

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2017
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____.

Commission File Number 001-38192

LONGFIN CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

81-5312393

(I.R.S. Employer Identification No.)

16-017, 85 BROAD STREET, NEW YORK, NY 10004

(Address of principal executive offices and zip code)

(646)-202-9550

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Class)

(Name of exchange on which registered)

Class A Common Stock, par value \$0.00001 per share

NASDAQ Capital Market

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or

revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: As of June 30, 2017, the last day of the registrant's most recently completed second fiscal quarter, there was no public market for the registrant's Class A Common Stock. The registrant's Class A Common Stock began trading on the NASDAQ Capital Market on December 12, 2017. As of March 29, 2018, the aggregate market value of the Class A Common Stock held by non-affiliates of the registrant was approximately \$54.6 million, based on the closing price of the registrant's Class A Common Stock on March 29, 2018 and 3,165,989 shares outstanding held by non-affiliates of the registrant.

Indicate the number of shares outstanding of each of the registrant's classes of Common Stock, as of the latest practicable date.

Class of Common Stock	Outstanding Shares as of March 29, 2018
Class A Common Stock, \$0.00001 par value	44,540,989
Class B Common Stock, \$0.00001 par value	30,000,000
Class C Common Stock, \$0.00001 par value	—

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

This Annual Report on Form 10-K/A (Amendment No. 1) amends the Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") by Longfin Corp. (the "Company") on April 2, 2018 (the "Original 10-K") to include additional signatures inadvertently omitted from the Original 10-K and updates additional disclosures included in Items 1A, 5 and 14. Pursuant to Rule 12b-15 under the Securities and Exchange Act of 1934, as amended, this Form 10-K/A includes new certifications by our principal executive officer and principal financial officer under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Except as indicated above, all other information in the Original 10-K remains unchanged.

Item 1A. Risk Factors

The following information sets forth risk factors that could cause our actual results to differ materially from those contained in the forward-looking statements we have made in this report and those we may make from time to time. You should carefully consider the risks described below, in addition to the other information contained in this report, before making an investment decision. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations.

Risks Relating to Our Financial Condition and Going Concern

Our primary indebtedness is currently in default and we are unlikely to be able to refinance those obligations. As a result it is unlikely that we will be able to continue as a going concern unless a significant restructuring of our obligations is implemented, either by means of negotiation or through a bankruptcy proceeding.

If we are unable to continue as a going concern, our securities will have little or no value.

The report of our independent registered public accounting firm that accompanies our audited consolidated financial statements for period from February 1, 2017 (inception) through December 31, 2017 includes a going concern explanatory paragraph in which such firm expressed substantial doubt about our ability to continue as a going concern.

The Company has limited operating history and experienced a net loss of \$26.4 million since its inception. The Company has \$2.1 million of cash at December 31, 2017. The Company operates primarily in structured trade finance and providing technology services and our operating costs are primarily related to the cost of providing those services, employee compensation and administrative expenses.

On January 22, 2018, pursuant to a Securities Purchase Agreement (“SPA”) entered into by an institutional investor (the “Investor”), the Company agreed to sell and issue (1) (i) Senior Convertible Notes to the Investor in the aggregate principal amount of \$52,700,000 (each, a “Note” and collectively, the “Notes”), consisting of a Series A Note in the principal amount of \$10,095,941 (“Series A Note”) and (ii) a Series B Note in the principal amount of \$42,604,059, and (2) a warrant to purchase 751,894 shares of Longfin Class A Common Stock, exercisable for a period of five years at an exercise price of \$38.55 per share (the “Warrant”), for consideration consisting of (i) a cash payment of \$5,000,000, and (ii) a secured promissory note payable by the Investor to Longfin (the “Investor Note”) in the principal amount of \$42,604,059 (collectively, the “Financing”). On February 13, 2018, the Company completed the Financing and related sale and issuance of the Notes, the Warrant and a placement agent warrant. The maturity date of the Notes is August 13, 2019 and the Investor Note is February 13, 2048. To date, the Company has received \$3.7 million in net proceeds (\$5.0 million net of costs of \$1.3 million) related to the Financing and will not be able to obtain additional monies through the Financing until the Company files a Registration Statement to register the common shares underlying the Notes and Warrant and such Registration Statement is declared effective by the Securities and Exchange Commission or such shares are eligible for resale pursuant to Rule 144 under the Securities Act, or the investor elects to convert or exercise such securities notwithstanding the underlying shares have not been so registered or are then so eligible. Pursuant to a continued trading halt in the Company’s Class A Stock instituted on April 6, 2018, as of the date of this filing the Notes are in default and the investor in the Financing has begun to exercise its remedies with respect to requiring the Company to redeem the Series A Note by notice dated February 13, 2018 (the “Default Notice”). Pursuant to the Default Notice, the investor in the Financing has demanded that we pay the Event of Default Redemption Price of the Series A Note not later than Friday, April 20, 2018, which the investor has calculated as \$33.6 million if paid by such date. The investor has not exercised its remedies with respect to requiring the Company to redeem the Series B Note, but in the Default Notice has reserved its rights with regard to such remedy.

The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain the monies from the Financing and the attainment of profitable operations. These factors, which are not within the Company's control, raise substantial doubt regarding the Company's ability to continue as a going concern. Although it is no longer feasible to view that additional funding will be forthcoming pursuant to the Financing in light of the Default Notice, the Company intends to enter into discussions with the investor regarding the renegotiation of the terms of the Financing in light of the Trading Halt and SEC Litigation mentioned elsewhere herein. If the Company is unable to successfully renegotiate the terms of the Financing, including receiving one or more waivers with respect to the ongoing default under the Notes, it would negatively impact its business and operations and could also lead to the reduction or suspension of the Company's operations and ultimately force the Company to cease operations. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Risks Related to Our Business and Industry

We have a limited operating history, which makes it difficult to predict our future operating results.

Longfin Corp was incorporated in February 2017 and its subsidiary Longfin Tradex has limited operating history since 2014. Following our organization, we began offering our technology solutions that were developed by our current subsidiary company Longfin Tradex. Longfin Tradex has launched its products in 2014, although it was incorporated in 2010. As a result of our limited operating history in the Structured Trade Finance solutions, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We are an early stage company.

There is no assurance that Longfin along with its subsidiaries will be profitable or generate sufficient revenue in future. If planned operating levels are changed, higher operating costs encountered, lower sales revenue received, more time is needed to implement the plan, or less funding received from Longfin Tradex current operations, more funds than currently anticipated may be required. Additional difficulties may be encountered during this stage of development, such as unanticipated problems relating to the financial industry demand, if additional capital is not available when required, if at all, or is not available on acceptable terms, Longfin may be forced to modify or abandon its business plan.

Failure to manage our growth may adversely affect our business or operations.

Longfin is newly established company; however, our subsidiary company, Longfin Tradex, is incorporated in 2010 and started operations in 2014, has experienced significant growth in the business, customer base, employee headcount and operations, and we expect to continue to grow our business rapidly over the next several years. This growth places a significant strain on our management team and employees and on our operating and financial systems. To manage our future growth, we must continue to scale our business functions, improve our financial and management controls and our reporting systems and procedures and expand and train our work force. We anticipate that additional investments in sales personnel, technology and research and development spending will be required to:

- scale our operations and increase productivity;
- address the needs of our customers;
- further develop and enhance our existing solutions and offerings;
- develop new technology; and
- expand our markets and opportunity under management, including into innovative solutions and geographic areas.

We cannot assure you that our controls, systems and procedures will be adequate to support our future operations or that we will be able to manage our growth effectively. We also cannot assure you that we will be able to continue to expand our market presence in the United States and other current markets or successfully establish our presence in other markets. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

Our solutions face intense competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.

The market for our solutions is increasingly competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Although we believe that our platform and the solutions that it offers are unique, many vendors develop and market products and services that compete to varying extents with our offerings, and we expect competition in our market to continue to intensify. Moreover, industry consolidation may increase competition. In addition, many companies have chosen to invest in their own internal reporting solutions and therefore may be reluctant to switch to solutions such as ours.

We compete with many types of companies, including diversified enterprise software providers; providers of professional trading services, such as trading platforms or ECNs. Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, more established customer bases and significantly greater financial, technical, marketing and other resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We could lose customers if our competitors introduce new competitive products and technologies, add new features, acquire competitive products, reduce prices, form strategic alliances with other companies or are acquired by third parties with greater available resources. We also face competition from a variety of vendors of cloud-based and on-premise software applications that address only a portion of one of our solutions. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property for free. In addition, if a prospective customer is currently using a competing solution, the customer may be unwilling to switch to our solutions without access to setup support services. If we are unable to provide those services on terms attractive to the customer, the prospective customer may be unwilling to utilize our solutions. If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, then our revenue could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which would adversely affect our business.

