

TOPL DEVELOPMENT FOUNDATION: ARBIT TERMS AND CONDITIONS

PLEASE READ THESE TERMS AND CONDITIONS CAREFULLY. IF YOU DO NOT AGREE TO THESE TERMS AND CONDITIONS, DO NOT PURCHASE ARBITS.

Updated: October 3, 2018

Your purchase and/or receipt of Arbids from the Topl Development Foundation (“the Foundation”, “Foundation”, “we”, or “us”) or any other individual or entity is subject to these Terms and Conditions (“Terms”). Each of you and the Foundation is a “Party”, and together the “Parties”.

The foundation is established under the laws of the Netherlands having its office address at Smedestraat 2, 6411 CR Heerlen, Netherlands.

By purchasing or otherwise receiving Arbids and/or using Arbids in connection with the Protocol (as defined below), you will be bound by these Terms and all terms incorporated by reference. If you have any questions regarding these Terms, please contact us at info@topl.me.

You and the Foundation agree as follows:

Section 1: Purpose and Use of Arbids in Connection with the Protocol

Arbids are intended to be used for staking in the Protocol's Proof-of-Stake consensus scheme, opening positions in the Protocol's prediction markets, and posting collateral to access various other services on the Protocol (the “Services”), as facilitated through a decentralized software application and network that the Foundation is developing (the “Protocol”). Important additional details regarding the Services and Protocol are provided in **Exhibit A**.

Ownership of Arbids carries no rights, express or implied, other than the right to use Arbids as a means to obtain Services, and to enable usage of and interaction with the Protocol, if successfully completed and deployed. In particular, you understand and accept that Arbids do not represent or confer any ownership right or stake, share or security or equivalent rights, or any right to receive future revenue shares, intellectual property rights, or any other form of participation in or relating to the Protocol, and/or Foundation, other than rights relating to the receipt of Services and use of the Protocol, subject to limitations and conditions in these Terms and applicable Protocol Terms and Policies (as defined below).

Arbids are not intended to be a currency, security, commodity, financial derivative, collective investment scheme, economic right to payment, income, dividend, return, profit, or other return, or any other kind of financial instrument.

Section 2: Role of Arbit Distribution Rights

Until the completion and release of the Protocol, all purchases of Arbids will be conducted via the conferral, to the purchaser, of Arbit Distribution Rights (“Distribution Rights”). These Distribution Rights do not carry or confer any rights beyond the right to redeem them on a one-to-one basis for Arbids in the event that the Protocol is completed and released. The sole and absolute function of a Distribution Right is fully contained in its redemption for an Arbit. Distribution Rights are nontransferable.

Section 3: Additional Terms

In addition to the terms herein, the use of Arbids in connection with the Services or Protocol may be governed by other applicable terms and policies (collectively, the “Protocol Terms and Policies”). Any Protocol Terms and Policies we promulgate will be available at <https://topl.co>. We may add terms or policies to the Protocol Terms and Policies in our sole discretion and may update each of the Protocol Terms and Policies from time to time according to modification procedures set forth therein. To the extent of any conflict with these Terms, the Protocol Terms and Policies shall control with respect to any issues relating to the use of Arbids in connection with the Services or Protocol.

Section 4: Cancellation; Refusal of Purchase and Distribution Requests

Any purchases of Arbids or Distribution Rights from us are final, and there are no refunds or cancellations except as may be required by applicable law or regulation. We reserve the right to refuse or cancel purchase requests at any time in our sole discretion. Additionally, we reserve the right, at our sole discretion, to delay and/or withhold the distribution of Arbids or Distribution Rights to any Party whose claim arises from a bounty campaign, airdrop, or other means by which Arbids are offered to individuals in exchange for work done or free of monetary payment, including in order to comply with applicable regulations as determined by the Foundation.

Section 5: Arbit Sale and Distribution Procedures and Specifications

Important information about the procedures and material specifications of our Arbit sale is provided in **Exhibit B**, including, but not limited to, details regarding the pricing of the Arbit sale, the number of Arbids we will sell, and our planned method of distributing Arbids. By purchasing or otherwise receiving Arbids or Distribution Rights, you acknowledge that you understand and have no objection to these procedures and material specifications.

