White Paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

III. WARNING

A. The summary should be read in conjunction with the content of the Crypto-Asset White Paper.

B. The Prospective Holder should base any decision to purchase this Crypto-Asset on the content of the Crypto-Asset White Paper as a whole and not on the summary alone.

C. The offer to the public of the Crypto-Asset does not constitute an offer or solicitation to purchase financial instruments and that any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable National Law.

D. This Crypto-Asset White Paper does not constitute a prospectus as referred to in the Regulation (EU) 2017/1129 of the European Parliament and the Council or any other offer document pursuant to the European Union or National Law.

E. The MERL token is a utility token primarily native to the Merlin Chain, a Layer 2 network built on Bitcoin that is compatible with the Ethereum Virtual Machine (EVM). It is intended to be used for governance, staking to secure the network, and paying for transaction fees within the Merlin ecosystem. The token also exists on the Ethereum and BNB Smart Chain networks. The token facilitates participation in the protocol's decentralized operation and security mechanisms, which include a Proof-of-Stake system currently in a preliminary phase ("PoS PreStage").

F. The MERL token provides access to participate in the governance and security of the Merlin Chain protocol. Holders can stake MERL tokens to contribute to the network's security during its "PoS PreStage" and will be able to vote on governance proposals that determine the protocol's development and parameters once the governance framework is fully implemented. The token does not represent a claim on any specific quantity of goods or services; its utility is derived from its function within the network's operational and governance frameworks.The MERL token is freely and instantly transferable, utilising the underlying blockchain network's standard processes.

G. This whitepaper is published solely in connection with the admission to trading of the MERL token on OKX Europe Limited's trading platform. There has been no offer of the crypto-asset to the public, and the crypto-asset has not been made available in exchange for fiat currency or other crypto-assets prior to its listing. The crypto-asset will be admitted to trading via OKX Europe Limited, an authorised crypto-asset service provider ("CASP") operating within the European Union. The trading admission does not involve any subscription, sale, or fundraising process. The purpose of this document is to provide key information regarding the characteristics of the crypto-asset, its governance, rights, and associated risks, to enable informed decision-making by users and market participants in the context of its admission to trading. Access to the crypto-asset on the trading platform may be subject to user verification, platform conditions, or applicable legal restrictions depending on the jurisdiction.

IV. INFORMATION ON RISKS

1. Offer-Related Risks

This whitepaper is submitted by OKX Europe Limited solely for the purpose of the assets admission to trading. No public offer of MERL tokens is being made by the issuer or OKX Europe Limited.

Risks associated with the admission to trading include:

Service-related interruption: Holders may be unable to access the utility due to technical, operation, or regulatory disruptions.

Jurisdictional limitations: MERL services or token utility may not be available in all jurisdictions, potentially restricting access.

Platform reliance: Access depends on third-party infrastructure (wallets, platforms) and service interruptions or failures may affect token utility.

Limited liability: OKX Europe Limited assumes no responsibility for the issuers project continuation, and token ownership does not confer contractual rights or guarantees.

Unexpected Risks: Beyond the risks outlined in this whitepaper, there may be additional risks that are currently unforeseen. It is imperative to note that certain risks may emerge from unforeseen events, changes, or interactions among factors that are difficult to predict. These unexpected risks may significantly and negatively impact the crypto-asset, the project, or the parties involved.

2. Issuer-Related Risks

Operational Risks: There is a risk that the issuer may face financial or operational difficulties, including insolvency, which could impact the continued development or availability of the services associated with the MERL token.

Counterparty Risks: Counterparty risks may arise where the issuer relies on third-party service providers or technology partners.

Reputational Risks: Adverse media and/or damage or loss of key personnel could negatively affect the ecosystem that the MERL token lives on.

Competition Risk: The issuer may face increased competition or changes in market conditions that affect its ability to carry out its objectives.

Regulatory Risks: The issuer may be subject to investigations, enforcement actions, or change in regulation that affect the tokens legal status in certain jurisdictions.

Disclosure Risks: The issuer may not be required to provide financial statements, limiting MERL token holders visibility into the financial health status of the issuer/project.

Issuer Risks: The information provided is based solely on publicly available sources and does not constitute any form of guarantee or warranty as to its accuracy or completeness.

Key Person Risk: The project and/or token's success may rely on a small number of individuals or core team. If these individuals depart from the project, the direction and continuity of the project may be negatively affected in the future.

3. Crypto-Assets-Related Risks

Market Volatility: The MERL token may be subject to significant volatility and could lose value rapidly, either due to market conditions or otherwise (issuer-related/technology/project implementation risks)

Utility Risk: The MERL tokens utility depends on access to certain services, and any modification or discontinuation of those services could reduce the associated utility of the token.

