



TAO BLOCKCHAIN

Music Unleashed

Defining the future of the business of music

Humble beginnings.

When the idea for Tao Blockchain (symbol: XTO) was born in late 2014, our goals were aggressive but simple: develop a rights management solution suitable for daily use by both professionals and amateurs. In early 2016, the Tao Network project was born when we formed our initial partnership with Boogie Shack Music Group.

This vital relationship allowed us to take a vested financial interest in the operations of a profitable business within the music industry, while at the same time gaining direct access to the day-to-day operation of the music supply chain. In August 2016, we launched the Tao Network (symbol: XTO) crowd sale and raised \$100,000. This crowd sale marked the culmination of three years of effort within both the music and blockchain verticals. The first quarter of 2017 ushered in a new wave of enthusi-

asm for our project, and we formed a strong business relationship with DigiRAMP.com, a working rights management platform serving the music and entertainment industries.

Once we'd assembled all of the components required to implement a successful new platform, we came to a shocking realization: rights management applications had no place within the music industry without proper monetary incentive. Some blockchain projects have since attempted to address this issue by creating complex profit sharing schemes, however all blockchain projects have the same friction for adoption, regardless of the blockchain used. This friction compounds a problem which already exists for rights management platforms WITHOUT a blockchain. There are already several rights management platforms that perform the exact



same service that blockchain applications provide, however they are by and large not profitable. Adding a token-based economic scheme simply doesn't solve the basic supply-and demand-problem that rights management faces, itself.

The problem, at first, seemed unsolvable until one afternoon the CEO of Boogie Shack, Hakim Draper, and the founder of Tao Network, Bryce Weiner, were having a conversation about the XTO. The solution suddenly became self-evident.

Years of experience. Years of relationships.

While the Tao Project (symbol: XTO) has only existed since 2016, it represents over three years of hands on experience in both blockchain applications and the business of music.

Some of our earliest projects involved design of the "dApp" the Distributed Library of Alex-

andria. While this platform itself wasn't suitable for economic use, it did begin the exploration of media applications for blockchain technology years ahead of anyone else.

It was our music business experience that told us a better solution was possible.



Learning the Music Business

Assume nothing.

Our relationship with BSMG gave the Tao project unprecedented access and mentoring into the functioning of the business of music. We were able to participate directly in artist development known as “artist and repertoire” or “A&R,” for short. This is an old practice of curating and developing an artist or performer to develop their unique style into a profitable brand. This brand then becomes the long term residual income that truly provides for an artist’s lifetime financial success. The cryptocurrency space is all too familiar with profitable hype cycles, and an artist experiences similar cycles throughout their career. The execution of a long-term branding and marketing strategy smooths out the “boom and bust”/“feast or famine” cycle of producing art and allows creators to make a living doing what they love.

Traditionally this additional income is from live performances, tours, featured appearances, synchronization licensing (TV, movies,

video games, etc), and merchandising. Merchandising is an enormous category which ranges from clothing, to posters and artwork, to specific brands of alcohol or, in more recent years, marijuana products. Within the merchandising royalty stream a great deal of flexibility may be expressed as to how revenue is generated, and one need only search their favorite artist on eBay to discover a vast market of commemorative collectibles.

Blockchain Has It Wrong

Blockchain technology is the answer to the problems of the music industry, but perhaps not as is commonly described. Every single blockchain-based platform for the music industry is either a copy of a model that isn’t profitable, competes with a wildly profitable incumbent, or is only profitable for early stage investors in the off chance the platform is ever developed and achieves use at scale. Furthermore, according to IFPI’s 2016 report, those

those aged 13-18 account for over 30% of global music revenues. Minors are an age category that blockchain-based platforms almost universally exclude by not respecting who actually buys music and how those individuals would gain access to the network’s services.

