Prof. Thomas Fischer | Klaus D. Stark | Reto Stiffler | Patrick Salm

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SMARTONE

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SMARTONE

1. Abstract

Over the last few years, blockchain technology has been receiving significant attention from investors, corporations and entrepreneurs. Yet, it is only in recent months that we've been able to witness the global adoption of the first-use cases of blockchain-based products as projects have gained headlines and financing by launching Token Generating Events (TGEs), also known as Initial Coin Offerings (ICOs).[1]

These have exposed an enormous appetite from entrepreneurs for funding outside of traditional venture capital routes.

Most of the projects being funded with token launch events are blockchain-based and with new ideas being launched every day, we can definitely say that the disruptive power of the decentralised economy has been unleashed.

The need for legal access

SmartOne aims to bring the disruptive capabilities of blockchain-based enterprise to the LEGAL sector by creating a means of access to LEGAL services for the crypto community itself.

The recent upsurge in crypto-based activity has exposed a legislative headache as blockchain technology has moved faster than national LEGAL systems. In reality, very few jurisdictions were prepared for this and simply do not recognise tokens at all, see tokens as another form of securities (e.g. the USA), or in some extreme cases ban the token launch entirely (e.g. China).

To some, this lack of regulation is seen as a benefit but to many, it is a real issue that threatens the long-term viability of crypto enterprise. Today, there are nearly 1 000 currencies being actively traded, amounting to a market capitalisation of 150bn USD, a number which is growing rapidly. So far in 2017, more than 1.3bn USD has been funded through Token Generating Events (TGEs).

[1] The term ICO is misleading. See appendix for more information.

For this success to continue, many believe that crypto businesses will need to access LEGAL services that enable them to operate in accordance with KYC, AML and other regulatory norms but the current environment does not make this easy, or in some cases, almost impossible.

These difficulties mean that legal matters continue to be a burden and an obstacle for many crypto companies.

Law is complicated and in many cases, it is missing. Whatever the situation locally, legal services are almost always inaccessible. For crypto developers, who are most often not legally trained, this confusion quickly leads to a posture that favours avoidance over disclosure. There is a fear that even if they try to comply, the inflexibility of existing legal systems, means that they will still get it wrong.

Avoiding regulation creates huge risks and those who opt for traditional LEGAL advisors have to accept a slower pace of development because traditional lawyers understand very little about these 'state of the art' decentralised projects.

Given the fast speed of technological innovation, it has been difficult for LEGAL advisors to keep up with the times and most don't fully understand these emerging technologies. This hasn't however, stopped them from charging high hourly fees that are incompatible with the needs of crypto communities.

Change delivered from firm foundations

SmartOne is on a mission to change this by delivering first class legal solutions to the crypto community.

SmartOne is itself a community, designed and built by a team of legal and technical experts based in and around Zug, Switzerland, birthplace of some of the world's first crypto currencies, like Ether, and now known as Crypto Valley.

As a team, we fuse a deep understanding of cryptocurrencies with the experience that comes from working within two successful legal technology firms - NextLex & Skuani.

In a cryptocurrency world that is too often characterised by uncertainty, we have

established strong foundations by basing ourselves in Switzerland, a nation that is renowned for its solid, stable and internationally recognised legal and business communities - the perfect environment from which to launch legal solutions for the crypto community.

Our operations in Switzerland are supported by the SmartOne Foundation which is based in Liechtenstein.

With a highly regarded legal and regulatory environment, Liechtenstein also offers EU compatible regulation and access to free trade in services throughout the EEA. By combining these two supportive environments with our own experience and expertise, we've been able to create a new token that is set to disrupt the legal services sector: LEGAL.

Establishing a new environment

LEGAL is the means by which the crypto community will gain access to programmatic and cost-effective legal and compliance services that they can trust. Simultaneously, it will provide their own users and investors with the confidence they need to support newly launched crypto enterprises.

At its most visible level, LEGAL will be the bridge between the crypto and legal communities but our mission goes a lot further than this.

As well as creating access to legal services, we are also establishing an entire legal protocol that will develop into a global ecosystem for legal solutions.

By optimising the connections and contributions of our partners in the global crypto and legal communities, we intend LEGAL to become the foundation of a single, unified solution that meets the legal and compliance needs of the world's current and future crypto users.

2. Problem

The multi-billion dollar world of blockchain development has a problem: it cannot easily access the legal services it needs to continue its development as the most disruptive digital technology since the Worldwide Web.

In the past year, blockchain enterprises with a cryptocurrency have crossed a threshold. Whereas they were once privately funded by a few individuals, they have now opened themselves up to a broader investor community by undertaking Token Generating Events that enable them to crowdsource funds.

To reach a wider investor base, particularly the world's financial and capital markets, enterprises need to adhere to certain regulatory standards including KYC and AML protocols.

Unfortunately, national legal systems and the legal services industries that provide access to them have not been able to keep up with the pace of technological development, leaving crypto communities in a legal no man's land.

The majority of traditional legal service providers neither understand the concepts behind blockchain technologies nor the potential impact of the growing decentralised economy that they facilitate.

Their business models aren't compatible with the fast-moving world of the tech sector, which prefers automation and unit pricing to paper-based processes and pay-by-the-hour engagements.

At the policy level, very few national legal systems have managed to keep up with the pace of crypto development, resulting in a lack of regulatory frameworks designed to provide investors with confidence that the crypto enterprises and communities in which they are interested, are following at least basic, globally recognised standards of compliance.

3. Solution

SmartOne has designed the LEGAL token as the solution to this misalignment of the crypto and legal communities.

Designed to bridge the gap between these two sectors, LEGAL addresses the lack of access to the legal sector currently experienced by crypto communities and at the same time, creates the foundations for a legal tech ecosystem based around the SmartOne network and platform.

By enabling access to the SmartOne network, LEGAL brings crypto communities and the legal sector together. Organisations use their tokens to buy legal services and expertise that are offered via the platform. They will be able to pick their teams and select specific automated products or services that they know have been designed to serve the crypto community.

