

## INSULA COMPLIANCE PRINCIPLES:

-[www.insulainvestments.com](http://www.insulainvestments.com) ("our site") is a website operated by Jbecci Technologies, ("we" and/or "us").

<https://t.me/insulacrypto>, [https://twitter.com/insula\\_im](https://twitter.com/insula_im),  
[https://www.reddit.com/r/Insula\\_Cryptocurrency/](https://www.reddit.com/r/Insula_Cryptocurrency/),  
[instagram.com/insula\\_im/](https://www.instagram.com/insula_im/)  
<https://github.com/Insula-Investment-Management-Ltd>,  
<https://www.youtube.com/channel/UC9ZhRI2sCesz468V6E3sijA>  
<https://insulaim.medium.com/insula-monthly-update-march-2021-1ffbf871339a>  
("our social media platforms") is a suite of social media platforms operated by Jbecci Technologies, ("we" and/or "us" and its partners ("we" and/or "us")).

We are registered in Zona Franca da Madeira, Região Autónoma da Madeira.

Portuguese NIF 516259245

Nature of business (CAE):

Development of computer programming activities, support and provision of technological consultancy services, management and outsourcing of services, as well as marketing of software and training. Technical consultancy support for the creation, development, expansion and modernization of industrial, commercial and service companies at the international level. Promotion, marketing and market research activity. Provision of services of an accounting and economic nature. Management of securities portfolio. Purchase of properties for resale. Acquisition, sale and any other form of exploitation of registered trademarks, patents and copyright.

We have our registered office at Rua da Alfândega, N.º 57 9000-059 Funchal.

Our contact e-mail address is [info@insulainvestments.com](mailto:info@insulainvestments.com).

We are not authorised and regulated by the Banco de Portugal.

Author:

Jules Becci de la Riviere, Founder/Owner & CEO of Jbecci Technologies Unipessoal LDA, Insula Investment Management LTD / Insula Investment Management™ & Insula™

**More about the company's legal form:**

Insula acts as a fintech (IT Services) company domiciled in Madeira Island, Portugal. Jbecci Technologies is the developer and owner of the technology/Intellectual Property (IP).

The crypto funds displayed on the Insula platform are not domiciled since they are decentralized by nature.

[Insulainvestments.com](https://insulainvestments.com) is a platform providing various products and services to global customers. Some of these products and services are regulated outside the UK, while others are not.

In this form, your UK-domiciled/yourself would access Insula via Insula's website in a spontaneous & self-service way.

**Nature of business:**

“Insula Investment Management™ & Insula™ are software ONLY and do not conduct any independent diligence on or substantive review of any blockchain asset, digital currency, cryptocurrency or associated funds. You are fully and solely responsible for evaluating your investments, for determining whether you will exchange blockchain assets based on your own, and for all your decisions as to whether to transfer blockchain assets with your own wallet. In some cases, blockchain assets you exchange based on your research may not increase in value; instead, they may lessen in value. Similarly, blockchain assets you exchange based on your research may increase in value after your exchange. Please, bear in mind that the past performance is not indicative of the future results. Any investment in blockchain assets involves the risk of loss of part or all of your investment. Be aware that the value of the blockchain assets you exchange is subject to market and other investment risks.”

Insula enables capital connection and managing using smart contracts which are open source. Insula does not take custody of tokens and is only a collaborative hub for investors and managers.

Insula is not a licensed bank, broker-dealer, investment advisor or an exchange. Insula uses partner protocols (UniSwap, 0x, Paraswap, Enzyme ect...) to power its own ecosystem.

## **HOW INSULA IS SELF REGULATING:**

Insula enables capital connection and managing using smart contracts which are open source. Insula does not take custody of tokens and is only a collaborative hub for investors and managers. Insula is not a licensed bank, broker-dealer, investment advisor or an exchange. Insula uses partner protocols to power its own ecosystem.

### **Insula is a member of:**

**- MAMA. (Zug, Switzerland):**

<https://www.mama.global/>



MAMA highlights a vision for a technology regulated environment for blockchain asset management: <https://www.mama.global/vision>

MAMA's vision: " Decentralised technologies - blockchains, smart contracts and digital assets - have the potential to transform asset management. They promise to change in profound ways how funds are set up, operated and regulated."

