Crowdholding

WHITE PAPER 2.2

Mission

Unite global businesses and the public on a co-creation platform, ensuring prosperity for both.

1_Problem

In 2017 more than 90% of startups will fail due to entirely solvable issues (Forbes). Of founders who faced failure, a massive 42% attributed it to a lack of market need for the product, while a staggering 29% of startups fail due to a lack of capital (Fortune). C-level execs agreed that their companies were bad at identifying problems, most notably in their products, often due to a lack of outside perspective (HBR).

Plenty of these companies have a great idea, capable team, and even a solid company structure. What's often missing is the ability to build an audience — something often critical for many modern products to function properly.

There is a severe disconnection between companies — small or large — and the public. Whether it's to validate a new product, or iterate on an existing one. There is enormous untapped potential, which with the right tools, can be leveraged to benefit everyone.

2_Solution

People around the world are willing to validate products, solve problems, and voice their opinions. This great potential simply needs facilitating, and Crowdholding is designed to do exactly that, encouraging a new wave of co-creation.

Since July 2016, the Crowdholding team has worked hard to build the perfect co-creation platform, attracting hundreds of dedicated participants, and dozens of interesting startups looking to make use of the wisdom of the crowd.

Crowdholding enables the public, or 'the crowd', to help validate, iterate on, or build awareness for products or services. In return, the product or service owner rewards the crowd for their activity, building a mutually beneficial scenario where businesses and the public are brought closer together, aligning goals rather than merely exploiting one another.

This reward process is facilitated by the Crowdholding Yupie token (YUP), and other ERC-20 compatible tokens (including Ether itself) — allowing value to be efficiently transferred between parties in a decentralized manner.

As Eric Schmidt says, the next hundred-billion-dollar companies will be those who can effectively learn from the crowd. There's a new dawn in co-creation coming, and Crowdholding is positioned to make it impact society as much as possible.

3_Market

Open innovation

"We are seeing the emergence of an economy of the people, by the people, for the people'"

- HBR

The most basic change has been a shift in the role of the consumer — from isolated to connected, from unaware to informed, from passive to active. In the traditional value creation process, companies and customers had distinct roles of production and consumption. But this distinction disappears in co-creation, forming a new customer--to-business (C2B) dynamic, where customers are directly engaged in production or distribution of value (Academy of Marketing Science).

The market is expected to grow to $15 billion in 2020 (IbisWorld). In 2016, the fintech sector represented 15% of the co-creation market, or approximately $1.2 billion. Investments of fintech companies into this market are growing 20% year over year.

To increase market adoption, it's essential to target unique user segments. Our priority is on blockchain-based businesses, with an initial focus on the fintech segment, aiming to take 20% of the fintech co-creation market by 2020. Our next step is to open the platform to ecommerce startups that are related to blockchain already. In our last step we will target all global companies who require capital and support.

With so many companies being launched every year it's becoming harder for the community to engage in the right projects and invest their time efficiently. Current solutions lack transparency, process integrity and fair appreciation of the community's contributions.

A decentralized open innovation (DOI) platform fueled by our native Yupie token — or custom ERC-20 tokens — allows co-creation and exchange ideas crossing the boundaries of the close teams and close-minded decision makers. As Crowdholding, businesses and supporters are paid in YUP, the interests of everyone are aligned.

After the businesses build a community and verify the concept, they can raise capital via a token crowdsale on the Distributed Online Funding platform (DOF). The DOF is tackling the Alternative Finance market described in the next section.

Alternative finance

The exceptional growth of crowdsales makes it harder for the community to support the right projects. Crowdholding wants the businesses to increase transparency, validate products and build a community on the DOI platform before launching an ICO on the DOF platform. According to the "Wisdom of Crowds" phenomenon (JBE), a large crowd can provide a better assessment of the company's potential than groups of experts. This means, that on average, investors are better off trusting the crowd rather than analysts.

HBR expects blockchain startups to raise more capital through ICOs than any other form of financing in 2017. ICO crowdsale investments are estimated to reach $2.3 Billion by 2020. Raising funds with the ICO token crowdsale model is notably superior to the traditional funding methods, especially for the Pre-Seed and Seed stages.

	VC	ICO	Crowdfunding	Angel Investor
Time	Months	Weeks	Weeks	Weeks/Months
Stage	Product — market fit	Pre-product	Pre-product	Pre-product
Vallue Added	Smart money	Feedback & Smart money	Feedback	Smart money
Control	Board seat	None	None	Large equity stake
Liquidity	Low	High	Low	Low

Companies require a shift in perspective. Ironically, the key to successful online fundraising isn't asking for money. It's not aiming for the wealthy 1%. But instead, it's about building and engaging a community of followers in advance. Crowdholding helps companies to prepare, promote and engage with potential community members before launching their product or ICO.

The DOI & DOF platforms (see next section) mitigate the risks and deals with the volatility of the digital asset industry. With the introduction of all new technology, the future of money and asset management morphs into the new era of finance where there is much to gain from being aware of what is coming — what is here.

4_Product Description and Development

Crowdholding is designed to facilitate very efficient, and highly productive, communication between businesses and the crowd.

At its core, crowdholding utilizes a primarily text-based exchange between users, whether the users are multi-million dollar companies, or members of the public with little stake in the platform. This type of exchange has been refined over years by websites which have become important hubs for much of the internet, utilizing commenting and voting methods to sort content. Crowdholding expands on this by adding a reward to the activity, giving people an even greater incentive to participate in a community.

Our system revolves around **projects**, containing tasks for the community to interact with:

- A **project** can be almost anything, from an entrepreneur with an idea, to an established company. The project summarises the venture, providing context for tasks.

- A **task** can be a challenge, discussion, question, or anything else which catalyzes discussion in the community. Content should ideally be fun and shareable, but it can be more technical and challenging.
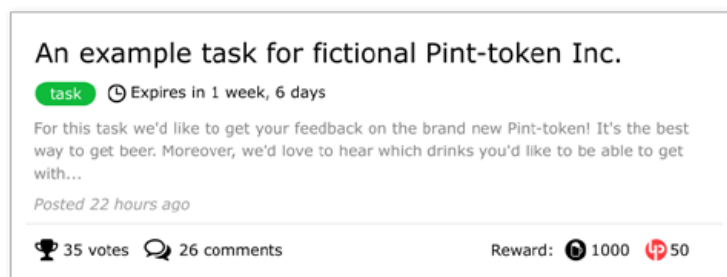

Fig 4.1 *Example task card*

This is a simple but powerful method of interaction, which we are expanding on in the near future in order to better facilitate more complex tasks such as ICO bounty campaigns.

When a project joins Crowdholding, they buy into the system by exchanging a mainstream cryptocurrency (currently ETH) for our local token — Yupies (YUP) — which functions as a generic fuel for the Crowdholding ecosystem. YUP can be used as the sole reward for completing tasks, or they can be used as a supplement for

a reward in a custom token specified by the project being launched. Currently we facilitate all ERC-20 based tokens, including ETH and all ETH based derivatives. These processes are all facilitated and secured by the Ethereum blockchain, so while we are open to developing a custom solution in the future, this is a powerful solution for the present. We will also explain the further uses of the YUP, in that it can be used to invest in businesses, or pay for products and services.