Section 6: Acknowledgement and Assumption of Risks

You acknowledge and agree that there are risks associated with (i) purchasing Arbids or Distribution Rights, (ii) receiving Arbids or Distribution Rights, (iii) holding Arbids or Distribution Rights, and (iv) using Arbids in connection with the Services and Protocol ("Arbit Activities"), as disclosed and explained in **Exhibit C**. If you have any questions regarding these risks, please contact us at info@topl.me. AS A PARTY PLANNING TO OR ACTUALLY CONDUCTING ARBIT ACTIVITIES i, ii, iii, OR iv, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.

Section 7: Security

You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold Arbids or Distribution Rights you receive from us, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost, you may lose access to your Arbids or Distribution Rights. We are not responsible for any such losses.

Section 8: Personal Information

For the purpose of Know Your Customer (KYC) and client onboarding we use a third party service provider (IdentityMind) that provides us with a solution to determine whether or not we can accept you as a customer. This external service provider will collect and process certain personal data about you. The foundation however does not get access to these personal data. More information about the data that IdentityMind collects about you and how they process you data can be found in their privacy statement.

In addition to this, we may determine, at our sole discretion, that it is necessary to obtain certain information about you in order to comply with applicable law or regulation in connection with your purchase or receipt of Arbets or Distribution Rights. You agree to provide us such information promptly upon request, and you acknowledge that any such purchases may be delayed, refused, or blocked until you provide such requested information and we have determined that it is permissible for you to purchase or otherwise receive and hold Arbets or Distribution Rights under applicable law or regulation.

In this case:

- we will only use your personal data for this purpose and store your personal data for as long as necessary under applicable laws or regulations and/or for the period necessary to demonstrate compliance to the relevant authorities; and
- we may transfer or provide access to your personal data to other parties for the purpose of outsourcing data processing activities.

In case we transfer your personal data to third countries outside of the European Union we will inform you of such transfer and make sure that adequate measures are in place to safeguard your data in accordance with the EU General Data Protection Regulation (GDPR).

In case we collect any of your personal data, you may have the following rights under the GDPR:

- to request access to your personal data; and, in some cases;
- to request rectification of your personal data;
- to request removal of your personal data;
- to request restriction of processing of your personal data; and
- to receive your data in a structured format (data portability).

Please send your request and other questions you may have to info@topl.me.

Lastly, you have the right to lodge a complaint with the Dutch data protection authority about the processing of your data by the foundation.

In the event that we determine it is not permissible for us to sell to you, your purchase will be refunded via the same means it was made within 60 days.

Section 9: Taxes

The purchase price that you pay for Arbets or Distribution Rights may be exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase, including, for example, sales, use, value added, and similar taxes. It is also your responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from your purchase or receipt of Arbets or Distribution Rights.

Additionally, you are solely responsible for any tax implications that may arise from the receipt, holding, use, or the potential appreciation or depreciation in value over time of your Arbets or Distribution Rights.

Section 10: Representation and Warranties

By purchasing Arbets or Distribution Rights from us, you represent and warrant that:

- You have read and understand these Terms (including all Exhibits);
- You have a sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of cryptographic tokens like Bitcoin and Ether, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these Terms and to appreciate the risks and implications of purchasing Arbids or Distribution Rights;
- If you elect to purchase Distribution Rights via the Smart Contract System, you have carefully reviewed the code of the Smart Contract System located on the Ethereum blockchain and fully understand and accept the functions implemented therein;
- If you elect to purchase Distribution Rights via the Smart Contract System, you understand the restrictions and risks associated with the creation of Distribution Rights by the Smart Contract System as set forth herein, and acknowledge and assume all such risks;
- You have obtained sufficient information about the Foundation, Protocol, Arbids, and Distribution Rights to make an informed decision to conduct a purchase;
- You understand, acknowledge and assume the risks associated with the purchase, holding and use of Arbids in connection with the Services and Protocol, as explained and disclosed in **Section 6** and **Exhibit D**;
- You understand that Arbids confer only the right to receive Services and to access the Protocol, and confer no other rights of any form with respect to the Protocol or Foundation, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;
- You understand that Distribution Rights confer only the limited right to receive Arbids in the event that the Protocol is completed and released, and confer no other rights of any form with respect to the Protocol or Foundation, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;
- You are purchasing Arbids or Distribution Rights solely for the purpose of receiving Services, accessing the Protocol, and supporting the development, testing, deployment and operation of the Protocol, being aware of the commercial risks associated with the Foundation and Protocol. You are not purchasing Arbids or Distribution Rights for any other purposes, including, but not limited to, any speculative or other financial purposes;
- Your purchase of Arbids or Distribution Rights complies with applicable law and regulation in your jurisdiction, including, but not limited to, (i) legal capacity and any other applicable legal requirements in your jurisdiction for purchasing Arbids or Distribution Rights, using Arbids, and entering into contracts with us, (ii) any foreign exchange or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained;
- You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of Arbids or Distribution Rights;
- If you are purchasing Arbids or Distribution Rights on behalf of any entity, you are authorized to accept these Terms on such entity's behalf and that such entity will be responsible for breach of these Terms by you or any other employee or agent of such entity (references to "you" in these Terms refer to you and such entity, jointly);
- You are not a citizen or resident of the United States, domiciled in United States of America, or purchasing Arbids from a location in United States of America;
- You are not (i) a citizen or resident of or domiciled in of a geographic area in which access to or use of the Services is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a geographic area that is subject to sanctions or embargoes by the United States of America, the EU or the Netherlands (including sanctions imposed pursuant to the Netherlands Sanctions Act (*Sanctiewet 1977*)), (iii) a person subject to sanctions pursuant to the Netherlands Sanctions Act or (iv) an individual, or an individual employed by or associated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals or Blocked Persons Lists, or the U.S. Department of State's Debarred Parties List. You agree that if your country of residence or other circumstances change such that the above representations are no longer accurate, that you will immediately cease using the

Services. If you are registering to use the Services on behalf of a legal entity, you further represent and warrant that (i) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization, and (ii) you are duly authorized by such legal entity to act on its behalf.

Section 11: Indemnification

To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless the Foundation and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the “Foundation Parties”) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys’ fees) that arise from or relate to: (i) your purchase or use of Arbets or Distribution Rights, (ii) your responsibilities or obligations under these Terms, (iii) your violation of these Terms, or (iv) your violation of any rights of any other person or entity

Foundation reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under this, **Section 11**. This indemnity is in addition to, and not in lieu of, any other indemnities that may be set forth in any written agreement between you and the Foundation.

Section 12: Disclaimers

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND EXCEPT AS OTHERWISE SPECIFIED IN A WRITING BY US, (A) ARBETIS AND DISTRIBUTION RIGHTS ARE SOLD ON AN “AS IS” AND “AS AVAILABLE” BASIS WITHOUT WARRANTIES OF ANY KIND, AND WE EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES AS TO THESE PRODUCTS, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT; (B) WE DO NOT REPRESENT OR WARRANT THAT ARBETIS OR DISTRIBUTION RIGHTS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN ARBETIS OR DISTRIBUTION RIGHTS WILL BE CORRECTED; AND (C) WE CANNOT AND DO NOT REPRESENT OR WARRANT THAT ARBETIS OR DISTRIBUTION RIGHTS OR THEIR DELIVERY MECHANISMS ARE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

Section 13: Limitation of Liability

The Foundation shall only be liable towards holders of Arbets for damages to the extent such damages are the direct result of the gross negligence (*grove schuld*), fraud or wilful misconduct (*opzet*) of the Foundation in the performance or non-performance by it of its obligations under the Terms. The same applies if the Foundation has delegated or entrusted a third party with any of its tasks or duties. The Foundation will be indemnified out of the Foundation’s assets for damages incurred by the Foundation for which it is not liable.