Smart Contract Risk: The token or layer 1 ecosystem may operate through smart contracts that may contain vulnerabilities, even if audited, and upgrades to the protocol or governance changes may affect functionality.

Liquidity Risk: Periods of low/limited liquidity may occur, particularly if the demand for the token or its use case decreases, which could have adverse effects on the MERL tokens price and future use cases.

Holding Concentration Risk: A small number of holders controlling a large portion of the circulating supply may create risks of security concerns, price manipulation, sudden sell-offs, or influence of key governance decisions.

Token Unlock Risk: Scheduled vesting cliffs and token unlocks may significantly increase circulating supply, potentially causing volatility and/or downward price pressure.

4. Project Implementation-Related Risks

Scalability Issues: There is a risk that the project may not be implemented or scaled as intended. Technical limitations or infrastructure bottlenecks could hinder the expected scalability of the project, especially if user demand exceeds network or protocol capacity.

Governance Risk: The project may be subject to governance processes that involve on-chain voting or community proposals. Misaligned incentives, low participation, or malicious actors may affect the outcome of governance decisions and disrupt the project's roadmap.

Centralisation Risk: Similar to governance risks outlined above, centralisation within the governance process, or validator centralisation could lead to a lack of decentralization within the network, which carries future risks in terms of trust within the project, and also in regards to future roadmaps where plans may not reflect the interests of the broader user base.

5. Technology-Related Risks

Blockchain Performance Risk: As the MERL token is native to the Merlin Chain (L2), performance and reliability of that Layer 2 blockchain directly impact all token-related functions. Any network downtime, latency, or capacity bottlenecks may hinder access to services, delay transactions, or degrade user experience.

Consensus Failure Risk: A failure in the Merlin Chain's (L2) consensus mechanism could result in halted transactions, unexpected behavior, or loss in network integrity. As the L2 also depends on the Bitcoin (L1) network for settlement, a failure in the L1's consensus could also compromise the L2's security.

Smart Contract Vulnerabilities: Although the MERL token, its supporting smart contracts, and the L1/L2 bridge may be audited, there are still residual risks that undetected bugs, exploits, or implementation errors could compromise functionality or security.

Upgradeability Risk: if the token or related protocol contracts are upgradeable and have designated "owner" addresses, this introduces a central point of failure, and could be misused by malicious actors.

Third-party Infrastructure Dependency: Interaction with the token or project may rely on external infrastructure (e.g., RPC nodes, APIs, wallet services, L2 indexers). Outages or attacks on these services may interrupt access to token-related services.

Interoperability Risk: The L2 network is fundamentally dependent on a bridge to interact with the Bitcoin L1 chain. Failures or exploits in this critical bridge could affect the token's operations and the security of assets on the L2.

Protocol-level Risk: Upgrades or forks of the Merlin Chain (L2) protocol itself may affect the token, which could lead to compatibility issues and/or unexpected token behaviour. A fork of the underlying Bitcoin (L1) network could also create instability for the L2, which relies on the L1 for settlement.

Emerging Technology Risk: Advances in computing or undiscovered vulnerabilities in cryptographic algorithms, such as the ZK-proofs used by the L2, may pose long-term security risks to the blockchain or associated smart contracts.

Sequencing Risk: The L2 network may rely on a centralised sequencer(s) to order and batch transactions before submitting proofs to the native L1 network. If the sequencer(s) experience downtime, L2 transaction processing may halt. If the sequencer engages in censorship or misuse, transaction ordering and availability may be adversely affected.

6. Mitigation Measures

Blockchain Performance Risk: The Merlin Chain (L2) protocol may adopt upgrades aimed at improving L2 transaction throughput and reducing latency. Performance is also dependent on the underlying Bitcoin (L1) network, which follows its own separate development path.

Consensus Failure Risk: The Merlin Chain (L2) employs incentives and penalty systems, such as staking/slashing, to reinforce L2 network reliability. Final security is also derived from the Bitcoin (L1) network's Proof-of-Work consensus, which is secured by its own miner incentives.

Smart Contract Vulnerabilities: Where smart contract functionality exists, the Merlin Chain ecosystem may support verification tools and adopt standardised contract libraries. Mitigations for the critical L1/L2 bridge contract rely on extensive independent audits.

Upgradeability Risk: Core L2 protocol contracts are often upgradeable to allow for bug fixes and feature rollouts. Mitigations for this include multi-signature controls, time-locks, open-sourcing code, independent audits, and community input.

Third-party Infrastructure Dependency: The Merlin Chain protocol may encourage infrastructure diversity by supporting multiple L2 RPC providers and decentralized services to reduce reliance on third-party dependencies.