The network itself offers a marketplace within which service providers and clients can meet and engage. It also brings researchers, developers, financial institutions, regulators and investors together for the first time into one crypto-focused ecosystem.

Supported by the SmartOne network and the underlying SmartOne Foundation, the ecosystem will facilitate further legal tech development by providing an environment that puts financial institutions in touch with research teams; investors with developers and service providers with clients.

4. Team

4.1. Founders of SmartOne / Foundation Council

Prof. Thomas Fischer, MA Law HSG, MA Finance HSG, M.Psych. University of Zurich, Lawyer

CEO Swiss ALP Asset Management; lecturer in leadership psychology at FHNW

Having founded Swiss ALP Asset Management in 2014, Thomas Fischer specialised in the identification and implementation of innovative, income-producing niche market investment solutions. Since 2002, in his role as founding partner of Aicons AG, Thomas has conducted more than 500 on-site due diligence reviews of hedge funds, private equity / debt funds and other entities. From October 1999 until April 2002, he acted as legal counsel for RMF investment Group and was in charge of legal and compliance matters for the Group's global subsidiaries.

Thomas graduated in business administration and law from the University of St. Gallen and in psychology from the University of Zurich. He has also been admitted to the bar in the Canton of Aargau and has a seat on the advisory board of the Swiss Legaltech Association.

Thomas currently teaches leadership psychology at the University of Applied Sciences and Arts Northwestern Switzerland. Previously, he served as Professor of Finance and Accounting between 2001 and 2010.

Reto Stiffler, lic. rer. pol (Economics), University of Fribourg

Swiss licensed financial analyst and asset manager (AZEK/CIIA); blockchain analyst

Reto Stiffler is an economist who has, for several years, devoted himself to the conceptual analysis of different blockchain technologies. He is the editor of

www.blockchain-nachrichten.com, a website dedicated to reporting blockchain analysis.

Until 2016, Reto was CIO and partner at BK & Associates AG. As a member of the investment committee, he was in charge of asset allocation and its implementation within mandates and funds.

Reto previously worked as Executive Director at Julius Bär during its demerger from Swiss & Global Asset Management (today GAM). He left the private bank in 2013 but during his time there, he conducted buy-side stock analysis and portfolio risk management.

Before this, he was a financial analyst for Credit Suisse, in charge of macroeconomic analysis of Latin American countries. Reto has a degree (lic. rer. pol) specialising in economic theory.

Patrick Salm, MSc Banking & Finance HSLU, BSc Business Law ZHAW, CAS Blockchain

Founder and CEO Kepler Technologies LLC, Strategic Risk Manager Credit Suisse Group

Patrick Salm serves as Strategic Risk Manager and Business Analyst at BANK-now AG, a subsidiary of Credit Suisse Group. In this role, he provides analysis of risk-relevant business processes and applications.

Patrick is a blockchain entrepreneur and thought leader who served as an advisor to TaaS, the first closed-end fund dedicated solely to blockchain asset and who co-founded Kepler Technologies, a cryptocurrency portfolio management and analytics platform.

Patrick's track record includes more than 10 years' in leading roles, such as Head of Recovery, Business Analyst and Strategic Risk Manager in large, financial institutions. He holds a MSc in Banking and Finance from the Institute of Financial Services Zug at Lucerne University of Applied Sciences and Arts and a BSc in Business Law from the Zurich University of Applied Sciences. He is also among the first tutor group of the CAS in Blockchain at Lucerne School of Information Technology.

Klaus D. Stark, BA FH St. Gallen

Partner Ganten Group; Managing Partner IBO (Liechtenstein) Ltd.

Klaus Stark is a licensed Liechtenstein trustee and a member of the Liechtenstein Institute of professional Trustees and Fiduciaries and the Association of Accountants, Accounts Experts and Tax Consultants in Liechtenstein (VBBS) and as a Trust and Estate practitioner also a member of the international Society of Trust and Estate Practitioners (STEP). He has many years' experience in Liechtenstein's trust and financial services sector.

Klaus studied economics at HWV St.Gallen and is a qualified trustee and a trust and estate practitioner (TEP) in Liechtenstein.

Klaus Stark is co-founder of the Liechtenstein Blockchain-meetup.

4.2. SmartOne Team

Christoph Küng, BA Finance FHNW, MA Law University of Zurich, Certified Tax Expert

CEO SKUANI Ltd.; Co-Founder of the Swiss LegalTech Association

Christoph Küng is CEO of Skuani Ltd. and a Swiss certified tax expert. He founded the LEC Club, a new generation network, Civic Circle, a think tank and the Swiss LegalTech Association (SLTA). He has many years of experience in tax advisory, stock trading, private banking and finance-oriented project management.

Christoph previously worked in the tax sector of a Big-4-Company, a Big-Law-Company and the group tax department of Zürcher Kantonalbank.

Christoph studied Law at University of Zurich, Finance at the University of Applied Sciences Northwestern Switzerland and had previously successfully completed a financial apprenticeship at the Neue Aargauer Bank.

Christian Kläy, MA University of Berne, LL.M. University of Berne, Lawyer

Founder and CEO NextLex Ltd.; Co-founder and CEO of LegalOne Ltd.

It was whilst working at an international company in the machinery industry, that Christian realized that a technology-led intelligent process management system could usher in a new era for the legal industry. As a result, he founded NextLex.

Christian holds a Master of Law from the University of Bern and is an admitted Attorney to the Swiss Bar, specialized in the automation and digitalization of legal processes, inter alia in Company Law, Contract Law, Intellectual Property Law, Labour Law and Distribution Law.

Marco Oesch, Federal Certificate in Computer Science

Founder and CEO CreaSoft LLC

Marco's track record includes more than 15 years' of continuous success working as lead developer and software architect in major financial institutions.