Section 14: Release

To the fullest extent permitted by applicable law, you release the Foundation and the other Foundation Parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties.

Section 16: Governing Law and Competent Court

These Terms and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of the European part of the Netherlands.

In the event of a dispute between the parties arising out of or in connection with these Terms, any such dispute shall in first instance be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

Section 17: Severability

If any term, clause or provision of these Terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from these Terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these Terms.

Section 18: No Requirement to Repurchase

Neither the Foundation nor any third party is obligated to repurchase or redeem Arbids or Distribution Rights from purchasers.

Section 19: Miscellaneous

These Terms constitute the entire agreement between you and us relating to your purchase of Arbids or Distribution Rights from us. We may make changes to these Terms from time to time as reasonably required to comply with applicable law or regulation. If we make changes, we will post the amended Terms at <https://topl.co> and update the “Last Updated” date above. We will also provide you with any additional necessary notices through our website at <https://topl.co>. The amended Terms will be effective immediately. We may assign or transfer our rights and obligations under these Terms to a third party at our discretion. Our failure to exercise or enforce any right or provision of these Terms will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these Terms where the delay or failure results from any cause beyond our reasonable control. Purchasing from us does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided herein, these Terms are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these Terms, will be provided in electronic form.

Exhibit A: Description of Foundation, Protocol, and Arbids

1) Overview of Company and Affiliates

The Topl Development Foundation is chartered as a foundation in the Netherlands, established with the aim of developing the Protocol to encourage more robust, transparent, and socially and environmentally conscious capital and commodity markets. The Foundation will have primary responsibility for the provision of Services and for directing the development of the Protocol.

Until recently, development of the Protocol was handled by two corporate affiliates of the Foundation, Topl LLC, an American private limited company, and Topl B.V., a Dutch private limited company. To better guide and focus the development of the Protocol, it was decided that the Foundation would be created to undertake and direct the development of the Protocol and provide the Services. It is anticipated that Topl LLC, Topl B.V., and other corporate affiliates will provide certain administrative, technical, and development services to the Foundation in connection with the Services and the Protocol.

2) Overview of Protocol

The Protocol is intended to serve as a novel capital and commodity markets infrastructure, in part enabling lower cost, more transparent, and more intelligent investment into emerging and other high growth markets. It is anticipated that this will be accomplished primarily through an independent blockchain developed by the Foundation, complete with its own interface ("**Topl Blockchain**"). Currently, it is intended that the Services defined as part of the Protocol will be delivered via the Topl Blockchain.

Additionally, at present, it is anticipated that the Services available will include the validation of transactions and blocks via the Topl Blockchain's Proof-of-Stake consensus scheme, opening positions in the Protocol's prediction markets for economic forecasting and risk assessment, and posting collateral relating to the issuance of new assets onto the Protocol.

Although the Foundation intends to develop the Protocol in the manner generally described above, it reserves the right to modify features, functionalities or development plans in its sole and absolute discretion.

3) Transfers and Fungibility of Arbids

Subject to the restrictions and conditions found in **Section 8**, Arbids are transferable. Additionally, all Arbids are fungible with each other, each conferring and representing an equal utility and functionality. If any rule of law requires written notice to effect the transfer of Arbids, such notice is deemed given as an electronic record by inclusion of the relevant transaction on a block on the Topl Blockchain.

4) Divisibility of Arbids and Distribution Rights

Each Arbid is divisible for all purposes to 1/1,000,000 of an Arbid. Each Distribution Right is divisible for all purposes to 1/10 of a Distribution Right.

Exhibit B: Arbid Sale Procedures and Specifications

1) Expected Number of Arbids to be Created and Distributed

The Foundation expects to create 200 million Arbids through in the Initial Distribution process. Of these, 72 million Arbids are intended for sale; 17 million Arbids will be used to compensate prior investors in the Foundation Parties; 55 million Arbids will be held for distribution to employees and directors of the Foundation Parties for supporting the work of the Foundation; 6 million Arbids will be distributed for the purposes of community and user development; and 50 million Arbids will be reserved for the Foundation itself. Any Arbids not initially sold will be held until such a time when they can be sold in a manner acceptable to the Foundation.

