



Delphi Markets  
July 15, 2017

## TERMS OF TOKEN DISTRIBUTION

PLEASE READ THESE TERMS OF TOKEN SALE CAREFULLY. NOTE THAT SECTION 14 CONTAINS A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER, WHICH AFFECT YOUR LEGAL RIGHTS. IF YOU DO NOT AGREE TO THESE TERMS OF SALE, DO NOT PURCHASE TOKENS.

Your acquisition of Delphi tokens ("**DEL Tokens**", "**DEL**") during the Token distribution period ("**Distribution Period**") from Delphi Markets ("**delphi developers**", "**the team**," "**team**," "**we**," or "**us**") is subject to these Terms of Token Distribution ("**Terms**"). Each of you and the team are a "**Party**," and together the "**Parties**."

By acquiring DEL Tokens during the Distribution Period, 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@delphi.markets](mailto:info@delphi.markets).

You and the team agree as follows:

### 1. Purpose and Use of DEL Tokens in the Network

The purpose of the DEL Tokens is to facilitate the provision and receipt of prediction market services (collectively, the "**Services**") through the open source protocol created and released by the team that provides the infrastructure and tools for creating prediction market applications (the "**Network**"). Specifically, DEL Tokens are intended to facilitate the provision of Services from the Network, which include participation in basic functionality of the Network and potentially future applications created by others running on the Network, described more fully in **Exhibit A**.

The Network is composed of a collection of smart contracts and standardized protocols for communicating between and with them ("**Delphi Markets**", "**Delphi**", or "**platform**"). These are operated on the Ethereum distributed platform. Consequently the Network is not a hosted service, but a Distributed Application Protocol, whose execution relies solely on the Ethereum platform. We do not operate or maintain the Network, and as such, we have no responsibility or liability for the Network or any ability to control third parties' use of the Network.

The DEL Tokens do not confer any rights other than rights relating to the provision and receipt of Services in the Network, subject to limitations and conditions in applicable Service Terms and Policies (as defined below). The DEL Tokens are not intended to be a digital currency, security, commodity or any other kind of financial instrument.

### 2. Scope of Terms

Unless otherwise stated herein, these Terms govern only your acquisition of DEL Tokens during the Distribution Period.

Any use of DEL Tokens in connection with providing or receiving Services in the Network will be governed primarily by other applicable terms and policies (collectively, the "**Service Terms and Policies**"), which will be made available on our website. We may add new terms or policies to the Service Terms and Policies in our sole discretion, and may update each of the Service Terms and Policies from time to time according to modification procedures set forth therein. To the extent of any conflict with these Terms, the Service Terms and Policies shall control.

### **3. Cancellation; Refusal of Acquisition Requests**

Your acquisition of DEL Tokens during the Distribution Period is 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 DEL Token acquisition requests at any time in our sole discretion.

### **4. DEL Token Distribution Procedures and Specifications**

Important information about the procedures and material specifications of our DEL Token distribution is provided in **Exhibit B**, including, but not limited to, details regarding the timing and distribution of the DEL Token distribution, the amount of DEL Tokens we will distribute, and our anticipated use of the DEL Token distribution proceeds. By acquiring DEL Tokens, you acknowledge that you understand and have no objection to these procedures and material specifications.

### **5. Acknowledgment and Assumption of Risks**

You acknowledge and agree that there are risks associated with acquiring DEL Tokens, holding DEL Tokens, and using DEL Tokens for providing or receiving Services in the Network, as disclosed and explained in **Exhibit C**. If you have any questions regarding these risks, please contact us at [info@delphi.markets](mailto:info@delphi.markets). BY PURCHASING DEL TOKENS, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.

### **6. Security**

You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold DEL Tokens you acquire, 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 DEL Tokens. We are not responsible for any such losses.

### **7. Personal Information**

We may be required to obtain certain information about you in order to complete the distribution. If we are so required, and you do not provide the information, then we may be unable to complete the distribution or deliver your DEL Tokens to you.

### **8. Taxes**

The acquisition cost that you spend for DEL Tokens is exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your acquisition of DEL Tokens, 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 acquisition of DEL Tokens.

