*This Simple Agreement for Future Tokens (the “****SAFT****”) and the tokens issued on its exercise (the “****SAFT and Tokens****”) are not intended to be offered in any jurisdiction or under circumstances where not permitted under Applicable Law. Although the SAFT and Tokens are not intended to be a security, there is some uncertainty about the application of securities laws to virtual assets in many jurisdictions. The SAFT and Tokens have not been registered with any authority and cannot be offered or sold except with a registration, an offering, or under an exemption under the Applicable Law, as evidenced by a Legal Opinion of an outside counsel.[[1]](#footnote-0)*

**[Project’s Name]**

**SIMPLE AGREEMENT FOR FUTURE TOKENS**

**of [date] [month] 202[y]**

| **Company** | [FULL NAME]; and |
| --- | --- |
| **Purchaser** | [FULL NAME], |
| each a **“Party”** and collectively the “**Parties**” have entered into this SAFT: | |

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1. **Legal Status and Definitions**
   1. **Legal Status.** By paying the Purchase Amount, the Purchaser participates in the pre-sale of [token ticker] (the “**Network Tokens**”) and is then entitled to rights (the “**Rights**”) to Network Tokens. The substantive terms of this SAFT are as follows:

| **Purchase Amount** | [amount] [currency / cryptocurrency] |
| --- | --- |
| **Pre-Sale Price per Network Token** | [amount] [currency / cryptocurrency] |
| **Discount Rate** | [\_]%[[2]](#footnote-1) |
| **Expiration Date** | [date] |
| **Blockchain** | [blockchain network] |
| **Protocol** | [protocol] |

* 1. **Definitions.** The following terms shall have the following meaning:
     1. **“Affiliate”** means, with respect to any Person, any other Person that directly or indirectly, controls, is controlled by, or is under common control with such a Person. This includes but is not limited to general partners, directors, employees, officers, or trustees of such a Person, any venture capital funds or registered investment companies that are controlled by one or more general partners, managing members, or investment advisers of, or shares the same management company, or investment adviser with, such Person. Here, **“control”** is defined as directly or indirectly having the power to direct or stir the direction of the management and policies of the Affiliate, whether through ownership of voting securities, by contract, or otherwise.
     2. **“Blockchain”** means a blockchain network, where transactions are verified and recorded in a distributed ledger. Examples of blockchain networks include but are not limited to Ethereum, NEAR, Solana, etc. The chosen Blockchain is indicated in Section 1.1 above.
     3. **“Board of Directors”** means the board of the directors or a similar governing body of the Company.
     4. **“Business Day”** means a weekday on which banks are open for general banking business in [the jurisdiction of the Company’s incorporation/domicile/…].
     5. **“Company”** shall include, in addition to the Company identified in the opening paragraph of this SAFT, any company, corporation, or other entity that succeeds to the Company’s obligations under this SAFT, whether by assignment, by merger or consolidation or otherwise. The Company is responsible for, among other things, developing the Protocol and launching it on the Blockchain mainnet.
     6. **“Deemed Liquidation Event”** means:

(i) a merger or consolidation in which:

(a) the Company is a constituent party; or

(b) a subsidiary of the Company is a constituent party and the Company issues its capital shares during such an event; except when its outstanding capital shares immediately prior to it continue to represent (or are converted/exchanged into capital shares that represent), immediately following such merger or consolidation, at least a majority, by voting power, of the capital shares of:

(1) the surviving or resulting corporation; or

(2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation, the parent corporation of such surviving or resulting corporation; or

(ii)

(a) the sale, lease, transfer, exclusive licence or other disposal, in a single transaction (or series of related transactions), by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries, or

(b) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive licence or other disposal is to a wholly owned subsidiary of the Company.