Stage 1: Decentralized open innovation (DOI) platform

Crowdholding provides decentralized innovation in the sense that it is an aggregate of the public view which helps to judge the content submitted through tasks. We believe that allowing an entity to steer the community both impacts the validity of feedback received, and stifles the potential of that community — to connect with the business in a productive manner. In a more technical sense, Crowdholding will become as decentralized as the technology allows while developments of Dapps progresses. For now, we are content to have implemented efficient methods of value transfer within our platform, via blockchain.
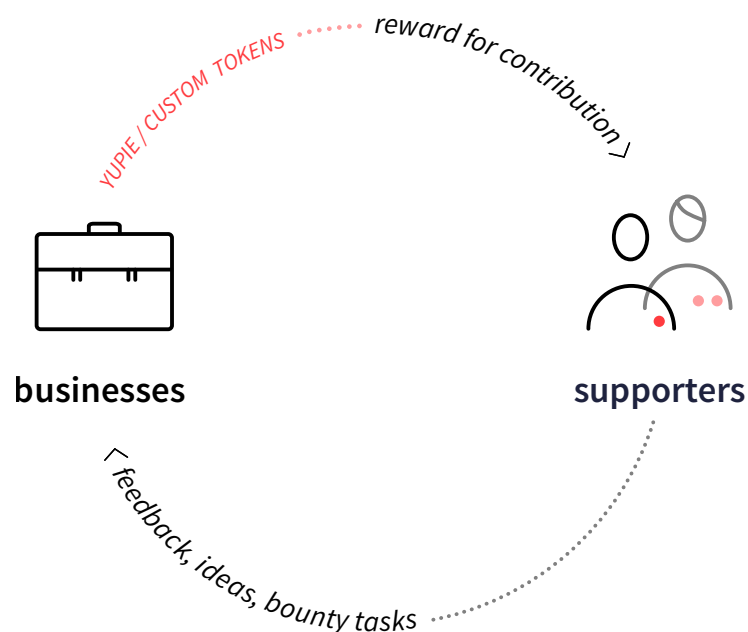

Fig 4.2 *The Crowdholding cycle using both the Yupie token and a custom token*
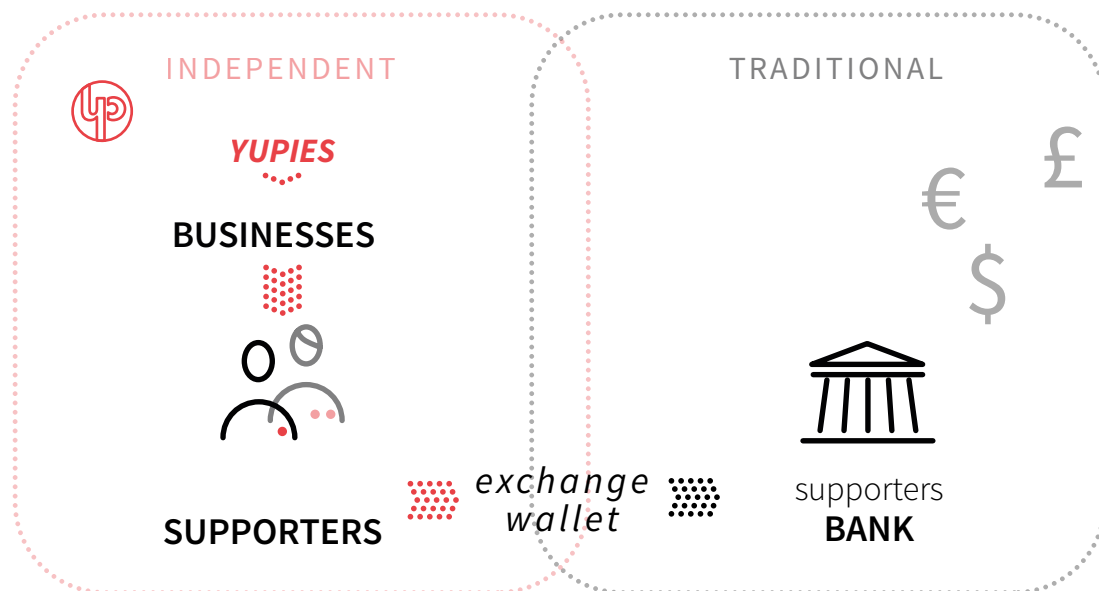
Fig 4.3 How the Crowdholding economy connects with the traditional economy — exchanges are now commonplace, and we have already laid out plans with a few good ones.

I. Reward with fixed credit system

Initially our platform follows a simple reward structure, whereby companies which join purchase a portion of YUP with which to reward active members of the community. This has been made more flexible by allowing companies to use an alternative ERC-20 based token to reward users.
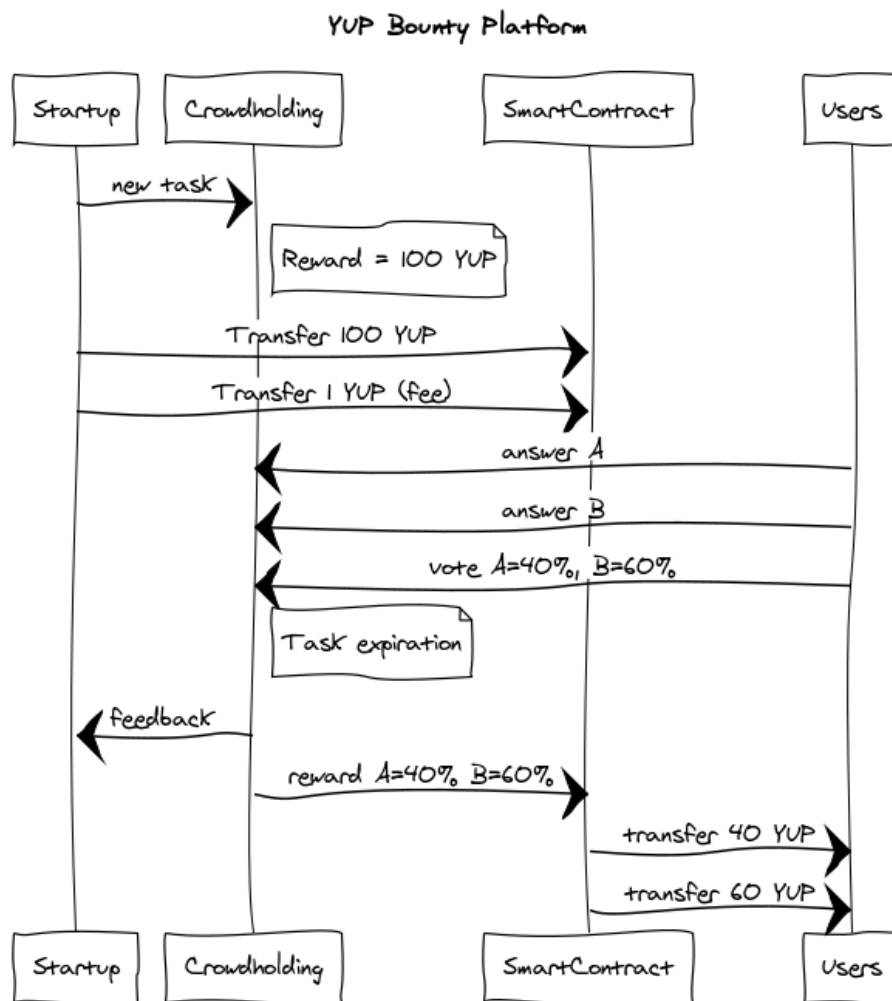
Fig 4.4 *The most basic reward structure of Crowdholding — transferring YUPIES to users.*
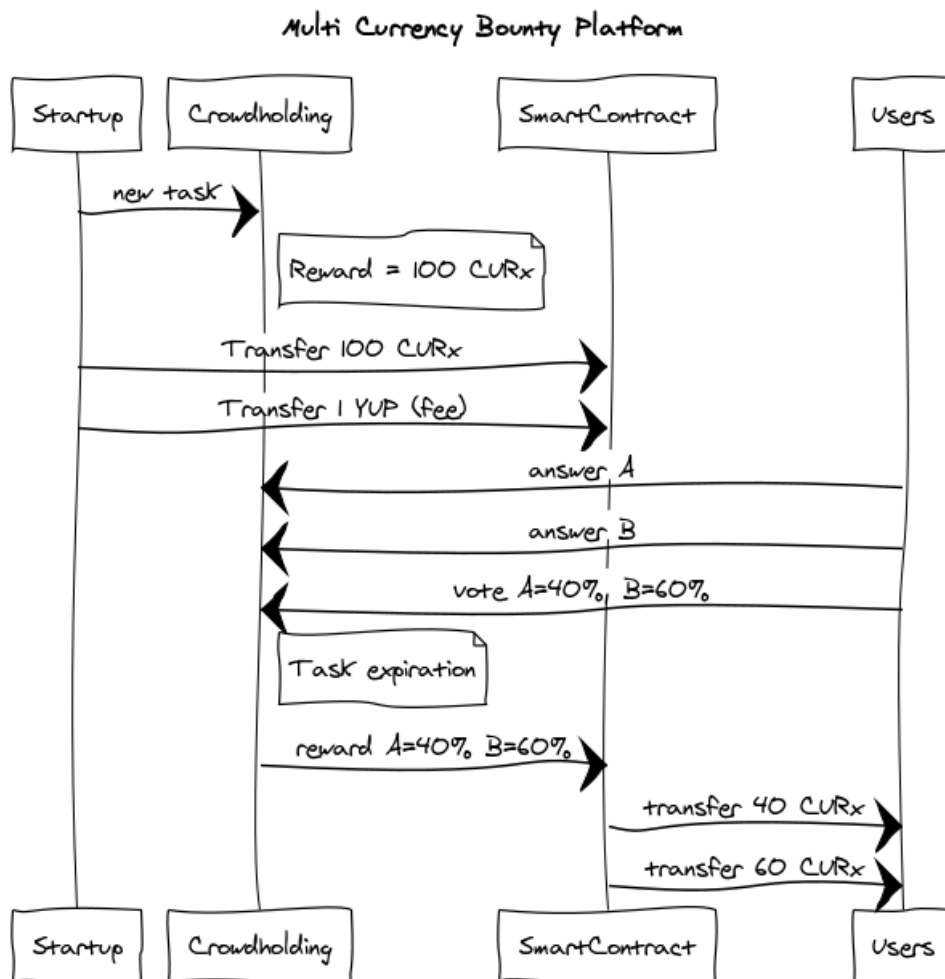
Fig 4.5 *Adding custom tokens as a reward*