If we do not keep pace with technological changes, our solutions may become less competitive and our business may suffer.

Our market is characterized by rapid technological change, frequent product and service innovation and evolving industry standards. If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with these technological developments, our business could be adversely affected. The success of enhancements, new features and solutions depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or solutions. Failure in this regard may significantly impair our revenue growth. In addition, because our solutions are designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our solutions to keep pace with technological changes or operate effectively with future network platforms and technologies could reduce the demand for our solutions, result in customer dissatisfaction and adversely affect our business.

If we fail to manage our technical operations infrastructure, our existing customers may experience service outages, and our new customers may experience delays in the deployment of our solutions.

Longfin together with its subsidiary has experienced significant growth in the number of users, projects and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support changes in hardware and software parameters and the evolution of our solutions, all of which require significant lead time. Our platform interacts with technology provided third-party providers, and our technological infrastructure depends on this technology. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and our revenue.

As a Fintech solution provider, we rely on the services of third-party data center hosting facilities. Interruptions or delays in those services could impair the delivery of our service and harm our business.

Our platform has been developed with, and is based on, cloud computing technology. It is hosted pursuant to service agreements on servers by third-party service providers. We do not control the operation of these providers or their facilities, and the facilities are vulnerable to damage, interruption or misconduct. Unanticipated problems at these facilities could result in lengthy interruptions in our services. If the services of one or more of these providers are terminated, disrupted, interrupted or suspended for any reason, we could experience disruption in our ability to offer our solutions, or we could be required to retain the services of replacement providers, which could increase our operating costs and harm our business and reputation. In addition, as we grow, we may move or transfer our data and our customers' data to other cloud hosting providers. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, the cloud servers that we use could result in interruptions in our services. Interruptions in our service may damage our reputation, reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business would be harmed if our customers and potential customers believe our service is unreliable.

If the market for our technology delivery model and proprietary software develops more slowly than we expect, our business could be harmed.

The market for cloud-based software is not as mature as the market for packaged software, and it is uncertain whether these services will sustain high levels of demand and market acceptance. Our success will depend to a substantial extent on the willingness of companies to increase their use of cloud-based services in general, and of our solutions in particular. Many companies have invested substantial personnel and financial resources to integrate traditional software into their businesses, and therefore may be reluctant or unwilling to migrate to a cloud-based service. Furthermore, some companies may be reluctant or unwilling to use cloud-based services because they have concerns regarding the risks associated with security capabilities, among other things, of the technology delivery model associated with these services. If companies do not perceive the benefits of cloud-based software, then the market for our solutions may develop more slowly than we expect, or the market for our new solutions may not develop at all, either of which would significantly adversely affect our operating results. We may not be able to adjust our spending quickly enough if market growth falls short of our expectations or we may make errors in predicting and reacting to relevant business trends, either of which could harm our business. If the market for our cloud solutions does not evolve in the way we anticipate, or if customers do not recognize the benefits of our cloud solutions over traditional on-premise enterprise software products, and as a result we are unable to increase sales of subscriptions to our solutions, then our revenue may not grow or may decline, and our operating results would be harmed.

The success of our Fintech based solutions largely depends on our ability to provide reliable solutions to our customers. If a customer were to experience a product defect, a disruption in its ability to use our solutions or a security flaw, demand for our solutions could be diminished, we could be subject to substantial liability and our business could suffer.

Because our solutions are complex, and we continually release new features, our solutions could have errors, defects, viruses or security flaws that could result in unanticipated downtime for our subscribers and harm our reputation and our business. Internet-based software frequently contains undetected errors or security flaws when first introduced or when new versions or enhancements are released. We might from time to time find such defects in our solutions, the detection and correction of which could be time consuming and costly. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions in access, security flaws, viruses, data corruption or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, could delay or withhold payment to us or may make warranty or other claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation. We could also lose future sales. In addition, if the public becomes aware of security breaches of our solutions, our future business prospects could be adversely impacted.

Any failure or interruptions in the internet infrastructure, bandwidth providers, data center providers, other third parties or our own systems for providing our solutions to customers could negatively impact our business.

Our ability to deliver our solutions is dependent on the development and maintenance of the internet and other telecommunications services by third parties. Such services include maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telecommunications systems that connect our operations. While our solutions are designed to operate without interruption, we may experience interruptions and delays in services and availability from time to time. We rely on systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment providers, to provide our solutions. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with our customers.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Once our solutions are deployed, our customers depend on our customer success organization to resolve technical issues relating to our solutions. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our solutions and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results and financial position.

Adverse economic conditions or reduced technology spending may adversely impact our business.

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. In general, worldwide economic conditions remain unstable, and these conditions make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately, and they could cause our customers or prospective customers to reevaluate their decision to purchase our solutions. Weak global economic conditions, or a reduction in technology spending even if economic conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe our corporate culture is a critical component to our success. We have invested substantial time and resources in building our team. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and effectively focus on and pursue our corporate objectives.

We depend on our senior management team and other key employees, and the loss of one or more key employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers. We also rely on our leadership team and other mission-critical individuals in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives or other key employees, which could disrupt our business. Our senior management and key employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a material adverse effect on our business.

Our ability to attract, train and retain qualified employees is crucial to our results of operations and any future growth.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services, senior sales executives and professional services personnel with appropriate financial reporting experience. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that we have induced such breaches, resulting in a diversion of our time and resources. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our solutions and could have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms” and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our solutions could suffer.

Data security concerns and laws or other domestic or foreign regulations may reduce the effectiveness of our solutions and adversely affect our business.

We manage private and confidential information and documentation related to our customers’ finances and transactions, often prior to public dissemination. The use of insider information is highly regulated in the United States and abroad, and violations of securities laws and regulations may result in civil and criminal penalties. Privacy and data security are rapidly evolving areas of regulation, and additional regulation in those areas, some of it potentially difficult and costly for us to accommodate, is frequently proposed and occasionally adopted. Changes in laws restricting or otherwise governing data and transfer thereof could result in increased costs and delay operations.

In addition to government activity, the technology industry and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. If the processing of private and confidential information were to be curtailed in this manner, our software solutions may be less effective, which may reduce demand for our solutions and adversely affect our business. Furthermore, government agencies may seek to access sensitive information that our customers upload to our service providers or restrict customers’ access to our service providers. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by customers and create burdens on our business. Moreover, regulatory investigations into our compliance with privacy-related laws and regulations could increase our costs and divert management attention.

If we or our service providers fail to keep our customers' information confidential or otherwise handle their information improperly, our business and reputation could be significantly and adversely affected.

If we fail to keep customers' proprietary information and documentation confidential, we may lose existing customers and potential new customers and may expose them to significant loss of revenue based on the premature release of confidential information. While we have security measures in place to protect customer information and prevent data loss and other security breaches, these measures may be breached as a result of third-party action, employee error, malfeasance or otherwise. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

In addition, our service providers (including, without limitation, hosting facilities, disaster recovery providers and software providers) may have access to our customers' data and could suffer security breaches or data losses that affect our customers' information.

If an actual or perceived security breach or premature release occurs, our reputation could be damaged, and we may lose future sales and customers. We may also become subject to civil claims, including indemnity or damage claims in certain customer contracts, or criminal investigations by appropriate authorities, any of which could harm our business and operating results. Furthermore, while our errors and omissions insurance policies include liability coverage for these matters, if we experienced a widespread security breach that impacted a significant number of our customers for whom we have these indemnity obligations, we could be subject to indemnity claims that exceed such coverage.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success substantially depends upon our proprietary methodologies and other intellectual property rights. Unauthorized use of our trade secret by third parties may damage our brand and our reputation. We rely on a trade secret laws, employee and third-party non-disclosure and non-competition agreements and other methods to protect our intellectual property. However, unauthorized parties may attempt to copy or obtain and use our technology to develop products with the same functionality as our solutions. We cannot assure you that the steps we take to protect our intellectual property will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to protect our intellectual property. United States federal and state intellectual property laws offer limited protection, and the laws of some countries provide even less protection. Moreover, changes in intellectual property laws, such as changes in the law regarding the patentability of software, could also impact our ability to obtain protection for our solutions. In addition, patents may not be issued with respect to our pending or future patent applications. Those patents that are issued may not be upheld as valid, may be contested or circumvented, or may not prevent the development of competitive solutions.