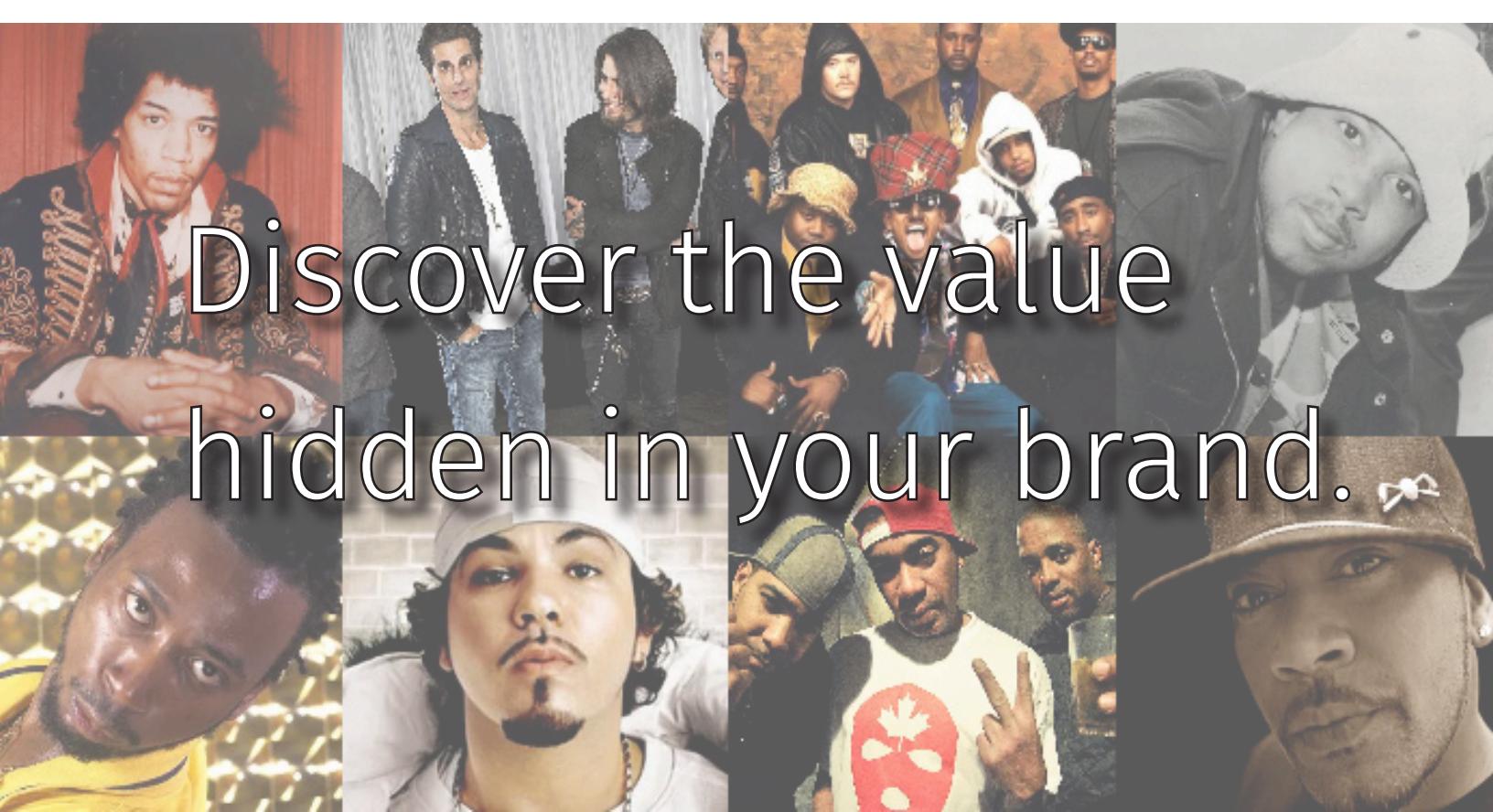
Rights management and all other proposed schemes using blockchain technology are intended to slant the flow of existing funds from the current parties to a new scheme, but none are actually creating any new value for the music supply chain. A cost benefit analysis of any given blockchain solution incurs a resounding net negative when viewed within the perspective of how and why money is actually made in the music industry.

Putting It in Perspective

Quite simply, moving money is the only thing a blockchain has ever done successfully at any scale.

Accepting that simple fact, one may then observe the blockchain space and how it has evolved since 2010. We have seen an exponential increase in blockchains and tokens to the degree of thousands now in existence, with hundreds more being created monthly. The market has not only supported this explosion, but created specific infrastructure and regulatory compliance practices in order to cater to it. This goes beyond the exchanges, but extends to the evolution of technical analysis, price discovery, and social media promotions which have evolved to a very nuanced set of profitable behaviors.

