

**A decentralized data exchange protocol,  
powered by blockchain technology and a cryptotoken**

# Token Distribution

Information Memorandum

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Ocean Protocol Foundation Ltd

Company Registration No. 201729912W  
incorporated in the Republic of Singapore on 19 October 2017

A joint project of

BIGCHAIN  DEX

v 0.6



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# DISCLAIMERS AND NOTICES

## YOU MUST READ THE FOLLOWING DISCLAIMER IN FULL BEFORE CONTINUING

The exchange for Ocean tokens (“**Ocean Tokens**”) which is the subject of this information memorandum (“**Information Memorandum**”) is only allowed to certain relevant persons. Moreover, this Information Memorandum is not a prospectus or offer document of any sort and is not intended to constitute an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction. No regulatory authority has examined or approved of any of the information set out in this Information Memorandum. This Information Memorandum has not been registered with any regulatory authority in any jurisdiction.

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not constitute an offer or solicitation to sell shares or securities in Ocean Foundation or any related or associated company.

By accessing and/or accepting possessing information in this Information Memorandum or such part thereof (as the case may be), you represent and warrant to Ocean Foundation that:

- (a) you are not a Disqualified Person (as defined herein); and
- (b) you agree to be bound by the limitations and restrictions described herein.

### Important notice

This Information Memorandum in current form is being circulated by Ocean Foundation for general information and to invite feedback only on the Ocean Protocol as presently conceived, and is subject to review and revision by the directors of Ocean Foundation, the board of advisers and/or legal advisers of Ocean Foundation. Please do not replicate or distribute any part of this Information Memorandum without this note in accompaniment. No part of this Information Memorandum is intended to create legal relations between a recipient of this Information Memorandum or to be legally binding or enforceable by such recipient against Ocean Foundation. An updated version of this Information Memorandum may be published on a date to be determined and announced by Ocean Foundation in due course.

**Please read this section and the following sections entitled “Disclaimer of liability”, “No representations and warranties”, “Representations and warranties by you”, “Cautionary note on forward-looking statements”, “Third party information and no consent of other persons”, “Terms used”, “No advice”, “No further information or update”, “Restrictions on distribution and dissemination”, “No offer of investment or registration” and “Risks and uncertainties” carefully.**

**If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional advisor(s).**

The Ocean Tokens are proprietary tokens to be developed and issued by Ocean Foundation to function as the native utility token used in the Ocean Protocol network as the means of value exchange, to power the Ocean Protocol and incentivize the keeper nodes of the Ocean Protocol network. References in this Information Memorandum to Ocean Tokens shall, save insofar that such references relate to the functionality of Ocean Tokens, be deemed to include a reference to Interim Ocean Tokens (to the extent issued by the Ocean Foundation). **“Interim Ocean Tokens”** means ERC20 Token Standard cryptographic tokens, which sole function is to



exchange on a one-to-one basis for the Ocean Tokens on a date to be announced by Ocean Foundation. **“ERC20 Token Standard”** means the set of criteria, (including criteria in relation to functions and events) developed by the Ethereum community, which has to be met in a smart contract on a blockchain in order to enable inter-operability across multiple interfaces and distributed applications.

The Ocean Tokens are not intended to constitute securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment in any jurisdiction. This Information Memorandum does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction.

No Ocean Token should be construed, interpreted, classified or treated as enabling, or according any opportunity to, Acquirors to participate in or receive profits, income, or other payments or returns arising from or in connection with the Ocean Tokens or the proceeds of the exchange for Ocean Tokens (the **“Ocean Token Exchange”**) by Ocean Foundation, or to receive sums paid out of such profits, income, or other payments or returns.

This Information Memorandum does not constitute or form part of any opinion or any advice to exchange for, sell, or any solicitation of any offer by Ocean Foundation to exchange for any Ocean Tokens nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision.

Ocean Foundation will deploy all proceeds from the exchange for the Ocean Tokens to support ongoing development and growth of the Ocean Protocol network.

No person is bound to enter into any contract or binding legal commitment in relation to the exchange for the Ocean Tokens and no cryptocurrency or other form of exchange is to be accepted on the basis of this Information Memorandum.

Any agreement as between Ocean Foundation and you as a participant in the Ocean Token Exchange, and in relation to any exchange, of Ocean Tokens is to be governed by only a separate document setting out the terms and conditions (the **“T&Cs”**) of such agreement. In the event of any inconsistencies between the T&Cs and this Information Memorandum, the former shall prevail.



You are not eligible and you are not to exchange for any Ocean Tokens in the Ocean Token Exchange if:

- (a) you are located in the People's Republic of China or if you are a citizen or resident (tax or otherwise) of, or domiciled in, the People's Republic of China;
- (b) you are located in the Democratic People's Republic of Korea or if you are a citizen or resident (tax or otherwise) of, or domiciled in, the Democratic People's Republic of Korea;
- (c) you are located in the United States of America or if you are a citizen, resident (tax or otherwise) or green card holder of, or domiciled in, the United States of America;
- (d) you are located in Canada or if you are a citizen or resident (tax or otherwise), or domiciled in, Canada, unless you are Canadian Qualified Person<sup>1</sup>; or
- (e) the Ocean Token Exchange is prohibited, restricted or unauthorized in any form or manner whether in full or in part under the laws, regulatory requirements or rules in any jurisdiction applicable to you, at the time of your intended exchange for the Ocean Tokens in the Ocean Token Exchange,

(collectively, the “**Disqualified Persons**”).

No regulatory authority has examined or approved of any of the information set out in this Information Memorandum. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this Information Memorandum does not imply that the applicable laws, regulatory requirements or rules have been complied with.

There are risks and uncertainties associated with Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange and the Ocean Protocol network. Please refer to the section entitled “Risks and Disclosures” set out at the end of this Information Memorandum.

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<sup>1</sup> A “**Canadian Qualified Person**” means an individual or legal entity or person who is an “accredited investor” as defined in National Instrument 45-106 – Prospectus Exemptions, as may be modified, amended or supplemented from time to time and/or Section 73.3 of the Securities Act (Ontario), as may be modified, amended or supplemented from time to time.



This Information Memorandum, any part thereof and any copy thereof must not be taken or transmitted to any country where distribution or dissemination of this Information Memorandum is prohibited or restricted.

No part of this Information Memorandum is to be reproduced, distributed or disseminated without including this section and the following sections entitled “Disclaimer of Liability”, “No Representations and Warranties”, “Representations and Warranties By You”, “Cautionary Note On Forward-Looking Statements”, “Third Party Information and No Consent of Other Persons”, “Terms Used”, “No Advice”, “No Further Information or Update”, “Restrictions On Distribution and Dissemination”, “No Offer of Investment Or Registration” and “Risks and Uncertainties”.

### **Disclaimer of liability**

To the maximum extent permitted by the applicable laws, regulations and rules, Ocean Foundation shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Information Memorandum or any part thereof by you.