### **9. Representations and Warranties**

By acquiring DEL Tokens, you represent and warrant that:

- (a) You have sufficient understanding of cryptographic tokens, token storage mechanisms (such as token wallets), and blockchain technology to understand these Terms and to appreciate the risks and implications of acquiring the DEL Tokens;
- (b) You have read and understand these Terms (including all Exhibits);

- (c) You have obtained sufficient information about the DEL Tokens to make an informed decision to acquire the DEL Tokens;
- (d) You understand that the DEL Tokens confer only the right to provide and receive Services in the Network and confer no other rights of any form with respect to the Network or the team, including, but not limited to, any voting, distribution, redemption, liquidation, or other financial or legal rights;
- (e) You are not acquiring DEL Tokens for any uses or purposes other than to provide or receive Services in the Network, including, but not limited to, any investment, speculative or other financial purposes;
- (f) Your acquisition of DEL Tokens complies with applicable law and regulation in your jurisdiction, including, but not limited to, (i) legal capacity and any other threshold requirements in your jurisdiction for the acquisition of the DEL Tokens and entering into contracts with us, (ii) any foreign exchange or regulatory restrictions applicable to such acquisition, and (iii) any governmental or other consents that may need to be obtained;
- (g) You will comply with any applicable tax obligations in your jurisdiction arising from your acquisition of DEL Tokens;
- (h) If you are acquiring DEL Tokens 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); and
- (i) You are not a resident or domiciliary of The United States or any jurisdiction that regulates or forbids any of these terms; and
- (j) Your acquisition of DEL Tokens will be made from an address whose private keys you control, and which is capable of receiving ERC-20 tokens. You will not use an exchange or other third party address, as this will likely result in loss of your tokens; and
- (k) Your contributions to the Token Distribution process are a freewill gift, made without coercion or incentive, and based on no promises or incentives, but instead with the intent to voluntarily support the teams efforts to further develop the Delphi Markets service; and
- (l) Your receipt of DEL Tokens is for the purposes of participating in the existing services, and you are not choosing to contribute based on any expectation of future features or promises.

## 10. Indemnification

- (a) To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless the team and our respective past, present and future members, associates, employers, employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the "**Team Parties**") from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys' fees) that arise from or relate to: (i) your acquisition or use of DEL Tokens, (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.
- (b) The team reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under Section 10(a). This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and the team.

## 11. Disclaimers

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

Some jurisdictions do not allow the exclusion of certain warranties or disclaimer of implied terms in contracts with consumers, so some or all of the exclusions of warranties and disclaimers in this section may not apply to you. If this is the case, then per section 9(i) of this agreement, the distribution is not offered to you, and your participation is forbidden.

## **12. Limitation of Liability**

- (A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) IN NO EVENT WILL THE TEAM OR ANY OF THE TEAM PARTIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, WHERE RELATED TO LOSS OF REVENUE, INCOME OR PROFITS, LOSS OF USE OR DATA, OR DAMAGES FOR BUSINESS INTERRUPTION) ARISING OUT OF OR IN ANY WAY RELATED TO THE SALE OR USE OF THE DEL TOKENS OR OTHERWISE RELATED TO THESE TERMS, REGARDLESS OF THE FORM OF ACTION, WHETHER BASED IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, SIMPLE NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR ANY OTHER LEGAL OR EQUITABLE THEORY (EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE); AND (II) IN NO EVENT WILL THE AGGREGATE LIABILITY OF THE TEAM AND THE TEAM PARTIES (JOINTLY), WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR OTHER THEORY, ARISING OUT OF OR RELATING TO THESE TERMS OR THE USE OF OR INABILITY TO USE THE DEL TOKENS, EXCEED THE AMOUNT YOU PAY TO US FOR THE DEL TOKENS.
- (B) THE LIMITATIONS SET FORTH IN SECTION 12(A) WILL NOT LIMIT OR EXCLUDE LIABILITY FOR THE GROSS NEGLIGENCE, FRAUD OR INTENTIONAL, WILLFUL OR RECKLESS MISCONDUCT OF the team.
- (C) Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages. Accordingly, some of the limitations of this section may not apply to you. If this is the case, then per section 9(i) of this agreement, the distribution is not offered to you, and your participation is forbidden.