With the coming of regulatory oversight, the current market of Initial Coin Offerings has already begun to demand lower risk, regulatory compliant products and platforms which reduce the friction to on board new participants. Any solution for music not only requires all of the above, but must then struggle to “rise above the noise” of the cryptocurrency space, itself. What begins as a noble and well-intentioned desire to create a service for creators quickly devolves into a protracted up-hill war of attrition, on not the front line of one industry but two.



Discover the value hidden in your brand.

Everyone's Solution

The solution for the music industry is the solution for the cryptocurrency space. A simple, intuitive, fully regulatory compliant interface required for any blockchain project also serves as a simple, intuitive, fully regulatory compliant on-ramp into the cryptocurrency economy.

The opportunity to serve both industries at once suddenly reveals itself. Exploring that relationship further based on what we already know about both industries, and our first music industry-accepted blockchain application was born.

The solution is simple: a fully regulated cryptocurrency exchange which is able to issue officially licensed and branded products for sale to the public as peer-to-peer tradable collectible tokens. Once the market is created, it may then present Initial Artist Offerings (IAO), a new form of token sale which is within 100% compliance with existing SEC regulations and guidelines.

IAO tokens are the 21st century's answer to the baseball card or commemorative coin. The blockchain record creates a historical chain of events which we call "Proof of Fan." The incentives an artist may offer to their fans becomes an ala carte menu of fan interaction, from free shows to face-to-face meetings to more traditional items like t-shirts and posters, which is limited only to the creativity of the artist. Not only the quantity of tokens possessed may be considered, but also the length of time one has owned a token.

The entire history of support and interaction of a fan with their favorite artist may now be monetized, creating entirely new value both monetary and in the experience.



The Initial Artist Offering (IAO)

- Safe, fraud free markets
- Exchanges with integrity, putting customer service first
- Regulatory compliant cryptocurrency finance products
- Frictionless access to all participants in the music supply chain from artists to consumers, including minors
- Clear business positives for use of any new technology, not simply ambiguous claims of “better ecosystems” or “disruption”
- Being able to demonstrate actual benefit to those whom the product is intended to serve: artists and their fans
- Consists of a collectable, limited issuance of a cryptographic token
- Bears unique artwork, similar to that of album art
- Has no intrinsic value either expressed or implied
- Officially licensed and branded merchandise

Constructing an Economy

Market design for IAOs will bear many of the same traits as traditional Initial Coin Offerings and cryptocurrency launches, with certain exceptions. Most notably is that every token offering is officially licensed, reducing the amount of due diligence required for risk assessment to zero. Every single offering within this ecosystem is 100% fraud free. The manner of analysis of IAOs is reduced to two primary categories: economic variables and price discovery. All offerings will accept USD, BTC, ETC, and XTO. Participation in offerings using XTO will receive an automatic 5% discount.



Economic Prospectus

Clear, consistent metrics for evaluation of each offering, including but not limited to: total token count, offering type, base network, and disbursement schedule.



Price Discovery

New metrics for monitoring the real time success of an artist's career based on sales performance, touring, and media coverage.