These amounts represent merely the best current estimation of relative distributions and may be subject to change at our sole discretion.

2) Arbid Price

The sale price of Arbids is set by the Foundation and subject to change at our sole discretion. However, it is expected that the price of Arbids will be set in US dollars (USD) for all defined sale periods. Therefore, since Arbids will be able to be purchased in exchange for cryptocurrency or other fiat, the price in such currencies will be subject to adjustment every 72 hours to maintain a roughly constant price in USD. At this time, the price of one Arbid is set to approximately be \$0.15 USD, not accounting for any discounts or movements in the price of Ether relative to the USD.

3) Procedures for Sale and Distribution

Distribution Rights can be obtained either by sending Ether to an Ethereum Smart Contract System ("Smart Contract System") or by purchasing them directly from the Foundation. Exact instructions for each method of purchase will be made available on request and at <https://topl.co>. Upon successful payment and our confirmation that it is permissible for you to purchase Arbids, Distribution Rights will be assigned to the Ethereum address which you provided to us at the time to purchase.

In the event that the Protocol is completed and released and subject to the restrictions herein, Distribution Rights can be redeemed for Arbids. The process for such a redemption will be published at <https://topl.co>. It is critical that you have full and direct ownership and the right to use the private key associated with the address you provide us, otherwise you will not be able to claim your Arbids. For example, usage of an address provided to you by most major cryptocurrency exchanges will likely result in your inability to redeem your Distribution Rights and claim your Arbids.

Exhibit C: Use of Sale Revenue

The revenue generated by the Foundation's sale of Distribution Rights and Arbids will be used to cover engineering, operating, legal, and marketing expenses, and to address other additional or unforeseen costs.

The following is an estimated, illustrative allocation of these budget items, which the Foundation reserves the right to modify in its sole and absolute discretion:

1) Technical Development (estimated 60% of proceeds)

This budget item will support continued development of the Protocol by an expanded team of over 20 engineers, employed primarily by Foundation affiliates, Topl LLC and Topl B.V., who are developing the Protocol and making necessary adjustments to the development of the existing solution and related technology.

Among other items, the Foundation intends to focus technical resources on the following processes and features:

- Continuing development and refinement of both desktop and mobile clients to access the Protocol;
- Establishing trust-less sidechain connections with major blockchains;
- Integrating a self-sovereign or otherwise secure and decentralized identity solution;
- Implementing a secure and scalable Proof-of-Stake consensus mechanism;
- Allowing for tunable privacy of transactions, identities, and smart contracts;
- Developing a zero-knowledge transaction verification process;
- Improving the Protocol's smart contract system, making it more secure, usable, and scalable;
- Exploring and building other value-adding services and functionalities for the Protocol.

2) Operations (estimated 5% of proceeds)

This budget item will entail accounting and other professional services fees; physical and cloud infrastructure and security costs; and other associated personnel and administration costs.

3) Marketing (estimated 10% of proceeds).

This budget item will be used for marketing to expand awareness and adoption of the Protocol, among investors, businesses, academics, risk analysts, traders, statisticians, and development and philanthropic organizations. It will also be used for broader development, growth and maintenance of the Topl community.

4) Legal (estimated 15% of proceeds)

This budget item will entail the legal costs associated with the Foundation ensuring legal and regulatory compliance the highest number of possible jurisdictions.

5) Contingency (estimated 10% of proceeds)

This budget item is intended as a reserve to address unforeseen costs.