## **13. Release**

To the fullest extent permitted by applicable law, you release the team and the other Team 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. **You expressly waive any rights you may have under California Civil Code § 1542 as well as any other statute or common law principles that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.**

## **14. Dispute Resolution; Arbitration**

PLEASE READ THE FOLLOWING SECTION CAREFULLY BECAUSE IT CONTAINS ADDITIONAL PROVISIONS APPLICABLE ONLY TO INDIVIDUALS LOCATED IN THE UNITED STATES. IF YOU ARE LOCATED IN THE UNITED STATES, THIS SECTION REQUIRES YOU TO ARBITRATE CERTAIN DISPUTES AND CLAIMS WITH THE TEAM AND LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF FROM US.

- (a) **Binding Arbitration.** Except for any disputes, claims, suits, actions, causes of action, demands or proceedings (collectively, “**Disputes**”) in which either Party seeks to bring an individual action in small claims court or seeks injunctive or other equitable relief for the alleged unlawful use of intellectual property, including, without limitation, copyrights, trademarks, trade names, logos, trade secrets or patents, you and the team (i) waive your and the team’s respective rights to have any and all Disputes arising from or related to these Terms resolved in a court, and (ii) waive your and The team’s respective rights to a jury trial. Instead, you and The team will arbitrate Disputes through binding arbitration (which is the referral of a Dispute to one or more persons charged with reviewing the Dispute and making a final and binding determination to resolve it instead of having the Dispute decided by a judge or jury in court).
- (b) **No Class Arbitrations, Class Actions or Representative Actions.** Any Dispute arising out of or related to these Terms is personal to you and The team and will be resolved solely through individual arbitration and will not be brought as a class arbitration, class action or any other type of representative proceeding. There will be no class arbitration or arbitration in which an individual attempts to resolve a Dispute as a representative of another individual or group of individuals. Further, a Dispute cannot be brought as a class or other type of representative action, whether within or outside of arbitration, or on behalf of any other individual or group of individuals.
- (c) **Federal Arbitration Act.** These Terms affect interstate commerce and the enforceability of this Section 14 will be both substantively and procedurally governed by and construed and enforced in accordance with the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the “**FAA**”), to the maximum extent permitted by applicable law.
- (d) **Notice; Informal Dispute Resolution.** Each Party will notify the other Party in writing of any arbitrable or small claims Dispute within thirty (30) days of the date it arises, so that the Parties can attempt in good faith to resolve the Dispute informally. Notice to the team shall be sent by e-mail to the team at info@delphi.markets. Notice to you shall be by email to the then-current email address in your Account. Your notice must include (i) your name, postal address, email address and telephone number, (ii) a description in reasonable detail of the nature or basis of the Dispute, and (iii) the specific relief that you are seeking. If you and the team cannot agree how to resolve the Dispute within thirty (30) days after the date notice is received by the applicable Party, then either you or the team may, as appropriate and in accordance with this Section 14, commence an arbitration proceeding or, to the extent specifically provided for in Section 14(a), file a claim in court.
- (e) **Process.** Any arbitration will occur in Paris, France. Arbitration will be conducted confidentially by a single arbitrator in accordance with the current rules of the ICC International Court of Arbitration (“**ICCICA**”), which are hereby incorporated by reference.
- (f) **Authority of Arbitrator.** As limited by the FAA, these Terms and the applicable ICCICA rules, the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Dispute, including the determination of whether a Dispute is arbitrable, and (ii) the authority to grant any remedy that would otherwise be available in court; provided, however, that the arbitrator does not have the authority to conduct a class arbitration or a representative action, which is prohibited by these Terms. The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual’s claims, preside over any type of class or representative proceeding or preside over any proceeding involving more than one individual.

- (g) **Rules of ICCICA.** The rules of ICCICA and additional information about ICCICA are available on the ICCICA website. By agreeing to be bound by these Terms, you either (i) acknowledge and agree that you have read and understand the rules of ICCICA, or (ii) waive your opportunity to read the rules of ICCICA and any claim that the rules of ICCICA are unfair or should not apply for any reason.

## **15. Governing Law and Venue**

These Terms will be governed by and construed and enforced in accordance with the laws of Gibraltar, without regard to conflict of law rules that would cause the application of the laws of any other jurisdiction. Any Dispute between the Parties arising out of or relating to these Terms or its subject matter or formation (including non-contractual Disputes or claims) that is not subject to arbitration will be resolved exclusively in the courts of Gibraltar.

## **16. 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.

## **17. Miscellaneous**

These Terms constitute the entire agreement between you and us relating to your acquisition of DEL Tokens. We may assign our rights and obligations under these Terms. 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 DEL Tokens does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in 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.

