



COMPLIANCE POSTURE & STRATEGY

Regulatory Strategy Memo

Strategy memo — not legal advice. Compliance posture is two-staged. Phase 0—3 (this \$1M round at \$10M post-money cap) keeps the compliance build deliberately light and leans on the non-custodial architecture. Three items are funded inside this round: the full regulatory memo (\$8K, January 2027), D&O insurance (from January 2027) and KYC/KYT tooling (from January 2028). What is sequenced after the next priced round is the heavier stack — KYC onboarding gates, a Cayman foundation if a token ever appears, and MTL analysis if the posture ever becomes custodial. Confirm the posture with a crypto-specialist attorney.

1. Posture — two stages

Hashlock's strategy is compliance-first — but proportional to the stage. The pre-seed round is sized to ship an audited, mainnet-live, non-custodial rail with a proportionate compliance spend. Three items are funded inside it — the full regulatory memo (\$8K, January 2027), D&O insurance from January 2027 and KYC/KYT tooling from January 2028. [What waits for the next priced round is the heavier stack: KYC onboarding gates, a Cayman foundation if a token ever appears, and MTL analysis if the posture ever becomes custodial.](#)

Non-deferrable even on \$1M: (1) non-custodial architecture, (2) unilateral timelock refunds that need no action from Hashlock, (3) the sanctions representation and the reserved right to block in the Terms of Use, (4) corporate / tax hygiene, (5) scoped regulatory consult before any user-facing scaling.

2. Phase 0—3 compliance stack (this round, \$1M)

- **Non-custodial architecture** — Hashlock never holds customer funds; the HTLC is the escrow. [This materially narrows the regulatory surface and is the single biggest cost-saving compliance decision.](#)
- **No client money to safeguard** — the escrow has two exits only: claim to the leg's fixed recipient, or refund to the funder. Timelock refunds are unilateral and need no action from Hashlock, so there is no customer balance to reconcile, segregate or return.
- **Scoped regulatory consult** — the posture is reviewed by a crypto-specialist attorney (\$5K, drawn from the round legal line at close).

- **Sanctions position — contractual, not automated.** The Terms of Use require every user to represent that they are **not a sanctioned person** (OFAC SDN, UN, EU and UK HMT lists) and **not located in a sanctioned jurisdiction**, and they reserve Hashlock's right to screen and block addresses. **There is no automated screening in the settlement flow today**, and this memo does not claim one — the control is a representation the user makes and a right Hashlock holds, which is what a non-custodial rail can enforce before it holds anyone's funds. Automated screening is a next-round decision, alongside the KYC/KYT tooling already funded from January 2028.
- **Auditable settlement** — every settlement produces an on-chain record — a complete, verifiable audit trail.

3. Phase 4 compliance stack (post next round)

The following are **deliberately deferred to the next priced round, funded against verified mainnet artifacts**:

Item	Pre-pivot cost	Status
Full regulatory memo	\$40K one-time	Funded in this round at \$8K, January 2027 — scoped to the posture rather than a full-market memo
KYC / KYT tooling	\$54K/yr run-rate	Funded from January 2028 — \$36K in Y2; the non-custodial architecture covers the period before that
D&O insurance	\$30K/yr	Funded from January 2027 — \$20K in Y1, \$30K in Y2
Cayman foundation	\$35K + \$25K/yr	Not needed now — no token in this round
MTL analysis (US money transmitter)	variable	Only required if Hashlock ever becomes custodial — current posture is non-custodial
KYC / onboarding gates	capex + ops	Deferred in full to the next round, when institutional desks justify it

4. Key classification questions

Question	Hashlock's working position
Money transmission (US)	Hashlock never takes custody or control of customer funds; the contract is the escrow. MTL analysis only triggers if the model ever becomes custodial — not in this round.
Security token handling	For tokenized RWA, Hashlock provides settlement rails only; token issuance/classification rests with the issuer.

Question	Hashlock's working position
MiCA (EU)	Settlement-infrastructure positioning assessed against MiCA service categories; full engagement (memo + filings) deferred to Phase 4 / post next round.
VARA (Dubai)	Application track is part of the next priced round, not this \$1M. Founder-led BD continues design-partner conversations in the meantime.

Definitive legal classification (money transmitter status, security-token treatment) is the subject of separate Legal Opinion documents prepared by qualified counsel. This memo describes strategy, not a legal conclusion.

5. Engagement plan

- **This round (Phase 0—3):** scoped reg consult at M3 to lock the launch posture; passive regulator monitoring.
- **Post next round (Phase 4):** proactive dialogue with regulators (SEC, CFTC, FCA, VARA, EU under MiCA) — “[shape regulation, do not evade it.](#)” Sandbox participation where available (e.g. FCA sandbox). Partner with full-feature compliance providers (Chainalysis, Elliptic or TRM) as institutional “seal of approval.”
- Maintain jurisdiction-by-jurisdiction counsel review ahead of each market entry.