* + 1. “**Discount Price**” means Price per Network Token multiplied by the Discount Rate, indicated in Section 1.1 above.[[3]](#footnote-2)
    2. “**Dissolution Event**” means liquidation, dissolution, or winding up of the Company or cessation of the Company’s operation, whether voluntary or otherwise.
    3. **“DAO”** means a decentralised autonomous organisation, governed by the rules of smart contracts within the Protocol and the DAO constitution.
    4. **“Ecosystem”** means an interacting network of entities and individuals, to which the Company is a part, which is centred around the development of a common project within the Network. Following the Token Generation Event, the Ecosystem may be transformed into a DAO and vote on a DAO constitution.
    5. **“Laws”** means all applicable laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders and decrees.
    6. **“Network”** means a set of participants who work as a part of project infrastructure according to the rules of Protocol that is being developed by, or on behalf of, the Company.
    7. **“Network Token”** means the token being developed by the Company or on behalf of the Company that is intended to be the primary utility token for the Network.
    8. **“Person”** means any individual, corporation, partnership, trust, limited liability company, association or other entity.
    9. **“Pre-Sale Price per Network Token”** means a price per right to a Network Token pre-sold via this SAFT. The Pre-Sale Price per Network Token is indicated in Section 1.1 above.
    10. **“Price per Network Token”** meansa price per Network Token sold immediately following the Token Generation Event.
    11. **“Protocol”** means a set of permissionless and autonomous smart contracts, deployed by the Company on a Blockchain mainnet, which govern the infrastructure, interface, and interactions within the Network and between the Network and its participants. The Network’s Protocol is responsible for, among other things, issuing the Network Tokens to the Purchaser, according to the rules which were pre-setup before the deployment of such a Protocol into the Blockchain mainnet. The chosen Protocol is indicated in Section 1.1 above.
    12. **“Public Key (Address)”** means a cryptographic code, paired to a private key, which allows to receive, access, and dispose of blockchain assets, such as Network Tokens.
    13. **“Portion”** means the number of Network Tokens issued to the Purchaser by the Protocol, which is equal to the greater of the following: (i) the Purchase Amount divided by the Pre-Sale Price per Network Token; or (ii) the Purchase Amount divided by the Price per Network Token multiplied by the Discount Rate.[[4]](#footnote-3)
    14. **“Token Generation Event”** means the date on which, following the deployment of the Network’s Protocol on the chosen Blockchain mainnet, the Network’s Protocol developed by Company will autonomously generate the Network Tokens for initial Network Token purchasers including the Purchaser pursuant to this SAFT following the smart contract terms within the Protocol. The timing of the Token Generation Event will be determined at the sole discretion of the Company, and is currently anticipated to occur no later than [date].
    15. **“Transfer”** shall mean, with respect to any Network Token, the direct or indirect assignment, sale, transfer, tender, pledge, hypothecation, or the grant, creation or suffrage of a lien or encumbrance in or upon, or the gift, placement in trust, or other disposition of such Network Token (including transfer by testamentary or intestate succession, merger or otherwise by operation of law) or any right, title or interest to it (including, but not limited to, any right or power to vote to which the Purchaser may be entitled, whether such right or power is granted by proxy or otherwise), or the record or beneficial ownership thereof, the offer to make such a sale, transfer, or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. Staking, voting or otherwise participating in the governance of the Network shall not be considered a Transfer.

1. **Exercise**
   1. **Token Generation Event.** If there is a Token Generation Event before the expiration or termination of this SAFT, the Network’s Protocol will automatically issue to the Purchaser the Portion of the Network Tokens. This is conditioned on the Purchaser:
2. upon signing the SAFT, making a payment of the Purchase Amount;
3. upon signing the SAFT, successfully passing any checks on the compliance with financial and AML/KYC legislation requirements, including, if applicable, by providing the Company with a proof of the source funds used to make the payment of the Purchase Amount.
4. before the Token Generation Event, delivering to the Company a Public Key (Address); and/or
5. before the Token Generation Event, delivering a proof that the Purchaser is a special category of investors, as defined below, with this special category status being successfully verified by the Company.
   1. **Portion of the Network Tokens.** To avoid any doubts, the Portion shall equal to the greater of the following:

or

* 1. **Form of Payment.** Payment for Purchaser’s Portion of the Network Tokens incurred for the exercise of the SAFT shall be made via method of payment indicated above no later than in [10/15/…] Business Days after signing the SAFT. The Company shall provide the Purchaser with all necessary information to make the payment. The Company shall have the right to request the Purchaser to provide a proof of the source of funds used to make the payment of the Purchase Amount; requirements to the form and the contents of such a proof shall be communicated by the Company to the Purchaser in writing.
  2. **Delivery of Network Tokens.** In connection with the exercise of the SAFT, the Purchaser will provide the Company with one or more Public Keys (Addresses) to which the Network’s Protocol shall allocate the Purchaser’s Network Tokens upon such exercise on the date of the Token Generation Event. The Purchaser is solely responsible for the correctness of Public Keys (Addresses). The Company will not be liable for any losses resulting from the Purchaser providing wrong Public Keys (Addresses) to the Company. The Purchaser is also solely responsible for securely storing the private keys to the respective Public Keys (Addresses).
  3. **Restrictions on Exercise.** This SAFT may not be exercised if the issuance of the Network Tokens would, as determined by the Company based on the advice of legal counsel, constitute a violation of any Applicable Law. The Purchaser agrees that if they are not a special category of investors (e.g. qualified, accredited, etc.) at the time of exercise of this SAFT, then the Company may void this SAFT. The Purchaser shall be required to deliver a proof confirming that they are a special category of investors (e.g. qualified, accredited, etc.) from a qualified third-party. Despite the Company verifying the Purchaser’s special category status, the Purchaser is solely responsible for making sure that under their personal Law the Purchaser is permitted to receive, hold, use, dispose, or perform any other action with the Network Tokens. By signing this SAFT, the Purchaser confirms that they have received advice from an outside legal counsel, according to whom the Purchaser entering into this SAFT does not violate their personal Law.
  4. **Dissolution Event.** If there is a Dissolution Event before this SAFT is expired or otherwise terminated, the Company will pay the Purchaser an amount equal to the Purchase Amount no later than the consummation of the Dissolution Event. If due to involuntary Dissolution Event (whether due to bankruptcy or due to a decision of a regulatory body), the assets of the Company are insufficient to make the payments to the Purchaser, other persons who have entered into similar agreements with the Company, and other creditors of the Company, the assets shall be distributed pro-rata (in proportion to their claims) amongst all the creditors of the Company, unless other liquidation rules are found in the Company’s constitutional documents.
  5. **Termination Upon Expiration.** If this SAFT remains unexercised in part or in full, it shall terminate on the Expiration Date. In this event, the Company shall repay the Purchase Amount to the Purchaser. The Company shall have the right to one time unilaterally extend the Expiration Date for [30/60/...] days.

1. **General Provisions**
   1. **Issue of Network Tokens.** When this SAFT is exercised, the Network’s Protocol will issue and deliver the Network Tokens on the date of the Token Generation Event to the Public Key (Address) that Purchaser delivers to the Company.
   2. **Restrictions on Network Tokens.** The Network Tokens under this SAFT may be subject to restrictions on transferability:
2. as required by Applicable Law;
3. before the Token Generation Event, as determined by the Board of Directors, acting in good faith and pursuant to the advice of external legal counsel; and/or
4. after the Token Generation Event, as determined in the DAO constitution of the Network, to which Network Tokens are native tokens.
   1. **Acceptance of Smart Contracts.** The Purchaser acknowledges that they are required to accept the smart contract or another electronic contract containing the Network Tokens’ distribution terms as is and provide information reasonably requested by the Company to organise the issue and delivery of Network Tokens. At the same time, the Company undertakes to procure that the terms of smart contracts within the Network’s Protocol do not contradict the terms of this SAFT.