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## **Exhibit A**

### **Description of Network and Tokens**

#### **1. Overview of Network and Services**

The Network consists of a customer-facing platform, as described more fully below, that provides the infrastructure and tools for creating prediction market applications and other higher level applications of varying functionality. Possible application use cases include, but are not limited to, information gathering, financial markets, betting and governance.

The platform within the Network is a basic platform. The Services (as defined below) will be provided only through Delphi.Markets.

Participants in the Network can interact with market applications by paying market fees, denominated in crypto-tokens, in exchange for shares in an outcome within that market. These shares are priced using a peer-to-peer mechanism and represent the probability of an event occurring. Token rewards are distributed if the event outcome finalizes in the direction of the token holder.

Delphi.Markets is an open source platform that is not actively supported by the the team, and that will generally have a less robust user interface. The team contemplates that relatively more basic applications will unfold on Delphi.Markets, including market scoring, rule, settlement, basic management and API, and oracle marketplace.

The team will not collect fees for use of Delphi.Markets. Other Participants on the Delphi platform may create additional applications at any time, and may set their own terms or collect fees for the use of these applications.

#### **2. Overview of Tokens; Use of Tokens to Obtain Services**

DEL Tokens function as an mechanism for triggering smart contract software, and communicating preferences and weights, towards execution of specific paths in said software, specifically the Delphi Markets network. These tokens are literally licenses to use the software, and as software licenses have no resale or cash value. They are not a currency or security or investment vehicle. Their provision is solely for, and only use is, to cryptographically trigger software events in smart contracts.

DEL Tokens are also used for the creation of a second token called Phi ("**PHI Tokens**", and together with DEL Tokens, the "**Tokens**"). In order to enable this creation, DEL Token holders interact with a smart contract that requires them to "lock" their DEL Tokens according to specified time parameters.

Once the DEL Tokens are locked, they enable a PHI Token generation phase whereby PHI Tokens are generated in accordance with an algorithm based upon the amount of PHI Tokens expended as fees in a prior time period and the total number of PHI Tokens in existence at the time the locking mechanism contract is triggered.

Of the total PHI Tokens to be generated by locking specified DEL Tokens, 30% will be distributed immediately, and the remaining 70% will be distributed evenly over the duration of the lock period. Users can select a lock period within bounds that the team anticipates being between 30 and 365 days. After filling in their desired lock duration, the user will be informed of the formula that will be used to calculate the exact number of PHI Tokens that will be generated.

Under that formula, the exact amount of PHI Tokens received per DEL Token per day will depend on: the (1) total PHI Tokens in the Network as of the user's agreement to lock DEL Tokens; (2) total DEL Tokens locked in the Network as of the user's agreement to lock DEL Tokens; (3) total PHI Token consumption in the Network 30 days prior to the user's agreement to lock DEL Tokens; and (4) the

number of DEL Tokens the user wants to lock. There is also a bonus factor for locking DEL Tokens for longer than 30 days; the maximum factor is roughly 1.6 for locking DEL Tokens down for one year.

The exact amount of PHI Tokens generated per locked DEL Token will be known and calculable by the user prior to the execution of the contract (i.e., the locking of DEL Token). In order to prevent PHI Token generation from being uncertain, the “genesis” PHI Token creation will be fixed. PHI Tokens are distributed directly to the DEL Token holders and can then be utilized by the DEL Token holders to pay for Delphi.Markets services.

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## **Exhibit B**

### **Token Distribution Procedures and Specifications**

#### **1. Total Number of DEL Tokens to be Sold**

The team has created 10 million DEL Tokens, a certain percentage of which will be distributed during the Distribution Period according to the specifications below.

#### **2. Commencement and Duration of Token Distribution**

The Distribution Period will begin on July 15, 12:00 PM UTC and continue until either (a) 250,000 Ether are received for DEL Tokens distributed or (b) approximately July 30, 12:00 PM UTC (each, a “**Completion Condition**”).

#### **3. Mechanisms for Allocating DEL Tokens**

During the Distribution Period, 7,500,000 DEL Tokens will be distributed in a proportional distribution format. Total tokens received for any given contributor will be in exact proportion with the ratio of the individual contribution made relative to the total of all contributions raised. The distribution will be automated by a FairAuction contract available for public review at <https://github.com/delphi-markets>

When one of the Completion Conditions has occurred, thus concluding the Distribution Period, the final price per DEL Token (“**Final Price**”) is determined by the application of the formula to the final block that triggered one of the two Completion Conditions.