As lead developer for UBS, Marco was responsible for the creation of varied different web-based solutions, including CRM, Advisor and Intermediary Workbench.

In 2008, Marco Oesch founded CreaSoft GmbH, a business that helps financial sector clients develop and implement business-critical enterprise solutions.

Marco's work at CreaSoft has included setting up and configuring distributed and failsafe infrastructures, as well as the establishment of a fully automated development process. He also supports customers by detecting and removing performance inhibitors from business-critical applications.

Alongside his work as a developer, Marco has initiated and implemented a number of web and integration frameworks.

Mario Colombo, BSc Business & Management HSG

Founder and Partner what.digital

Mario has over 8 years of experience in communications, web development and digital marketing, obtained whilst working for the largest online marketing agency in Switzerland. Here he was responsible for product development and the delivery of an automation solution for dashboards and reporting.

Mario is an experienced and proven web developer and product manager for mobile and web applications as well as CMS-based multi-lingual web sites.

In 2015, Mario co-founded what.digital, the first growth hacking and prototyping company in Switzerland, providing product development services, helping startups with prototyping, "go to market" strategies, customer acquisition and growth hacking.

Mario leads the lean startup and project prototyping element of the business – delivering new products for startup. He also delivers MVP workshops for startup accelerators & incubators.

Luke Szkudlarek, MSc Business Computing, Economics PUE

Founder and Partner what.digital

Luke has over 10 years international experience in the digital sector, working in a range of areas from web development to online sales. He has a proven track record, delivering digital marketing strategies for international brands such as HSBC, Standard Bank International and Victorinox.

Alongside Mario, Luke is a co-founder of what.digital. His specialities are companies in fintech, crowdfunding, and consumer goods.

Luke is an active contributor to the Swiss startup scene and frequently provides growth hacking coaching sessions to universities, accelerator programs and incubators.

David Fariña

Founder of www.davidfariña.com

David Fariña works as a software engineer and graphic designer at Novalogix AG and has over 8 years experience in web development and design.

He has extensive knowledge of javascript as well as frameworks and libraries such as Angular JS, UnderscoreJS, jQuery, apps based on Apache Cordova, Xcode and Android Studio, as well as backend developments with PHP (Wordpress, MySQL) and Java (Liferay , Spring MVC, PostgreSQL).

From 2013 to 2016, David worked for Point Software AG. David graduated as a Polygraf EFZ at the School of Design in Zurich in 2012.

Samuel Dionne

Founder of the Gremis Communication Agency (LLC/In foundation).

Samuel is joining SmartOne as Communications Officer. He is currently studying Public Relations at the TÉLUQ University of Québec, Canada.

Whilst serving as a Communication & Information Specialist in the Canadian Army, Samuel discovered the world of cryptography and also developed a passion for social psychology.

After five years in the military, developing both his leadership and management skills, Samuel decided to moved into the Blockchain universe, becoming influential in the development of the Token as a Service (TaaS) community and also working on projects with Ambisafe.

4.3. Advisory Board Members

Prof. Dr. Markus Heusler, MSc Phys ETH, PhD University of Zurich

CEO Risk Solution Network Ltd.; Administrative Board Member Swiss cantonal bank; Honorary Professor University of Zurich

Markus is CEO at RSN Risk Solution Network Ltd., member of the administrative board at a Swiss cantonal bank and Honorary Professor for Theoretical Physics at the University of Zurich.

Markus graduated from the Swiss Federal Institute of Technology (ETH) Zurich with a diploma thesis on Theoretical Particle Physics and from the University of Zurich with a doctoral thesis on Cosmology. He was working as a postdoctoral fellow at the Max-Planck-Institute for Astrophysics in Munich and at the Enrico-Fermi-Institute of the University of Chicago. Being awarded an SNSF-sponsored Professorship, he was tutoring doctoral students and teaching courses in Quantum Physics, Relativity, Electrodynamics and Thermodynamics on graduate and postgraduate level.

As an internationally recognized expert for Einstein's Theory of General Relativity, Markus published over thirty papers in leading physics journals. His habilitation thesis on the Mathematical Theory of Black Holes was published as a textbook by the Cambridge University Press.

Markus is CEO at RSN Risk Solution Network AG, which he joined in 2004 and developed into the leading credit risk cooperation among Swiss banks. He also heads the risk committee within the administrative board of a Swiss cantonal bank.

Prof. Dr. Georges Grivas, Dr. sc. ETH, Dipl. Inf. Ing. ETH, Dipl. Math.

Georges Grivas is lecturer and Head of the Master of Advanced Studies (MAS) in Digital Business Management and MAS Business Intelligence at Lucerne University of Applied Sciences and Arts as well as CEO of Grivas Management Consulting.