1. **Additional Provisions**
   1. **Authorization.** The Purchaser guarantees that they have full power and capacity to enter into this SAFT.
   2. **Complete Information.** The Purchaser confirms that they have received and made themselves familiar with all the information about the Ecosystem, the Network, the Company’s business, management, financial affairs, technical capabilities, white paper (if any), and the terms of this SAFT with the Company’s representatives, confirms that they understand all of the above and accept it as is. The Purchaser also confirms that they understand and accept the terms of this SAFT and the risks outlined in Exhibit A to the SAFT in full.
   3. **Restrictions on Transfer.** ThePurchaser acknowledges and agrees that:
2. neither the Network Tokens nor this SAFT have been registered under any Laws of any jurisdiction, and that the Company has no plans to do so;
3. there is substantial uncertainty as to the application of securities, financial, and other Laws to virtual assets such as Network Tokens, and that the interpretation of existing Laws or new Laws may affect the regulatory status of the Network Tokens and/or this SAFT, the offer or sale of the Network Tokens or this SAFT, and the use of the associated blockchain network;
4. in light of this uncertainty, although the Company does not intend for the Network Tokens to be securities under any Law, the Purchaser assumes that this SAFT and the Network Tokens could be considered securities under the Law, meaning that the Network Tokens could be subject to restrictions including, but not limited to, restrictions on Transfer;
5. in the event that transactions of the Network Tokens are considered transactions of securities, the Purchaser may not sell, resell, assign, encumber or transfer all or any part of the Network Tokens except if (a) registered under the Applicable Law; (b) under an exemption from such registration; or (c) it will not construe a violation under the personal Law applicable to the Purchaser;
6. the Purchaser may be required to deliver to the Company a certification and/or other information satisfactory to the Company prior to any resale or transfer of Network Tokens, including but not limited to proofs of the special investor status and the source of funds, followed by a check performed by the Company;
7. any transfer not made in compliance with these restrictions shall be void and the Company may refuse to recognize any transfer not made in accordance with these restrictions. If the Purchaser decides to resell the Network Tokens after any applicable restriction period has expired, it is Purchaser’s sole responsibility to determine if it is permitted under the Applicable Law; and
8. they have read and understood the restrictions and limitations that could be imposed on the Network Tokens. The Purchaser agrees to comply with all such restrictions and consents to the imposition of any such restrictions on transfer as the Board of Directors may, pursuant to the advice of external legal counsel, consider necessary or prudent to comply with Applicable Law and/or the restrictions set forth in the DAO constitution or according to the results of the vote of the DAO members, if any.
   1. **Special Category of Investors.** The Purchaser confirms that they:
9. are considered [qualified/accredited/…] investor as defined under the Applicable Law and them entering into this SAFT does not constitute a violation of their personal Law[[5]](#footnote-4); and
10. have sufficient knowledge and experience in blockchain technology, virtual assets, financial, business, and technical matters to be able to evaluate the risks of acquiring the Network Tokens and entering into this SAFT. In doing so, the Purchaser has and will rely upon the advice of Purchaser’s own technical, business, financial advisors, legal counsel, tax advisors, and/or investment advisors. An overview, but in any way an exclusive list of risks is listed in Exhibit A below.
    1. **Value of Network Tokens.** The Purchaser is aware that the Network Tokens may be of no practical value and that the Network Tokens are non-marketable, non-transferable and may be illiquid, possibly without return, and at substantial risk of loss.
    2. **Prohibited Person.** The Purchaser confirms that them and their Affiliates, equity investors, directors, officers, managers, or direct or indirect beneficial owners are not:
11. on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury, nor are they otherwise a party with which Purchaser is prohibited to deal under the Laws of the United States;
12. citizens, residents, or incorporated in high-risk jurisdictions according to the latest FATF public statements, State Sponsors of Terrorism as identified by the U.S. Department of State, high-risk jurisdictions as identified by the European Commission;[[6]](#footnote-5)
13. person identified as a terrorist organisation on any other relevant lists maintained by governmental authorities; and
14. senior foreign political figures, or any immediate family member or close associate of a senior foreign political figure.
    1. **Due Diligence.** The Purchaser confirms that they have conducted a due diligence with respect to all of its Affiliates, equity holders, directors, officers, managers and beneficial owners, established their identities and sources of their income, as required by the Law applicable to the Purchaser and Section 4.6 above.
    2. **Decentralised Governance.** The Purchaser confirms that they understand that if, after the Token Generation Event, the Ecosystem is transformed into a DAO, the governance of the Ecosystem (including governance over Network Tokens) becomes fully decentralised and the Company shall have no organisational and technical capacity to influence it. The Company therefore is not responsible for the results of voting procedures within the DAO and any consequences it might have for the Purchaser and the Purchaser specifically acknowledges that they accept it.