Fig 4.4 and 4.5 contrast the addition of custom tokens to crowdholding. Both are quite straightforward reward processes, where the company creates a project, and offers some reward in the form of tokens to users, for their participation in the community.

One of the primary purposes for this direct reward system is to facilitate bounty campaigns, which are particularly helpful for companies utilizing a token — our main target audience for the moment. This bounty system is already live on the platform, and we are using 5% of our Yupie token pool to stimulate some initial projects.
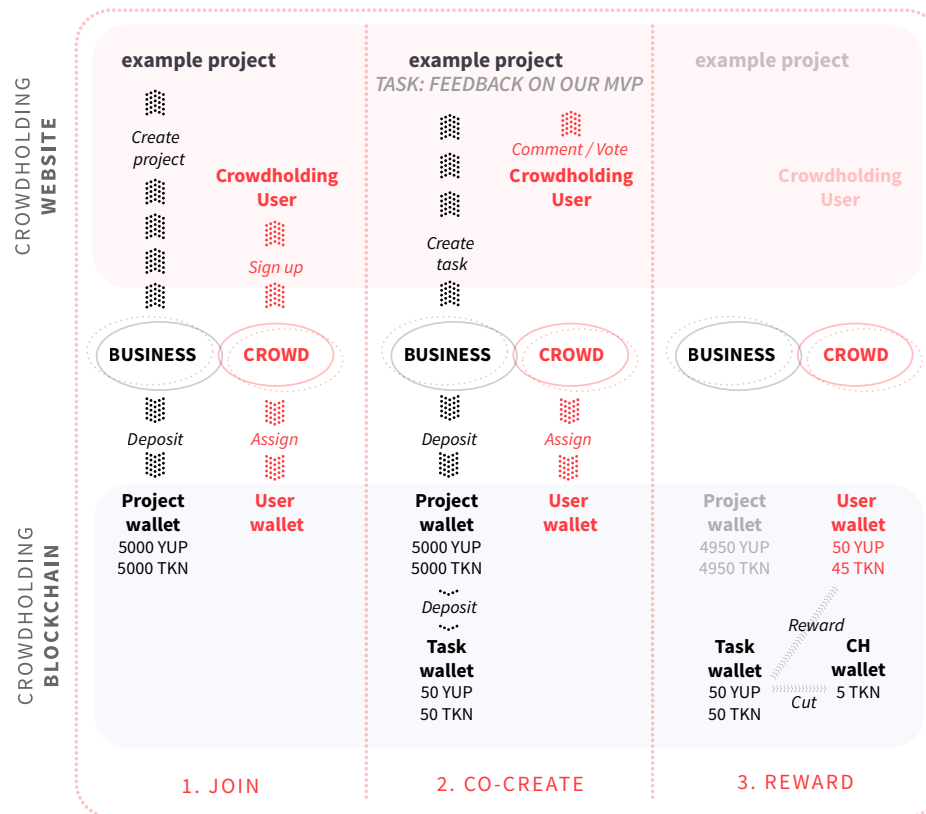
Fig 4.6 *How our blockchain solution interacts with the product, covering both YUP and custom ERC-20 tokens.*

In Fig 4.6, the basic user journey of join, co-create, reward is displayed in relation to our blockchain-wallet structure. In the 'join' stage, the example business, has a 'project wallet' assigned to it, while other users have regular wallets assigned to them. The business deposits a quantity of YUP, and potentially their own token into their wallet. During the 'co-create' phase, the business's 'project wallet' deposits a specified amount as a reward for a task they launch to the 'task wallet'. In the 'reward' phase, the 'task wallet' transfers the specified reward to the wallets of users who participated in the task, with a small cut of custom tokens going to the Crowdholding wallet as a nominal fee.