Exhibit D: Risks Relating to the Purchase, Receipt, Holding, and Use of Arbids and Distribution Rights

*Important Note: Arbids and Distribution Rights are digital assets most similar to a software license being sold for purchase and are not being structured or sold as financial instruments of any kind. Accordingly, all information presented in these Terms and in this **Exhibit D** is intended solely to inform purchasers of the Foundation's products and is not intended to form the basis for any investment decision. Foundation 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 D**, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.*

By purchasing, receiving, holding and using Arbids or Distribution Rights, you expressly acknowledge and assume the following risks:

1) Risk of Losing Access to Arbids or Distribution Rights Due to Loss of Private Key(s), Custodial Error or Purchaser Error

A private key, or a combination of private keys, is necessary to claim, control, and transfer Arbids or Distribution Rights stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) will result in an inability to claim or a loss of such Arbids or Distribution Rights. Moreover, any third party that gains or is given access to such private key(s), including by gaining access to login credentials of a digital wallet or vault service you use, may be able to misappropriate your Arbids or Distribution Rights. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Arbids or Distribution Rights, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Arbids or Distribution Rights. Additionally, your failure to follow precisely the procedures provided by us and outlined in **Section 4** of **Exhibit B** for buying and claiming Arbids, including, for instance, if you provide an incorrect address, may result in the loss of your Arbids. In the event of any loss of your Arbids or Distribution Rights, the Foundation bears no responsibility and is under no obligation to replace such Arbids or Distribution Rights.

2) Risks Associated with the Ethereum Protocol

Because the Smart Contract System and Distribution Rights are based on the Ethereum protocol, any malfunction, breakdown, or abandonment of the Ethereum protocol may have a material adverse effect on the sale or distribution of Arbids. At its present stage of development, the Ethereum protocol is still largely vulnerable to various attacks resulting from exploit of the Smart Contract System or the potential for adversarial behavior on the part of Ethereum miners. Such attacks may interrupt, delay, or entirely prevent the successful sale of Distribution Rights from the Smart Contract System.

3) Risks of Hacking and Security Weaknesses

Hackers or other malicious groups or organizations may attempt to interfere with the Protocol or Arbids 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 Protocol is based on open-source software, there is a risk that a third party or a member of the Foundation team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Protocol, which could negatively affect the Protocol and Arbids, including Arbids' utility for obtaining Services.

4) Risks Associated with Markets for Arbids

Arbids are intended to be used solely on the Protocol, and the Foundation bears no responsibility to support or otherwise facilitate any secondary trading or external valuation of Arbids. This may create illiquidity risk with respect to Arbids you hold. Even if secondary trading of Arbids 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 Arbids (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

5) Risks of Uninsured Losses

Unlike bank accounts or accounts at some other financial institutions, Arbids and Distribution Rights 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.

6) Risks Associated with Uncertain Regulations and Enforcement Actions

The regulatory status of Arbids 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, including the Protocol and Arbids. 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 Protocol and Arbids. Regulatory actions could negatively impact the Protocol and the Arbids in various ways, including, for purposes of illustration only, through a determination that Arbids or Distribution Rights are a regulated financial instrument that require registration or licensing or through a determination that the Protocol's use of prediction markets constitutes the operation of a derivatives or other regulated market or exchange. Foundation 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.

7) Risks Arising from Taxation

The tax characterization of Arbids and Distribution Rights is uncertain. You must seek your own tax advice in connection with purchasing, receiving, holding, or using Arbids and Distribution Rights, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

8) Risks of Alternative Platforms

It is possible that alternative platforms could be established that utilize the same open source code and technology underlying the Protocol and attempt to facilitate services that are materially similar to the Services. The Protocol may compete with these and other alternative platforms, which could negatively impact the Protocol and Arbids, including Arbids' utility for obtaining Services.

9) Risk of Insufficient Interest in the Protocol

It is possible that the Protocol will not be used by a large number of persons or other entities or that there will be limited public interest in the creation and development of distributed platforms (such as the Protocol) more generally. Such a lack of use or interest could negatively impact the development of the Protocol and the potential utility of Arbids, including their utility for obtaining Services.

10) Risks Associated with Development and Maintenance of the Protocol

The Protocol is still under development and may undergo significant changes over time. Although we intend for Arbids and the Protocol to follow the specifications set forth in **Exhibit A**, and will take reasonable steps toward those ends, we may decide to make changes to the specifications of Arbids or the Protocol for any number of legitimate reasons. This could create the risk that Arbids or the Protocol, as further developed and maintained, may not meet your expectations at the time of purchasing Arbids or Distribution Rights. Furthermore, despite our good faith efforts to develop and maintain the Protocol, it is still possible that the Protocol will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Protocol and the potential utility of Arbids, including their utility for obtaining Services.