Interoperability Risk: Mitigations for the native L1/L2 bridge rely on its specific security design (e.g., ZK-proofs, fraud-proof systems), extensive auditing, and the security of any oracles or validators involved.

Protocol-level Risk: Mitigations for L2 protocol-level risks include structured governance, coordinated upgrades, and long testnet phases. The L2 protocol must also have a clear contingency plan for handling contentious forks or upgrades on the underlying Bitcoin (L1) network.

Emerging Technology Risk: Protocols may monitor cryptographic developments, particularly those related to ZK-proofs, and maintain a modular architecture that enables future upgrades to post-quantum or similar standards.

V. GENERAL INFORMATION

A. Information of the Offeror or the Person Seeking Admission to Trading

A.1 Name: N/A

A.2 Legal Entity Identifier (LEI): N/A

A.3 Legal Form, if applicable: N/A

A.4 Registered Office, if applicable: N/A

A.5 Head Office, if applicable: N/A

A.6 Date of Registration [YYYY-MM-DD]: N/A

A.7 Legal Entity Number: N/A

A.8 Contact Telephone Number: N/A

A.9 E-Mail Address: N/A

A.10 Response Time (days): N/A

A.11 Members of Management Body: N/A

A.12 Business Activity: N/A

A.13 Newly Established: N/A

A.14 Financial Condition for the past Three Years: N/A

A.15 Financial Condition since Registration: N/A

A.16 Parent Company, if applicable: N/A

A.17 Parent Company Business Activity, if applicable: N/A

B. Information of the Issuer

This section shall ONLY be completed if the information is different to that listed in section 1, above.

B.1 Is the Issuer different from an offeror or person seeking admission to trading?: TRUE

B.2 Name: Recursiverse

B.3 Legal Entity Identifier (LEI): No information could be identified in regards to this field at the time of drafting this whitepaper.

B.4 Legal Form, if applicable: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.5 Registered Office, if applicable: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.6 Head Office, if applicable: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.7 Date of Registration [YYYY-MM-DD]: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.8 Legal Entity Number: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.9 Members of the Management Body:

Line ID 1: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.10 Business Activity: Recursiverse is the development team that created and supports the Merlin Chain protocol, a Layer 2 network for Bitcoin.

B.11 Parent Company: No information could be identified in regards to this field at the time of drafting this whitepaper.

B.12 Parent Company Business Activity: No information could be identified in regards to this field at the time of drafting this whitepaper.

C. Information about OKX Europe Limited ("OKX")

This section shall ONLY be completed if OKX draws up the Crypto-Asset White Paper.

C.1 Name: OKX Europe Limited

C.2 Legal Entity Identifier: 54930069NLWEIGLHXU42

C.3 Legal Form, if applicable: Private Limited Company

C.4 Registered Office, if applicable: Piazzetta Business Plaza, Office Number 4, Floor 2, Triq Ghar il-Lembi, Sliema SLM1562, Malta

C.5 Head Office, if applicable: See C.4

C.6 Date of Registration: 2018-09-07

C.7 Legal Entity Registration Number: C 88193

C.8 Members of Management Body:

Line ID 1: Erald Henri J. Ghoos, Belgian, See C.4, Director

Line ID 2: Fang Hong, American, See C.4, Director

Line ID 3: Joseph Portelli, Maltese, See C.4, Director

Line ID 4: Wei Man Cheung, Dutch, See C.4, Director

C.9 Business Activity: OKX Europe Limited is licensed as a Crypto-Asset Service Provider by the Malta Financial Services Authority, bearing licence number OEUR-24352, to provide crypto services under the Markets in Crypto-Assets Act, Chapter 647, Laws of Malta and is the operator of a Trading Platform for Crypto Assets, in accordance with Article 3(1)(18) of Regulation (EU) 2023/1114 (MiCA).

C.10 Reason for Crypto-Asset White Paper Preparation: This crypto-asset whitepaper has been prepared in accordance with Regulation (EU) 2023/1114 (MiCA) for the purpose of: The admission to trading of MERL on regulated platforms, starting with the OKX Exchange. OKX Europe Limited as a result of being a licenced CASP endeavours to fulfill the obligations established under MiCA and the respective MFSA guidelines to: Notify this whitepaper to the MFSA; Publish the whitepaper publicly; And ensure its registration in the MiCA register maintained by the European Securities and Markets Authority (ESMA). This whitepaper has been prepared to provide transparent, accurate, and fair information to prospective token holders and regulatory authorities in line with the principles of MiCA.

C.11 Parent Company: OKC International Holding Company Limited

C.12 Parent Company Business Activity: The primary business activity of the parent company is holding of investments.