For proper function of the platform, wide distribution of DEL tokens is desired. Thus a sale of the tokens at a fixed price is not desirable, as a small group of participants could acquire a large portion of them. Further, a wider distribution can be effected by giving sufficient time for interested parties to participate— something that also would be difficult with a straight sale as the tokens could sell out immediately. Thus a mechanism whereby the allocation is proportional, but as many as possible interested parties have an opportunity to participate is achieved. This is the only mechanism the team is aware of to achieve these goals.

#### **4. Receiving DEL Tokens**

Acquirers will gain access to their DEL Tokens via the triggering of the FairAuction Finalize() function. Its allocation will be final. The tokens will be sent to the address from which the transaction arrived.



Further, 2 million DEL tokens will be distributed as a referral incentive (the “**Incentive**”) based on referral codes provided in the distribution process. These will be distributed manually on a proportional basis once the amounts are calculated by the team.

## **5. DEL Tokens Retained by Team and Founders**

The Team will keep the difference between the amount of DEL Tokens created and amount distributed during the DEL Token distribution, plus the incentive, which will be no less than 5% (the “**Retained DEL**”).

The Team intends to provide some portion of the Retained DEL to team members. The Team may decide to sell some or all of any additional Retained DEL, although there are no plans to do this at the moment.

## **6. Use of Proceeds from DEL Token Distribution**

The contributions that Team receives for DEL Tokens distributed during the Distribution Period will be used to fund further development of the Network and cover marketing costs. The remaining contributions may also be used to further develop tools and applications in the Network.

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## **Exhibit C**

### **Certain Risks Relating to Acquisition, Distribution and Use of Tokens**

***Important Note:*** As noted elsewhere in these Terms, the DEL Tokens are not being structured or distributed as securities or any other form of investment product. Accordingly, none of the information presented in this Exhibit C is intended to form the basis for any investment decision, and no specific recommendations are intended. Team 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 C, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.

**By acquiring, holding or using Tokens, you expressly acknowledge and assume the following risks:**

#### **1. Risk of Losing Access to Tokens Due to Loss of Private Key(s)**

A private key, or a combination of private keys, is necessary to control and dispose of Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing Tokens will result in loss of such Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your Tokens.

#### **2. Risks Associated with the Ethereum Protocol**

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

### **3. Risk of Hacking and Security Weaknesses**

Hackers or other malicious groups or organizations may attempt to interfere with the Network or the 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 is based on open-source software, there is a risk that a third party or a member of the Team team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Network, which could negatively affect the Network and the Tokens.

### **4. Risks Associated with Prediction Markets**

Prediction markets are subject to legal and regulatory requirements in certain jurisdictions, which may impact where the Services may be made available, and therefore your ability to use DEL and PHI for the Services.

### **5. Risks Associated with Uncertain Regulations and Enforcement Actions**

The regulatory status of the 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, including the Network and the Tokens. 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 Tokens. Regulatory actions could negatively impact the Network and the Tokens in various ways, including, for purposes of illustration only, through a determination that Tokens are a regulated financial instrument that require registration or licensing. Team 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.

### **6. Risks Associated with the Development and Maintenance of the Network**

The Network is still under development and may undergo significant changes over time. Although we intend for the Tokens and Network to follow the specifications set forth in **Exhibit A**, and will take commercially reasonable steps toward those ends, we may have to make changes to the specifications of the Tokens or Network for any number of legitimate reasons. This could create the risk that the Tokens or Network, as further developed and maintained, may not meet your expectations at the time of acquisition. 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 and Tokens.

### **7. Risk of an Unfavorable Fluctuation of Ether and Other Currency Value**

The Team team intends to use the proceeds from selling DEL Tokens to fund the maintenance and development of the Network, as described further in **Exhibit B**. The proceeds of the distribution of DEL Tokens will be denominated in Ether, and may be converted into other cryptographic and fiat currencies. If the value of Ether or other currencies fluctuates unfavorably during or after the Distribution Period, the Team team may not be able to fund development, or may not be able to develop or maintain the Network in the manner that it intended.

### **8. Unanticipated Risks**

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