Insula "ticks all the boxes" of MAMA's vision:

"All transactions are recorded (transparently and immutably) on the blockchain, enabling real-time accounting, auditing and investor reporting.

-All assets can remain in the custody of investors themselves or in smart contracts which can be redeemed at any time, eliminating the need for custodians.

-Since transactions take place directly between two parties, and are near instantaneous, there is no need for transfer agents, or clearing and settlement services.

-All data about fund performance is on-chain and therefore transparent and accessible, enabling investors and managers alike to compare fund allocation and performance.

-Fund managers define the key rules and parameters of a fund which are in turn deployed to the blockchain and enforced by smart contracts, eradicating the need for fund administrators” - MAMA’s website, accessed ....

**-CRYPTO UK (London, United Kingdom):**

<https://cryptouk.io/>



**CryptoUK is the first self-regulatory trade association for the UK crypto asset industry, established to promote higher standards of conduct.**

Members support the Association’s self-regulatory Code of Conduct, including taking the appropriate measures to know their customers, act fairly, maintain operational standards, and prevent financial crime. Members commit to working together to further improve such standards for best practice.

**We describe in this document the steps that Insula takes to self regulate. Insula is an innovative company operating itself in an innovative environment, which remains mostly unregulated.**

**We take steps to structure our operations with the guidance and frame that can be offered by self regulatory associations such as MAMA and CryptoUK.**

**As a self regulated company, Insula attempts to implement the MAMA vision of blockchain based asset management, while respecting CryptoUK's operational code of conduct in practice.**

**Turning a vision into a compliant reality, focussed around consumer protection and transparency .**

## **INSULA'S CODE OF CONDUCT**

### **CONSUMER TRUST:**

*"Members commit to operating honestly and responsibly in their relationships with consumers, including the proactive disclosure of clear information on pricing, leverage and fees and any associated risks."*

Our pricing and fees has been simplified to the maximum so our customers can understand them instantly on our website, before actually investing/purchasing:

**1-Insula Investment fund pricing:** *0% management fee, 0.75% to 1% entry fee, 20% to 30% performance fee (USD performance), taken monthly/ every two months depending on Insula's funds.*

**The customers can also see the performance of the fund on the blockchain. It is not Insula declaring the performance — it is fully automated and fully decentralised and the calculation agent is the blockchain itself.**

**2-Insula Premium pricing:** *200/month or 2000/ISLA/year.*

**TRANSPARENCY:**

“Communications with customers and prospective customers (including marketing and promotional material) must be fair, clear and not misleading – enabling informed decisions to be made, as required”:

Quantitative information:

- Insula fund performance is continuously audited using cryptographic proofs:
- Insula Token’s data is publicly available at any point in time on the Ethereum distributed ledger:

Qualitative information:

- \*Prior to invest\*, we require our customers to read & acknowledge all Insula’s documentation, terms & conditions, disclaimers and business compliance policy that are listed below:

Marketing material in one place:

*All marketing documentation about Insula’s digital fund can be found [here](#):*

All the documentation about Insula can be found [here](#):

We advise/require our prospective customers to read 100% of the documentation above \*prior to invest\* in order to allow them to make informed decisions.

- Finally, anyone can ask an open question on our public Telegram group, or message us via our website Tidio bot, in order to get fast access to information and support.

## **STRUCTURE**

“Publicly available platform information must include details of: The full complaints procedure; the senior management team; the legal form of the business, the registered office address and date of launch; arrangements in case of business failure; and any material changes to the business which impacts customers.”

**The senior management team: Jules Becci-Morin de la Riviere.**

**Data Protection Officer: Jules Becci-Morin de la Riviere**

**The original registered office address and date of launch:** 29 Essex Street, London, UK since 17th December 2018.

**Current registered office address:** Rua da Alfândega, N.º 57 9000-059 Funchal.

**Arrangement in case of business failure:**

**In case of the failure of Insula Investment Management:** 100% of the funds are segregated from the business in smart contracts. Owners of the funds can withdraw 100% of their fund unconditionally of the existence/activity of the company Jbecci Technologies, its directors and staff, and infrastructure.