We might be required to spend significant resources and divert the efforts of our technical and management personnel to monitor and protect our intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Any failure to secure, protect and enforce our intellectual property rights could seriously adversely affect our brand and adversely impact our business.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.

Our success depends upon our ability to refrain from infringing upon the intellectual property rights of others. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. As we grow and enter new markets, we will face a growing number of competitors. As the number of competitors in our industry grows and the functionality of products in different industry segments overlaps, we expect that software and other solutions in our industry may be subject to such claims by third parties. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. We cannot assure you that infringement claims will not be asserted against us in the future, or that, if asserted, any infringement claim will be successfully defended. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

If we fail to continue to develop our brand, our business may suffer.

We believe that continuing to develop and maintain awareness of our brand is critical to achieving widespread acceptance of our solution and is an important element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand.

Promotion and enhancement of our name and the brand names of our solutions depends largely on our success in being able to provide high quality, reliable and cost-effective solutions. If customers do not perceive our solutions as meeting their needs, or if we fail to market our solutions effectively, we will likely be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our solutions. That failure could result in a material adverse effect on our business, financial condition and operating results.

Demand for our solutions is subject to legislative or regulatory changes and volatility in demand, which could adversely affect our business.

The market for our solutions depends in part on the requirements of the SEC and other regulatory bodies. Any legislation or rulemaking substantially affecting the content or method of trading to be filed with these regulatory bodies could have an adverse effect on our business. In addition, evolving market practices in light of regulatory developments could adversely affect the demand for our solutions.

We may need to raise additional capital, which may not be available to us.

We will require substantial funds to support the implementation of our business plan. Our future liquidity and capital requirements are difficult to predict as they depend upon many factors, including the success of our solutions and competing technological and market developments. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of customer prepayments or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

We operate and offer our services in many jurisdictions and, therefore, may be subject to federal, state, local and foreign taxes that could harm our business.

As an organization that operates in many jurisdictions in the United States and around the world, we may be subject to taxation in several jurisdictions with increasingly complex tax laws, the application of which can be uncertain. The authorities in these jurisdictions, including state and local taxing authorities in the United States, could successfully assert that we are obligated to pay additional taxes, interest and penalties. In addition, the amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. The authorities could also claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations. In addition, we may lose sales or incur significant costs should various tax jurisdictions impose taxes on either a broader range of services or services that we have performed in the past. We may be subject to audits of the taxing authorities in any such jurisdictions that would require us to incur costs in responding to such audits. Imposition of such taxes on our services could result in substantially unplanned costs, would effectively increase the cost of such services to our customers and could adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

Some of the jurisdictions in which we operate may give us the benefit of either relatively low tax rates, tax holidays or government grants, in each case that are dependent on how we operate or how many jobs we create and employees we retain. We plan on utilizing such tax incentives in the future as opportunities are made available to us. Any failure on our part to operate in conformity with applicable requirements to remain qualified for any such tax incentives or grants may result in an increase in our taxes. In addition, jurisdictions may choose to increase rates at any time due to economic or other factors. Any such rate increase could harm our results of operations.

In addition, changes to U.S. tax laws that may be enacted in the future could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities could increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

We are party to an SEC lawsuit and our management, financial condition and results of operations could be seriously harmed should the claims of the SEC result in significant damages involving the Company.

At the beginning of April 2018, the SEC filed the case *Securities and Exchange Commission v. Longfin Corp., et al.*, 18 Civ. 2977 (JGK) (the “SEC Litigation”) in federal court in the Southern District of New York. The Company and Mr. Meenavalli are named as defendants, as are three of the Company’s stockholders who made certain sales of Class A Common Stock. The SEC’s complaint alleges that the defendants violated Section 5 of the Securities Act of 1933 by either distributing or participating in the distribution of the Company’s securities to the public in unregistered transactions. The SEC litigation includes the SEC’s application for a temporary restraining order and asset freeze relating to the assets of the three defendants who were stockholders who made certain sales of Class A Common Stock. There can be no assurance that the SEC will not expand the scope of the SEC litigation to make more claims against the Company or Mr. Meenavalli, and the costs and distraction associated with the SEC litigation, as well as related negative publicity, has disrupted the Company’s operations and is likely to continue to do so.

We may suffer significant loss of operating capital related to securities class action lawsuits and our management, financial condition and results of operations could be seriously harmed.

At the beginning of April 2018, four putative securities class action lawsuits were filed in the federal courts for the Southern and Eastern Districts of New York against Longfin Corp. and our CEO, Mr. Meenavalli, and (in the case of the second action) CFO, Mr. Ratakonda. The actions are: *Reddy v. LongFin Corp. et al.*, 18 Civ. 2933 (JGK) (SDNY); *Long Chee Min v. Longfin Corp. et al.*, 18 Civ. 2973 (VSB) (SDNY); *Chauhan v. Longfin et al.*, 18 Civ. 2010 (MKB) (EDNY); and *Miller v. Longfin et al.*, 18 Civ. 3121 (UA) (SDNY). According to the complaints, defendants made false and/or misleading statements and failed to disclose material adverse facts about Longfin’s business, operations, prospects and performance. Plaintiffs allege, *inter alia*, that defendants made false and/or misleading statements and/or failed to disclose that: (i) Longfin had material weaknesses in its operations and internal controls that hindered the Company’s profitability; and (ii) Longfin did not meet the requirements for inclusion in Russell indices. Based on the foregoing, plaintiffs assert causes of action for violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Plaintiffs seek unspecified compensatory damages, fees and costs.

We are subject to general litigation that may materially adversely affect us.

From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger. While our agreements with customers limit our liability for damages arising from our solutions, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued. Although we may carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

We are controlled by our Chairman/founder, whose interests may differ from those of the other shareholders.

As of April 2, 2018, Mr. Venkata Srinivas Meenavalli owns the majority of shares of Longfin's Common Stock. Therefore, Mr. Meenavalli is now and could be in the future in a position to elect or change the members of the board of directors and to control Longfin's business and affairs including certain significant corporate actions, including but not limited to acquisitions, the sale or purchase of assets and the issuance and sale of Longfin's shares. Longfin also may be prevented from entering into transactions that could be beneficial to the other holders of the shares without Mr. Meenavalli's consent. Mr. Meenavalli's interests might differ from the interests of other shareholders.

Market risks and the economy conditions might cause significant risks and uncertainties

Downturns in sectors of the economy generally and a lack of availability of credit could adversely impact clients and lower demand for our products, which in turn could cause our revenues and net income to decrease. Our variety of products are used for several financial needs. Amount of spending on financial tools and investments depends significantly on the availability of finances, as well as other factors such as interest rates, client confidence, government regulations and economy. Any of these factors could result in a tightening of standards by financial institutions and reduce the need of clients to use our products.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
 - reduced disclosure about our executive compensation arrangements;
 - no non-binding advisory votes on executive compensation or golden parachute arrangements; and
 - exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.
-

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these exemptions. We have taken advantage of reduced reporting requirements in this filing. Accordingly, the information contained herein may be different from the information you receive from other public companies in which you hold stock. We have irrevocably elected to “opt out” of the exemption for the delayed adoption of certain accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We depend on key personnel

Longfin’s future success depends on the efforts of key personnel, including its senior executive team. Longfin does not currently carry any key man life insurance on its key personnel or its senior executive team. Regardless of such insurance, the loss of services of any of these or other key personnel may have an adverse effect on Longfin. There can be no assurance that Longfin will be successful in attracting and retaining the personnel.

Legal claims could be filed that would have a material adverse effect on our business, operating results and financial condition. We may in the future face risks of litigation and liability claims on technological liability and other matters, the extent of such exposure can be difficult or impossible to estimate and which can negatively impact our financial condition and results of operations.

Our operations are subject to numerous US and Singapore laws and regulations relating to the protection of the public and necessary disclosures in regard to financial services. Liability under these laws involves inherent uncertainties. Violations of financial regulation laws are subject to civil, and, in some cases, criminal sanctions. Although we are not aware of any compliance related issues, we may not have been, or may not be, at all times, in complete compliance with all requirements, and we may incur costs or liabilities in connection with such requirements. We may also incur unexpected interruptions to our operations, administrative injunctions requiring operation stoppages, fines and other penalties. Continued government and public emphasis on financial issues may require increased future investments for service or technology adjustments at new or ongoing operations, which could negatively impact our financial condition and results of operations.

There can also be no assurance that any insurance coverage we take will be adequate or that we will prevail in any future cases. We can provide no assurance that we will be able to obtain liability insurance that would protect us from any such lawsuits. We are not currently subject to any claims from our employees or customers; however, we may be subject to such claims in the future. In the event that are not covered by insurance, our management could expend significant time addressing any such issues.