1. **Lock-Up**
   1. **Lock-Up Period.** Purchaser’s Portion of the Network Tokens shall be subject to a lockup (the “**Lock-Up**”) as follows:

(a) the Purchaser cannot Transfer the Network Tokens acquired by Purchaser through the exercise of this SAFT until the date that is [one/two]-year anniversary of the Token Generation Event (the “**Token Generation Event Anniversary**”); and

(b) 1/[12/24] of such Network Tokens shall become transferable on a one-month anniversary of the Token Generation Event Anniversary (the “**Initial Unlock Date**”), and the remaining [11/23]/[12/24] shall become transferable in equal monthly installments over the next [11/23] months occurred (the “**Lock-Up Period**”).[[7]](#footnote-6)

* 1. **Waiver.** The DAO community may, via a voting procedure, in their discretion, waive or change the Lock-Up and/or the Lock-Up Period if it determines, in good faith and pursuant to the advice of legal counsel, that such change is necessary to comply with legal or regulatory requirements under the Law.
  2. **Acknowledgement.** By signing this SAFT and purchasing the Network Tokens, you understand and consent to the limitations imposed by the Lock-Up during the Lock-Up Period and acknowledge that the DAO members may extend or change any of them via a voting procedure. The DAO members shall agree on the DAO constitution during the first voting event and the said DAO constitution shall contain detailed provisions on how decisions related to the Network Tokens can be made.
  3. **Use that is not Transfer.** The Purchaser shall have the right to use the entire Portion or its part during the Lock-Up Period for any purpose on the Network that does not constitute a Transfer.

1. **Non-Disclosure**
   1. **Confidentiality Obligations of the Purchaser.** The Purchaser, its Affiliates, and their directors, officers, employees, consultants, counsel, accountants, and other agents (the **“Representatives”**) shall not disclose any information disclosed to them in the process of negotiation of this SAFT, its terms, and its existence, as well as any information about the business of the Company, Network, and the Ecosystem. This obligation shall not apply generally available to and known by the public through no fault of Purchaser, any of its Affiliates, or any of their respective Representatives.
   2. **Confidentiality Obligations of the Company.** The Company, its Affiliates, and Representatives shall not disclose any information of the Purchaser that was provided by the Purchaser to execute or exercise this SAFT or requested by the Company.
   3. **Obligation to Disclose.** If either Party, their Affiliates, or Representatives are required under the Applicable Law to disclose the confidential information of the other Party, that Party shall promptly notify the other Party in writing and shall disclose only that portion of confidential information that it is legally required to be disclosed. The Party that is under an obligation to disclose, shall use its best reasonable efforts to obtain as promptly as possible an appropriate protective order or reasonable assurance that this information will be treated as confidential.

1. **Own Account**
   1. **Own Account.** The Purchaser is acquiring this SAFT for their own account and not as a nominee or agent, and not with a view to the resale or distribution of any part.
   2. **Non-Distribution.** The Purchaser does not intend to sell, grant any participation in, or otherwise distribute the SAFT or any its part.
   3. **No Agreements.** The Purchaser guarantees that they do not have any contracts, undertakings, agreements, or arrangements with any Person to sell, transfer or grant participation to such Person or to any third Person, with respect to this SAFT or its part.
   4. **Formation.** The Purchaser, if a legal entity, has not been formed for the specific purpose of acquiring this SAFT.

1. **Dispute Resolution**
   1. **Applicable Law.** This SAFT is governed by the laws of [jurisdiction] (the **“Applicable Law”**).
   2. **Negotiations in Good Faith.** If the Parties face a dispute, they shall attempt to resolve it by negotiations. The contact email addresses mentioned below shall be used to resolve the dispute.
   3. **Formal Proceeding.** If the Parties are unable to resolve the dispute by negotiations in [30/60/…] days after its commencement, it shall be resolved by [the courts of … / the … court of arbiters / blockchain arbitration at …].[[8]](#footnote-7)