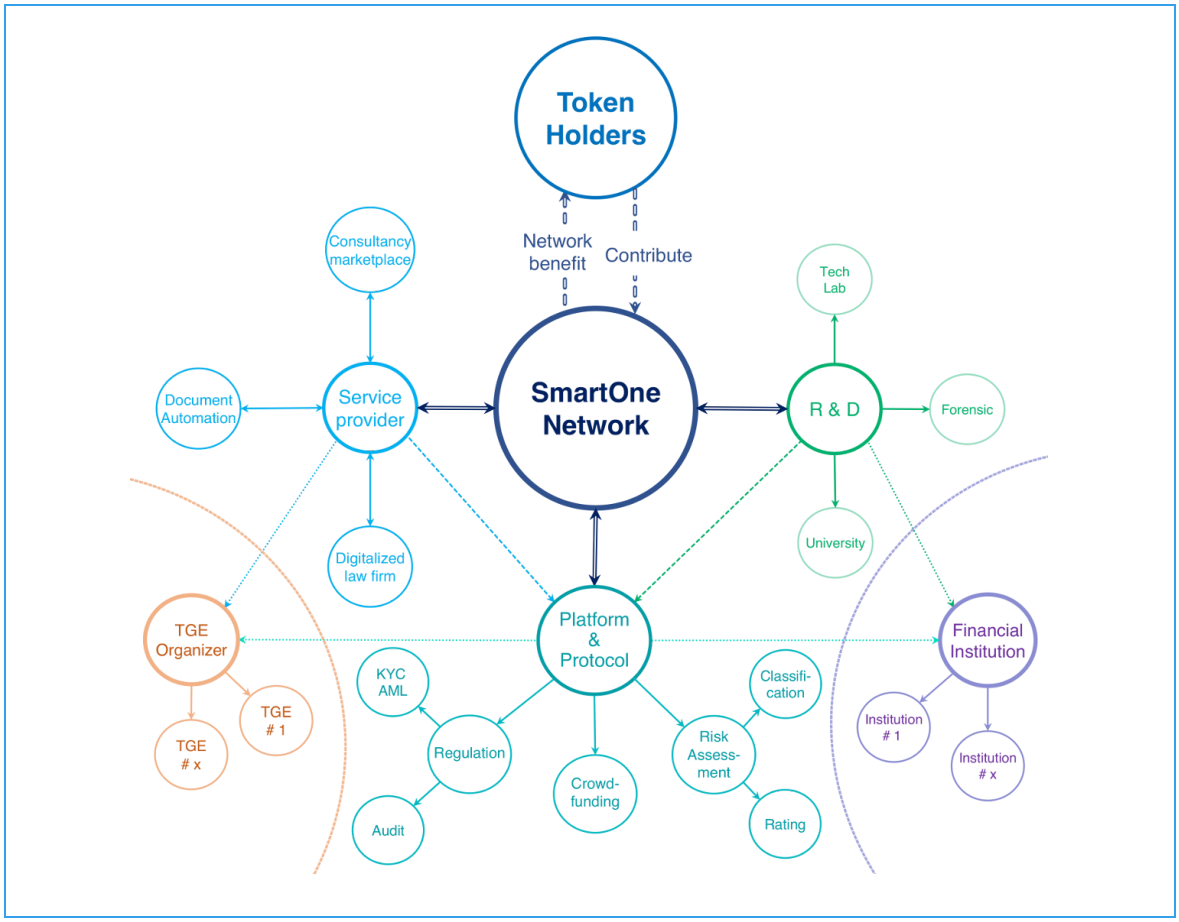
The Lucerne School of Information Technology was one of the first universities to launch a blockchain course. Georges is Head of the Certificate of Advanced Study in Blockchain. He also serves as chairperson of the Swiss Digital Finance Conference.

Over the years, Georges has worked in a variety of leading roles, including Head of IT-Strategy for Credit Suisse, Head of Business Strategy and Project Portfolio Controlling for Raiffeisen Schweiz, Head of Project Portfolio Management for Allianz Suisse and Head of Process Management for Swiss Life.

Georges also holds a degree and a PhD in computer science from the Swiss Federal Institute of Technology (ETH) Zurich.

5. The SmartOne ecosystem

SmartOne has been established as a Liechtenstein-based foundation with the intention of serving both as a provider of legal services to TGE organizers and financial institutions, and as an umbrella organization for the promotion of research and development activities that are connected to the SmartOne protocol. As one of the earliest providers of legal solutions to the blockchain market, SmartOne is also committed to developing the wider legal and regulatory landscape for crypto communities.



5.1. Service Providers

The original SmartOne service providers are LegalOne, NextLex and SKUANI. Together they provide the resources we need to deliver comprehensive legal services.

LegalOne is the first digital law firm in Switzerland.

NextLex is a legal document automation platform.

SKUANI is an interdisciplinary consultancy marketplace.

These partners are fully committed to SmartOne and have invested CHF 2 million among them.

As key technology platforms that are vital to SmartOne's success, it's important to note that NextLex and SKUANI are fully operational.

5.2. Reward System

The LEGAL token lies at the heart of the SmartOne ecosystem. Its main role consists in the embodiment of a right: The right to membership of the ecosystem.

Alongside membership, the LEGAL token also serves as a license to use the SmartOne protocols. These enable token holders to access legal services, including the common regulatory requirements of Anti-Money Laundering (AML) and Know Your Customer (KYC) processes, through blockchain technology.

Only registered users will have membership status and thus benefit from these advantages.

SmartOne Membership Scheme

A tiered membership scheme will determine a member's status according to the minimum number of LEGAL tokens they have stored in their SmartOne wallet over a rolling three month period.

Tokens stored on a crypto exchange are not counted towards the membership scheme, thus creating an incentive for members to use their secure wallets.

Status *Min. possession of LEGAL token*	**Silver** *100 LGL*	**Gold** *1'000 LGL*	**Platinum** *10'000 LGL*
Discount for SmartOne products and services	✓	✓	✓
Pre-emption right on a selection of future token launches being carried out by SmartOne		✓	✓
Free legal advice by LegalOne (one hour per year)		✓	✓
Discounts on a selection of future token launches being carried out by SmartOne			✓
Free access to premium services such as TGE analysis and token rating by SmartOne			✓

5.3. SmartOne Platform and Protocol

The SmartOne Foundation aims to promote and develop new technologies and applications, focusing in particular on open and decentralized software architectures.

The aim is to promote and develop the SmartOne protocol (or corresponding technology) as well as to promote and support applications using the SmartOne protocol.

5.3.1. SmartOne Risk Assessment

Intimately linked with the SmartOne Protocol is the development of a risk ratings system for crypto assets that will help facilitate institutional investors' entrance into the blockchain market.

The system will provide a quantified insight into the creditworthiness of individual tokens as well as their classification into legal classes.

5.3.2. SmartOne Regulation

According to the Blueprint for Digital Identity from the World Economic Forum, the lack of digital identity systems in the world at large is having a negative impact on financial institutions. We see that a digital identity solution is a necessary prerequisite to the broad-market introduction of blockchain-based products and services.