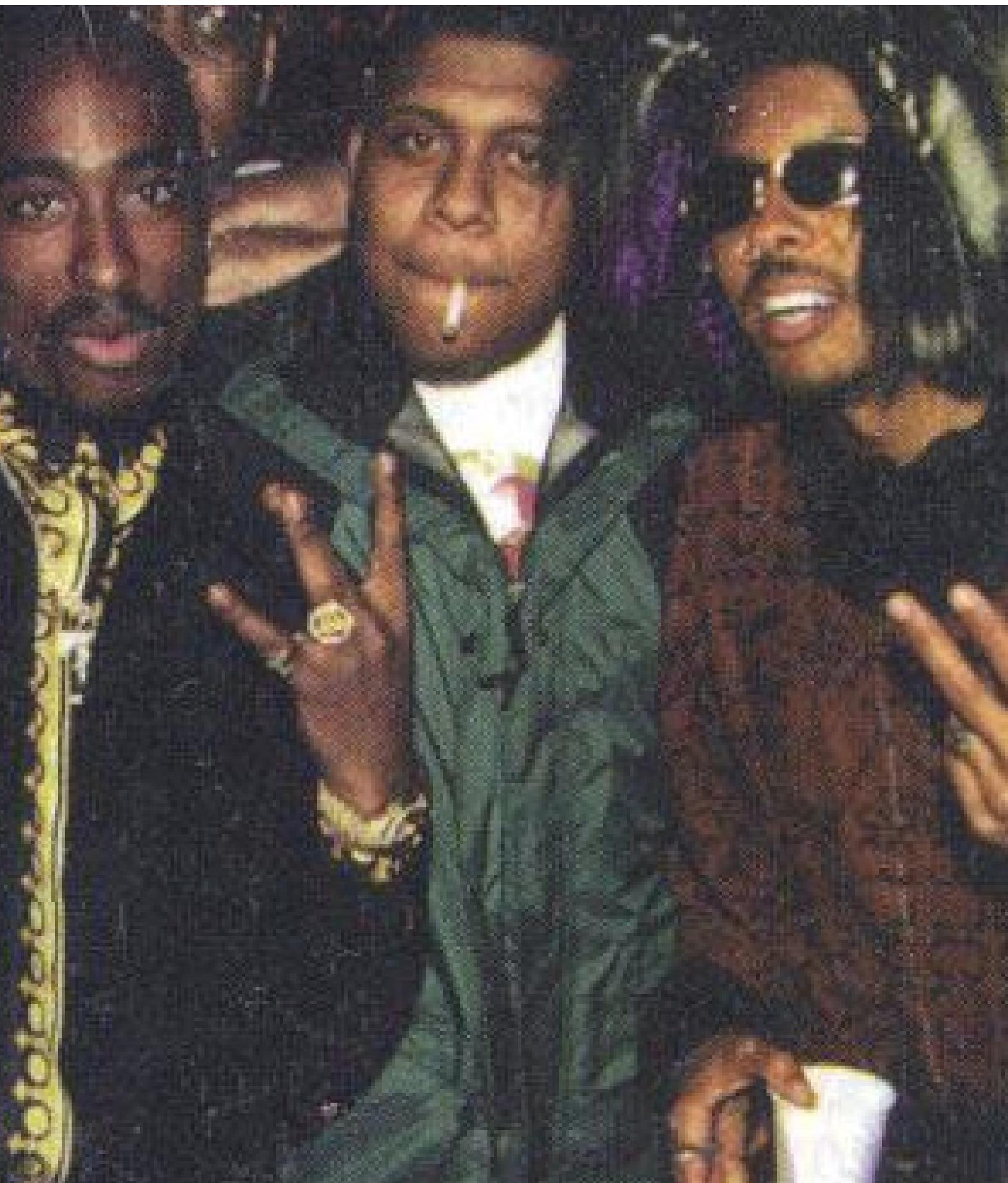
XTO Markets

Special XTO base pairs allow for secure trading of celebrity brands for all ages of consumer.



XTO Adoption

We seeded the music industry with XTO at no charge, in order to allow individuals direct experience with cryptocurrency technology and its financial application.



Price Discovery as Artist Business Analysis

In traditional financial markets, price discovery is a function of basic supply and demand factors related to the market. The IAO structure offers several metrics from the music industry which are used to create composite scores known as the Fame Demand and Fame Potential. These two metrics allow for a snapshot view into the artist's ability to monetize their fan base through traditional methods thereby providing some context for the appeal of the collectible token representing that artist.

1



Presence

Presence is determined as a function of social media followers, weighted against the specific platform due to the variance in performance of each network tracked. Social media platforms to be tracked include: Facebook, Twitter, Instagram, Snapchat, Spotify, Pandora, Deezer, SoundCloud, and YouTube.

2



Notoriety

Notoriety is a simple moving average of the number of times per week that the artist is mentioned in the media. This metric is curated by the AltMarket™ team from a variety of sources, and each which contributes to the computation will be accounted.

Where attention goes, money flows.

Discover what is capturing attention.

Fame Demand is a weighted average composed of three computed scores. The application of weighted averages allows for the quantification of an artist's career in comparison to their peers through the same metrics used by the music industry, itself, albeit in a slightly different format.