Other Information

This section shall ONLY be completed if someone, other those referenced in Section 1 to 3, compile and complete the Crypto-Asset White Paper.

C.13 Other Persons drawing up the Crypto-Asset White Paper: N/A

C.14 Reason for Crypto-Asset White Paper Preparation: N/A

VI. INFORMATION ABOUT THE CRYPTO-ASSET

D. Information about the Crypto-Asset Project

D.1 Project Name: Merlin Chain

D.2 Crypto-Assets Name: See F.14

D.3 Abbreviation: See F.14

D.4 Crypto-Asset Project Description: Merlin Chain is a Layer 2 network designed to enhance the functionality of Bitcoin by integrating a ZK-Rollup network, a decentralized oracle network, and on-chain fraud-proofing modules. The project aims to provide a secure and efficient environment for decentralized applications by leveraging Bitcoin's security while enabling greater scalability and support for smart contracts.

D.5 Details of all natural or legal persons involved in the implementation of the Crypto-Asset Project:

Name: Jeff Yin

Role: Founder & CEO

Business Address: Palo Alto California

D.6 Utility Token Classification: TRUE

D.7 Key Features of Goods/Services for Utility Token Projects, if applicable: The Merlin Chain project provides a high-performance, EVM-compatible Layer 2 infrastructure for the Bitcoin network. This enables the development and execution of decentralized applications (dApps) and protocols that utilize Bitcoin-native assets. The key service is providing a scalable and cost-efficient environment for transactions and smart contract interactions that are ultimately secured by the Bitcoin blockchain.

D.8 Plans for the Token: The project plans to introduce full on-chain governance where MERL token holders can vote on network decisions. A key future upgrade is the implementation of a Bitcoin on-chain fraud proof mechanism, which will allow users to challenge the validity of ZK-

Rollup data directly on the Bitcoin mainnet. The project is also developing its Proof-of-Stake (PoS) mechanism, which is currently in a preliminary phase described as "PoS PreStage", to further decentralize and secure the network.

D.9 Resource Allocation, if applicable: At the time of the Token Generation Event (TGE), the total supply of MERL tokens was allocated to various stakeholders, including Merlins Seal Participants (20%), private investors (15.23%), the development team (4.20%), advisors (3.00%), community and ecosystem development (56.57%), and public sale participants (1.00%). These allocations are subject to vesting schedules to manage the release of tokens into the circulating supply over time.

D.10 Planned Use of Collected Funds or Crypto-Assets, if applicable: A significant portion of the token supply (40%) is allocated to the "Ecosystem" and is intended to fund the growth and development of the Merlin Chain network, to be managed by the core team until a decentralized governance system is implemented.

E. Information about the Offer to the Public of the Crypto-Asset or Its Admission to Trading

E.1 Public Offering or Admission to Trading: ATTR

E.2 Reasons for Public Offer or Admission to Trade: Facilitating secondary trading for users on the OKX Trading platform in compliance with the MiCA regulatory framework.

E.3 Fundraising Target, if applicable: N/A

E.4 Minimum Subscription Goals, if applicable: N/A

E.5 Maximum Subscription Goals, if applicable: N/A

E.6 Oversubscription Acceptance: N/A

E.7 Oversubscription Allocation, if applicable: N/A

E.8 Issue Price: N/A

E.9 Official Currency or Any Other Crypto-Assets determining the Issue Price: N/A

E.10 Subscription Fee: N/A

E.11 Offer Price Determination Method: N/A

E.12 Total Number of Offered/Traded Crypto-Assets, if applicable: MERL token has a total maximum supply of 2,100,000,000 MERL

E.13 Targeted Holders: N/A

E.14 Holder Restrictions: N/A

E.15 Reimbursement Notice: N/A

E.16 Refund Mechanism: N/A

E.17 Refund Timeline: N/A

E.18 Offer Phases: N/A

E.19 Early Purchase Discount: N/A

E.20 Time-Limited Offer: N/A

E.21 Subscription Period, beginning [YYYY-MM-DD]: N/A

E.22 Subscription Period, end [YYYY-MM-DD]: N/A

E.23 Safeguarding Arrangement for Offered Funds/Crypto-Assets: N/A

E.24 Payment Methods for Crypto-Asset Purchase: In line with OKX current payment method offering.

E.25 Value Transfer Methods for Reimbursement: N/A

E.26 Right of Withdrawal, if applicable: N/A

E.27 Transfer of Purchased Crypto-Assets: In line with OKX current Terms of Service.

E.28 Transfer Time Schedule [YYYY-MM-DD]: N/A

E.29 Purchaser's Technical Requirements: In line with OKX current Terms of Service.