As a practical example, the city of Zug will provide from September 2017 its inhabitants with the opportunity to create their own digital passports using blockchain technology.

This decentralised identity system is based on the Ethereum Blockchain and because it entails official verification by the authorities, including the completion of KYC and AML protocols, it will enable identity holders to access the financial services markets.

A first version of the SmartOne Regulation protocol will be implemented for our TGE and the code will be publicly available on GitHub. This will set an example for other jurisdictions and provide a base for further development of the decentralised protocol.

5.3.3. SmartOne Crowdfunding

SmartOne is also developing an open source crowdfunding platform for individuals and nonprofit institutions.

The Ethereum blockchain-based platform allows anyone to start a crowdfunding campaign. Donations can be made with both Ether and LEGAL tokens.

5.4. SmartOne Research and Development

SmartOne is a keen supporter of research and development into blockchain applications, particularly by startups and students. To this end, we will establish a Tech Lab to host R&D activity.

Operating principally as a competence center for innovative blockchain ideas, the Lab will also play an educational role. Firstly, by bringing curious minds together and secondly, by hosting workshops and speakers.

The Tech Lab is located in BusinessParkZUG[2] in the heart of Crypto Valley. SmartOne provides free co-working spaces within the Lab in cooperation with the Association Zuger Gründerzentrum and thanks to the support of Fondation Antoine Blättler. Up to eight workstations are setup and available to startups and students.

[2] www.businessparkzug.ch/kontakt

6. Roadmap

The SmartOne TGE is only the very first step along the road to establishing the SmartOne ecosystem. Once the TGE is complete, our focus will move to providing the tools needed to facilitate and implement successful third party TGEs.

Within the SmartOne marketplace, those third parties will be able to select the experts they need to help them take their blockchain ideas through to TGE completion.

Initially, support will focus on the creation of white papers and the legal assessment of tokens in preparation for TGEs. From December onwards, the available expertise will also include tax, regulation, compliance, and token security. Following the successful implementation of the SmartOne marketplace, attention will turn to the expansion of the SmartOne protocol.

7. Token Launch

7.1. General TGE structures

Over the last few months, we have seen an increasing number of new and innovative TGE algorithms. Until recently, two types were the most common:

Capped and fixed price

A maximum quantity of tokens is offered at a fixed price. Contributors know the maximum amount raised. Its main drawback is the potential for oversubscription. TGEs can be sold out in seconds and leave most of the contributors out of the project. Sometimes subscribers try to outbid each other by offering to pay an excessive amount of transaction fees to get in. This leads to capacity shortages on the network and large delays in confirming transactions.

Uncapped and fixed price

The total quantity of tokens is uncapped. As many tokens are created as people are willing to buy. The maximum raised amount is unknown making it difficult for contributors value the project. This type of TGE has been criticized for its greed because such projects often receive more financial resources than can be put to good use. Due to this criticism, new algorithms have emerged to control such offers:[3]

Capped auction

A cap is placed on the maximum amount the project is seeking to raise. Contributors bid at their desired price and state their maximum spend. A variable number of tokens are actually sold, at the lowest successful bid price, in proportion with each buyer's pledged total spend.

Uncapped auction

Buyers bid at a desired price and quantity of tokens. A fixed number of tokens are sold to the bidders in descending price order until all tokens are sold. The amount raised is not capped.

[3] Following GDAX https://blog.gdax.com/the-perfect-token-sale-structure-63c169789491

Capped with re-distribution

Buyers bid a desired total spend. A fixed number of tokens are sold at a fixed price, in proportion with each buyer's pledged total spend. Buyers' excess payments are refunded. There is a cap on the amount raised. This structure guarantees that everyone can participate to some extent. However, if the sale is oversubscribed, buyers will receive fewer tokens than they wanted to buy, and a partial refund of payment.

Capped with parcel limit

A fixed number of tokens is sold at a fixed price on a first-come, first-served basis until all tokens are sold. There is a limit on the total amount a contributor can buy. This is usually achieved by capping the amount of each incoming transaction, and making it difficult for a single buyer to send multiple transactions. This is where SmartOne comes in and implements our KYC protocol (see below). There is a cap on the amount raised.

The following table summarises the current state of play and compares algorithms:

Token sale structure	**Capped fixed Prices**	**Uncapped fixed Prices**	**Capped Auction**	**Uncapped Auction**	**Capped with Redistribution**	**Capped with parcel Limit**
Raise a capped amount	✓		✓		✓	✓
Founders / Team get known % of total token supply	✓	✓		✓	✓	✓
Contributors get known % of total token supply	✓		✓			✓
Promote wider distribution of tokens						✓
Sell token at market price			✓	✓		
Guarantee that all buyers will get some tokens		✓			✓	

Source: The perfect token sale structure

Obviously, it's impossible to meet all objectives and so there are tradeoffs between the models.

As our aim is a fair allocation and efficient use of the LEGAL token, we have decided to use a capped TGE with parcel limit (it has the most ticks in the table above).

We believe that this structure promotes a wider distribution of SmartOne tokens, preventing concentration in the hands of a few, while also selling a fixed number of tokens.

One issue with parcel limitations is that one person can contribute from more than one address, meaning that programmed participation in the TGE could result in tokens being concentration in the hands of a few technically skilled contributors, preventing a wider distribution of our token.

To solve this conflict, we have implemented a KYC protocol that whitelists verified addresses. We believe this will become the standard for TGEs in the future. However, it has not yet been fully adopted by the whole crypto community and therefore, contributors still have a choice.

7.2. Public Token Launch

13'000'000 LEGAL tokens are available for the Public Token Launch, which will take place in two stages:

Only verified contributors will be able to participate in phase 1 and will receive significant benefits in order to encourage verification.

Benefits include: prioritization; a minimum 10% bonus (USD equivalent); partial hedging against ETH/USD depreciation if phase 2 follows.