II. Reward with revenue sharing system

The next phase of development adds our goal of allowing companies to pledge a share of their revenue to the crowd as a scaling reward — meaning that the more the crowd helps the company, the greater the success of the company, and the greater the success of the crowd. This also means that companies can be pledging costs which will only apply in the future, making it easier for early stage companies to draw on resources, without relying on spending time only traditional the venture capital process.
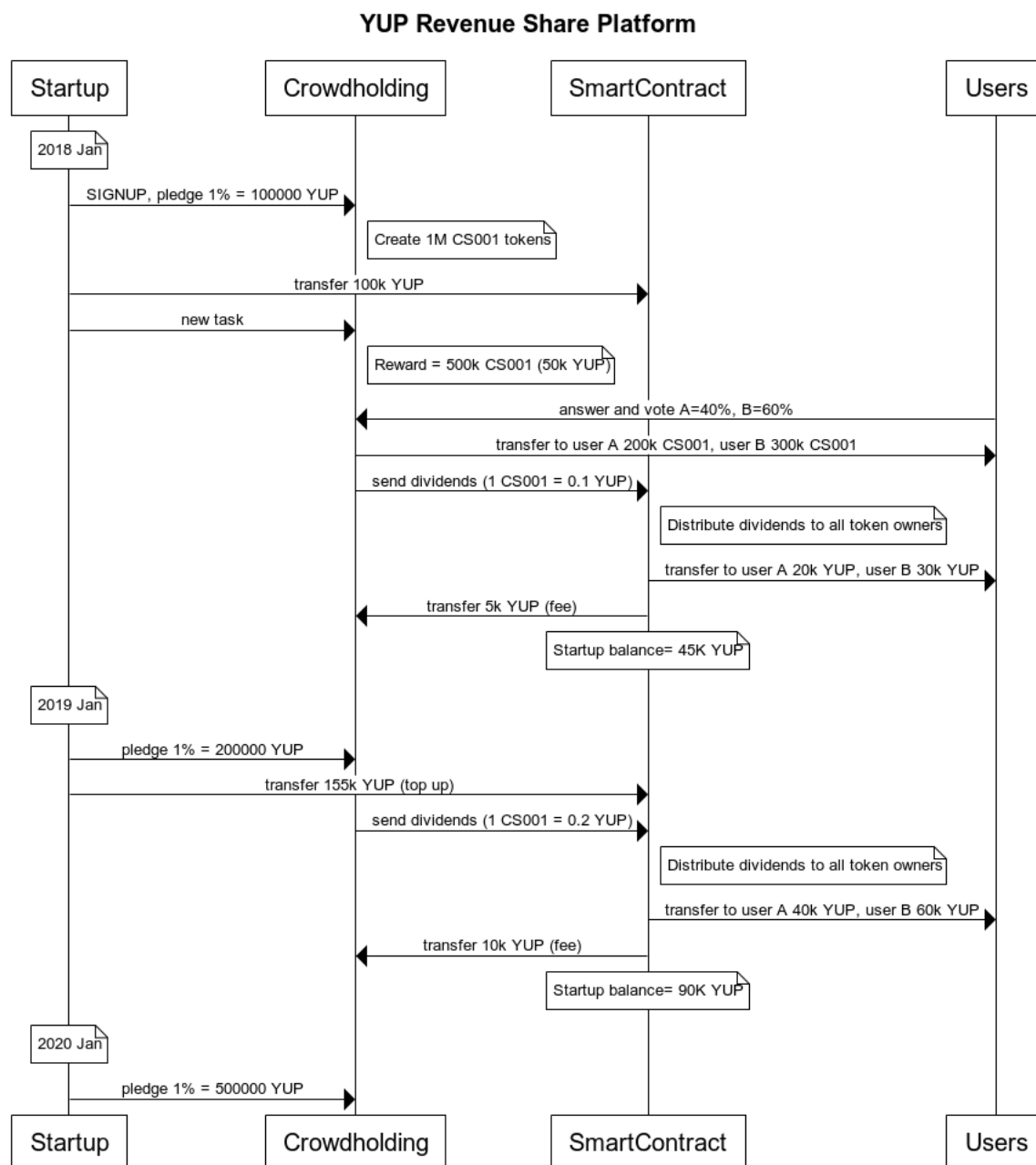

Fig 4.7 *Introducing revenue-share rewards, and how they would play out over time*

Fig 4.8 displays how we expect revenue sharing to work over time, allowing companies to dedicate future resources to reward users for their activity. Initially the startup pledges a % of their revenue (in this example, 1%, but as mentioned, we are encouraging initial projects on our platform to share up to 5% — and ideally this will prove the effectiveness of the platform, resulting in more projects being generous with future revenue. An important point to consider at this stage is the return on investment for mid-long term commitments like pledging revenue shares — something we are making sure we can measure — and communicate — effectively with our product. It's crucial that companies can really see how helpful crowdholding is to them.
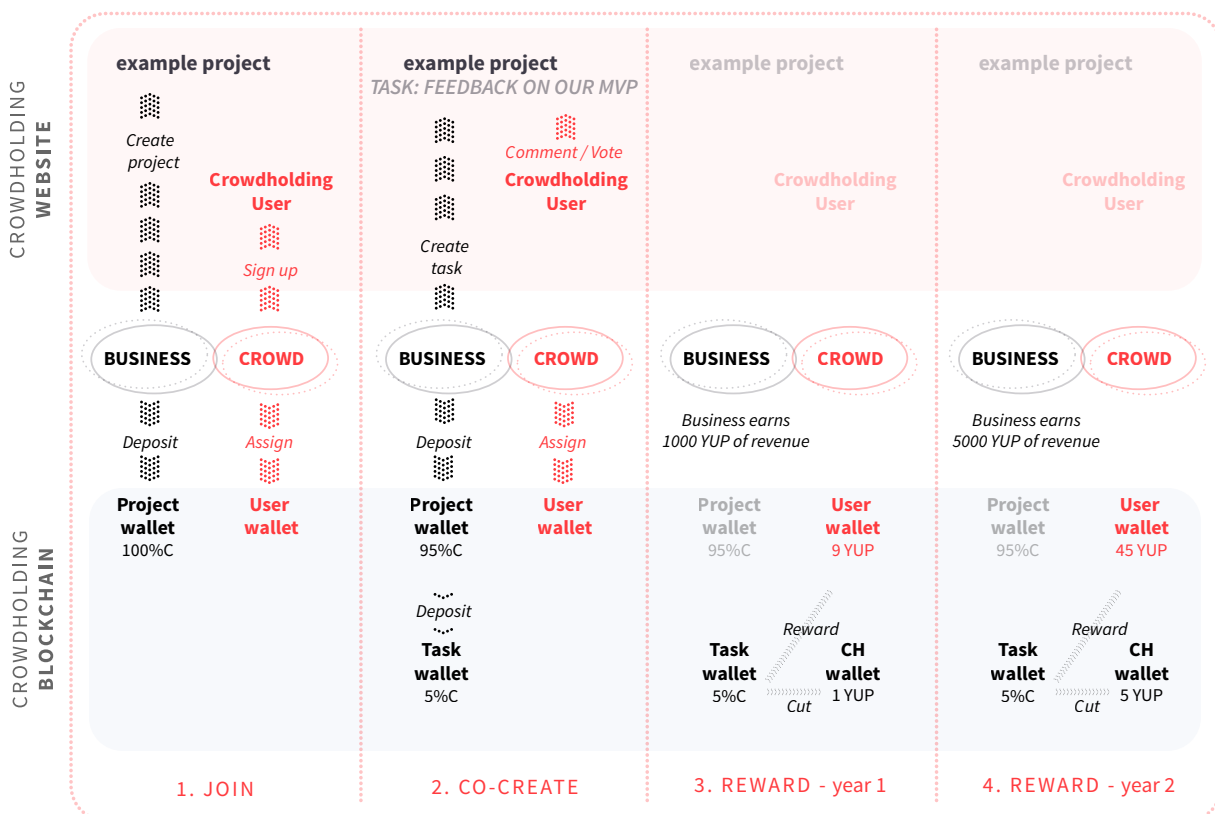

Fig 4.8 *Increasing revenue based reward reward year by year*

One of the key concepts we want to apply with Crowdholding is rewarding people over time with shares of revenue, facilitating a beneficial relationship between businesses and the public. Fig 4.7 illustrates how rewards provided to the crowd should grow as the revenue of the company grows. In step 3, the company is generating revenue equivalent to 1000 YUP, resulting in a 9 YUP reward being shared with the crowd, and a cut of 1 YUP going to Crowdholding. In step 4, the company is generating 5000 YUP of revenue, resulting in a reward of 45 YUP being distributed to the crowd, and 5 going to Crowdholding.