E.30 Crypto-Asset Service Provider (CASP) name, if applicable: OKX Europe Limited

E.31 CASP identifier, if applicable: 54930069NLWEIGLHXU42

E.32 Placement Form: NTAV

E.33 Trading Platforms Name, if applicable: OKX

E.34 Trading Platforms Market Identifier Code (MIC): n/a

E.35 Trading Platforms Access, if applicable: Users may access MERL through the OKX Trading Platform via the Application Program Interface ("API"), the Application Software ("OKX App"), as well as the official OKX website as follows; **www.okx.com**.

E.36 Involved Costs, if applicable: In line with the OKX current Terms of Service.

E.37 Offer Expenses: n/a

E.38 Conflicts of Interest: A crypto-asset is listed following a decision rendered independently by the Listing Committee in line with the internal policies of OKX Europe Limited. Any potential disclosures that may arise of conflicts of interest are published on the OKX website.

E.39 Applicable Law: Malta

E.40 Competent Court: Malta

F. Information about the Crypto-Assets

F.1 Crypto-Asset Type: Other Crypto-Asset

F.2 Crypto-Asset Functionality: The MERL token is designed with multiple functionalities within its ecosystem. Its primary functions are: staking, where holders can stake MERL to contribute to the network's security ; governance, which will allow token holders to vote on proposals concerning the network's development and parameters ; and paying for transaction fees on future Layer 3 networks built on Merlin Chain. The token can also be used as native liquidity and collateral within dApps in the Merlin ecosystem.

F.3 Planned Application of Functionalities: Staking functionality is currently active in a preliminary phase ("PoS PreStage"). Full governance functionality and the use of MERL for transaction fees on Layer 3 networks are planned for future implementation and are not yet live.

F.4 Type of White Paper: OTHR

F.5 Type of Submission: NEWT

F.6 Crypto-Asset Characteristics: The MERL token is the native utility and governance crypto-asset of the Merlin Chain. It is a fungible token that operates on the EVM-compatible Merlin Chain and also exists as tokens on the Ethereum and BNB Smart Chain networks. It has a fixed maximum supply of 2,100,000,000 tokens and does not confer any ownership rights in the development entity or a claim on its revenues.

F.7 Commercial Name or Trading Name, if applicable: See F.14

F.8 Website of the Issuer: **https://merlinchain.io/**

F.9 Starting Date of Offer to the Public or Admission to Trading [YYYY-MM-DD]: 2025-02-20

F.10 Publication Date [YYYY-MM-DD]:

F.11 Any Other Services Provided by the Issuer: N/A

F.12 Identifier of Operator of the Trading Platform: N/A

F.13 Language/s of the White Paper: English

F.14 Digital Token Identifier Code used to uniquely identify the Crypto-Asset or each of the several Crypto-Assets to which the White Paper relates, where available: 35P9H56X5

F.15 Functionally Fungible Group Digital Token Identifier, where available: NW1M13H3L

F.16 Voluntary Data Flag: FALSE

F.17 Personal Data Flag: TRUE

F.18 LEI Eligibility: FALSE

F.19 Home Member State: Malta

F.20 Host Member States: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Ireland, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

G. Information about the Rights and Obligations Attached to the Crypto-Asset

G.1 Purchaser Rights and Obligations: There are no obligations attached for the purchaser. Purchasers of the MERL token obtain rights to participate in the Merlin Chain ecosystem. These rights include staking MERL to help secure the network and earn rewards during the

current "PoS PreStage", delegating holdings to collators, and, once the feature is implemented, participating in on-chain governance by voting on network proposals.

G.2 Exercise of Rights and Obligations: As the token does not grant obligations, there is no conceivable way to exercise such obligations. Rights are exercised through on-chain interactions within the Merlin Chain ecosystem. Staking can be performed via designated smart contracts or platforms provided by the project. Governance rights will be exercisable through a future voting mechanism where token holders can vote on proposals.

G.3 Conditions for Modifications of Rights and Obligations: As the token does not grant obligations, there are no conditions under which obligations may be modified. The rights attached to the MERL token, particularly those related to governance and staking, may be modified through the protocol's own future governance process. Any changes to the token's functionality or the rules of the protocol would be subject to a formal proposal and a vote by MERL token holders.

G.4 Future Public Offers, if applicable: N/A

G.5 Issuer Retained Crypto-Assets, if applicable: According to the initial token allocation, 4.20% (88,200,000 MERL) of the total supply is allocated to the team. These tokens are subject to vesting schedules, with the team's allocation vesting linearly over 24 months after a 24 month cliff.

G.6 Utility Token Classification: TRUE

G.7 Key Features of Goods/Services of Utility Tokens: The MERL token provides access to key functions of the Merlin Chain protocol. Its utility is in enabling participation in the network's security through staking in its "PoS PreStage" and its future decentralized governance framework. It does not provide access to a specific off-chain good or service but

rather to the core operational and decision-making processes of the blockchain network itself.