3



Performance

This metric is variable based on the medium of the artist, however it is a weighted average of the number of public performances and the attendance of each performance. This metric includes syndication when such data is available.

4



Potential

Once the AltMarket™ platform is online, the Potential metric will provide a simple moving average of the changes in an artist's Demand in various time scales. Potential then serves as an indicator which may show an artist breaking out before the markets reflect the change.

The Tao of Music: The New Record Executives



Masternodes: The 100K Club

Exclusive Access

Tao will implement master nodes in 2018 with a minimum operational requirement of 100,000XTO. This “100k Club” will not only receive long term payments from the network, but will also entitle those operators to special access across the AltMarket™ ecosystem.

This includes:

- Exclusive events and promotions
- Backstage passes
- Hanging out with celebrities

Given the network economics, there will only ever be at most 320 members of the 100k Club. This exclusivity allows us to provide a top-quality experience for those super fans of the network. Bryce Weiner, founder of Tao Network has described the 100k Club experience as to be compared to “Playboy lifestyle, if you got to be Hugh Hefner.” The 100k Club become the new record executives, with exclusive access and funding opportunities for the hottest artists in entertainment.

Serving the whole market

The Tao Network is also crime-free, allowing it to be suitable for use for minors who traditionally do not have access to banking services. Special mobile wallets and promotions are under development which will allow those under 18 years of age to participate the cryptoeconomy while at the same time supporting their favorite artists. This unique economic design provides a safe lane for involvement in the cryptocurrency experience for some of society's most vulnerable consumers. Even without trading, the 4% annual returns for participation in network consensus (Proof of Stake) provides additional means of participation for minors in learning how cryptocurrencies and general economics operate.



After the crowd sale, our primary focus was demonstrating our technical abilities in implementing music industry solutions utilizing blockchain technology.

Unknown to most of the industry, our team secretly "leaked" our unpublished technical white paper in January of 2016 which outlined our engineering design. In November of 2016 we filed a provisional patent which was granted for the administration of rights management utilizing blockchain technology. While the industry pursued, various solutions based on our design, we began introducing record execu-

tives, music technology CEOs, sound and recording engineers, and artists to cryptocurrencies. We seeded the industry with XTO at no charge, in order to allow individuals direct experience with the technology and its financial application. By October of 2017, a non-trivial portion of the music supply chain is holding a vested interest in XTO. We have taught dozens of music industry professionals how to install and use Bitcoin wallets. We have, quite literally, increased cryptocurrency adoption within the music industry in order to prepare the market for our applications and products.

XTO Markets

While US dollar and Bitcoin trading pairs will be offered, they will be AML/KYC restricted. As such, AltMarket™ will enable trading of Artist Tokens against a XTO trading pair. This provides direct access for minors, while at the same time providing significant arbitrage opportunities. This provides the added benefit of allowing XTO early adopters a significant advantage in which artists gain the most market support. By design, this allows for XTO holders to literally become the next generation of music executives.

Making It a Reality

While the requirements are simple, execution is no small endeavor. Steps 1 & 2 were cleverly combined through the efforts of Hakim Draper. Each legal agreement was celebrated by “making it rain” on everyone in the room and awarding them between 5,000-25,000XTO tokens without reason or ceremony. This demonstration allowed those decision makers the opportunity to directly experience the powerful network effects of cryptocurrency first hand, and without creating a conflict of interest.

This paved the way for the third step, which involved the appraisal of music industry executives of the current state of cryptocurrency infrastructure. Suffice it to note that the quality and standards were found woefully lacking. Furthermore, of all existing platforms evaluated, none met the due diligence of intellectual property attorneys. Drawing from that feedback, the design of AltMarket™ caters towards a unique experience in the cryptocurrency space focusing on customer service and regulatory compliance. Our strict implementation of AML/KYC allows for the participation of 13-18 year olds in special markets, with funds “unlocking” upon their 18th birthday.



1

Legal Compliance

Our legal team will vet every single project to be listed on AltMarket™, as well as provide the necessary legal due diligence to certify each celebrity token as officially licensed merchandise.