In summary, the core points of the revenue sharing stage are:
- Smart contract for tasks and revenue share rewarding
- Wallet for each startup
- 100C% token are created for each startup/year
- Start of year 1, 1% revenue of year 0 is pledged (equivalent YUP are transferred)
- New task:
    n YUP are pledged for a task (task dividend duration = 2/5 years)
- Expired task:
    - n YUP distributed to users based on votes
- End of year 1:
    - CH get startup revenue information, and inject into CH smart contract
    Based on revenue and token distribution, smart contract distribute YUP to users
- Start of year 2, TOP UP revenue: 1% revenue of year 1 is pledged (equivalent YUP are transferred)
- End of year 2:
    - CH get startup revenue information and inject into CH smart contract
    - Based on revenue and token distribution, smart contract distribute more YUP to users

Stage 2: Decentralized open funding platform (DOF)

The next major step in the development of Crowdholding is facilitating funding of businesses with YUP, or custom ERC-20 based tokens. This will create a cycle, whereby tokens can be distributed from businesses to users via the DOI, and invested back in businesses via the DOF.

This is currently a very competitive space, and the best option may be to partner with an existing crowdfunding platform in the future. For now, we are building product infrastructure to handle it ourselves.

INDEPENDENT   TRADITIONAL

BUSINESSES

exchange wallet

businesses
BANK

Investing with YUPIES *Awarding YUPIES for work*

€
£ $

SUPPORTERS
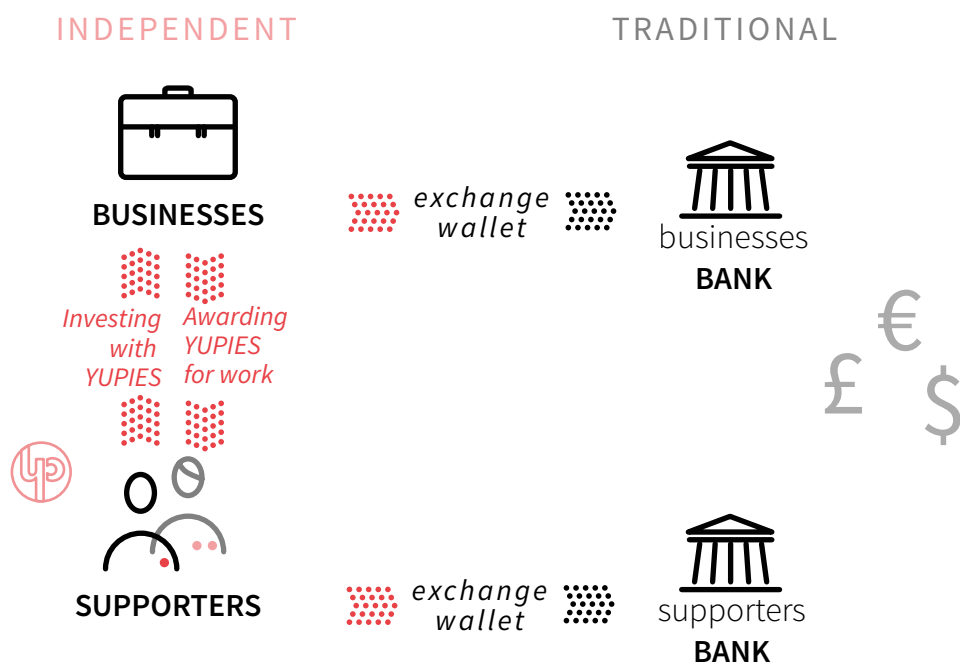
exchange wallet

supporters
BANK

Fig 4.9 *the Crowdholding cycle complete, including investment and exchange to fiat*

Stage 3: Marketplace

Completion of step 3 and thus the Crowdholding Ecosystem is scheduled for the end of 2018. Businesses on Crowdholding can start selling products/services and receive YUP as a method of payment. Businesses offer solutions to people, other businesses and to the Crowdholding platform itself. All the payments are done in YUP, both providing convenience, furthering the use of our token, and growing the strength of the community.

During this phase, we will be focusing on scaling the usability of the website, integrating Dapps, and improving our API to better work with partners.