Our results of operations may be adversely affected by fluctuations in currency exchange rates and we may not have adequately hedged against them.

The exchange rates between foreign currencies can change rapidly due to a wide range of economic, political and other conditions. Future currency exchange rate fluctuations that we have not adequately hedged could adversely affect our profitability.

Fraud risks

There are various types of fraud which may adversely affect our business. Unfortunately, there are some countries which are renowned for harboring fraudsters. We may prove, in some cases, unable to detect fraudulent activities.

We will incur increased costs as a result of being a public company, and the requirements of being a public company may divert management's attention from our business.

As a result of our initial public offering, we became a public company and our securities are listed on NASDAQ. As such, we are required to comply with laws, regulations, and requirements that we did not need to comply with as a private company, including certain provisions of the Sarbanes-Oxley Act and related SEC regulations, as well as the requirements of NASDAQ. Compliance with the requirements of being a public company have required us to increase our operating expenses in order to pay our employees, legal counsel, and accountants to assist us in, among other things, external reporting, instituting and monitoring a more comprehensive compliance and board governance function, establishing and maintaining internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act, and preparing and distributing periodic public reports in compliance with our obligations under the federal securities laws. In addition, in connection with Section 404(a) of the Sarbanes-Oxley Act, management will be required to deliver a report that assesses the effectiveness of our internal control over financial reporting beginning with this Annual Report on Form 10-K for the year ended December 31, 2017. However, in connection with Section 404(b) of the Sarbanes-Oxley Act, our auditors are not required to attest to our internal controls over financial reporting until we no longer qualify as an emerging growth company under the JOBS Act. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, our management's attention might be diverted from other business concerns, which could have a material adverse effect on our business, prospects, financial condition, and results of operations. Furthermore, we might not be able to retain our independent directors or attract new independent directors for our committees.

We are subject to an ongoing inquiry from NASDAQ and are currently in a trading halt

Our Class A Common Stock is currently subject to a trading halt on NASDAQ (the "Trading Halt") and there can be no assurance when or if this halt will be lifted. This market has continued listing standards that we must maintain on an ongoing basis in order to continue the listing of our Class A Common Stock and NASDAQ has requested certain information from us to ensure that we continue to meet these requirements. If following these inquiries and responses NASDAQ determines that we fail to meet these continued listing requirements, our Class A Common Stock may be subject to delisting. In addition, on April 18, 2018, we received a notice (the "Notice") from the NASDAQ Stock Market LLC ("NASDAQ"), indicating that we do not comply with the NASDAQ Listing Rule 5250(c) (1) due to the Company not having included the signatures of a majority of the members of its Board of Directors in its Annual Report on Form 10-K for the year ended December 31, 2017 (the "Annual Report") that it filed with the U.S. Securities & Exchange Commission (the "SEC") on April 2, 2018. The filing of this Form 10-K/A is intended to address this matter.

If our Class A Common Stock is delisted and we are not able to list our Class A Common Stock on another national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our Class A Common Stock and reduced liquidity for the trading of our securities. In addition, we could experience a decreased ability to issue additional securities and obtain additional financing in the future.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Common Stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our Common Stock would be negatively affected. If one or more of the analysts who cover us downgrade our Common Stock or publish inaccurate or unfavorable research about our business, our Common Stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Stock could decrease, which might cause our Common Stock price and trading volume to decline.

We may fail to meet our publicly announced guidance or other expectations about our business, which would cause our stock price to decline.

We expect to provide guidance regarding our expected financial and business performance, such as projections regarding sales, as well as anticipated future revenues, gross margins, profitability and cash flows. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process and our guidance may not ultimately be accurate. Our guidance is based on certain assumptions such as those relating to anticipated production and sales volumes and average sales prices, supplier and commodity costs, and planned cost reductions. If our guidance is not accurate or varies from actual results due to our inability to meet our assumptions or the impact on our financial performance that could occur as a result of various risks and uncertainties, the market value of our Common Stock could decline significantly.

Risks Related to Cryptocurrency

The further development and acceptance of the Ethereum Network and other Digital Asset systems, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Ethereum Network may adversely affect an investment in our Company.

The ZidduWC is a cryptographic token similar to bitcoin, ETHeum and numerous other cryptocurrencies (“Digital Assets”) that may be used, among other things, to exchange value, buy and sell goods and services and execute contracts with predetermined execution parameters (“smart contracts”). The ZidduWC runs on the Ethereum Blockchain, meaning that the methods by which transactions are blocked and verified are dependent on the underlying Ethereum Network.

Digital Assets are a new and rapidly evolving industry of which the Ethereum Network is a prominent, but not unique, part.

The growth of the Digital Assets industry in general, and the Ethereum Network in particular, is subject to a high degree of uncertainty. The factors affecting the further development of the Digital Assets industry, as well as the Ethereum Network, include:

- continued worldwide growth in the adoption and use of Ethereum (“ETH”) and other Digital Assets;
- government and quasi-government regulation of ETH and other Digital Assets and their use, or restrictions on or regulation of access to and operation of the Ethereum Network or similar Digital Assets systems;
- the maintenance and development of the open-source software protocol of the Ethereum Network;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to Digital Assets; and
- the impact of regulators focusing on Digital Assets and the costs associated with such regulatory oversight.

A decline in the popularity or acceptance of the Ethereum Network could adversely affect the functionality of the ZidduWC and, accordingly, an investment in us.

Currently, there is relatively small use of ETH in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in us.

As relatively new products and technologies, ETH and the Ethereum Network have only recently become widely accepted as a means of payment for goods and services by many major retail and commercial outlets and use of ETH by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of ETH demand is generated by speculators and investors seeking to profit from the short- or long-term holding of ETH. A lack of expansion by ETH into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the price of ETH, either of which could adversely impact an investment in us.

The open-source structure of the Ethereum Network protocol means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the Ethereum Network and an investment in us.

The Ethereum Network operates based on an open-source protocol maintained by contributors, largely on the Official Go implementation of the Ethereum protocol on GitHub. An open-source project, Ethereum was launched in August 2014 by the Ethereum Foundation, a Swiss non-profit, and is generally acknowledged to be the work of inventor and co-founder Vitalik Buterin. As the Ethereum Network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the Ethereum Network protocol. The lack of guaranteed financial incentive for contributors to maintain or develop the Ethereum Network and the lack of guaranteed resources to adequately address emerging issues with the Ethereum Network may reduce incentives to address the issues adequately or in a timely manner. This may adversely affect the functionality of the ZidduWC and, accordingly, an investment in us.

If a malicious actor or botnet obtains control in excess of 50 percent of the processing power active on the Ethereum Network, it is possible that such actor or botnet could manipulate the Ethereum Blockchain in a manner that adversely affects an investment in us.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Ethereum Network, it may be able to alter the Blockchain on which the Ethereum Network and all ZidduWC transactions rely by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the Ethereum Network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new ZidduWC or transactions using such control. Using alternate blocks, the malicious actor could “double-spend” its own ZidduWC (i.e., spend the same ZidduWC in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on the Ethereum Network or the ZidduWC community does not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible. Such changes could adversely affect an investment in us.

The acceptance of Ethereum Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Ethereum Network could result in a “fork” in the Blockchain, resulting in the operation of two separate networks until such time as the forked Blockchains are merged. The temporary or permanent existence of forked Blockchains could adversely impact an investment in us.

Ethereum is an open source project and, although there is an influential group of leaders in the Ethereum Network community including the Ethereum Foundation, there is no official developer or group of developers that formally controls the Ethereum Network. Any individual can download the Ethereum Network software and make any desired modifications, which are proposed to users and miners on the Ethereum Network through software downloads and upgrades, typically posted to the ETH development forum on GitHub.com. A substantial majority of miners and ETH users must consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of the Ethereum Network. Since the Ethereum Network’s inception, changes to the Ethereum Network have been accepted by the vast majority of users and miners, ensuring that the Ethereum Network remains a coherent economic system; however, a developer or group of developers could potentially propose a modification to the Ethereum Network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial population of participants in the Ethereum Network. In such a case, and if the modification is material and/or not backwards compatible with the prior version of Ethereum Network software, a fork in the Blockchain could develop and two separate Ethereum Networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second “Ethereum” network). Such a fork in the Blockchain typically would be addressed by community-led efforts to merge the forked Blockchains, and several prior forks have been so merged. This kind of split in the Ethereum Network could materially and adversely impact an investment in us and, in the worst-case scenario, harm the sustainability of the Ethereum Network’s economy.