### **No representations and warranties**

Ocean Foundation does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Information Memorandum.

### **Representations and warranties by you**

By accessing and/or accepting possession of any information in this Information Memorandum or such part thereof (as the case may be), you represent and warrant to Ocean Foundation as follows:

- (a) you agree and acknowledge that the Ocean Tokens do not constitute securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment in any jurisdiction;
- (b) you are not a citizen or resident of a country the laws of which prohibit or conflict with the Ocean Token Exchange or your participation in the Ocean Token Exchange;



- (c) you agree and acknowledge that this Information Memorandum does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment in any jurisdiction, or a solicitation for any form of investment, and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this Information Memorandum;
- (d) you acknowledge and understand that no Ocean Token should be construed, interpreted, classified or treated as enabling, or according any opportunity to, token holders to participate in or receive profits, income, or other payments or returns arising from or in connection with the Ocean Tokens or the proceeds of the Ocean Token Exchange, or to receive sums paid out of such profits, income, or other payments or returns;
- (e) you agree and acknowledge that no regulatory authority has examined or approved of the information set out in this Information Memorandum, no action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction and the publication, distribution or dissemination of this Information Memorandum to you does not imply that the applicable laws, regulatory requirements or rules have been complied with;
- (f) you agree and acknowledge that this Information Memorandum, the undertaking and/or the completion of the Ocean Token Exchange, or future trading of Ocean Tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of Ocean Foundation, the Ocean Tokens, the Ocean Token Exchange, and the Ocean Protocol;
- (g) the distribution or dissemination of this Information Memorandum, any part thereof or any copy thereof, or acceptance of the same by you, is not prohibited or restricted by the applicable laws, regulations or rules in your jurisdiction, and where any restrictions in relation to possession are applicable, you have observed and complied with all such restrictions at your own expense and without liability to Ocean Foundation;
- (h) you agree and acknowledge that in the case where you wish to exchange for any Ocean Tokens, Ocean Tokens are not to be construed, interpreted, classified or treated as:
  - (i) any kind of currency other than cryptocurrency;
  - (ii) debentures, stocks or shares issued by any person or entity;
  - (iii) rights, options or derivatives in respect of such debentures, stocks or shares;
  - (iv) rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;





- (v) units in a collective investment scheme;
- (vi) units in a business trust;
- (vii) derivatives of units in a business trust; or
- (viii) any form of investment;
- (i) you are fully aware of and understand that you are not eligible to exchange for any Ocean Tokens if you are a Disqualified Person, at the time of your intended exchange or exchange for of Ocean Tokens in the Ocean Token Exchange;
- (j) you are legally permitted to participate in the Ocean Token Exchange and all actions contemplated or associated with such exchange, including the holding and use of Ocean Tokens;
- (k) the amounts that you use to exchange for Ocean Tokens were not and are not directly or indirectly derived from any activities that contravene the laws and regulations of any jurisdiction, including anti-money laundering laws and regulations;
- (l) if you are a natural person, you are of sufficient age and capacity under the applicable laws of the jurisdiction in which you reside and the jurisdiction of which you are a citizen to participate in the Ocean Token Exchange;
- (m) you are not obtaining or using Ocean Tokens for any illegal purpose;
- (n) none of: (i) you; (ii) any person controlling or controlled by you; (iii) if you are a privately-held entity, any person having a beneficial interest in you; or (iv) any person for whom you are acting as agent or nominee in connection with this exchange is a senior foreign political figure<sup>2</sup>, or any immediate family member or close associate<sup>3</sup> of a senior foreign political figure, as such terms are defined below;
- (o) if you are affiliated with a non-U.S. banking institution (a **“Foreign Bank”**), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to Ocean Foundation that: (i) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (ii) the Foreign Bank maintains operating records related to its banking activities; (iii) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (iv) the Foreign Bank does not provide

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<sup>2</sup> A **“senior foreign political figure”** is defined as a senior official in the executive, legislative, administrative, military or judicial branch of a government (whether elected or not), a senior official of a major political party, or a senior executive of a foreign government-owned corporation. In addition, a **“senior foreign political figure”** includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. “Immediate family” of a senior foreign political figure typically includes such figure’s parents, siblings, spouse, children and in-laws.

<sup>3</sup> A **“close associate”** of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.



- banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate;
- (p) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;
  - (q) you are fully aware and understand that in the case where you wish to exchange for any Ocean Tokens, there are risks associated with Ocean Foundation and its respective businesses and operations, Ocean Tokens, the Ocean Token Exchange, and the Ocean Protocol;
  - (r) you bear the sole responsibility to determine what tax implications an exchange for Ocean Tokens may have for you and agree not to hold Ocean Foundation or any other person involved in the Ocean Token Exchange liable for any tax liability associated with or arising therefrom;
  - (s) you agree and acknowledge that Ocean Foundation is not liable for any direct, indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Information Memorandum or any part thereof by you;
  - (t) you waive the right to participate in a class action lawsuit or a class wide arbitration against Ocean Foundation and/or any person involved in the Ocean Token Exchange and/or with the creation and distribution of Ocean Tokens; and
  - (u) all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession this Information Memorandum or such part thereof (as the case may be).

## Cautionary note on forward-looking statements

All statements contained in this Information Memorandum, statements made in press releases or in any place accessible by the public and oral statements that may be made by Ocean Foundation or its directors, executive officers or employees acting on behalf of Ocean Foundation (as the case may be), that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements.



All statements regarding Ocean Foundation's business strategies, plans and prospects and the future prospects of the industry which Ocean Foundation is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to Ocean Foundation's prospects, future plans, other expected industry trends and other matters discussed in this Information Memorandum regarding Ocean Foundation are matters that are not historic facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of Ocean Foundation to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which Ocean Foundation conducts its business and operations;
- (b) the risk that Ocean Foundation may be unable to execute or implement its business strategies and future plans;
- (c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- (d) changes in the anticipated growth strategies and expected internal growth of Ocean Foundation and the Ocean Protocol network;
- (e) changes in the availability and fees payable to Ocean Foundation in connection with its businesses and operations or in the Ocean Protocol network;
- (f) changes in the availability and salaries of employees who are required by Ocean Foundation to operate their respective businesses and operations;
- (g) changes in preferences of users of the Ocean Protocol network;
- (h) changes in competitive conditions under which Ocean Foundation operates, and the ability of Ocean Foundation to compete under such conditions;
- (i) changes in the future capital needs of Ocean Foundation and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;
- (k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of Ocean Foundation;
- (l) other factors beyond the control of Ocean Foundation; and
- (m) any risk and uncertainties associated with Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange and the Ocean Protocol.



All forward-looking statements made by or attributable to Ocean Foundation or persons acting on behalf of Ocean Foundation are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of Ocean Foundation to be materially different from that expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this Information Memorandum.