DECENTRALIZED

CENTRALIZED

Selling products for YUPIES

BUSINESSES

exchange wallet

businesses
BANK

Investing with YUPIES   *Awarding YUPIES for work*

€

£ $

PRODUCT

Buying products with YUPIES

SUPPORTERS

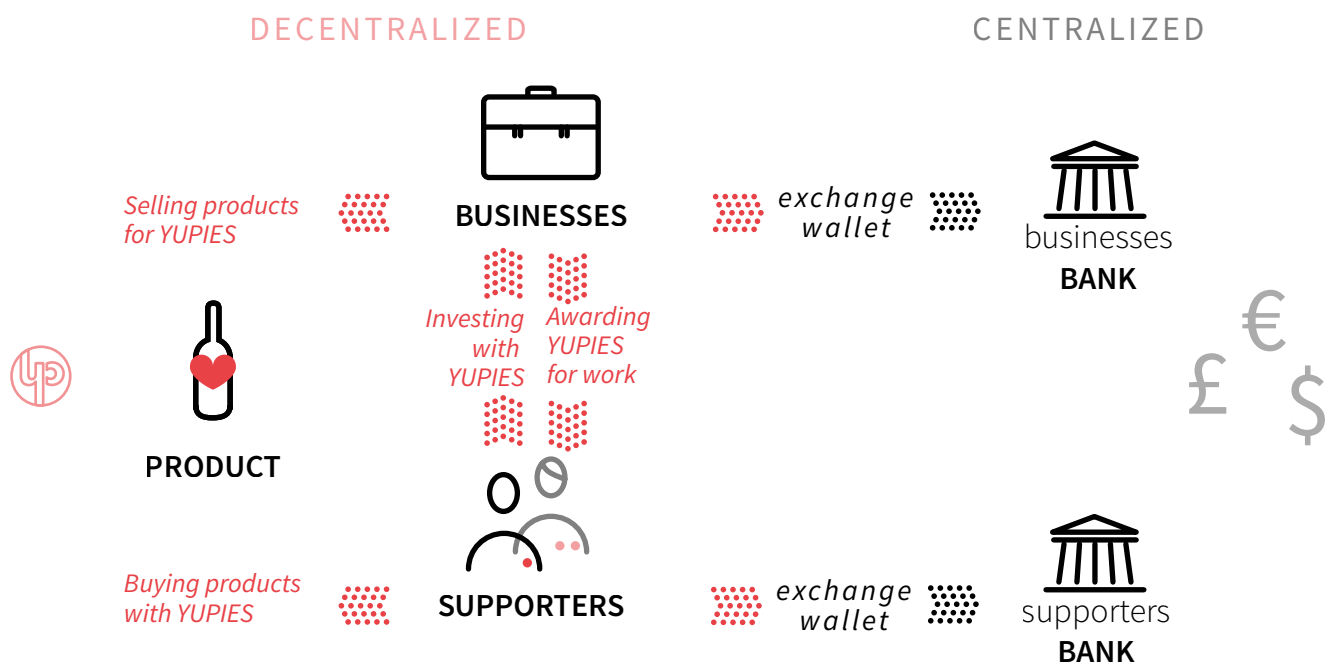*exchange wallet*

supporters
BANK

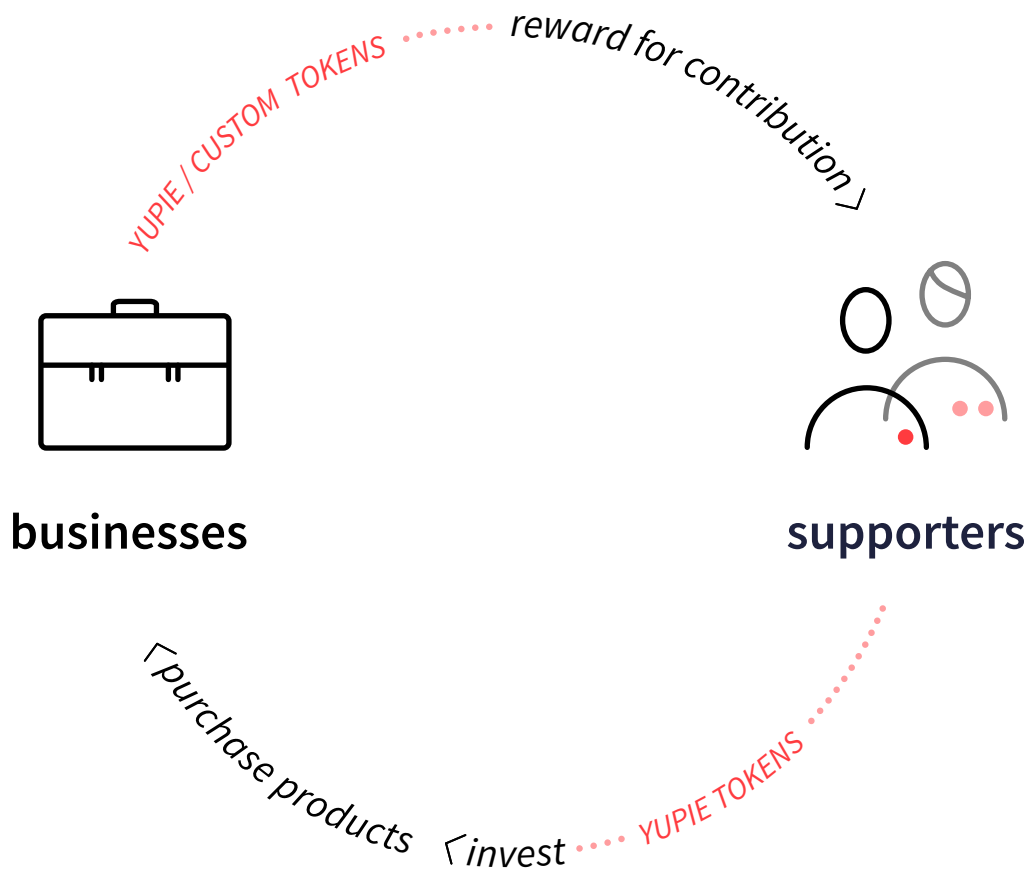**Fig 4.10** *Adding a marketplace to the Crowdholding platform*

Fig 4.11 *The complete Crowdholding cycle*

The Crowdholding cycle when both DOF, DOI, and Marketplace stages have been implemented, meaning that YUP facilitates businesses rewarding the crowd, and the crowd investing in or purchasing from businesses. As an example:

1. A company creates a project outlining the product, in order to verify whether there is a reasonable degree of demand, and get some general feedback.

2. The business launches appeals for crowdfunding via YUP, or launches their ICO in tandem, to generate more funds through their own token.

3. The company initiates a marketing campaign making great use of the established community. Keen supporters can easily use YUP they have been rewarded with to directly fund businesses for more significant gains in the future.

4. Those who wish to invest, but have not earned YUP from doing tasks can acquire them directly from Crowdholding, or in a p2p fashion directly from the market.

5. The business then launch their ICO and continues to receive active management support from us. We take a 3% fee for ICO campaigns.

5_Business Model

Profit Generation

The Crowdholding model is based on the simple principle of everyone using YUP to transfer value — which means that we are creating our own ecosystem. As long as the benefits are sufficient for users, it's very convenient for us to take a nominal cut of any transfers which take place on the platform.

After completion of the Crowdholding platform in 2018, businesses on the DOI platform pledge to share with supporters between 1-10% of the company's revenue paid in YUP for a set period of time. Crowdholding will take 10% cut of these transfers.

The Distributed Online Funding (DOF) platform will allow startups to raise capital through ICO by selling YUP. Essentially, businesses are sharing revenue with their supporters. We take as a fee 3% of ICO campaigns.
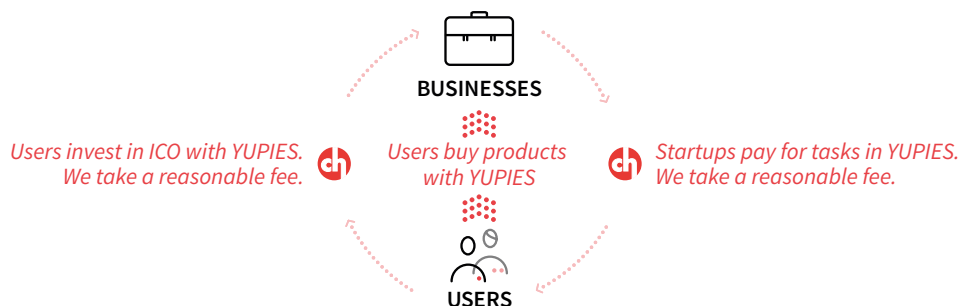
BUSINESSES

Users invest in ICO with YUPIES. We take a reasonable fee.

Users buy products with YUPIES

Startups pay for tasks in YUPIES. We take a reasonable fee.

USERS

Fig 5.1 Taking a cut of transfers on the platform

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6_ICO details

Role of the Yupie Token (YUP)

Important part of Crowdholding ecosystem is how YUP are used to build the circulation of the currency and create supply and demand mechanisms. YUP will be used within the Crowdholding platform, but they won't be limited by the platform in the future. YUP tokens can be used in the following ways on the platform:

For Crowdholding

• Fuel for the crowdsourcing and crowdfunding processes on the platform.

For Businesses

• Payment for qualified business evaluation and validation, translation and proofreading services, creative content development and web design, advertising and promotion, bounties and etc.

• Crowdholding bonuses paid in YUP proportionally to all holders. If backers decide not to sell the tokens immediately after the ICO, but keep them, they will be rewarded with bonus YUP tokens.

For Supporters

• Investing tokens into companies on the platform.
• Purchasing products/services on the Crowdholding marketplace with tokens.
• Crowdholding bonuses paid in YUP tokens paid proportionally to all holders.

Token supply

YUP will be created prior to the ICO, and they will be capped, meaning we are not able to create any more in the future. No inflation is intended.

631 million tokens created. 284 million directly sold to public.

Token supply is fixed, we create immediate deflationary currency that will be as valuable as our growing community (startups and crowd) in our ecosystem. Any unsold YUP created for sale during the pre-ICO and ICO will be burned.