11) Risk of an Unfavorable Fluctuation of Ether, Bitcoin and Other Currency Value

The Foundation team intends to use the proceeds from selling Arbids to fund the maintenance and development of the Protocol. The proceeds of the sale of Arbids will be denominated partially in Ether and Bitcoin, and may, at our sole discretion, be converted into other cryptographic and fiat currencies. If the value of Ether, Bitcoin or other currencies fluctuates unfavorably, the Foundation team may not be able to fund development, or may not be able to develop or maintain the Protocol in the manner that we intended.

12) Risk of the Dissolution of the Foundation

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether or Bitcoin (or other cryptographic and fiat currencies), decrease in Arbids' utility (including its utility for obtaining Services), the failure of commercial relationships, or intellectual property ownership challenges, the Protocol may no longer be viable to operate and the Foundation may dissolve.

13) Risk of Failure to Deliver

The Protocol is still under active development by the Foundation. While the Foundation intends to complete and release the Protocol as described herein, it is possible that due to risk factors described in this **Exhibit D**, such delivery may not occur. In such an event, Distribution Rights would never be convertible to Arbids.

14) Risk Arising from a Lack of Governance Rights

Because Arbids confer no governance rights of any kind with respect to the Protocol or Foundation, all decisions involving the Protocol or Foundation will be made by Foundation at its sole discretion, including, but not limited to, decisions to discontinue the Protocol, to create and distribute or sell more Arbids for use in the Protocol. These decisions could adversely affect the Protocol and the utility of Arbids that you hold, including Arbids' utility for obtaining Services.

15) Risks Associated with Financial Infrastructure Based Models

The success and viability of the Protocol will depend, in part, on the number of investors and the number of investible opportunities utilizing the Protocol. As the financial and financial technology markets generate and

develop new concepts and technology, we may incur additional costs to implement a more effective Protocol and may have to adjust to new strategies and unforeseeable technologies. Continuing to develop and improve the Protocol to keep up with these changes may require significant time and additional investment. If we cannot continue to develop and improve the Protocol to maintain competitiveness in light of such changes, the Protocol may not remain viable, which could negatively impact the utility of Arbids, including Arbids' utility for obtaining Services.

16) Risks Associated with Regulation of Financial Infrastructure

The financial and financial technology ecosystems, and by possible extension our own Protocol, are subject to a variety of national, local, and international laws and regulations, including those with respect to financial products and securities, money transmission, money laundering, financial derivatives, consumer protection, and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change.

In addition, new laws or regulations affecting the Foundation could be enacted. As the Protocol evolves, Foundation may be subject to new laws and the application of existing laws to us might change. These laws and regulations are frequently costly to comply with and may divert a significant portion of the Foundation's attention and resources. If we fail to comply with these applicable laws or regulations, we could receive negative publicity and be subject to significant liabilities which could adversely impact the Foundation, the Protocol, and Arbids, including Arbids' utility for obtaining Services.

Additionally, various persons and other entities within the Protocol are subject to specific laws and regulations or licensing requirements. If any of these parties fails to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, it could adversely impact the Protocol and Arbids, including Arbids' utility for obtaining Services.

17) Key Person Risks

Both the Foundation and its affiliates employ individuals with highly specific skills and expertise which may be difficult to replace. In the event that any of these employees discontinue their work for the Foundation or its affiliates, development of the Protocol or the operations of the Foundation may be significantly disrupted. This could adversely impact the Protocol and Arbids, including Arbids' utility for obtaining Services.

18) Unanticipated Risks

Cryptographic tokens such as Arbids and Distribution Rights are a new and untested technology. In addition to the risks included in this **Exhibit D**, there are other risks associated with your purchase, receipt, holding and use of Arbids or Distribution Rights, including those that the Foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this **Exhibit D**.