Neither Ocean Foundation nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of Ocean Foundation will be as discussed in those forward-looking statements. The actual results, performance or achievements of Ocean Foundation may differ materially from those anticipated in these forward-looking statements.

Nothing contained in this Information Memorandum is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of Ocean Foundation.

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## **Terms used**

To facilitate a better understanding of the Ocean Tokens being the subject of the exchange by Ocean Foundation, and the businesses and operations of Ocean Foundation, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this Information Memorandum. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

## **No advice**

No information in this Information Memorandum should be considered to be business, legal, financial or tax advice regarding Ocean Foundation, the Ocean Tokens, the Ocean Token Exchange, the Ocean Protocol or the Ocean Protocol network. You should consult your own legal, financial, tax or other professional adviser regarding Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange, the Ocean Protocol and the Ocean Protocol network. You should be aware that you may be required to bear the financial risk of any exchange for of Ocean Tokens for an indefinite period of time.

## **No further information or update**

No person has been or is authorized to give any information or representation not contained in this Information Memorandum in connection with Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange, the Ocean Protocol or the Ocean Protocol network and, if given, such information or representation must not be relied upon as having been authorized by or on behalf of Ocean Foundation. The Ocean Token Exchange shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of Ocean Foundation or in any statement of fact or information contained in this Information Memorandum since the date hereof.



## **Restrictions on distribution and dissemination**

The distribution or dissemination of this Information Memorandum or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this Information Memorandum or such part thereof (as the case may be) at your own expense and without liability to Ocean Foundation.

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## **No offer of investment or registration**

This Information Memorandum does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction. No person is bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this Information Memorandum.

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## **Prevailing language**

The English language version of this Information Memorandum is the only official version in force. If there is any inconsistency between this Information Memorandum and other translations of this Information Memorandum, the English version of this Information Memorandum shall prevail. You acknowledge and agree that any translation you may have reviewed or which may have been made available to you is for your reference only and are not certified by Ocean Foundation. Names of any laws and regulations, governmental authorities,



institutions, natural persons or other entities which have been translated into English and included in this Information Memorandum and for which no official English translation exists are unofficial translations for your reference only.

## **Risks and uncertainties**

Prospective Acquirors of Ocean Tokens should carefully consider and evaluate all risks and uncertainties associated with Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange, the Ocean Protocol and the Ocean Protocol network, all information set out in this Information Memorandum and the T&Cs prior to any exchange for the Ocean Tokens. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of Ocean Foundation could be materially and adversely affected. In such cases, you may lose all or part of the value of the Ocean Tokens. Please refer to the section entitled “Risks and Disclosures” set out at the end of this Information Memorandum.



# TOKENS ARE THE NATIVE CURRENCY OF THE



## PROTOCOL & NETWORK

The Ocean Tokens (Ocean) are used on the Ocean Protocol network as the means of value exchange, to power the protocol and incentivize the keeper nodes of the network.

The Ocean Token is inseparable from the Ocean Protocol and Ocean Protocol network.

### **Earn Ocean Tokens by providing data**

Data providers sitting on large sets of latent data can now publish data for sharing using a variety of pricing mechanisms, while maintaining full control over the data and complying with data privacy and compliance regulations.

### **Earn Ocean Tokens for curating data**

Huge amounts of valuable public data sits unused on servers, always at risk of being removed when the funding dries up or when the political climate changes. Ocean Protocol network incentivizes the publication, curation and conservation of public data by expanding the market of buyers.

### **Earn Ocean Tokens by being a marketplace**

Data marketplaces can connect to Ocean Protocol network to leverage their existing data and find new buyers. Meanwhile, developers, corporations, and governments with new ideas can build value-added services on top of the protocol or launch their own data marketplace.

### **Earn Ocean Tokens for providing network services**

Network keepers provide validation and verification services for the network, store the blockchain history of transactions, and serve up relevant services to the community





# OCEAN TOKEN

Ocean Tokens will be issued in a limited supply over an extended period of time. Network keepers who provide verification and network services earn Ocean Token.

Ocean Protocol uses an ERC20 token, Ocean Token (Ocean) to power the protocol, as a means of value exchange, to incentivize the keeper nodes of the network and for staking & curation. The token is inseparable from the protocol and network.

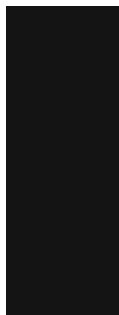
## TOKEN POLICY

|                            |   |
|----------------------------|---|
| <b>Supply</b>              | Limited and capped at 1.41 billion tokens   |
| <b>Minting</b>             | Block reward, with a dispense rate of token/hour.   |
| <b>Genesis Allocation</b>  | To fund development, deployment and compensate the Founding Team  |
| <b>Utility</b>             | Token is inseparable from the network, protocol, and acts as the means of exchange, access, work (verification, curation, etc.), and governance |
| <b>Token Type</b>          | ERC20   |
| <b>Token Symbol</b>        | OCEAN   |
| <b>Underlying Networks</b> | Ethereum and an OceanPOA network  |



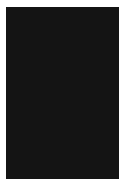
## TOKEN ALLOCATIONS

The distribution of Ocean Tokens is designed to incentivize network participants, contributors, and the Founding Teams to build a thriving and sustainable ecosystem for unlocking data. Significant work will be required to build the full range of software and tooling to serve all stakeholders as the protocol is developed.



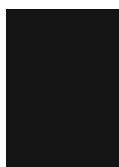
### 62% - Network Keepers and Data Providers (Minted Block Reward)

*Maintain the blockchain, validate transactions, provide data and relevant services*



### 13% - Acquirors

*Funding the protocol development, marketplace development, enterprise on-boarding and ecosystem building*



### 20% - Founding Teams (“Founding Teams”) – BigchainDB and Newton Circus DEX

*Core protocol, network and software development, along with business development, marketing and community support*



### 5% - Ocean Protocol Foundation

*To build the community and ecosystem via collaborations, grants, prizes, rewards, raindrops and bounties.*