Token Distribution

The initial issue of YUPIE tokens is programmed by a smart contract and will be carried out in the following order:
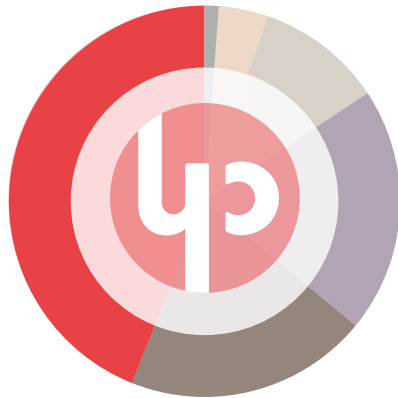
- Bounties (1%)
- Seeding businesses (5%)
- YUP reserve (10%)
- Locked for future use (19%)
- Team & experts (20%)
- Pre-ICO & Main ICO (45%)

Fig 6.1 *Token distribution*

- Bounty campaign promotion (1%)

- Award for first 10 businesses on our platform (5%) which will pay for tasks with YUPIES.

- Allocation for unforeseeable expenses (10%). We want to have the deposit of YUPIES that would be only used to solve the token-threatening situations. All our wallets will be auditable via a publicly shared address.

- Kept as a reserve for future growth (19%). To be utilized for future partnerships or acquisitions. This block of tokens will be set aside for a minimum of 24 months, never be sold directly on the market and be constantly auditable on a publicly shared address.

- Allocated to the current and future team members, advisers and experts (20%). The team tokens will be reverse vested with a 6- month cliff and then linearly vested over 18 months, with the team wallet publicly auditable.

- Crowdsale (45%) The success threshold is $1M.

Spending Allocation

The main focus of our expenses will be on the technical development of the platform. However, marketing & sales will be allocated a growing importance, as the success of the platform depends on attracting the right supporters and businesses through diverse paid advertising tactics. Other expenses include paying for IT infrastructure, rent, patents & trademarks. Crowdholding will be cash flow positive soon after the launch and will utilize additional capital to support international expansion and opening of new locations.
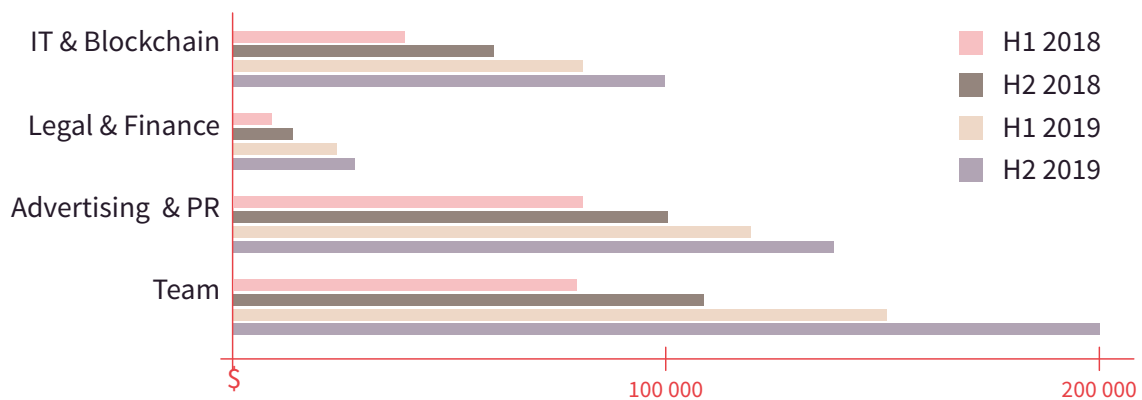
Fig 6.2 *Spending of raised funds*

ICO Details

Start date: **1st November 2017**, 10:00:00 (UTC)
End date: **31st March 2018**, 22:00:00 (UTC)
YUP distribution cap: **631,000,000 YUP tokens**
Goal: **$1,000,000**
Currency accepted: **ETH**
Token exchange rate: **1 ETH = 1,000 YUP tokens**
Amount of tokens per one person: **unlimited**
Minimum transaction amount in Ethereum: **0.1 ETH**
Maximum transaction amount: **unlimited**

Bonuses:

Fig 6.3 *Bonus YUP for bigger investments*

Token Demand & Liquidity

Since startups are sharing rewards (at least partially) in YUP, they have to purchase Yupie tokens either from Crowdholding or from the market, raising the demand, and therefore the price.

To facilitate the needed liquidity, Crowdholding will initially proceed with an ERC-20 token foundation for easy acceptance on major marketplaces.

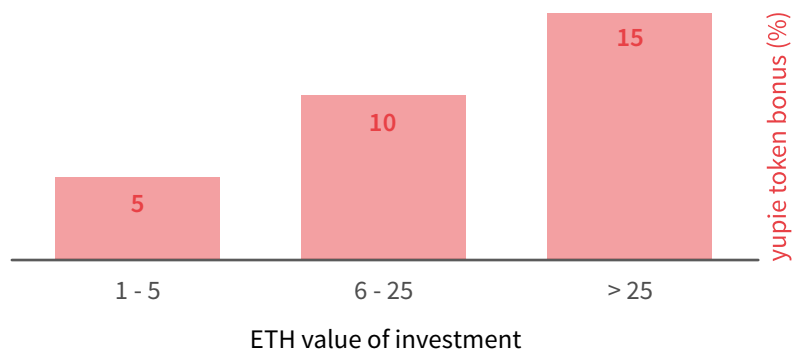The Yupie token is still in its infancy. As more startups join our platform, the more YUP are used to pay for services and promotion. As businesses collaborate with the crowd and share their revenue, the crowd receives increasingly valuable YUP. The bigger the crowd, the stronger the YUP.

Burning tokens

Following success of the ICO, we will burn surplus tokens, ensuring that people who have participated in the ICO will have a reasonable share of the token sum. At the end of this process, pre-ICO and ICO pool will represent 45% of total tokens.

Investors for both pre-ICO and ICO will receive a 300% bonus (if you own 3000 YUP this will be increased to 12,000 YUP). This does not include bounty holders, in order to protect the YUP value for investors. However, bounty will continue as planned until we reach the 1% as shown on our YUP distribution breakdown.

7_Business Development

Our diverse team of open-minded millennials is fertile ground for the realisation of our business plan. Working together for over a year consolidated us to revolutionise the world's economy through crowdsourcing, and return wealth to the public by providing an unprecedented revenue sharing reward system.

We have set a reasonably steady pace for product development, considering how far we got while bootstrapping. Now we are more stable than ever, and have put together a solid team to create something amazing.

Future plans

We aim to reach 100 startups and 25,000 active users on the application by the end of 2018. Sharing of revenue by other startups is a major milestone, since that will ensure Crowdholding to be established as the Nr.1 Crowdsourcing platform, offering ICO preparation. Sharing revenue by other startups means distributing our token to more users, increasing the token flow, i.e. boosting our market capitalisation.

We have pledged to share 5% of our Yupie pool to invest in blockchain startups on Crowdholding — if you think you have an interesting startup, and would like some of this funding, please get in touch with us. This funding pool will ignite the co-creation process. This approach showcases our system to be valid and eventually startups join the application themselves to share revenue with the crowd and utilise our system. The steadily evolving crypto community will accelerate our growth until we reach the maturity stage, scheduled for the second half of 2018.

Our moonshot is scheduled for 2019 when we want to create a secondary marketplace for revenue futures, thus allowing all users to trade their unique cryptocurrency.

ROADMAP >>

JANUARY 2016
Crowdholding
idea envisioned

OCTOBER 2016
Alpha launch
with 100 users

MARCH 2017
Beta launch, investment from
Richfox and Vakoc brothers

SEPTEMBER 2017
514 ETH (257%)
raised from pre-ICO

NOVEMBER 2017
Stage I: DOI,
(decentralized open innovation)

JULY 2018
Stage II: DOF
(decentralized open funding)

DECEMBER 2018
Stage III: Market

2019
API integration, mobile Apps
& Community development

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Company history

The first milestone was launching a prototype in autumn 2016, after two of our co-founders put in USD 24,000 to start the operations, on which we could build the basic framework up. A hundred alpha users were leaving feedback and ideas while we collected data on how our system worked. This data was used in parallel to work on a development domain we could later launch as our beta version with initial 15 startups onboard.