In case of smart contracts hack, Insula cannot be held responsible. In fact, Insula is not the direct developer of the smart contracts it uses. Insula uses smart contracts that were previously audited by third parties, who themselves specify clearly that there may be some unforeseen point of failure in smart contracts. Although audited smart contracts may provide superior security, it does not guarantee by any means an absolute level of smart contract security.

**In case of the failure of the underlying blockchain infrastructure:**  
**Insula takes all the steps to limit risk, but cannot ensure or guarantee in any way a systematic risk of 0%.** Hence a residual risk remains: *The formal counterparty risk is reduced to 0%, however the residual cybersecurity risk remains consequent:*

Smart contracts can be exploited in case their code has vulnerabilities. Insula exclusively makes use of audited smart contracts, however the smart contracts Insula uses are not exempt from including exploitable vulnerabilities.

In case of smart contract failure, Insula cannot be held liable for the losses incurred.

**Insula is not an advisory, by design:** As a general rule, Insula designs its software products to filter out the influence/interference the client and the team could have on the investment process to the minimum.

We inform our existing and prospective clients that Insula is not an advisory through the following disclaimer (in the footer & in the website T&C's):

*"Insula Investment Management™ & Insula™ are software ONLY and do not conduct any independent diligence on or substantive review of any blockchain asset, digital currency, cryptocurrency or associated funds. You are fully and solely responsible for evaluating your investments, for determining whether you will exchange blockchain assets based on your own, and for all your decisions as to whether to transfer blockchain assets with your own wallet. In some cases, blockchain assets you exchange based on your research may not increase in value; instead, they may lessen in value. Similarly, blockchain assets you exchange based on your research may increase in value after your exchange. Please, bear in mind that the past performance is not indicative of the future results. Any investment in blockchain assets involves the risk of loss of part or all of your investment. Be aware that the value of the blockchain assets you exchange is subject to market and other investment risks."*

1-We give our prospective customers the choice to invest the amount they wish and only inform them about the fee of the fund (which is a public data available in human readable form directly on the protocol smart contract).

2-Insula allows to solve the asset selection problem by putting this task in the hands of an algorithm, to limit on purpose the discretionary interventions in the decision making.



*We do so in order to:*

1-Allow for a superior investment performance, free of human bias and only performed by algorithms

2-To allow for a clearer understanding of the liabilities and roles of the parties involved.

By no means should Insula be considered an advisor/giving advice.

Insula cannot be held liable for the losses induced by an investment in one or different investment products developed by Insula or another party.

We require our customers to read 100% of the terms of our website as well as the documentation below *\*prior to invest\** in order to allow them to make informed decisions:

As well, we have displayed on our website a 15 free minute call to anyone who would like to gain an introduction to Insula.

**Any material changes to the business which impacts customers:**

-Read about our risk factors: (Staff turnover, cybersecurity risk and others).

*-Support & complaints procedures:*

**Support:** can be reached instantly via our website Tidio Chat Bot or our Telegram group.

For additional support requirements, we developed Insula Premium.

**Complaints:** At the current moment, complaints need to be submitted directly to the management team. This is the most efficient way to deal with a complaint, as Insula is not within the scope of the FCA/other regulatory bodies and hence investors are not eligible for the Ombudsman/ any other form of protections that in scope activities usually allow. It is of major importance to understand this *\*prior to invest\**.

As well, no insurance or guarantee of any return on investments are in place. More, investors need to understand and acknowledge they can lose 100% of the capital invested (see our Terms & Conditions) *\*prior to invest\**.

To request help, submit feedback or a complaint, Insula's customers can use our dedicated support channels that are in place:

- **Learn what level of support you are eligible for (free or paid)**
- **Learn what is included in our Premium offer**
- **Purchase your Insula premium subscription**

**INSIGHT:** “Members commit to undertaking appropriateness checks to ensure that investors are fit and proper to undertake transactions.”: **Insula™ is a cryptocurrency investment manager for existing crypto owners:**

We service HNWI & family offices which are professional level & private investors, who have both financial & cryptocurrency literacy and minimum assets to be relevant to an alternative investment such as Insula. It is assumed by marketing exemptions laws that this group of investors understand what it takes to invest in an unregulated/self-regulated structure.

**Insula operates blockchain-based investment funds that allow investors to maintain control & direct ownership over their crypto assets:**

We make sure customers understand what it takes to be taking care of the custody themselves, through educational sessions of how a blockchain based fund works and more importantly, on the existing options to self-custody their keys and as well by sensibilizing customers about the potential risks that surround self custody.