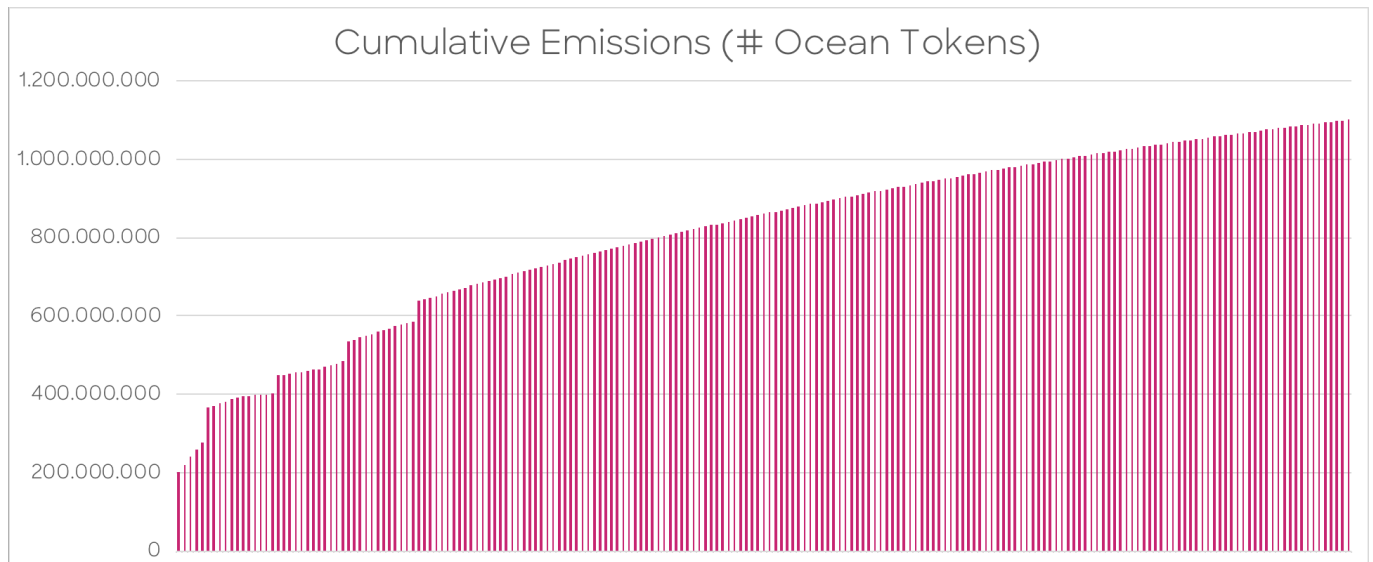


## TOKEN RELEASE SCHEDULE

Ocean will be released to the community according to the following plan:

|                         |  |
|-------------------------|--|
| <b>Block Rewards</b>    | Asymptotic release with 50% of tokens released in 10 years   |
| <b>Token Acquirors</b>  | Seed - 12 month vesting from network launch<br>Pre-Launch - 6 month vesting from network launch<br>Network Launch - immediate distribution of tokens on network launch |
| <b>Founding Teams</b>   | Released in 6 equal tranches over 5 years, starting at the beginning of Q4/2017  |
| <b>Ocean Foundation</b> | Released in 6 equal tranches over 5 years, starting at the beginning of Q4/2017  |

The cumulative circulating supply of Ocean tokens will closely follow this graph and timeline:



As seen above, at network launch, 14.3% of the Ocean tokens is expected to be in the circulating supply. By 1/2024 (4.8 years from network launch), over 50% of all Ocean tokens is expected to have been emitted. This supply curve depends on the block reward, and if there are modifications to the block reward function, the circulating supply will change.



## MINTING OF BLOCK REWARDS

A total of **874.2 million** Ocean tokens will be emitted by the network. Emissions of block rewards will follow a bounded exponential growth curve where Y-axis represents the total tokens that will be emitted and X-axis represents the time and according to the following formula:

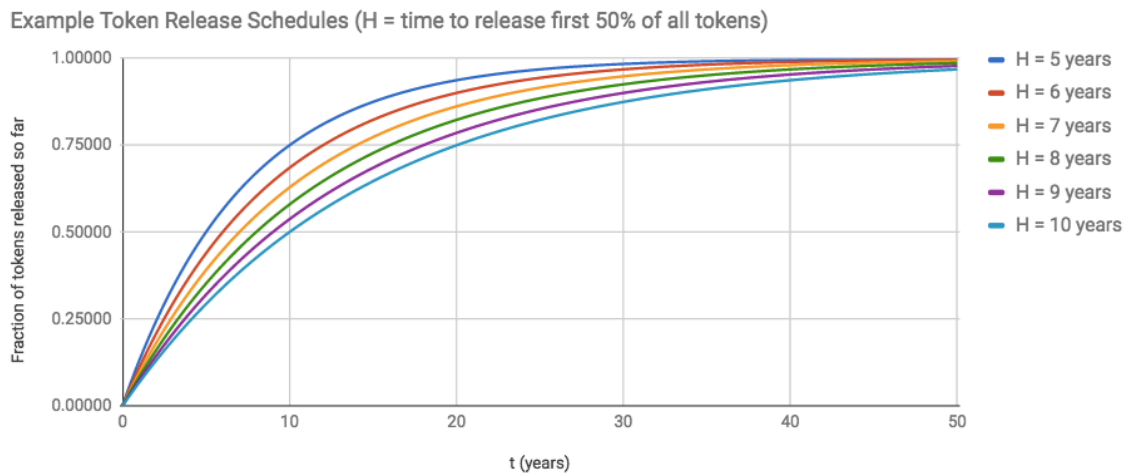
$$M = 1 - 0.5^{\left(\frac{t}{H}\right)}$$

Where:

$M$  = Cumulative Tokens Issued via Block Reward

$t$  = Time (Years)

$H$  = half-life in years



### *Token Emission Simulations for Half-Lives of Intervals Between 5-10 years*

**Important Note:** For maximum network security, the Ocean network will initially run on a Proof of Authority (PoA) network with a limited number of validator nodes. While Ocean runs on a PoA network, the block reward will be throttled to 0-75% of the normal block reward. The block reward function will be fully activated once the network has migrated to a secure, decentralized network such as Parity Polkadot or another scalable, decentralized network.

More details can be found in our **Technical Whitepaper** at [oceanprotocol.com](https://oceanprotocol.com)



The Ocean Protocol will emit 50% of **block reward** tokens in 10 years.

### Model Token Emission Schedule for the Network Reward (Keepers)

| <i>Years</i> | <i>Tokens Emitted (%)</i> | <i>Tokens Emitted (Million)</i> | <i>Remaining (Million)</i> |
|--------------|---------------------------|---------------------------------|----------------------------|
| 10           | 50%                       | 437.1                           | 437.1                      |
| 20           | 75%                       | 655.7                           | 218.6                      |
| 30           | 87.5%                     | 764.9                           | 109.3                      |
| 40           | 93.8%                     | 820.0                           | 54.2                       |
| 50           | 96.9%                     | 847.1                           | 27.1                       |

The peak network rewards emitted will be approximately 4.9 million tokens per month to incentivize keepers, data and service providers. This is expected to occur within the 2021-2022 timeframe.



# TOKEN DISTRIBUTION

OCEAN FOUNDATION WILL OFFER OCEAN TOKENS (OCEAN) FOR EXCHANGE TO THE COMMUNITY TO FUND AND FURTHER BUILD THE OCEAN PROTOCOL SOFTWARE AND NETWORK.

Much work has been done in the past year to build the multitude of components to handle the end-to-end processing of data and make it easy to share data.