After we got our second investment from Richfox Capital and the Vakoč brothers the beta was successfully released to the public and we started to run marketing and PR, which helped us get published in several online magazines and blogs. Beyond that we attended a variety of startup events in whole Europe, such as Pioneers, White Bull and Startup Vienna to connect with the community, meet investors and get the word out about Crowdholding. The traffic and awareness created and supported our growth.

During beta, we learned a lot about our users and how to communicate our philosophy to both supporters as well as businesses, especially startups. From the technical side we ran through several changes and improvements so that we now use a Python/Django framework on the backend and a Bootstrap/LESS framework on the frontend, which enables separation from code and visuals besides the fact that the Python community is big, young and innovative. Continuously improving the application we are adding/customising features like notifications, the news feed, user profiles and "create your own project". The current weekly user growth rate is approximately 10%.

8_What makes Crowdholding Special?

Crowdholding aims to connect the crowd (anyone from around the world) with entrepreneurs allowing anyone to co-create with startups, therefore creating worldwide think tanks to accelerate startups like never before. Imagine a entrepreneur comes up with a new app concept and launches it on Crowdholding. Within a matter of 24 hours they can have feedback, connections, possible investors or future staff members from all over the globe.

What makes Crowdholding groundbreaking is that it benefits both the entrepreneur and the crowd due to our innovative business model. Entrepreneurs don't just receive the benefit of co-creation, but also because the startup is not sacrificing any of their equity (instead their awards are worth a small percentage of future revenue) meaning the entrepreneur remains in complete control of their project.

Another factor that is different in the marketing strategy, projects on the platform can create lasting relationships with potential customers. We focus on pushing the projects through social media marketing and through the crowd due to the fact that the standard paid ad is becoming less and less valuable. According to WOMMA "word-of-mouth impressions drive sales 5x greater than the equivalent number of paid impressions."

For the Supporters, our system allows anyone to develop their skill set, whether you are a 20 year old college student with innovative, new ideas or a middle aged professional with 10 years worth of experience, Crowdholding can offer the chance to co-create, showcase your skills and build new connections. On top of that because of the cryptocurrency we are implementing, Supporters will be able to work and receive a digital currency for their contributions.
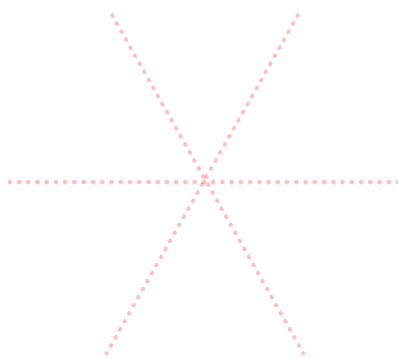
9_The Team

Here at Crowdholding, we don't just value forward thinking, bold, educated individuals, but also those who really believe in our vision and what we are trying to achieve.

Our executive team has the perfect mixture of experience, coming from some of the biggest tech companies on the planet (Google, Skype, HP and Oracle) and innovation allowing them to think outside the box.

Supporting staff joined Crowdholding not for a pretty wage, but to change the world for the better. Our team is sourced from 11 countries and 3 continents giving us a global perspective while striving to evolve Crowdholding in to the ideal co-creation platform.

Executives

Ethan Clime
CEO

An expert in alternative crowd financing, having organized and led 2 successful (Angee & Aquajar) crowdfunding campaigns. He has spent a significant amount of time engaging with people interested in the Crowd Economy.

Aleks Bozhinov
CMO

Aleks has Spiderman's 6th sense when it comes to online marketing. He already has 2 startups (For Sale!; Aquajar) behind his back and having worked at Google has helped him form a good understanding of both the startup and corporate spheres.

Chris Fronda
Blockchain Architect

Absolute genius when it comes to coding. Has developed innovative software which was sold to a large corporation. Extremely passionate about Blockchain and with experience in deploying Smart Contracts.

Henry Ashley-Cooper
CPO

Henry is a veteran product designer, having worked with a number of startups including Angee and SQLdep. Responsible for integrating the latest technologies and methodologies in the company workflow.

Rosario Colletti
CTO

Rosario is former Principal Engineer at Netsuite/Oracle. He is an Application developer, solution architect and has strong experience in reports and statistics systems: log analysis, database modeling, web user interface.

Paolo Lacche
COO

A former Product Manager at Skype & HP, Paolo has experience with both a business and engineering background, ranging from start-up to research, from enterprise to consumer. He's a veteran of mobile, social, and web applications.

10_Legal Compliance

Company Registration

Parent company in London, UK:

Office 7 35-37 Ludgate Hill London, UK

ID: 10301063

Center of operations in Prague, Czechia:
Crowdholding CZ s.r.o.
Křižíkova 213/44, Karlín, 186 00 Praha 8, Czechia

ID: 06564674

Token Compliance

Crowdholding is working with outside legal counsel to ensure full compliance. However, the emerging cryptographic token space is sparsely regulated right now. Our goal is to be as compliant as possible within such a regulatory environment, and some have raised the possibility that US securities regulations would apply. For the question of whether they apply, the appropriate framework is the Howey Test established in SEC v. Howey [14]. Our understanding and interpretation of this test is that Yupie tokens (YUP) are not classified as securities because 1) ownership of YUP does not provide any ownership or related rights in a company, 2) YUP are deployed in production and have real utility via the crowdholding service, and 3) YUP serve a distinct function more akin to application credits than a financial instrument. That said, the contents of this document do not constitute legal advice and we encourage prospective purchasers with concerns to consult with an attorney. We expect the regulatory environment to evolve as the cryptocurrency space matures and we will do everything we can to maintain compliance.

The tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to or for the benefit of US persons (as defined in Regulations under the Securities Act) unless they are so registered, or an exemption from the registration requirements of the Securities Act is available. One such exemption allows the resale of tokens purchased for their own account and for investment purposes only by investors who (i) are not otherwise affiliated with the Polybius Foundation, (ii) have been exposed for some me to the economic risks that ownership of tokens entails, and (iii) are not part of the distribution of the tokens.

11_Appendix

Digital Asset Management (DAM) platform

Crowdholding.com's parent company is located and registered in the UK at: Office 7 35-37 Ludgate Hill London. Registration: 10301063

The DAM is:

• Open-source and transparent. Set management track-records are transparent and auditable by everyone everywhere at any time.
Modular and inclusive. DAM platform is built from the start to be ever-expandable and flexible.

• Lowers costs and time. By using blockchain technology, fixed and variable asset management costs as well as time requirements drastically reduce.

• Decentralised and reliable. By having decentralised storage and execution one can mitigate of today's world inefficiencies such as custody, counter-party and settlement.

Crowdholding realizes the potential of the digital asset management industry which is growing at astounding rate, up from a market cap of 7.93 Billion $ in 2016 to 24.15 Billion $ in 2017 and is continues to grow. Crowdholding's DAM offers a more decentralized option to manage digital assets. Crowdholding wants to capture 20% of this market by 2022.

The Crowdholding ecosystem (DOI, DOF, DAM) mitigates the risks and deals with the volatility of the digital asset industry. With the introduction of all new technology, the future of money and asset management morphes into the new era of finance where there is much to gain from being aware of what is coming — what is here.