1. **End-Terms**
   1. **Transfer of the SAFT.** Unless specifically stated otherwise, this SAFT, nor any rights under it, cannot be assigned, conveyed, or transferred by Purchaser, in whole or in part, without the Company’s prior written consent. The rights and obligations of the Company and the Purchaser under this SAFT shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.
   2. **Reorganisation, Merger, or Consolidation of the Company.** If the Company is recapitalized, reorganised, merged, or consolidated with one or more other Persons not as a result of a Deemed Liquidation Event (each, a **“Reorganisation Event”**), and if this SAFT still is exercisable, then such Persons shall deliver to the Purchaser a written acknowledgement of their obligations under this SAFT. The Company shall give the Purchaser a prior written notice of each Reorganisation Event, no later than 10 days before it is consummated.
   3. **Amendment of the SAFT.** This SAFT may be amended in writing together by the Company and the Purchaser.
   4. **Entire Agreement.** This SAFT and the documents referred to in it, together with all the exhibits and schedules, constitute the entire agreement and understanding of the Parties about the respective subject matter. It supersedes any prior negotiations, correspondence, warrants, agreements, understandings duties or obligations between the Parties on that subject matter.
   5. **Severability.** If one or more provisions of this SAFT are found unenforceable under the Applicable Law, such provision shall be excluded from this SAFT to the extent they are unenforceable. The remainder of the SAFT shall be interpreted as if such provisions were excluded and shall be enforceable in accordance with the remaining terms.
   6. **Further Assurances.** Before the exercise of this SAFT or the Expiry Date, at the request of the Purchaser, the Company shall cooperate with the Purchaser to provide them with information or documents and act as the Purchaser may reasonably request in order to carry out the purpose of this SAFT.

*[Page with Signatures of the Parties Follows]*

1. **Signatures of the Parties**

| **COMPANY** | **PURCHASER** |
| --- | --- |
| **[FULL NAME]** | **[FULL NAME]** |
| Address: [address]  Company number: [number]  Email: [email] | Address: [address]  [Company number / ID]: [number]  Email: [email] |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **[name], [position]** | **[name], [position]** |

*[End of the Page with Signatures of the Parties]*

**Exhibit A**

**RISK FACTORS ASSOCIATED WITH NETWORK TOKENS**

***Important Note:*** *As noted elsewhere in the SAFT, the Network Tokens are not being structured or sold as registered securities. Accordingly, none of the information presented in this****Exhibit A****is intended to form the basis for any investment decision, and no specific recommendations are intended. The Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this****Exhibit A****, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.*

**By purchasing, holding and using the Network Tokens, you expressly acknowledge and assume the following risks:**

1. ***Risk of Losing Access to the Network Tokens Due to Loss of Private Key(s), Custodial Error or Purchaser Error***

A private key, or a combination of private keys, is necessary to control and dispose of the Network Tokens stored in your account with the Network. Accordingly, loss of requisite private key(s) associated with your account storing the Network Tokens will result in loss of such Network Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of your account, may be able to misappropriate your Network Tokens. Any errors or malfunctions caused by or otherwise related to your account you choose to receive and store the Network Tokens, including your own failure to properly maintain or use such an account, may also result in the loss of your Network Tokens. Additionally, your failure to follow precisely the procedures for buying and receiving the Network Tokens, including, for instance, if you provide the wrong address for receiving the Network Tokens, may result in the loss of your Network Tokens.

1. ***Risks Associated with a Blockchain Protocol***

Because the Network Tokens and the Network are based on a blockchain protocol, any malfunction, breakdown or abandonment of the protocol may have a material adverse effect on the Network or the Network Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Network Tokens and the Network, by rendering ineffective the cryptographic consensus mechanism that underpins the protocol.

1. ***Risk of Mining Attacks***

As with other decentralised cryptographic tokens based on blockchain protocols, the Network Tokens might be susceptible to attacks by miners in the course of validating the Network Tokens’ transactions, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Network and the Network Tokens, including, but not limited to, accurate execution and recording of transactions involving the Network Tokens.

1. ***Risk of Hacking and Security Weaknesses***

Hackers or other malicious groups or organisations may attempt to interfere with the Network or the Network Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Network may be partially based on open-source software, there is a risk that a third party or a member of the Company team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Network, which could negatively affect the Network, the Ecosystem, and the Network Tokens, including their utility.