**BigchainDB** built the keeper software, smart contracts, reference marketplace and technology specific plug-ins. Meanwhile, **Newton Circus (DEX)** focused on regulatory sandboxes, compliance issues, end-to-end use cases, business development, and working directly with enterprises, to help them along the complex journey to unlock data. Both teams, along with Ocean Foundation worked to activate a vibrant community around the protocol.

There's a reason why data has been locked up and siloed until now. We can't under-estimate the long-term focus and effort needed to shift mindsets, create incentive structures and build the necessary tooling to let organizations to easily share data.

## TOKEN DISTRIBUTION DESIGN

To design the token distribution, our guiding principle is **fairness**. With a broad set of stakeholders; data providers, data consumers, researchers, the crypto-community, institutional investors, and the founding teams, we are crafting a token distribution that aims to respect each stakeholders' value and perspective.

For the design to be acceptable to everyone, we do not want an unacceptable price gap between early and public Acquirors. The valuation of the Ocean Protocol network needs to benchmark to other projects of similar maturity and quality. We need to ensure that the Ocean Token price reflects the intrinsic utility value of the Ocean Token.



## High-Level Design Objectives

- Use **Fairness** to all stakeholders as our guiding principle
- Aim for the broadest distribution possible, either via the token distribution event or via airdrops
- Incentivize network users and participants, such as data providers and AI researchers
- Compensate long-term Acquirors and believers in the utility value of the network for taking on more risk and accepting lock-up periods.
- Ensure that Ocean Foundation receives the required funds to build the network, activate the ecosystem and meet any potential liabilities
- Ensure that data providers and large enterprises are comfortable with the token distribution, so that they will be comfortable sharing data and transacting on the network
- Benchmark Ocean Protocol network and Ocean Token price to other projects of similar maturity and quality
- Respect and comply with applicable securities laws.

With our design, we want upwards of **20,000 Acquirors** to obtain Ocean token.

## DISTRIBUTION OF PROCEEDS RAISED

Proceeds from the distribution of Ocean Tokens to token Acquirors will be allocated in the following manner<sup>4</sup>:

- 45% to BigchainDB
- 45% to Newton Circus (DEX)
- 10% to Ocean Foundation.

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<sup>4</sup> Net of launch expenses – legal, marketing, KYC, launch platforms, staff, etc. and Singapore income taxes



## DISTRIBUTION PHASES FOR TOKEN ACQUIRORS

Ocean Foundation will exchange **11.93%** of the total Ocean supply to token Acquirors. The distribution to have three phases:

1. Seed
2. Pre-Launch
3. Network Launch Distribution

### Token Exchange Phases – Seed, Pre-Launch and Network Launch

In the current round, Network Launch Token Exchange, **43.3** million Ocean tokens are available.

In total, **13%** of the total supply of Ocean, representing **183.3 Million Ocean** were allocated for the Seed, Pre-Launch and Network Launch Distribution phases.

### Seed and Pre-Launch

The project raised **20M€** for the initial development of the protocol, network and ecosystem during the Seed and Pre-Launch phases.

The **Seed** phase was reserved for early Acquirors who funded both Newton Circus (DEX) and BigchainDB to get us to this point and advisors that have provided product, technical and business feedback leading up to the token exchange. These were our **Champions**, many who had been with us since mid-2013 when cryptocurrency was unacceptable to all but a few groups. The money raised was used to fund the initial Ocean Protocol proof-of-concept and pay suppliers for the token distribution event.

The **Pre-Launch** phase was designed to recruit a broader range of community members, including data providers who have a clear desire and need to publish their data via Ocean Protocol. These **Early Community & Ecosystem** stakeholders committed to running proof-of-concept projects to help develop various components of the protocol and commit to publishing large datasets upon network launch, in exchange for access to the Pre-Launch phase. Large enterprises typically hold large datasets, so we kept flexibility to dynamically allocate more tokens to enterprises or conversely, allocate more tokens towards the community.





All Acquirors signed **SAFTes** (Simple Agreements for Future Token Exchange – pronounced ‘safety’) or accepted online **Terms and Conditions** for the exchange of Ocean Tokens, and, if applicable and required under relevant laws and regulations, be registered with the relevant regulatory bodies.

Furthermore, **Seed** Acquirors will receive their tokens in equal instalments over 1 year after network launch, while **Pre-Launch** Acquirors receive their tokens in equal instalments over 6 months after network launch. This means that in return for early access, Seed and Pre-Launch Acquirors will be locked-in for a longer period of time than Public Acquirors.

### Token Distribution and Lock-Ups by Phase

| <i>Phase</i>                | <i>Tokens Distributed Over</i> | <i>Installments</i> |
|-----------------------------|--------------------------------|---------------------|
| Seed                        | 1 year                         | 12                  |
| Pre-Launch                  | 6 months                       | 6                   |
| Network Launch Distribution | Immediately                    | 1                   |

### Network Launch Distribution – Q1/2019

The exchange of Ocean will, subject to the terms of exchange, be open to every eligible participant and will be executed within **15** days after network launch. **43.3** million Ocean tokens will be made available to public Acquirors. The tokens will be offered at a fixed price, denominated in EURO currency, on a first come, first served basis. We reserve the right to impose a maximum cap per participant if demand is high and a significant number of people whitelist to participate. The fundraising **hard cap will be communicated**.

To get the latest updates for the Network Launch Distribution phase, please sign up at [oceanprotocol.com/newsletter/](https://oceanprotocol.com/newsletter/)



## Acquiror Eligibility

To participate in the sale, all Acquirors must be whitelisted and have confirmed their identities. Identities will be checked against international lists for money laundering, terrorism and sanctions. This is to ensure compliance with international laws.

The identification process will include the following:

1. Citizenship confirmation;
2. Residency confirmation;
3. Email address, date of birth, and phone number.

**Note to the Residents of Canada:** We are offering access to Acquirors who are "accredited investors" as defined in Section 1.1 of National instrument 45-106 - Prospectus Exemptions, as may be modified, amended or supplemented from time to time and/or in Section 73.3 of the Securities Act (Ontario), as may be modified, amended or supplemented from time to time.

**Note to Residents of the EU:** We will comply with all requirements of General Data Protection Regulation (GDPR) for the storage and processing of your personal data, which means that your data never leaves the European Union.

**Note to Residents of Other Countries:** Our KYC and compliance partners reserve the right to exclude any sanctioned country, entity or individual. More details will be provided at the point of registration.



## SERVICE PARTNERS

Ocean Protocol holds itself to the highest standards for compliance to national laws, regulations and guidelines. We have engaged with reputable partners to support our tax, legal and compliance work, and ensure that all stakeholders can proceed with confidence. Here are the some of the service partners we are proud to work with:



COINLIST





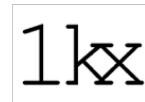
## CURRENT CONTRIBUTORS & PROJECT BACKERS

We worked hard to attract contributors that could use the services of Ocean Protocol in the future and add meaningful value to the development of the ecosystem, to ensure that the utility potential of the network is realized.