G.8 Utility Tokens Redemption, if applicable: The MERL token is not redeemable for any off-chain good, service, or fiat currency from the issuer. Its utility is realized exclusively through on-chain activities such as staking, participating in governance, or paying for network services within the Merlin ecosystem

G.9 Non-Trading Request: TRUE

G.10 Crypto-Assets Purchase or Sale Modalities: N/A

G.11 Crypto-Assets Transfer Restrictions: In line with OKX current Terms of Service.

G.12 Supply Adjustment Protocols: N/A

G.13 Supply Adjustments Mechanisms: N/A

G.14 Token Value Protection Schemes: FALSE

G.15 Token Value Protection Schemes Description: N/A

G.16 Compensation Schemes: FALSE

G.17 Compensation Schemes Description, if applicable: N/A

G.18 Applicable Law: Malta

G.19 Competent Court: Malta

H. Information about the Underlying Technology

H.1 Distributed Ledger Technology, if applicable: See F.14

H.2 Protocols and Technical Standards: The Merlin Chain protocol operates as a Layer 2 network built upon the Bitcoin blockchain, which serves as the primary settlement and data availability layer. Merlin Chain itself implements a ZK-Rollup protocol using Polygon's Chain Development Kit (CDK) to bundle transactions and generate proofs. The native MERL token on this network follows a technical standard functionally equivalent to Ethereum's ERC-20, ensuring fungibility and standard wallet interactions within its EVM-compatible environment. The token also exists on other blockchains, adhering to their respective standards: the ERC-20 standard on the Ethereum network and the BEP-20 standard on the BNB Smart Chain.

H.3 Technology Used, if relevant: The project's technology stack is layered. At its base is the Bitcoin network, which is used for final settlement and security. Merlin Chain anchors its transaction data and validity proofs to the Bitcoin mainnet using Taproot inscriptions. The Layer 2 itself utilizes ZK-Rollup technology to achieve scalability, with zero-knowledge proofs computed by Lumoz's decentralized computing network. Data availability for the rollup is managed by a decentralized oracle network that uploads compressed data to Bitcoin. For its versions on other chains, the MERL token leverages the smart contract technology of the Ethereum Virtual Machine (EVM) on the Ethereum and BNB Smart Chain networks, allowing it to integrate with the existing decentralized application (dApp) and wallet infrastructure of those ecosystems.

H.4 Consensus Mechanism, if applicable: The project employs a hybrid security model that relies on multiple consensus mechanisms. The ultimate security and finality of the Merlin Chain are derived from the Bitcoin network's Proof-of-Work (PoW) consensus algorithm. For its own internal operations of ordering and processing transactions, Merlin Chain uses a Proof-of-Stake (PoS) mechanism, which is currently in an initial phase referred to as "PoS PreStage". When the MERL token is transacted on other networks, it is subject to their

respective consensus mechanisms: Ethereum's network operates on Proof-of-Stake (PoS), while the BNB Smart Chain uses a Proof-of-Staked-Authority (PoSA) model.

H.5 Incentive Mechanisms and Applicable Fees: The underlying Bitcoin network incentivizes miners through block rewards and transaction fees to secure the PoW chain, which in turn secures Merlin Chain's settled state. On the Merlin Chain Layer 2, participants in the PoS "PreStage" are incentivized through staking rewards, which are distributed from token emissions. The protocol also incorporates a slashing mechanism to penalize malicious behavior by validators. Users transacting on Merlin Chain pay fees to network operators (sequencers or collators) for transaction processing. For transactions involving the MERL token on other blockchains, fees are paid in the native currency of that network (ETH on Ethereum, BNB on BNB Smart Chain) and are subject to that network's gas fee market and validator incentive structure.

H.6 Use of Distributed Ledger Technology: TRUE

H.7 DLT Functionality Description: The Merlin Chain DLT is operated by the project's development team and functions as a Layer 2 scaling solution for the Bitcoin blockchain. It processes transactions and smart contract executions in a separate, higher-throughput environment. The results are then periodically and compactly recorded on the Bitcoin mainnet using cryptographic proofs. This architecture is designed to enhance Bitcoin's capabilities with advanced programmability and scalability while inheriting its fundamental security and decentralization.

H.8 Audit of the Technology Used: TRUE

H.9 Audit Outcome, if applicable: The project has made security audit reports publicly available. The audits, conducted by third-party security firms, covered key components of the

protocol, including its smart contracts and the bridge connecting to the Bitcoin network. The reports are accessible in the project's public GitHub repository: **https://github.com/MerlinLayer2/merlin-audits**.