Demand for ETH is driven, in part, by its status as the most prominent and secure Digital Asset. It is possible that a Digital Asset other than ETH could have features that make it more desirable to a material portion of the Digital Asset user base, resulting in a reduction in demand for ETH, which could have a negative impact on the functionality of the ZidduWC ETH and adversely affect an investment in us.

The Ethereum Network and ETH, as an asset, hold an earlier mover advantage over other Digital Assets. This early mover advantage is driven in large part by having a larger user base and, more importantly, large combined mining power in use to secure the Blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and long-term stability of a Digital Asset's network and its block chain; as a result, the advantage of more users and miners makes a Digital Asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage.

As of January 16, 2018, there were over one thousand four hundred (1,400) alternate Digital Assets (or altcoins) tracked by CoinMarketCap, having a total market capitalization (including the market capitalization of ETH) of approximately \$579 billion, using market prices and total available supply of each Digital Asset. This included altcoins using a "proof of work" mining structure similar to Ethereum, and those using a "proof of stake" transaction verification system that is different than Ethereum's mining system (e.g., Peercoin, Bitshares and NXT). As of January 16, 2018, ETH's market cap was \$108 billion. Despite the early-mover advantage of the Ethereum Network over other Digital Assets, it is possible that another Digital Asset could become materially popular due to either a perceived or exposed shortcoming of the Ethereum Network protocol that is not immediately addressed by the Ethereum contributor community or a perceived advantage of an altcoin that includes features not incorporated into Ethereum. If a Digital Asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce ETH's market share as well as other Digital Assets we may become involved in and have a negative impact on the demand for, and price of, the ZidduWC and could adversely affect an investment in us.

Our ability to adopt technology in response to changing security needs or trends poses a challenge to the safekeeping of our Digital Assets.

The history of the Ethereum Exchange Market has shown that Ethereum Exchanges and large holders of ETH must adapt to technological change in order to secure and safeguard their ETH and other Digital Assets. We believe that we may be an appealing target of security threats based on the size of our ZidduWC holdings. To the extent that we are unable to identify and mitigate or stop new security threats, our ZidduWC may be subject to theft, loss, destruction or other attack, which could adversely affect an investment in us. We regularly monitor our Ethereum Blockchain transactions by using two-factor authorization by e-mail and text message verification.

Security threats to us could result in, a loss of Company's Digital Assets, or damage to the reputation and our brand, each of which could adversely affect an investment in us.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Ethereum Exchange Market since the launch of the Ethereum Network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm our business operations or result in loss of our ZidduWC and other Digital Assets. Any breach of our infrastructure could result in damage to our reputation which could adversely affect an investment in us. Furthermore, we believe that, as our assets grow, it may become a more appealing target for security threats such as hackers and malware.

The security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of ours, or otherwise, and, as a result, an unauthorized party may obtain access to our, private keys, data or ZidduWC. Additionally, outside parties may attempt to fraudulently induce employees of ours to disclose sensitive information in order to gain access to our infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security system occurs, the market perception of the effectiveness of our security system could be harmed, which could adversely affect an investment in us.

In the event of a security breach, we may be forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect an investment in us.

A loss of confidence in our security system, or a breach of our security system, may adversely affect us and the value of an investment in us.

We will take measures to protect us and our ZidduWC and other Digital Assets from unauthorized access, damage or theft; however, it is possible that the security system may not prevent the improper access to, or damage or theft of our ZidduWC. A security breach could harm our reputation or result in the loss of some or all of our ZidduWC. A resulting perception that our measures do not adequately protect our Digital Assets could result in a loss of current or potential shareholders, reducing demand for our Common Stock and causing our shares to decrease in value.

Our ZidduWC and other Digital Assets may be subject to loss, damage, theft or restriction on access.

There is a risk that part or all of our ZidduWC could be lost, stolen or destroyed. We believe that our ZidduWC and other Digital Assets will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal our ZidduWC and other Digital Assets. Access to our Digital Assets could also be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). Any of these events may adversely affect our operations and, consequently, an investment in us.

The limited rights of legal recourse against us, and our lack of insurance protection expose us and our shareholders to the risk of loss of our ZidduWC and other Digital Assets for which no person is liable.

The ZidduWC and other Digital Assets held by us are not insured. Therefore, a loss may be suffered with respect to our ZidduWC which is not covered by insurance and for which no person is liable in damages which could adversely affect our operations and, consequently, an investment in us.

Techniques employed by manipulative short sellers in cryptocurrency stocks may drive down the market price of our common stock.

Short selling is the practice of selling securities that the seller does not own but rather has, supposedly, borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests for the price of the stock to decline, many short sellers (sometime known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a stock short. While traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the rise of the Internet and technological advancements regarding document creation, YouTube and publication by Tweeting or blogging have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called research reports that mimic the type of investment analysis performed by large Wall Street firm and independent research analysts. These short attacks have, in the past, led to selling of shares in the market, on occasion in large scale and broad base. Issuers with limited trading volumes are susceptible to higher volatility levels than U.S. domestic large-cap stocks, and can be particularly vulnerable to such short attacks.

These short seller publications are not regulated by any governmental, self-regulatory organization or other official authority in the U.S., are not subject to the certification requirements imposed by the Securities and Exchange Commission in Regulation AC (Regulation Analyst Certification) and, accordingly, the opinions they express may be based on distortions of actual facts or, in some cases, fabrications of facts. In light of limited risks involved in publishing such information, and the enormous profit that can be made from running just one successful short attack, unless the short sellers become subject to significant penalties, it is more likely than not that disclosed shorts will continue to issue such reports.

You should be aware that in light of the relative freedom to operate that such persons enjoy, in case of a short-seller attack, our stock may suffer from a temporary, or possibly long term, decline in market price should the rumors created not be dismissed by market participants.

In March of 2018, Andrew Left of Citron Research tweeted “If you are fortunate enough to get a borrow, indeed \$LFIN is a pure stock scheme. @sec_enforcement should not be far behind. Filings and press releases are riddled with inaccuracies and fraud.” In addition, a report published on the Seeking Alpha website on March 23, 2018 alleged that the addition of our Class A Stock to the Russell 2000 index was in error, which led to our Class A Common Stock being removed from the Russell 2000 index. As a result of these communications, our Class A Stock price declined almost 40% in a two day period.

Regulatory changes or actions may restrict the use of Digital Assets or the operation of trading markets in a manner that adversely affects an investment in us.

Until recently, little or no regulatory attention has been directed toward ETH, other Digital Assets and the markets where they trade by U.S. federal and state governments, foreign governments and self-regulatory agencies. As ETH has grown in popularity and in market size and initial coin offerings which tend to be Digital Securities, the SEC, Federal Reserve Board, U.S. Congress and certain other U.S. agencies (e.g., the CFTC, FinCEN and the Federal Bureau of Investigation) have begun to examine the operations of the initial coin offerings, Ethereum Network, ETH users and the Ethereum Exchange Market.

On July 25, 2017, the SEC issued its Report which concluded that Digital Assets or tokens issued for the purpose of raising funds may be securities within the meaning of the federal securities laws. The Report focused on the activities of a virtual organization which offered tokens in exchange for ETH. The Report emphasized that whether Digital Asset is a security is based on the facts and circumstances. Although the Company’s activities are not focused on raising capital or assisting others that do so, the federal securities laws are very broad, and there can be no assurances that the SEC will not take enforcement action against the Company in the future including for the sale of unregistered securities in violation of the Securities Act or acting as an unregistered investment company in violation of the Investment Company Act. The SEC has taken various actions against persons or entities misusing ETH in connection with fraudulent schemes (e.g., Ponzi scheme), inaccurate and inadequate publicly disseminated information, and the offering of unregistered securities. More recently, the SEC suspended trading in three Digital Asset public companies. The CFTC has determined that ETH and other virtual currencies are commodities and the sale of derivatives based on digital currencies must be done in accordance with the provisions of the CEA and CFTC regulations. Also of significance, is that the CFTC appears to have taken the position that ETH is not encompassed by the definition of currency under the CEA and CFTC regulations. The CFTC defined ETH and other “virtual currencies” as “a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value, but does not have legal tender status in any jurisdiction. Bitcoin and other virtual currencies are distinct from ‘real’ currencies, which are the coin and paper money of the United States or another country that are designated as legal tender, circulate, and are customarily used and accepted as a medium of exchange in the country of issuance.” To the extent that the ZidduWC itself is determined to be a security, commodity future or other regulated asset, or to the extent that a US or foreign government or quasi-governmental agency exerts regulatory authority over the Ethereum Network or ETH trading and ownership, trading or ownership in ZidduWC or an investment in us may be adversely affected.