The Seed and Pre-Launch phases brought 3,500 project contributors from over 100 countries. Approximately 1/4 of the contributors came from the AI, start-up or developer communities.

These are the groups who will run keeper nodes, provide data, consume data or build services on top of Ocean Protocol.

We're also proud to have the backing of leading VCs in the space that are specialized on AI, blockchain and big data, including the following:



You can read about how Ocean Protocol fits into the investment thesis of [Outlier Ventures](https://outlierventures.io/why-we-are-investing-in-ocean-protocol/)<sup>5</sup>, [Fabric Ventures](https://medium.com/fabric-ventures/the-fabric-ventures-investment-thesis-6cd08684b467)<sup>6</sup> and [BIV](https://www.youtube.com/watch?v=m9YmqwFL-pw)<sup>7</sup>.

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<sup>5</sup> <https://outlierventures.io/why-we-are-investing-in-ocean-protocol/>

<sup>6</sup> <https://medium.com/fabric-ventures/the-fabric-ventures-investment-thesis-6cd08684b467>

<sup>7</sup> <https://www.youtube.com/watch?v=m9YmqwFL-pw>



# DELIVERY OBLIGATIONS

THE GOAL OF THE OCEAN TOKEN EXCHANGE IS TO PROVIDE RESOURCES TO BUILD THE PROTOCOL, NETWORK, AND ECOSYSTEM AROUND OCEAN PROTOCOL TO SUSTAIN IT IN THE LONG-TERM.

We believe that a maximum of cap of the proceeds raised to each of the founding teams – BigchainDB and Newton Circus (DEX) – is fair and sufficient to build the technology and kickstart the business development. The remaining funds will be kept by Ocean Foundation for ecosystem, advocacy, lobbying and community efforts.

## **Ocean Foundation**

Ocean Foundation will take the lead to build a vibrant and healthy ecosystem. Given that data is currently designed to be siloed and locked up in many organizations, we believe that a long-term and resource-intensive effort is needed to educate, lobby government, seed the ecosystem with advocates, and help organizations along the journey to unlock their data. Large organizations also need to feel comfortable that Ocean Foundation will be a long-term and reliable partner.

All funds retained by Ocean Foundation will be audited by an internationally respected auditing firm. We are working with one of the leading global companies on data governance and another leading auditing companies to support on tax planning. We will bring in one of the leading auditors for to provide auditing of the funds of Ocean Foundation, providing the community with transparency and confidence that funds are being properly deployed.

## **BigchainDB & Newton Circus (DEX)**

BigchainDB is responsible for deploying the network, protocol, data science and generalized marketplace components. Newton Circus is responsible for many of the initial use cases, collaborating with partners in Singapore, and working with public and private entities to help unlock their data. DEX is building additional marketplace components and services on top of Ocean Protocol.

Ocean Foundation will strike a 5-year deal with BigchainDB and Newton Circus (DEX) to build the following components:



## **Ocean Protocol Network & Protocol Software**

- Support the designed token dynamics, including token storage and smart contracts business logic. Support for free, non-fungible, fungible, and programmable pricing schemes
- Individual identity / KYC, individual reputation, data identity, data reputation
- Support for intellectual property claims & licensing (e.g. COALA IP)
- Integrate metadata storage, w/ privacy considerations (e.g. integrate zero knowledge proofs)
- Integrate blob storage (on-premise, cloud, decentralized), w/ privacy considerations
- Integrate compute (on-premise, cloud, decentralized), w/ privacy considerations (e.g. integrate secure containers, homomorphic encryption)
- http API and drivers (JS, Py, etc)
- Individual node deployment tools (e.g. Kubernetes, nginx)
- This includes work to improve software of building blocks as needed. This means BigchainDB and IPDB (metadata storage), but also work on IPLD (data interoperability), ILP (value interoperability), COALA IP, IPFS, Ethereum etc. as needed

## **Management of the Ocean Protocol network**

- Dashboards for management & analytics of individual nodes, analytics on overall network, voting in long-term governance
- Short time scale governance / consensus (e.g. is a transaction valid)
- Long time scale governance (e.g. how to update protocol)

## **Data Marketplace templates & legals**

- GUIs for discovering data, making commons data available in Ocean, buying & selling data according to various pricing schemes
- Data compliance frameworks (e.g. GDPR) and data quality frameworks

## **Software & support to support the ecosystem and catalyze the community**

- Low friction on-boarding for crypto wallets and crypto exchanges
- Hooks into other data networks



# RISK FACTORS & DISCLOSURES

Prospective Acquirors of the Ocean Tokens should carefully consider and evaluate all risks and uncertainties associated with Ocean Foundation and its business and operations, the Ocean Tokens, the Ocean Token Exchange, the Ocean Protocol and the Ocean Protocol network, all information set out in this Information Memorandum and the T&Cs. If any of such risks and uncertainties develops into actual events, the business, results of operations and prospects of Ocean Foundation could be materially and adversely affected. In such cases, you may lose all or part of the value of Ocean Tokens.

Please read the following risks and warnings before deciding to exchange for Ocean Tokens. It should be noted the following list of risks and warnings is not exhaustive. Accordingly, prospective Acquirors should not place undue reliance on these statements.

## RISKS RELATING TO PARTICIPATION IN THE OCEAN TOKEN EXCHANGE

**There is no prior market for Ocean Tokens and the Ocean Token Exchange may not result in an active or liquid market for the Ocean Tokens.**

Ocean Tokens are intended to be native tokens to be used on the Ocean Protocol network, and the Ocean Foundation has not and may not actively facilitate any secondary trading or external exchange of Ocean Tokens. In addition, there is and has been no public market for the Ocean Tokens. In the event that the Ocean Tokens are traded on a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the Ocean Tokens will develop or if developed, be sustained after the Ocean Tokens have been made available for trading on such cryptocurrency exchange. There is also no assurance that the market price of the Ocean Tokens will not decline below the value at which it was exchanged for (“**Exchange Value**”). The Exchange Value may not be indicative of the market price of the Ocean Tokens after they have been made available for trading on a cryptocurrency exchange.

An Ocean Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. Ocean Foundation is not responsible for nor does it pursue the circulation and trading of Ocean Tokens on the market. Trading of Ocean Tokens merely depends on the consensus on its value between the relevant market participants, and no one is obliged to purchase any Ocean Token



from any holder of the Ocean Token, including the purchasers, nor does anyone guarantee the liquidity or market price of Ocean Tokens to any extent at any time. Accordingly, Ocean Foundation cannot ensure that there will be any demand or market for Ocean Tokens, or that the Exchange Value is indicative of the market price of Ocean Tokens after they have been made available for trading on a cryptocurrency exchange.