I. Information on the Principal Adverse Impacts on the Climate and Other Environmental-Related Adverse Impacts of the Consensus Mechanism Used to Issue the Crypto-Asset.

I.1 Name: OKX Europe Limited

I.2 Relevant legal entity identifier: 54930069NLWEIGLHXU42

I.3 Name of the crypto-asset: Merlin

I.4 Consensus Mechanism: Merlin Chain employs a Zero-Knowledge Rollup (ZK-Rollup) architecture and additional mechanisms to ensure efficient, secure, and decentralized transaction processing; transactions are aggregated off-chain into a single cryptographic proof before submission to the Bitcoin mainnet, enhancing scalability and reducing costs while leveraging Bitcoin's security; a Data Availability Committee (DAC) manages off-chain data validity and accessibility, ensuring integrity and transparency in the ZK-Rollup process; a two-step Zero-Knowledge Proof submission mechanism allows miners to participate in proof generation and submission, decentralizing the security model and creating a stable computational environment.

I.5 Incentive Mechanisms and Applicable Fees: Merlin Chain's incentive model ensures fair compensation for validators and a transparent fee structure for users; validators earn rewards from transaction fees for securing the network and processing transactions on both Layer 2 (L2) and Layer 1 (L1); L2 fees cover the cost of executing transactions on Merlin Chain's Layer 2 network, while L1 security fees cover the cost of transmitting aggregated transaction data and ZK proofs to the Bitcoin mainnet for finalization; the gas fee model, similar to EVM-

compatible chains, determines fees based on network usage and computational requirements, ensuring predictable and efficient fee allocation.

I.6 Beginning of the period to which the disclosure relates: 2024-11-18

I.7 End of the period to which the disclosure relates: 2025-11-18

I.8 Energy consumption: 396520.72641 (kWh/a)

I.9 Energy consumption sources and methodologies: For the calculation of energy consumptions, the so called 'bottom-up' approach is being used. The nodes are considered to be the central factor for the energy consumption of the network. These assumptions are made on the basis of empirical findings through the use of public information sites, open-source crawlers and crawlers developed in-house. The main determinants for estimating the hardware used within the network are the requirements for operating the client software. The energy consumption of the hardware devices was measured in certified test laboratories. Due to the structure of this network, it is not only the mainnet that is responsible for energy consumption. In order to calculate the structure adequately, a proportion of the energy consumption of the connected network, bitcoin, must also be taken into account, because the connected network is also responsible for security. This proportion is determined on the basis of gas consumption. When calculating the energy consumption, we used - if available - the Functionally Fungible Group Digital Token Identifier (FFG DTI) to determine all implementations of the asset of question in scope and we update the mappings regulary, based on data of the Digital Token Identifier Foundation. The information regarding the hardware used and the number of participants in the network is based on assumptions that are verified with best effort using empirical data. In general, participants are assumed to be

largely economically rational. As a precautionary principle, we make assumptions on the conservative side when in doubt, i.e. making higher estimates for the adverse impacts.

GLOSSARY

Consensus Mechanism: Shall mean the rules and procedures by which an agreement is reached, among the DLT network nodes, that a transaction is validated.

Crypto-Asset: Shall mean a digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology.

Distributed Ledger Technology or DLT: shall mean the technology that enables the operation and use of distributed ledgers.

Home Member State: Shall mean either (a) where the offeror or person seeking admission to trading of crypto-assets other than asset-referenced tokens or e-money tokens has its registered office in the Union, the Member State where that offeror or person has its registered office; or (b) where the offeror or person seeking admission to trading of crypto-assets other than asset-referenced tokens or e-money tokens has no registered office in the Union but does have one or more branches in the Union, the Member State chosen by that offeror or person from among the Member States where it has branches; or (c) where the offeror or person seeking admission to trading of crypto-assets other than asset-referenced tokens or e-money tokens is established in a third country and has no branch in the Union, either the Member State where the crypto-assets are intended to be offered to the public for the first time or, at the choice of the offeror or person seeking admission to trading, the Member State where the first application for admission to trading of those crypto-assets is made; or (d) in the case of an Issuer of asset-referenced tokens, the Member State where the Issuer of asset-referenced tokens has its registered office; or (e) in the case of an Issuer of e-

money tokens, the Member State where the Issuer of e-money tokens is authorised as a credit institution under Directive 2013/36/EU or as an electronic money institution under Directive 2009/110/EC; or (f) in the case of crypto-asset service providers, the Member State where the crypto-asset service provider has its registered office.

Host Member State: Shall mean the Member State where an Offeror or Person Seeking Admission to Trading has made an offer to the Public of Crypto-Assets or is seeking admission to trading, or where a Crypto-Asset Service Provider provides crypto-asset services, where different from the Home Member State.