The CFTC affirmed its approach to the regulation of Bitcoin and Bitcoin-related enterprises on June 2, 2016, when the CFTC settled charges against Bitfinex, a Ethereum Exchange based in Hong Kong. In its Order, the CFTC found that Bitfinex engaged in “illegal, off-exchange commodity transactions and failed to register as a futures commission merchant” when it facilitated borrowing transactions among its users to permit the trading of Bitcoin on a “leveraged, margined or financed basis” without first registering with the CFTC. In 2017 the CFTC stated that it would consider Bitcoin and other virtual currencies as commodities or derivatives depending on the facts of the offering. In December 2017, Bitcoin and ETH futures trading commenced on two CFTC regulated futures markets.

Local state regulators such as the NYSDFS have also initiated examinations of ETH, the Ethereum Network and the regulation thereof. In July 2014, the NYSDFS proposed the first US regulatory framework for licensing participants in “virtual currency business activity.” The regulations, known as the “BitLicense,” are intended to focus on consumer protection and, the NYSDFS issued its final “BitLicense” regulatory framework in June 2015. The “BitLicense” regulates the conduct of businesses that are involved in “virtual currencies” in New York or with New York customers and prohibits any person or entity involved in such activity to conduct activities without a license.

Ethereum currently faces an uncertain regulatory landscape in not only the United States but also in many foreign jurisdictions such as the European Union, China and Russia.

The effect of any future regulatory action on us, the ZidduWC, ETH, or other Digital Assets is impossible to predict, but such change could be substantial and adverse to us and could adversely affect an investment in us.

It may be illegal now, or in the future, to acquire, own, hold, sell or use ZidduWC or other Digital Assets in one or more countries, and ownership of, holding or trading in our Company’s securities may also be considered illegal and subject to sanction.

Although currently ZidduWC and other Digital Assets are not regulated or are lightly regulated in most countries, including the United States, one or more countries such as China may take regulatory actions in the future that restricts the right to acquire, own, hold, sell or use ZidduWC or other Digital Assets or to exchange Digital Assets for currency. Such an action may also result in the restriction of ownership, holding or trading in our securities. Such restrictions may adversely affect an investment in us.

If regulatory changes or interpretations of our activities require our registration as a MSB under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, we may be required to register and comply with such regulations. If regulatory changes or interpretations of our activities require the licensing or other registration of us as a money transmitter (or equivalent designation) under state law in any state in which we operate, we may be required to seek licensure or otherwise register and comply with such state law. In the event of any such requirement, to the extent the Company decides to continue, the required registrations, licensure and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease the Company’s operations. Any termination of certain Company operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to investors.

To the extent that the activities of the Company cause it to be deemed a MSB under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, the Company may be required to comply with FinCEN regulations, including those that would mandate the Company to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records.

To the extent that the activities of the Company cause it to be deemed a “money transmitter” (or equivalent designation) under state law in any state in which the Company operates, the Company may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may including the implementation of anti-money laundering programs, maintenance of certain records and other operational requirements. Currently, the NYSDFS has finalized its “BitLicense” framework for businesses that conduct “virtual currency business activity,” the Conference of State Bank Supervisors has proposed a model form of state level “virtual currency” regulation and additional state regulators including those from California, Idaho, Virginia, Kansas, Texas, South Dakota and Washington have made public statements indicating that virtual currency businesses may be required to seek licenses as money transmitters. In July 2016, North Carolina updated the law to define “virtual currency” and the activities that trigger licensure in a business-friendly approach that encourages companies to use virtual currency and blockchain technology. Specifically, the North Carolina law does not require miners or software providers to obtain a license for multi-signature software, smart contract platforms, smart property, colored coins and non-hosted, non-custodial wallets. Starting January 1, 2016, New Hampshire requires anyone exchanges a digital currency for another currency must become a licensed and bonded money transmitter. In numerous other states, including Connecticut and New Jersey, legislation is being proposed or has been introduced regarding the treatment of ETH and other Digital Assets. The Company will continue to monitor for developments in such legislation, guidance or regulations. On April 11, 2018, we received a subpoena from the Department of Financial Institutions of the State of Washington regarding our business activities intended to determine if our business model requires a money transmission license in the State of Washington.

Such additional federal or state regulatory obligations may cause the Company to incur extraordinary expenses, possibly affecting an investment in the Class A Common Stock in a material and adverse manner. Furthermore, the Company and its service providers may not be capable of complying with certain federal or state regulatory obligations applicable to MSBs and MTs. If the Company is deemed to be subject to and determines not to comply with such additional regulatory and registration requirements, we may act to dissolve and liquidate the Company. Any such action may adversely affect an investment in us.

Current interpretations require the regulation of ETH and other Digital Assets under the CEA by the CFTC, we may be required to register and comply with such regulations. To the extent that we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease certain operations. Any disruption of our operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to investors.

Current and future legislation, CFTC and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which ZidduWC and other Digital Assets are treated for classification and clearing purposes. In particular, derivatives on these assets are not excluded from the definition of “commodity future” by the CFTC. We cannot be certain as to how future regulatory developments will impact the treatment of ZidduWC and other Digital Assets under the law.

Ethereum has been deemed to fall within the definition of a commodity and, we may be required to register and comply with additional regulation under the CEA, including additional periodic report and disclosure standards and requirements. Moreover, we may be required to register as a commodity pool operator and to register us as a commodity pool with the CFTC through the National Futures Association. Such additional registrations may result in extraordinary, non-recurring expenses, thereby materially and adversely impacting an investment in us. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in us. No CFTC orders or rulings are applicable to our business.

If regulatory changes or interpretations require the regulation of ETH and other Digital Assets (in contrast to Digital Securities) under the Securities Act and Investment Company Act by the SEC, we may be required to register and comply with such regulations. To the extent that we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease certain operations. This would likely have a material adverse effect on us and investors may lose their investment.

Current and future legislation and SEC rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which ETH are treated for classification and clearing purposes. The SEC’s July 25, 2017 Report expressed its view that Digital Assets may be securities depending on the facts and circumstances. As of the date of this report, we are not aware of any rules that have been proposed to regulate the ZidduWC as securities. We cannot be certain as to how future regulatory developments will impact the treatment of ZidduWC and other Digital Assets under the law. Such additional registrations may result in extraordinary, non-recurring expenses, thereby materially and adversely impacting an investment in us. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in us.

To the extent that Digital Assets including the ZidduWC are deemed by the SEC to fall within the definition of a security, we may be required to register and comply with additional regulation under the Investment Company Act, including additional periodic reporting and disclosure standards and requirements and the registration of our Company as an investment company. Additionally, one or more states may conclude ZidduWC are a security under state securities laws which would require registration under state laws including merit review laws which would adversely impact us since we would likely not comply. As stated earlier in this report, some states including California define the term “investment contract” more strictly than the SEC. Such additional registrations may result in extraordinary, non-recurring expenses of our Company, thereby materially and adversely impacting an investment in our Company. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease all or certain parts of our operations. Any such action would likely adversely affect an investment in us and investors may suffer a complete loss of their investment.

We believe that ZidduWC is not a security. As such, we do not intend to acquire securities in amounts that are equal to or greater than 40% of our assets. Should the total value of securities which we hold rise to more than 40% of our assets (exclusive of cash) we note that SEC Rule 3a-2 under the Investment Company Act provides temporary relief, as long as the issuer has a bona fide intent to not be an investment company as soon as possible. The rule may not be relied upon more than once every three years. In order to comply with the Investment Company Act, we anticipate having increased management time and legal expenses in order to analyze which Digital Assets are securities and periodically analyze our total holdings to ensure that we do not maintain more than 40% of our total assets (exclusive of cash) as securities.

If federal or state legislatures or agencies initiate or release tax determinations that change the classification of ETH or other Digital Assets as property for tax purposes (in the context of when such Digital Assets are held as an investment), such determination could have a negative tax consequence on our Company or our shareholders.

Current IRS guidance indicates that Digital Assets such as ZidduWC should be treated and taxed as property, and that transactions involving the payment of Digital Assets for goods and services should be treated as barter transactions. While this treatment creates a potential tax reporting requirement for any circumstance where the ownership of a ETH passes from one person to another, usually by means of ETH transactions (including off-Blockchain transactions), it preserves the right to apply capital gains treatment to those transactions which may have adversely affect an investment in our Company.