	Phase 1	Phase 2
Public token launch	13'000'000 LEGAL	
Tokens available	Guaranteed	No guarantee
Access to early contribution	Yes, after SMS verification (on-chain)	No
Minimum contribution	0.5 ETH	0.5 ETH
Maximum contribution	450 ETH	Technical not feasible
Phase duration	7 days or when maximum reached	7 days or when maximum reached
Price per LEGAL token	0.004 ETH [4]	Min. 0.00444 ETH [5]
Bonus guarantee	Yes	No
Hedge function	Yes	No
Remaining tokens	Available for phase 2	Burned

In order to grant verified contributors a bonus of at least 10%, the price per token is adjusted before phase 2 starts:

[4] Will be refixed before Public Token Launch such as one LGL equals about one USD
[5] Will be refixed before Phase 2

Scenario 1: ETH/USD *appreciates* during phase 1 - Price adjustment for phase 2:

$$1\ LGL\ =\ \frac{0.004\ ETH}{1-bonus\ in\ \%}\ \sim 0.00444\ ETH$$ (with 10% bonus)

Scenario 2: ETH/USD *depreciates* during phase 1 - Price adjustment for phase 2:

$$1\ LGL\ =\ \frac{0.004\ ETH}{(1-depreciation\ in\ \%)\ x\ (1-bonus\ in\ \%)}$$

Example: The ETH/USD price depreciates by 13% in phase 1

$$1\ LGL\ =\ \frac{0.004\ ETH}{(1-0.13)\ x\ (1-0.1)}\ \sim 0.00511\ ETH$$ (with 10% bonus)

As we have included a relatively small hard cap, the TGE could end during phase 1 which is intended. Verified contributors from phase 1 are prioritized.

A secondary effect of the price adjustment in phase 2 is that verified contributors are partially hedged against a ETH/USD depreciation.

One of our main goals is to provide broad public access to blockchain technology. LEGAL tokens are functional network tokens within the SmartOne ecosystem. LEGAL tokens are not for speculative investment.

We believe that people engaging with the TGE should have at least a basic understanding of blockchain technology and so we've mandated that contributions must be made in Ether (ETH).

7.3. Technical Implementation

The TGE's technical specifications will be described in a separate whitepaper and are being implemented in cooperation with the **Lucerne School of Information Technology (HSLU)** in Rotkreuz alongside other local technology partners. Currently, the following technical components will be provided:

- A **decentralized application (DApp)** for SMS verification and the token launch itself, with its backend code running on a decentralized peer-to-peer network that uses the Ethereum blockchain and smart contracts.

- An infrastructure designed for the Parity environment with a backup service for delivering the fastest and most secure way of interacting with the Ethereum network.
  Servers are hosted in **Switzerland** in an ISO 27001:2013 certified and audited tier 3 data center with 24×7 monitoring and carrier-neutral operations. The data center is also **FINMA RS 08/7 compliant** and exceeds all the technical requirements of the relevant certifying bodies.

- SmartOne **website** with interface to the Parity platform and additional information such as blogs and live support.

Description of our DApp

In order to whitelist an address and get access to the pre-contribution phase, we use a service similar to Parity SMS verification. In contrast to Parity, contributors can verify their addresses very easily via our webpage. The phone numbers will be saved offline on our FINMA compliant servers in Switzerland. Only a random and encrypted code, representing the phone number, will be sent online to the smart contract and as SMS to the contributor. As soon as the contributor confirms the receiving of the SMS, the ether address and the code will be linked. From then on, the public can check the blockchain to confirm whether the address was verified.

Our service ensures that the same phone number cannot be used multiple times. This one-time verification service can be reused for all upcoming token launches that involve SmartOne.

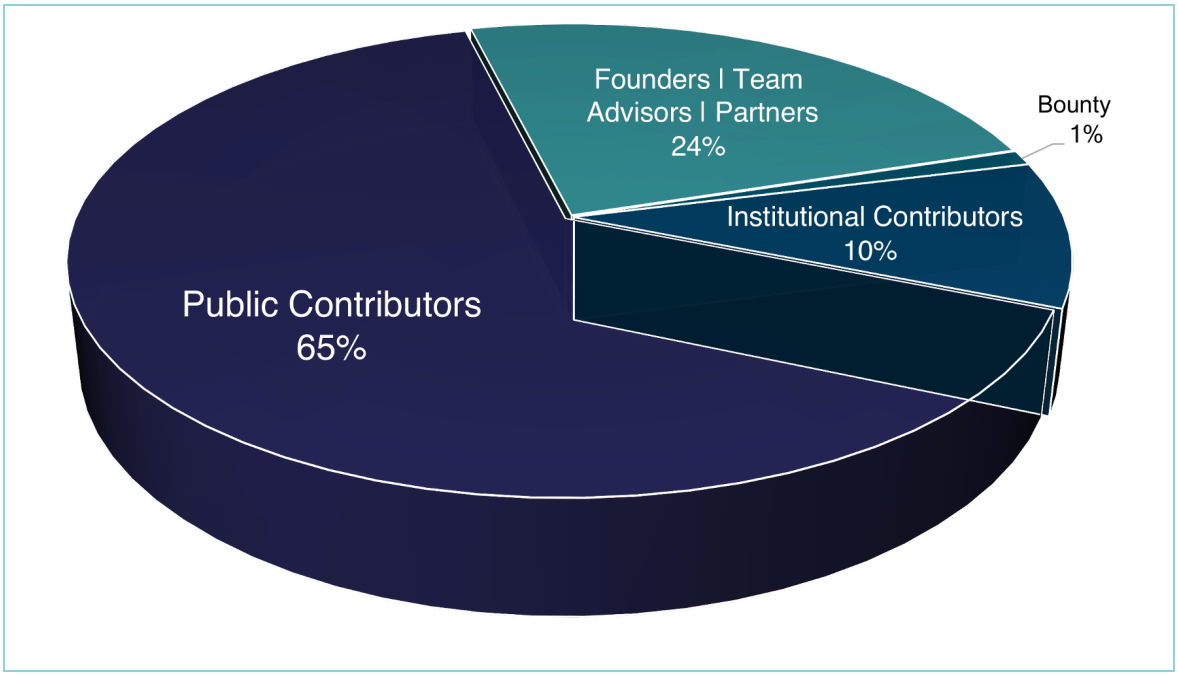
A more detailed description of our DApp will follow in the technical whitepaper.