Issuer: Shall mean a natural or legal person, or other undertaking, who issues crypto-assets.

Management Body: Shall mean the body or bodies of an Issuer, Offeror, Person Seeking Admission to Trading, or of a Crypto-Asset Service Provider, which are appointed in accordance with National Law, which are empowered to set the entity's strategy, objectives and overall direction, and which oversee and monitor management decision-making in the entity and include the persons who effectively direct the business of the entity.

Offer to the Public: Shall mean a communication to persons in any form, and by any means, presenting sufficient information on the terms of the offer and the crypto-assets to be offered so as to enable prospective holders to decide whether to purchase those crypto-assets.

Offeror: Shall mean a natural or legal person, or other undertaking, or the Issuer, who offers crypto-assets to the public.

Operator: Shall mean the entity that runs a trading platform for crypto-assets.

Qualified Investors: Shall mean persons or entities that are listed in Section I, points (1) to (4), of Annex II to Directive 2014/65/EU.

Retail Investor/Holder: Shall means any natural person who is acting for purposes which are outside that person's trade, business, craft or profession.

Utility Token: Shall mean a type of crypto-asset that is only intended to provide access to a good or a service supplied by its Issuer.

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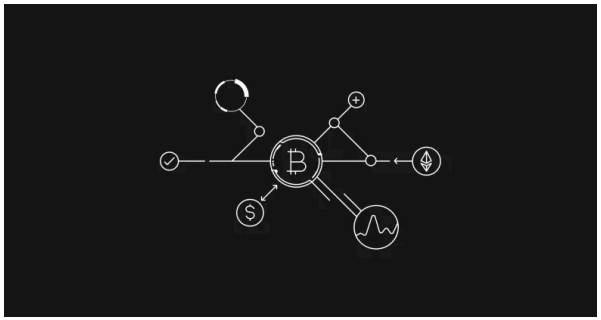

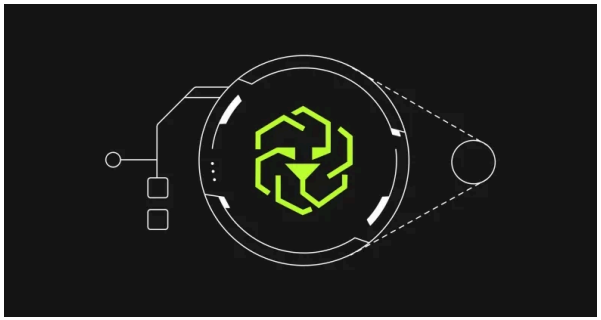

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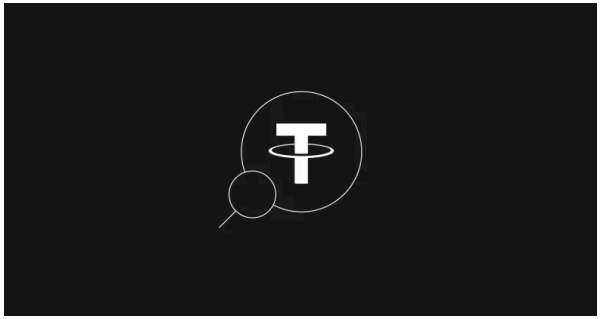

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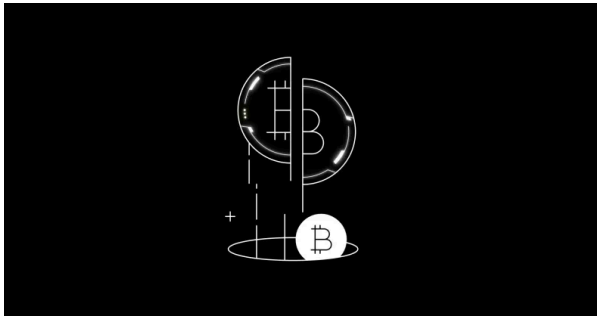

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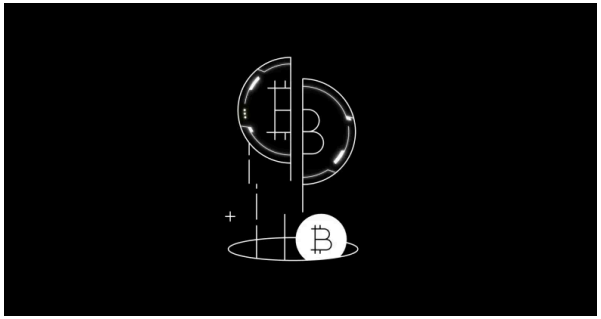

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