On December 5, 2014, the New York State Department of Taxation and Finance issued guidance regarding the application of state tax law to Digital Assets such as ETH. The agency determined that New York State would follow IRS guidance with respect to the treatment of Digital Assets such as ETH for state income tax purposes. Furthermore, they defined Digital Assets such as ETH to be a form of “intangible property,” meaning the purchase and sale of ETH for fiat currency is not subject to state income tax (although transactions of ETH for other goods and services maybe subject to sales tax under barter transaction treatment). It is unclear if other states will follow the guidance of the IRS and the New York State Department of Taxation and Finance with respect to the treatment of Digital Assets such as ETH for income tax and sales tax purposes. If a state adopts a different treatment, such treatment may have negative consequences including the imposition of greater a greater tax burden on investors in ETH or imposing a greater cost on the acquisition and disposition of ETH, generally; in either case potentially having a negative effect on prices in the Ethereum Exchange Market and may adversely affect an investment in our Company.

Foreign jurisdictions may also elect to treat Digital Assets such as ETH differently for tax purposes than the IRS or the New York State Department of Taxation and Finance. To the extent that a foreign jurisdiction with a significant share of the market of ETH users imposes onerous tax burdens on ETH users, or imposes sales or value added tax on purchases and sales of ETH for fiat currency, such actions could result in decreased demand for ETH in such jurisdiction, which could impact the price of ETH and negatively impact an investment in our Company.

We have identified several material weaknesses in our internal control over financial reporting. If our planned remediation of these material weaknesses is not effective, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our securities.

In connection with the audit of our financial statements beginning on page F-1, the Company identified several material weaknesses in its internal control over financial reporting. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s financial statements will not be prevented or detected on a timely basis. Below are the material weaknesses identified:

- the Company lacks qualified personnel who fully understand GAAP reporting requirements, possess appropriate skills to identify and determine proper accounting for new, complex or unusual transactions or have a proficiency in the SEC reporting environment;
-

- the Company did not maintain sufficient personnel with the technical knowledge and skills to perform accounting functions for complex/non-recurring transactions and financial reporting functions;
- the Company exhibited an overall lack of sufficient knowledge, organized and sufficient audit support, documented positions and assessments, and policies/procedures related to the accounting treatment for both complex and non-complex transactions;
- certain segregation of duties issues exist (i.e., the same person performs the process and the control in certain areas);
- the Company does not have any formal or documented accounting policies and procedures, including with respect to intangible assets and monitoring related parties;
- senior financial reporting personnel have the ability to make journal entries; and
- there is no formal review process around journal entries recorded.

Neither we nor our independent registered public accounting firm has performed an evaluation of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. In light of the material weaknesses that were identified, we believe that it is possible that additional material weaknesses and control deficiencies may have been identified if such an evaluation had been performed.

The Company is working to remediate the material weaknesses, has taken steps to enhance the internal control environment, and plans to take additional steps to remediate the material weaknesses. Specifically, we will:

- seek technically competent staff with appropriate experience applying GAAP accounting guidance;
- design additional controls around identification, documentation and application of technical accounting guidance;
- implement additional internal reporting procedures, including those designed to add depth to the review processes and improve segregation of duties; and
- restructure internal controls to eliminate or improve known control issues.

The actions that we are taking are subject to ongoing senior management review as well as audit committee oversight. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take, and our efforts may not be successful in remediating these material weaknesses. In addition, we will incur additional costs in improving our internal control over financial reporting. If we are unable to successfully remediate these material weaknesses or if we identify additional material weaknesses, we may not detect errors on a timely basis. This could harm our operating results, cause us to fail to meet our SEC reporting obligations or NASDAQ Capital Market listing requirements on a timely basis, adversely affect our reputation, cause our stock price to decline or result in inaccurate financial reporting or material misstatements in our annual or interim financial statements.

In addition to the remediation efforts related to the material weaknesses described above, we are in the process of designing and implementing the internal control over financial reporting required to comply with Section 404 of the Sarbanes Oxley Act. This process will be time consuming, costly and complicated. If during the evaluation and testing process, we identify one or more other material weaknesses in our internal control over financial reporting, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our securities could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Risks Related to Our Business

If we lose the services of our Chief Executive Officer, our operations would be disrupted and our business could be harmed.

Our business plan relies significantly on the continued services of our CEO, Venkata S. Meenavalli. If we were to lose his services, including through death or disability, our ability to continue to execute our business plan would be materially impaired. The Company has not entered into an employment agreement with Mr. Meenavalli and is reliant on certain relationships of Mr. Meenavalli with third parties, including, but not limited to, customers representing approximately 68% of the Company's current revenues.

The Company and its Subsidiaries have limited insurance for their operations and are subject to various risks of loss

The Company and its subsidiaries carry directors' and officers' insurance. However, we do not carry general business liability insurance or other insurance applicable to our business. Successful claims against the Company would likely render us insolvent. The Company has not reserved any amounts in connection with self-insuring against any claims against the Company or its subsidiaries.

The Company is subject to market perceptions

Market perceptions of us are very important to our business, especially market perceptions of our Company and brands and the safety and quality of our products. If we, our partners and suppliers, or our brands suffer from negative publicity, or if any of our products or similar products which other companies distribute are subject to market withdrawal or recall or are proven to be, or are claimed to be, ineffective or harmful to consumers, then this could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or share price. Also, because we are dependent on market perceptions, negative publicity associated with product quality, patient illness, or other adverse effects resulting from, or perceived to be resulting from, our products, or our partners' and suppliers' manufacturing facilities, could have a material adverse effect on our business, financial condition, results of operations, cash flows, and/or share price.

International Risks

Our business is subject to risks associated with doing business internationally. Sales outside of the US make up 100% percentage of our net sales. Additional risks associated with our international operations include: differing local product preferences and product requirements; trade protection measures and import or export licensing requirements; difficulty in establishing, staffing, and managing operations; differing labor regulations; potentially negative consequences from changes in or interpretations of tax laws; political and economic instability, including sovereign debt issues; price controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action; inflation, recession, and fluctuations in interest rates; compulsory licensing or diminished protection of intellectual property; and potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act. Events contemplated by these risks may, individually or in the aggregate, have a material adverse effect on our revenues and profitability.

We may interpret or implement required policies incorrectly.

We follow generally accepted accounting principles (GAAP) for the United States in preparing our financial statements. As part of this work, we must make many estimates and judgments about future events. These affect the value of the assets and liabilities, contingent assets and liabilities, and revenue and expenses that we report in our financial statements. We believe these estimates and judgments are reasonable, and we make them in accordance with our accounting policies based on information available at the time. However, actual results could differ from our estimates, and this could require us to record adjustments to expenses or revenues that could be material to our financial position and results of operations in future periods.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market information

Our Class A Common Stock has been quoted on the Nasdaq Capital Market since December 12, 2017, under the symbol “LFIN.” Prior to this, there was no public market for our Common Stock. As of April 6, 2018, trading in the Class A Common Stock was halted by NASDAQ pending receipt of additional information. We have provided information to NASDAQ in response to their inquiries and continue to cooperate with them in this regard.

The following table sets forth the high and low closing sale prices of our Class A Common Stock for the period indicated.

Fiscal Year Ended December 31, 2017	High	Low
Fourth Quarter (starting December 12, 2017)	\$ 142.82	\$ 4.69

Holders

As of December 31, 2017, there were 76,540,989 shares of Common Stock outstanding held by 384 record stockholders.

Dividends

We have never paid cash dividends on any of our capital stock and currently intend to retain our future earnings, if any, to fund the development and growth of our business.

Securities Authorized for Issuance under Equity Compensation Plans

On February 12, 2018, the Company adopted the Longfin 2018 Omnibus Equity Incentive Plan authorizing the grant of awards up to 2,000,000 shares of Class A Common Stock.

Recent Sales of Unregistered Securities.

We have not issued any unregistered or restricted shares of Common Stock during the calendar year-ended December 31, 2017 that have not already been disclosed in our Current Reports on Form 8-K, except as follows:

In December 2017, the Company completed the initial public offering of its Class A Common Stock, par value \$0.00001 per share to investors at a public offering price of \$5.00 per share pursuant to the exemption afforded under Regulation A promulgated under the Securities Act. A total of 1,140,989 shares of Class A Common Stock were issued in the offering. Network1 Financial Securities, Inc. acted as the placement agent for the offering and received \$438,757 in commissions and five-year warrants to purchase an aggregate of 39,834 shares of Class A Common Stock at an exercise price equal to \$7.50 per share in the offering.

In December 2017, the Company acquired the Ziddu.com website from a related party, Meridian Enterprises Pte. Ltd., a Singapore corporation (“Meridian”), in exchange for the issuance of 2.5 million restricted shares of Class A stock. Exemption from registration for the above transaction was claimed by the Company pursuant to Section 4(a)(2) of the Securities Act based on the facts and circumstances of the acquisition.