7.4. Distribution

A maximum of 20 000 000 tokens will be issued. 13 000 000 tokens are available for the public token launch and 2 000 000 for institutional contributors.

24% of issued tokens will be allocated to founders, advisors and team members; 1% will be used for the bounty program.

Allocated tokens to non-contributors are locked in a collective account (MultiSig). 25% of tokens will be unlocked after audit approval. The remaining portion will be released after 90 days, except for founders, for whom 15% will be unlocked every 90 days, meaning that the founders will only have full access to their tokens after 15 months.

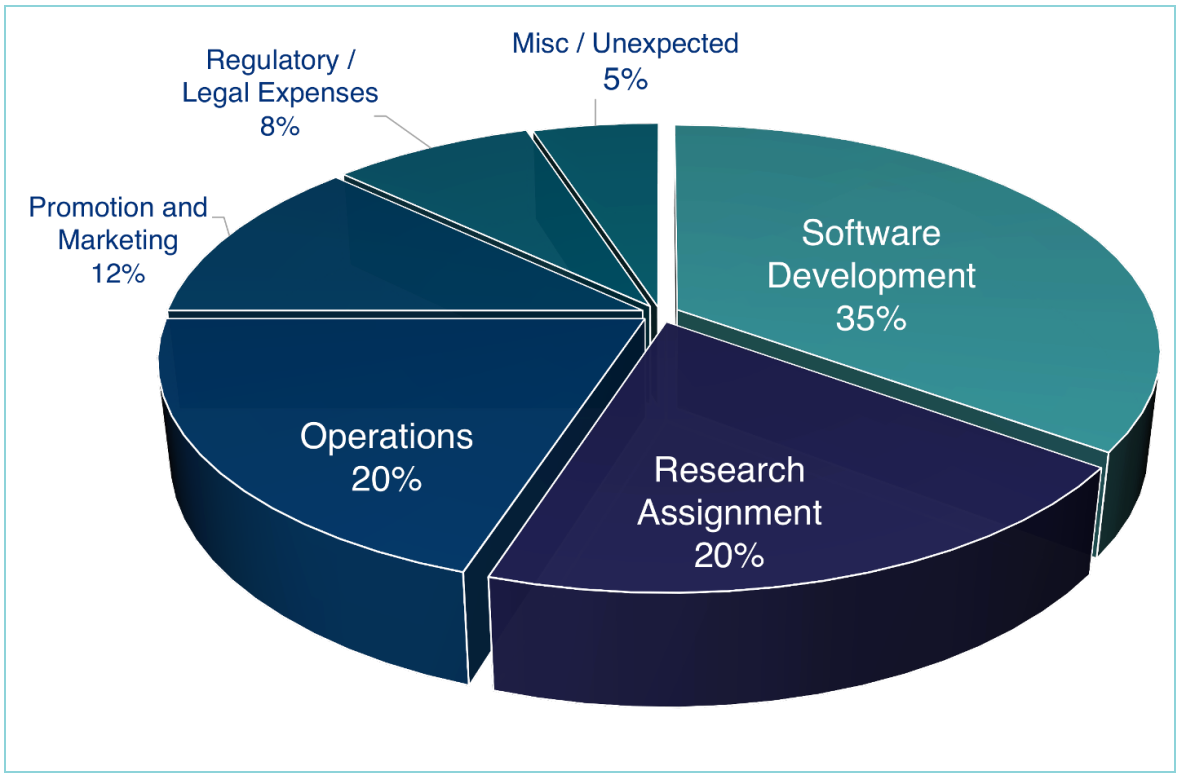


7.5. Audit

Grant Thornton Liechtenstein / Switzerland will audit TGE proceeds, which are locked in a multisig escrow wallet. To unlock funds, 3 out of 4 authorized signatories are needed.

7.6. Use of Proceeds

The picture on the following page illustrates the intended use of the proceeds.



7.7. User Incentives: Rewards for the Legal Community

We aim to be the Steemit[6] for the Legal Community with a focus on rewarding high-quality contributions. Users provide content on SKUANI and are rewarded for their work in LEGAL.

For example, blockchain experts can contribute to TGE analysis or publish contributions to earn LEGAL tokens. With the aid of this third-party expertise, we will be able to review and improve our own analyses.

The smart contract generates an additional 1% of new tokens per year. These will be distributed on a monthly basis according to the amount and quality of work completed, and will serve to incentivise the platform's users.

Initially, the fair distribution of reward tokens will be ensured by the SmartOne Foundation Commission before handing over to a smart contract-based algorithm.

[6] Steemit is a blockchain-based social media platform and has a market cap of around 300 million USD. https://steem.io/

7.8. TGE Summary

Name of token	LEGAL (abbreviation: LGL)
Maximum issuance	20 000 000 LEGAL
Public token launch	13 000 000 LEGAL
Public token launch date	20th of October 2017
Platform	Ethereum ERC 20 Standard
Browser wallets	Parity / MyEtherwallet / MetaMask
Currency	Ether (ETH)
Duration	Public token launch will last max. 14 days
Verification types	SMS (on-chain)
Verification benefits	Access to bonus program, prioritized
Bonus program	Minimum 10% bonus for verified accounts
Reward system	Additionally 1% of new LGL tokens will be generated per year to reward high-quality publications
Fixing	1 LEGAL = 0.004 ETH *
Listing	Bittrex or/and additional exchanges
Audit	Grant Thornton Switzerland / Liechtenstein