**Specific topics about custody can be found in our risk factors.**

-Customers who want to add another layer of security can purchase a Ledger Key, and use it with Metamask Desktop:

- **Buy your Ledger**
- **Connect your Metamask wallet to your Ledger account**

## **SECURITY**

“Members commit to ensuring the proactive management of IT infrastructure to prevent leakage, loss and damage of personal information, in accordance with data protection regulations”

**Insula operates blockchain-based investment funds that allow investors to maintain control & direct ownership over their personal data & crypto assets:**

**Investors' Personal data security:** You can explore Insula blockchain apps with a crypto wallet while owning your investor data (GDPR compliant).

**When people invest in Insula, they have their own wallet, their own private key and are the owner of their funds. They can invest in their fund and you can remove the funds at any time because everything is automated.**

**Investor's Cryptocurrency security:** Insula does not take custody of tokens. Insula enables capital connection and managing using smart contracts which are open source.

**Insula does not take custody of tokens and is only a collaborative hub for investors and managers. Insula is not a licensed bank, broker-dealer, investment advisor or an exchange. Insula uses partner protocols to power its own ecosystem.**

**Centralized infrastructure risk:** *(Server-based interfaces):*

*Way of assessment:* automated grading via the world's first security provider (Scorecard): - Grade: 95%.

See our rating [here](#):

Learn more about the score provider [here](#):

### **Decentralized infrastructure risks: (Smart contract infrastructure)**

*Way of assessment:* reputation of the smart contracts auditors:

We tried to build in a very conservative way:

*We do not build our own smart contracts or code ourselves. Instead we use templates or existing protocols. Because what has been proven over time is usually the best way to develop smart contracts.*

- 1) Reduce the risk of injecting a human mistake.

This is because what has been proven over time is usually the best way to develop smart contracts. If you build something new, you take the risk of injecting mistakes into the code. As well, auditing a smart contract is expensive so all the mistakes may not be found.

- 2) To make our business plan implementation feasible, with a lowered liability by reducing the risk of counterparty risk.

*Our infrastructure is strong, it has been audited by a trusted third party.*

**Insula Malta Fund:** Deployed on the Melon protocol, protocol audited by

**Insula Token:** Deployed via an Open Zeppelin pre-audited burnable utility token smart contract template.

**Insula Token Exchanges** via Uniswap,

**Deployed via Mooniswap** & Balancer, audited by

**Insula DAO voting page:** deployed on Aragon Protocol, audited by

Involved smart contracts:

## **SEGREGATION**

Members commit to segregating fiat customers from company funds, and to ensuring customer funds are payable upon an insolvency event.

Typically in the investment management space, customers are dependent on the manager, something that Insula helps to solve through blockchain automation. Even if in the Infortunate event that the manager (Insula) were to fail and become insolvent, we ensure that customers can always withdraw their funds :

We solve this problem by using the blockchain:

- 1) Insula does not have any fiat within the company as it is a fully crypto fund.
- 2) Insula's clients crypto is segregated at 100% in a smart contract vault: even if Insula is insolvent or bankrupt, customers can recover 100% of their crypto.
- 3) Hence, the vault Insula uses for operations and salaries are fully segregated from our investment funds vaults.

## **REDUCE RISK**

For customer funds not being used for trading, liquidity & transfer purposes 90%+ of private keys should be held in cold storage:

**In traditional finance, the clients are dependent on the investment manager. But this is something that neither the customer nor the asset manager wants, as it puts more pressure on the manager as well:**

**Insula came up with a way in which they run the fund on the blockchain so that customers can invest and withdraw whenever they want. When they click invest, it's invested. When they click withdraw, it's back in their wallet.**

- 1) Insula holds strictly 0% of its customers' funds and private keys.
- 2) As well, 100% of the funds are redeemable instantly 24/7/365.
- 3) Hence in the event of the bankruptcy of Insula, all of our customers can withdraw 100% of their funds.

## **DETERRENCE**

Where a customer is found to be acting in an illegal manner, members commit to working with the appropriate authorities to prevent, detect and deter such occurrences.