2

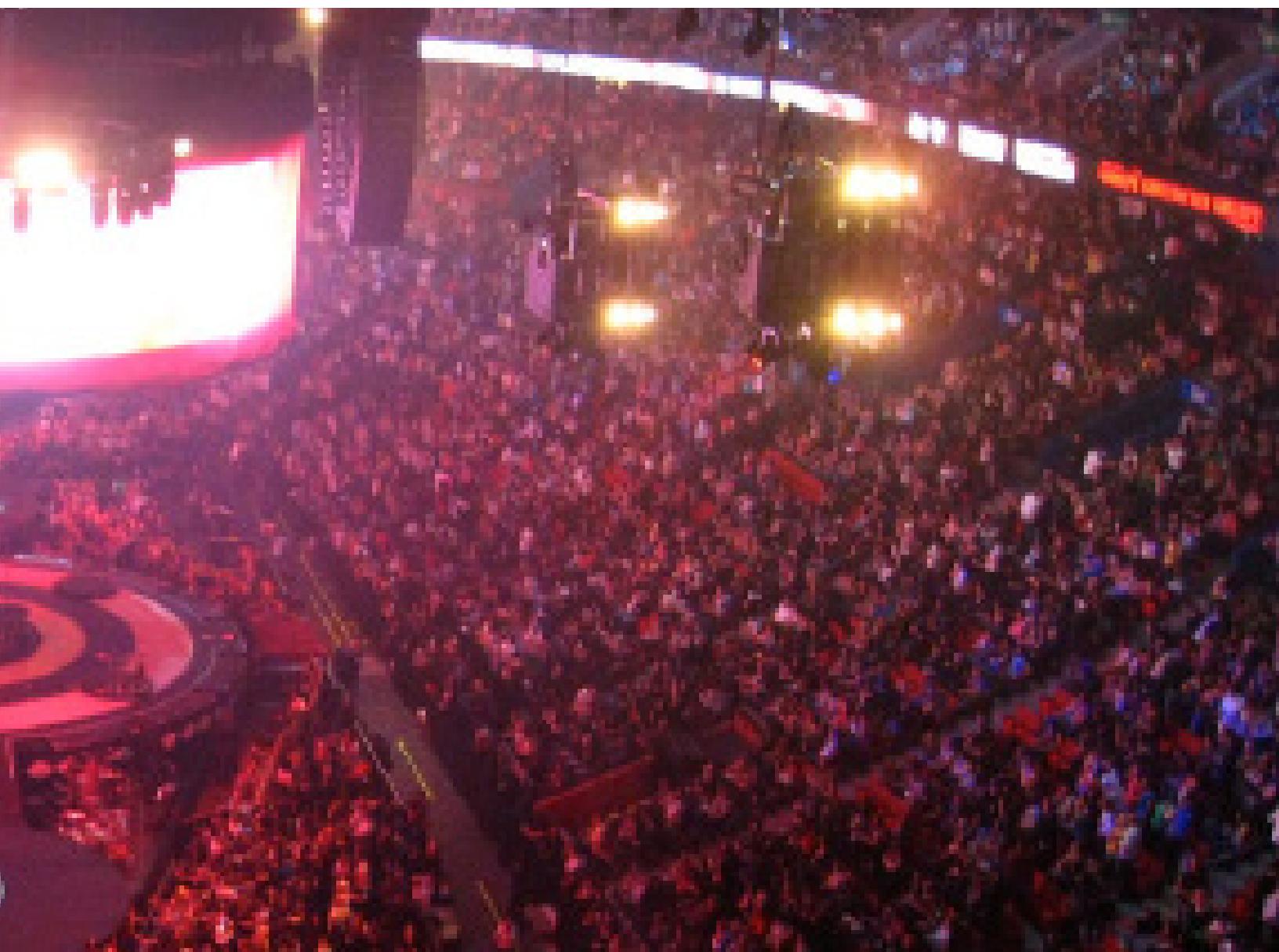
Economic Design

An ala carte menu of options become available for artists to implement their token within the economic systems which currently exist within their fanbase. New opportunities will become apparent, with ever increasing rewards for fans!

3

Platform Development

AltMarket, Inc. is in the process of developing the exchange platform with the assistance of several well-known companies within the cryptocurrency space.





Ready for your brand to join
the crypto-economy?

Let's get started.