### **Negative publicity may materially and adversely affect the price of the Ocean Tokens**

Negative publicity involving (a) Ocean Foundation; (b) the Ocean Protocol; (c) the Ocean Network; (d) the Ocean Tokens; or (e) any of the key personnel of Ocean Foundation, may materially and adversely affect the market perception or market price of the Ocean Tokens, whether or not such publicity is justified.

### **There is no assurance of any success of the Ocean Protocol**

The value of, and demand for, the Ocean Tokens hinges heavily on the performance of the Ocean Protocol. There is no assurance that the Ocean Protocol will gain traction after its launch and achieve any commercial success.

The Ocean Protocol has not been fully developed, finalized and integrated and is subject to further changes, updates and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, and hence impact its success.

While Ocean Foundation has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the Ocean Token Exchange will be sufficient for the development and integration of the Ocean Protocol. For the foregoing or any other reason, the development and integration of the Ocean Protocol and network may not be completed and there is no assurance that it will be launched at all. As such, distributed Ocean Tokens may hold little worth or value, and this would impact its trading price.

### **The trading price of the Ocean Tokens may fluctuate following the Ocean Token Exchange**

The prices of cryptographic tokens in general tend to be relatively volatile, and can fluctuate significantly over short periods of time. The demand for, and corresponding the market price





of, the Ocean Tokens may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond the control of Ocean Foundation:

- (a) new technical innovations;
- (b) analysts' speculations, recommendations, perceptions or estimates of the Ocean Tokens' market price or Ocean Foundation's financial and business performance;
- (c) changes in market valuations and token prices of entities with operations similar to that of Ocean Foundation that may be made available for sale and purchase on the same cryptocurrency exchanges as the Ocean Tokens;
- (d) announcements by Ocean Foundation of significant events, for example partnerships, sponsorships, new product developments;
- (e) fluctuations in market prices and trading volume of cryptocurrencies on cryptocurrency exchanges;
- (f) additions or departures of key personnel and/or advisors of Ocean Foundation;
- (g) success or failure of the management of Ocean Foundation in implementing business and growth strategies; and
- (h) changes in conditions affecting the blockchain or financial technology industry, the general economic conditions or market sentiments, or other events or factors.

## The digital assets raised in the Ocean Token Exchange are exposed to risks of theft

Whilst Ocean Foundation will make every effort to ensure that digital assets (such as cryptocurrencies, blockchain assets and/or cryptographic tokens) received from the Ocean Token Exchange are securely held at its designated address on the relevant blockchain ("**Designated Address**") or address(es) on the relevant blockchain as Ocean Foundation may transfer such funds to ("**Receiving Address(es)**") through the implementation of security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, mining attacks (including but not limited to double-spend attacks, majority mining power attacks and "selfish-mining" attacks), sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on such Designated Address, Receiving Address(es), the Bitcoin blockchain, the Ethereum blockchain, or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the Ocean Token Exchange is completed, Ocean Exchange may not be able to receive the cryptocurrencies raised and Ocean Foundation may not be able to utilise such funds for the development of the Ocean Protocol, and the launch of the Ocean Protocol and network might be temporarily or permanently curtailed. As such, the issued Ocean Tokens may hold little worth or value, and this would impact its trading price. The



Ocean Tokens are uninsured, unless you specifically obtain private insurance to insure them. In the event of any loss or loss of value, you may have no recourse.

### **The Acquiror may be subject to adverse legal and/or tax implications as a result of the acquisition or transfer of Ocean Tokens**

The legal character of cryptocurrency and cryptographic assets remain uncertain. There is a risk that Ocean Tokens may be considered securities in certain jurisdictions, or may be considered to be securities in certain jurisdictions in the future. Ocean Foundation does not provide any warranty or guarantee as to how Ocean Tokens will be classified, and each Acquiror will bear all consequences of Ocean Tokens being considered securities in their respective jurisdictions, and bear the responsibility of the legality, use and transfer of Ocean Tokens in the relevant jurisdictions.

Further, the tax treatment of the acquisition or disposal of such cryptocurrency or cryptographic assets might depend on whether they are classified as securities, assets, currency or otherwise. As the tax characterization of Ocean Tokens remains indeterminate, Acquirors must seek their own tax advice in connection with the exchange for Ocean Tokens, which may result in adverse tax consequences or tax reporting requirements for the Acquiror.

As Ocean Tokens may be traded on third-party cryptocurrency exchanges in the future, Acquirors may buy or sell Ocean Tokens on such exchanges. Existing laws on the circulation or transaction of cryptocurrency or cryptographic tokens in certain jurisdictions may prohibit the transaction or exchange of Ocean Tokens in such jurisdictions or to residents of such jurisdictions. Acquirors must be aware of the restrictions on the secondary trading or external exchange of Ocean Tokens and seek their own legal advice in connection therewith.

## **RISKS RELATING TO THE DESIGNATED ADDRESS AND RECEIVING ADDRESS(ES)**

### **The Designated Address and Receiving Address(es) may be compromised and the cryptocurrencies may not be able to be disbursed**

The Designated Address and Receiving Address(es) are designed to be secure. However, in the event that the Designated Address and Receiving Address(es) are, for any reason compromised (including but not limited to scenarios of the loss of keys to such Designated Address and Receiving Address(es)), the funds held at the Designated Address and Receiving Address(es) may not be able to be retrieved and disbursed, and may be permanently



unrecoverable. In such event, even if the Ocean Token Exchange is successful, Ocean Foundation will not be able to receive the funds raised and Ocean Foundation will not be able to utilise such funds for the development of the Ocean Protocol, and the implementation of the Ocean Protocol and network might be temporarily or permanently curtailed. As such, distributed Ocean Tokens may hold little worth or value, and this would impact its trading price.

### **The loss or compromise of information relating to your wallet may affect your access and possession of the Ocean Tokens**

Your access to the Ocean Tokens in a cryptocurrency wallet (“Wallet”) depends on, among other things, the safeguards to the information to such Wallet, including but not limited to the user account information, address, private key and password. In the event that any of the foregoing is lost or compromised, your access to the Wallet may be curtailed and thereby adversely affecting your access and possession to the Ocean Tokens, including such Ocean Tokens being unrecoverable and permanently lost.

### **The Wallet or Wallet service provider may not be technically compatible with the Ocean Tokens**

The Wallet or Wallet service provider may not be technically compatible with the Ocean Tokens which may result in the delivery of Ocean Tokens being unsuccessful or affect your access to such Ocean Tokens.

## **RISKS RELATING TO OCEAN FOUNDATION**

**Ocean Foundation may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the Ocean Protocol and consequently the trading price of the Ocean Tokens.**

The financial technology and cryptocurrency industries and the markets in which Ocean Foundation operates in have grown rapidly and continue to grow rapidly and continue to evolve in response to new technological advances, changing business models and other factors. As a result of this constantly changing environment, Ocean Foundation may face operational difficulties in adjusting to the changes, and the sustainability of Ocean Foundation will depend on its ability to manage its operations, adapt to technological advances and market trends and ensure that it hires qualified and competent employees, and provide proper training for its personnel.