1. ***Risks Associated with Markets for the Network Tokens***

The Company will not support or otherwise facilitate any secondary trading or external valuation of the Network Tokens. Even if secondary trading of the Network Tokens is facilitated by third-party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to market-related risks. Furthermore, to the extent that third parties do ascribe an external exchange value to the Network Tokens (e.g., as denominated in fiat or cryptocurrency), such value may be extremely volatile and diminish to zero.

1. ***Risk of Uninsured Losses***

Unlike bank accounts or accounts at some other financial institutions, the Network Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by us, to offer recourse to you.

1. ***Risks Associated with Uncertain Regulations and Enforcement Actions***

The regulatory status of the Network Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Network and the Network Tokens. Regulatory actions could negatively impact the Ecosystem, the Network, and the Network Tokens in various ways. The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

1. ***Risks Arising from Taxation***

The tax characterization of the Network Tokens is uncertain. You must seek your own tax advice in connection with purchasing the Network Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

1. ***Risk of Weaknesses or Exploitable Breakthroughs in the Field of Cryptography***

Advances in cryptography, or technical advances such as the development of quantum computers, could present risks to cryptocurrencies, the Network, the protocol underlying it, and Network Tokens, which could result in the theft or loss of the Network Tokens.

1. ***Risks Associated with the Development and Maintenance of the Ecosystem***

The Product is still under development and may undergo significant changes over time. Although we intend for Network Tokens and the Ecosystem to follow the specifications set forth in the whitepaper and will take commercially reasonable steps toward those ends, we may have to make changes to the specifications of Network Tokens or the Network for any number of legitimate reasons. This could create the risk that the Network Tokens, the Network, or the Ecosystem, as further developed and maintained, may not meet your expectations at the time of purchasing the Network Tokens. Furthermore, despite our good faith efforts to develop and maintain the Network, it is still possible that the Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Network, the Ecosystem and the potential utility of the Network Tokens.

1. ***Risk of an Unfavourable Fluctuation of Cryptocurrencies and Other Currency Value***

The Company team intends to use the proceeds from selling the Network Tokens to fund the maintenance and development of the Ecosystem. If the value of Ether, Bitcoin or other currencies (whether fiat or cryptocurrency) fluctuates unfavourably during or after the Token Generation Event, the Company may not be able to fund development, or may not be able to develop or maintain the Ecosystem and the Network in the manner that it was intended.

1. ***Risk of Dissolution of the Company***

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of cryptocurrencies, decrease in Network Tokens’ utility and value, the failure of commercial relationships, or intellectual property ownership challenges, the Ecosystem may no longer be viable to operate and the Company may dissolve.

1. ***Risks Arising from Lack of Governance Rights***

Because the Network Tokens confer no governance rights of any kind with respect to the Company, all decisions involving the Company will be made by Company at its sole discretion, including, but not limited to, decisions to discontinue the Company’s products, or to sell or liquidate the Company. These decisions could adversely affect the Network and the utility of Network Tokens that you hold.

1. ***Unanticipated Risks***

Cryptographic tokens such as the Network Tokens are a new and untested technology. In addition to the risks included in this **Exhibit A**, there are other risks associated with your purchase, holding and use of Network Tokens, including those that the Company cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed in this **Exhibit A**.

1. This document is a draft and provided to you for information purposes only. **It is not legal advice.** Before using it, make sure it is in line with the applicable law and a linked convertible equity instrument. Please consult a lawyer before using it.

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2. Do not confuse “discount” and “discount rate”. Discount Rate equals to (100 – discount) %. E.g. if your discount is 20%, the Discount Rate is 80%. If there is no discount, fill in “100” or delete altogether. [↑](#footnote-ref-1)
3. Remove if not applicable. [↑](#footnote-ref-2)
4. Remove if not applicable. [↑](#footnote-ref-3)
5. Check the exemption requirements in the applicable jurisdiction. [↑](#footnote-ref-4)
6. This can be further expanded depending on where the Company is incorporated. [↑](#footnote-ref-5)
7. Normally, a 1-year lock-up with monthly vestings, meaning this clause should be filled with “one”, “12”, “11”, “12”, and “11” respectively. [↑](#footnote-ref-6)
8. Consult a dispute resolution lawyer. [↑](#footnote-ref-7)