In September 2017, the Company issued Mr. Krishanu Singhal an aggregate of 3,375,000 shares of restricted Class A Common Stock in consideration of services rendered and to be rendered to the Company. On March 19, 2018, the Company executed an agreement to cancel 2,000,000 of the 3,375,000 shares of Class A Common Stock issued and will pay Mr. Singhal \$100,000 in cash compensation. Exemption from registration for the above transaction was claimed by the Company pursuant to Section 4(a)(2) of the Securities Act based on the facts and circumstances of the issuance to an officer of the Company.

In June 2017, the Company acquired Longfin Tradex Pte. Limited from two related parties, Stampede Capital Limited (“SCL”) and Mr. Venkata S. Meenavalli, in exchange for the issuance of 27.5 million restricted shares of Class A stock to SCL and 22.5 million restricted shares of Class B stock to Mr. Venkata S. Meenavalli. In June 2017, Mr. Venkat S Meenavalli was issued 10 million restricted shares of Class A stock in lieu of cash compensation for the services rendered to the company. Exemption from registration for the above transaction was claimed by the Company pursuant to Section 4(a)(2) of the Securities Act based on the facts and circumstances of the acquisition.

Item 14. Principal Accountant Fees and Services.

As reported on a Current Report on Form 8-K dated April 5, 2018, on April 5, 2018 the Company was notified that its independent registered public accounting firm, CohnReznick LLP had resigned its engagement with the Company, which resignation was effective immediately. On April 7, 2018, the Company engaged AJSH & Co. LLP (“AJSH”) as its principal accountant. The following is a summary of the fees billed or to be billed to Longfin by its former principal auditor, CohnReznick LLP for the calendar year ended December 31, 2017:

Fee category	2017
Audit Fees ⁽¹⁾	\$ 263,500
Audit – related fees	-
Tax fees	-
All other fees	-
Total fees	\$ 263,500

(1) Consists of fees for audit of the Company’s annual financial statements, and the review of other documents filed with the Securities and Exchange Commission.

Audit fees - Consists of fees for professional services rendered by our principal auditor for the audit of our annual financial statements or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related fees - Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of Longfin’s financial statements and are not reported under “Audit fees.”

Tax fees - Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees - Consists of fees for products and services provided by our principal accountants, other than the services reported under “Audit fees,” “Audit-related fees” and “Tax fees” above.

The Audit Committee is informed of and approves all services AJSH provides. The Audit Committee pre-approves the annual audit fee, tax services, and non-routine SEC filing reviews.

Item 15. Exhibits, Financial Statement Schedules**(a) Financial Statements.**

The following financial statements are filed as part of this report:

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheet as of December 31, 2017	F-2
Consolidated Statement of Operations for the period from February 1, 2017 (inception) through December 31, 2017	F-3
Consolidated Statement of Stockholders' Equity for the period from February 1, 2017 (inception) through December 31, 2017	F-4
Consolidated Statement of Cash Flows for the period from February 1, 2017 (inception) through December 31, 2017	F-5
Notes to Consolidated Financial Statements	F-6 – F-20

(b) Exhibits.**Exhibit**

Exhibit No.	Document Description
2.1	Share Exchange Agreement, dated March 1, 2017, between Longfin Corp. and Longfin Tradex Pte. Ltd. (1)
2.2	Addendum to Share Exchange Agreement, dated April 20, 2017, between Longfin Corp. and Longfin Tradex Pte. Ltd. (2)
2.3	Asset Purchase Agreement dated December 11, 2017 between Longfin Corp. and Meridian Enterprises Pte. Ltd. (3)
3.1	Amended and Restated Certificate of Incorporation of the Registrant (4)
3.2	Amended and Restated Bylaws of the Registrant (5)
4.1	Form of Senior Secured Convertible Notes issued by Longfin. (6)
4.2	Form of Investor Note issued by the Investor. (7)
4.3	Form of Investor Warrant. (8)
4.4	Form of Placement Agent Warrant (9)
10.1	Securities Purchase Agreement, dated January 22, 2018, by and between Longfin and the Investor (10)
10.2	Form of Master Netting Agreement. (11)
10.3	Form of Investors' Note Purchase Agreement. (12)
10.4	Form of Registration Rights Agreement. (13)

- 10.5 [Form of Placement Agency Agreement \(14\)](#)
 - 10.6 [Form of Voting and Lockup Agreement \(15\)](#)
 - 10.7 [Amendment No.1 to Securities Purchase Agreement, dated February 12, 2018 by and between Longfin and the Investor. \(16\)](#)
 - 10.8 [Longfin Corp. 2018 Omnibus Equity Incentive Plan. \(17\)](#)
 - 21 [Subsidiaries of Longfin Corp. \(18\)](#)
 - 31.1 [Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 31.2 [Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
 - 32.2 [Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
 - 101.INS XBRL Instance Document.
 - 101.SCH XBRL Taxonomy Extension Schema Document.
 - 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
 - 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
 - 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
 - 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
-
- (1) Incorporated by reference to exhibit 2.6 to Form 1-A – Offering Statement (Regulation A) filed with the SEC on March 13, 2017.
 - (2) Incorporated by reference to exhibit 2.6 to Form 1-A – Offering Statement (Regulation A) filed with the SEC on May 23, 2017.
 - (3) Incorporated by reference to exhibit 2.1 to Current Report on Form 8-K filed with the SEC on December 15, 2017
 - (4) Incorporated by reference to Exhibit A-1 to Appendix A to Information Statement on Schedule 14C filed with the SEC on February 28, 2018.
 - (5) Incorporated by reference to Exhibit A-2 to Appendix A to Information Statement on Schedule 14C filed with the SEC on February 28, 2018.
 - (6) Incorporated by reference to exhibit 4.1 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (7) Incorporated by reference to exhibit 4.2 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (8) Incorporated by reference to exhibit 4.3 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (9) Incorporated by reference to exhibit 4.4 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (10) Incorporated by reference to exhibit 10.1 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
-

- (11) Incorporated by reference to exhibit 10.2 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (12) Incorporated by reference to exhibit 10.3 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (13) Incorporated by reference to exhibit 10.4 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (14) Incorporated by reference to exhibit 10.5 to Current Report on Form 8-K filed with the SEC on January 23, 2018.
 - (15) Incorporated by reference to exhibit 10.6 to Current Report on Form 8-K filed with the SEC on January 23, 2018.
 - (16) Incorporated by reference to exhibit 10.7 to Current Report on Form 8-K/A filed with the SEC on February 14, 2018.
 - (17) Incorporated by reference to Exhibit B to Appendix A to Information Statement on Schedule 14C filed with the SEC on February 28, 2018.
 - (18) Incorporated by reference to Exhibit 21 to Original 10-K.
-

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LONGFIN CORP.

Date: 4/19/18

By: /s/ Venkata S. Meenavalli

Venkata S. Meenavalli

Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: 4/19/18

/s/ Venkata S. Meenavalli

Venkata S. Meenavalli

Chairman and Chief Executive Officer (Principal Executive Officer)

Date: 4/19/18

/s/ Vikek Kumar Ratakonda

Vivek Kumar Ratakonda

Chief Financial Officer (Principal Financial Officer) and Director

Date: 4/19/18

/s/ Gaddi Linga Murthy

Gaddi Linga Murthy

Director

Date: 4/19/18

/s/ Yogesh Patel

Yogesh Patel

Director

Date: 4/19/18

/s/ David Nichols

David Nichols

Director

**Certification of
Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Venkata S Meenavalli, certify that:

1. I have reviewed this report on Form 10-K of Longfin Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Venkata S. Meenavalli

Venkata S Meenavalli
Chief Executive Officer
(Principal Executive Officer)
April 19, 2018

**Certification of
Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Vivek Kumar Ratakonda, certify that:

1. I have reviewed this report on Form 10-K of Longfin Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Vivek Kumar Ratakonda

Vivek Kumar Ratakonda
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
April 19, 2018

**Certification of
Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Venkata S. Meenavalli, Chief Executive Officer of Longfin Corp. (the “Company”), in compliance with Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company’s Annual Report on Form 10-K for the period ended December 31, 2017 (the “Report”) filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Venkata S. Meenavalli

Venkata S. Meenavalli
Chief Executive Officer
(Principal Executive Officer)
April 19, 2018

**Certification of
Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Vivek Kumar Ratakonda, Principal Financial Officer of Longfin Corp. (the “Company”), in compliance with Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company’s Annual Report on Form 10-K for the period ended December 31, 2017 (the “Report”) filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vivek Kumar Ratakonda

Vivek Kumar Ratakonda

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

April 19, 2018