As its business evolves, Ocean Foundation must also expand and adapt its operational infrastructure. Ocean Foundation's business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology, and to manage technical support infrastructure for the Ocean Protocol effectively, Ocean Foundation will need to continue to upgrade and improve its data systems and other operational systems, procedures and controls. These upgrades and improvements will require a dedication of resources, are likely to be complex and increasingly rely on hosted computer services from third parties that Ocean Foundation does not control. If Ocean Foundation is unable to adapt its systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, its business strategies, results of operations and prospectus may be adversely affected. If the third parties whom Ocean Foundation relies on are subject to a security breach or otherwise suffer disruptions that impact the services Ocean Foundation utilizes, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information, and economic loss.

The loss of financial, labor or other resources, and any other adverse effect on Ocean Foundation's business strategies, results of operations and prospects, would have a direct adverse effect on Ocean Foundation's ability to maintain the Ocean Protocol. As the Ocean Protocol is the main product to which the Ocean Tokens relate, this may adversely impact the trading price of the Ocean Tokens.

### **There may be weaknesses, vulnerabilities or bugs in the Ocean Tokens' smart contract**

Ocean Foundation will make reasonable efforts to ensure that the smart contracts underlying the Ocean Tokens are audited, tested and approved by technical experts. However, as smart contract technology is still in its early stage of development and its application of experimental nature carries significant operation, technological, financial, regulatory and reputational risks, there are inherent risks that such smart contracts could contain weaknesses, vulnerabilities or bugs.

Acquirors of Ocean Tokens should understand and accept that there are no warranties that Ocean Tokens are fit for a particular purpose or do not contain any weaknesses, vulnerabilities or bugs which would cause loss in their worth or value. In the event that any of the aforementioned risks materializes, Ocean Foundation's business strategies, results of operations and prospects may also be adversely affected.



**Ocean Foundation may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect Ocean Foundation's infrastructure network, and/or the Ocean Protocol.**

Ocean Foundation is unable to anticipate when there would be occurrences of hacks, cyber-attacks, mining attacks (including but not limited to double-spend attacks, majority mining power attacks and "selfish-mining" attacks), distributed denials of service or errors, vulnerabilities or defects in the Ocean Protocol, the Ocean Network, the Ocean Tokens, the Designated Address, the Receiving Address(es), the Wallet or any technology (including but not limited to smart contract technology) on which Ocean Foundation, the Ocean Protocol, the Ocean Network, the Ocean Tokens, the Designated Address, the Receiving Address(es) and the Wallet relies or on the Bitcoin blockchain, the Ethereum blockchain or any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. Ocean Foundation may not be able to detect such hacks, mining attacks (including but not limited to double-spend attacks, majority mining power attacks and "selfish-mining" attacks), cyber-attacks, distributed denials of service errors vulnerabilities or defects in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

Ocean Foundation's network or services, which would include the Ocean Protocol, could be disrupted by numerous events, including natural disasters, equipment breakdown, network connectivity downtime, power losses, or even intentional disruptions of its services, such as disruptions caused by software viruses or attacks by unauthorized users, some of which are beyond Ocean Foundation's control. Although Ocean Foundation will be taking steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the Ocean Protocol and its other services, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, and that any of Ocean Foundation's intended enhanced security measures will be effective. Ocean Foundation may also be prone to attacks on its infrastructure intended to steal information about its technology, financial data or user information or take other actions that would be damaging to Ocean Foundation and users of the Ocean Protocol. Any significant breach of Ocean Foundation's intended security measures or other disruptions resulting in a compromise of the usability, stability and security of Ocean Foundation's network or services (including the Ocean Protocol) may adversely affect the trading price of the Ocean Tokens.



## **Ocean Foundation is dependent in part on the location and data center facilities of third parties**

Ocean Foundation's infrastructure network will be in part established through servers that which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If Ocean Foundation is unable to renew its data facility lease on commercially reasonable terms or at all, Ocean Foundation may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation.

These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third party providers of such facilities may suffer a breach of security as a result of third party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers. As techniques used to obtain unauthorized access to, or to sabotage systems change frequently and generally are not recognized until launched against a target, Ocean Foundation and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures. Any such security breaches or damages which occur which impact upon Ocean Foundation's infrastructure network and/or the Ocean Protocol may adversely impact the price of the Ocean Tokens.

## **General global market and economic conditions may have an adverse impact on Ocean Foundation's operating performance, results of operations and cash flows**

Ocean Foundation could be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy may have a negative effect on Ocean Foundation's business strategies, results of operations and prospects. Additionally, in a down-cycle economic environment, Ocean Foundation may experience the negative effects of a slowdown in commerce and usage of the Ocean Protocol and Network. Suppliers on which Ocean Foundation relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on Ocean Foundation's operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on Ocean Foundation's business strategies, results of operations and prospects.





and hence the Ocean Protocol, which would correspondingly impact the trading price of the Ocean Tokens.

### **Ocean Foundation or the Ocean Tokens may be affected by newly implemented regulations**

Cryptocurrency trading is generally unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. Ocean Foundation or the Ocean Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the Ocean Protocol. This may impact the appeal of the Ocean Protocol for users and result in decreased usage of the Ocean Protocol network.

Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the Ocean Protocol may no longer be commercially viable and Ocean Foundation may opt to discontinue the Ocean Protocol and/or the Ocean Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the Ocean Protocol, Ocean Network and the Ocean Tokens. Ocean Foundation may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the trading price of Ocean Tokens will be adversely affected or Ocean Tokens may cease to be traded.

### **There may be risks relating to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions widespread communicable diseases and other force majeure events beyond the control of Ocean Foundation**

The Ocean Token Exchange and the performance of Ocean Foundation's activities may be interrupted, suspended or delayed due to acts of God, natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other force majeure events beyond the control of Ocean Foundation. Such events could also lead to uncertainty in the economic outlook of global markets and there is no assurance that such markets will not be affected, or that recovery from the global financial crisis would continue. In such events, Ocean



Protocol's business strategies, results of operations and prospects may be materially and adversely affected. Further, if an outbreak of such infectious or communicable diseases occurs in any of the countries in which Ocean Foundation, the developers, data providers or data consumers have operations in the future, market sentiment could be adversely affected and this may have a negative impact on the Ocean Protocol network and community.

### **There may be unanticipated risks arising from the Ocean Tokens**

Cryptographic tokens such as the Ocean Tokens are a relatively new and dynamic technology. In addition to the risks highlighted herein, there are other risks associated with your exchange for, holding and use of the Ocean Tokens, including those that Ocean Foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed herein.





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