Before customers onboard Insula, they change their fiat money against cryptocurrency Coinbase/ other exchanges. When doing so, they systematically pass KYC & AML checks by uploading an ID i.e passport. If something suspicious shows up, such centralized platforms have the latest security technology to intercept it.

Beyond only relying on automation, we as well implemented a compliance culture within the firm: we follow daily regulatory updates, and have implemented compliance staff formations since late 2019, to implement AMLD5/FATF standards firm-wide. See our: • **Business Compliance Procedure**.

## **DUE DILIGENCE**

“In line with anti-money laundering regulations, members commit to undertaking due diligence checks on platform users to protect against illegal activity, including the financing of terrorism.”

Insula is a 100% crypto fund, which is a fund that only accepts investments in crypto and only invests in other cryptocurrencies, all of which unfolds on the blockchain.

-At the centralized level: (i.e Not Insula):

There is no fiat in the Insula decentralized/smart contract-based system. The customer changes his fiat himself (we recommend Coinbase and Bitpanda due to their level of compliance and security). We rely on centralized “firewalls” to ensure the provenance of our customer's funds. Hence, this limits as well the load of sensible data Insula holds about its **crypto investors/users** to 0 as checks are then outsourced *by design* to centralized exchanges.

When customers onboard, they change their fiat money against cryptocurrency Coinbase/ other exchanges. When doing so, they systematically pass KYC & AML checks, at the latest standards before migrating their funds to a self hosted wallet (Metamask). Users who wish to purchase crypto-assets with a bank card from Metamask can also do it and are required to pass a similar KYC/AML check via an IDcupload check built in within the Metamak mobile/desktop app.

-Only from there, customers can invest in Insula's fund, with their “white cryptocurrency”.

Once the customers have invested in the fund:

-Customer then are guided when then minted to cash out with this guide:  
-Customers are informed about which steps they have to take to duly pay their capital gains on cryptocurrency (even if it is their duty, we added some guidance, as these laws are recent and our customers may not be aware they could be subject to capital gain, hence to allow them to be informed about their eventual duties:

-At the decentralized level:

As well, it is known that specialized companies are scanning the Blockchain such as Chain Analysis, Cyphertrace or Elliptic. We are confident that such providers offer a reliable way to help crypto businesses and the underlying professional body to operate on safer grounds, as it is also implied that the blockchain itself is "scannable" to a certain extent (since it is a public Blockchain) and can help make the Blockchain a safer space.

For example,, Cyphertrace is already compatible with (Insula Token) ISLA:  
<https://ciphertrace.com/list-of-supported-virtual-assets/>

Once such services are fully compatible with all of Insula's programmable smart contracts (knowing that our main smart contracts are our funds), we plan to use their services later in our development (once our cash flow allows it, as these providers have a premium positioning for blockchain analysis), as our fully on-chain operations make it a next logical step to enhance our approach to compliance.

## **INTEGRITY:**

"To tackle market abuse, members commit to halting trading if suspicious activity is identified; to suspend and close any accounts engaging in such activity; and to notify the relevant authorities."

We use algorithms to generate risk management in a more conservative and less speculative approach to investment. The team does not make the decision to invest in specific assets. The selection of which cryptocurrencies are going to be in the portfolio is automated as well.

- 1) Market abuse prevention: Insula trading system is automated from A-Z, to prevent insider trading. 100% of the decision making is made upon data and the process runs autonomously. As well, 100% of our trades are placed on the blockchain, to prevent front running in the execution of the strategy.



2) As well, ChainAnalysis, Elliptic and others such as Ciphertrace have the ability to track on chain transactions and provide government reports, which adds a level of certainty.

*Insula systematically turns down any discretionary business proposal that is out of our predetermined decentralized business scope, (Namely our business scope is 1-Investing in Insula Funds or 2- Purchasing an Insula Premium subscription).* This allows it to evolve in a consistent, controlled, predetermined and bounded operational environment with the existence of operational rules that were studied since 2018 as the law evolved.

3) Help with tax, to ensure a smooth and compliant offboarding:

**Tax:** Insula worked out how to comply with capital gain requirements of various states around the world. [Compute & pay your tax on Capital Gain](#)  
**Perhaps re-check FATF guidance & what it means for DeFi.**

Author:

Jules Becci de la Riviere, Founder & CEO of Insula Investment Management.