* will be refixed before public token launch

8. Appendix

8.1. Challenges for the LEGAL Market

The belief that the legal market is ripe for disruptive change is shared both by market participants and educational institutions (University of St. Gallen and University of Lucerne), with several factors indicating that a disruptive period is imminent:

- The legal market has changed only minimally over the last 50 years and despite a tendency towards larger law firms, market consolidation has not yet taken place.
- The predominant remuneration model in the legal sector is time-based billing, although there is a trend towards project-based fees agreed in advance with customers. The most common justification for time-based billing is that every legal case is individual, making it difficult to estimate costs in advance.
- Switzerland has specific qualities that have reinforced the legal sector's resistance to change, including its geography, multilingualism, and individual cantonal procedures.
- The lack of price transparency has made it difficult to compare legal services and their costs.
- The current remuneration model contains no incentive for process optimization, as successful increases in efficiency would result in lower compensation.
- Current market participants have little or no interest in further market development.

The fact that the legal sector is characterised by such inertia means there's a unique opportunity for innovative legal technology companies to position themselves in the market.

Although the legal market is a major economic contributor with a global value of some

USD $700 billion, it has managed to resist automation.

According to a study by Boston Consulting and the Bucerius Law School in Hamburg, up to 50% of the work currently done by lawyers could be taken over by algorithms within a few years.

The future of the legal industry is one in which new business ideas and products will provide serious competition for traditional attorneys, forcing them to rethink their traditional business models.

8.2. Blockchain Technology

When talking about the blockchain, we're referring to a decentralized database or accounting ledger that is capable of removing the intermediary between users, for example, a bank.

A blockchain is software-controlled and can be easily downloaded by anyone. Every computer on a blockchain network contains all of the data transferred over that network. Transactions are recorded permanently, immutably and are traceable in blocks. Encryption and confirmations from the network itself guarantee security and the correct and timely execution of transactions.

Blockchain has the potential to change the entire value chain for a variety of industries, creating countless opportunities to establish new businesses using blockchain technology. As a consequence, many companies are rethinking their business models.

In the financial services sector, for example, blockchain is expected to significantly reduce infrastructure costs for payments, securities trading, and compliance. In the supply chain industry the "Internet of Things" (IoT) is being built upon blockchain technology, enabling devices to communicate autonomously with one another. In the legal sector, agreements are being self-enforced by smart contracts.

8.3. Smart Contracts

The basic principles behind smart contracts were defined as far back as 1994 by the cryptologist Nick Szabo. Back then, the necessary technical infrastructure was missing but with the emergence of the Ethereum Blockchain, this has now changed.

Differently than Bitcoin, Ethereum was developed with programmability in mind rather than any potential use as a digital currency.

Smart contracts running on Ethereum can, for example, be used to lock money into a digital escrow account (held on the Ethereum Blockchain) until certain predefined conditions are met. The smart contracts would themselves prevent the early release of the funds.

Since smart contracts are run on several constantly synchronising computers, they are counterfeit-proof. Only verified and approved smart contracts can be modified, and even then, changes can only go as far as is explicitly provided for in the smart contract itself.

It is because smart contracts are immutable (beyond the confines of pre-determined rules) that they guarantee a very high degree of reliability.

One of SmartOne's key roles will be to provide a test environment within which smart contracts can be checked for all possible weaknesses.

8.4. TGE Definition

The abbreviation TGE stands for "Token Generating Event". The term "ICO - Initial Coin Offering" (derived from the English expression, IPO - Initial Public Offering) has often been used to describe such events. While an IPO sells company shares and the buyer benefits from the business, a TGE is about issuing blockchain-based tokens that are to be used as software. A token requires network effects for its value retention or value generation.

8.5. SmartOne Services

SmartOne service providers deliver consulting services for the SmartOne foundation.

8.5.1. LegalOne - The First Swiss Digital Law Firm

LegalOne is the first digital law firm to be established in Switzerland. Still in the process of development, LegalOne has been registered with the competent lawyers' office.

LegalOne's focus is on consultation for the implementation and analysis of TGEs, including:

- ***Incorporation of foundations and other firms***
  In Switzerland and Liechtenstein, LegalOne will establish entities itself and will use its extensive network of partners to establish them in other jurisdictions.

- ***White Paper and Business Conditions***
  LegalOne will draw up and review the terms and conditions for token launches, helping with the drafting of white papers and the LEGAL classification of new tokens using the Howey Test.

- ***Regulation***
  LegalOne supports the crypto community by helping with compliance, audit and tax issues. Our collaboration with Grant Thornton also enables us to offer comprehensive auditing services.

8.5.2. NextLex Ltd. - Digitization of LEGAL documents and processes

NextLex develops cloud-based process automation software for documents and contracts, simplifying complex decision-making processes and implementing risk management and compliance protocols.

NextLex's automated templates are distributed under licence to lawyers and notaries. The basic subscription package contains 40 templates that cover the basic needs of a

forensic attorney.

NextLex also automates individual templates, documents, contracts and processes for personnel departments, trustees, real estate agencies and SMEs.

8.5.3. SKUANI Ltd. - Marketplace for Legal Advice

SKUANI, the digital marketplace, sells SmartOne's standardized legal services. SKUANI offers access to experts in ten different areas and is bringing new blockchain experts on board.

The aim is to develop a community of crypto-aware legal experts, who will jointly develop solutions for the crypto sector.

SKUANI already has several thousand visitors per month and is available in 5 languages.

SKUANI users can easily access experts, compare their offers and expertise, read publications and articles, and instantly contact selected professionals.

Consulting experts can quickly and easily create a profile, define their expertise, publish articles, and offer legal products via SKUANI.

Online consultancy enables customers to define an issue, such as a question. SKUANI then looks for the appropriate expert and passes them the information, with customers paying a comparatively low fee for receiving an answer to the question. When it comes to interdisciplinary matters, SKUANI will compile an entire project team to respond to the customer's enquiries.